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25 October 2010

Arkdale Pty Ltd (a wholly owned subsidiary of New Hope Corporation Limited, ASX: NHC) (New Hope Bidco) – takeover bid for Northern Energy Corporation Limited (Northern Energy, ASX: NEC)

Earlier today, New Hope Bidco lodged with ASIC and sent to Northern Energy and ASX a supplementary bidder's statement dated 25 October 2010 (**Supplementary Bidder's Statement**) in relation to New Hope Bidco's off-market takeover bid for ordinary shares in Northern Energy.

The primary purpose of the Supplementary Bidder's Statement is to update the original Bidder's Statement (**Original Bidder's Statement**) lodged by New Hope Bidco with ASIC and sent to Northern Energy and ASX on 22 October 2010 to include a number of sub-paragraphs of the "No prescribed occurrences" condition contained in section 8.10(c) of the Original Bidder's Statement, which were inadvertently omitted during the type-setting process for the Original Bidder's Statement.

New Hope Bidco will rely on ASIC Class Order [CO 00/344] and Regulatory Guide 159 to dispatch to Northern Energy shareholders a replacement bidder's statement (**Replacement Bidder's Statement**) which incorporates all of the changes to the Original Bidder's Statement described in the Supplementary Bidder's Statement.

We attach, by way of service, in accordance with Australian Securities and Investments Commission (**ASIC**) Class Order 00/344 and Regulatory Guide 159, a copy of the Replacement Bidder's Statement and a copy of the Replacement Bidder's Statement marked to show all of the changes from the Original Bidder's Statement.

A copy of the Replacement Bidder's Statement and a marked copy of the Replacement Bidder's Statement has been lodged with ASIC and sent to Northern Energy today.

Yours faithfully



Our reference
BCM DBR DMCM
02-2025-4605

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BIDDER'S STATEMENT

Off-Market Offer

ACCEPT THE OFFER

by Arkdale Pty Ltd

ABN 99 118 299 522

a wholly owned subsidiary of

New Hope Corporation Limited

ABN 38 010 653 844

**to purchase all of your shares in
Northern Energy Corporation Limited**

ABN 90 081 244 395

For each Northern Energy Share you will be paid

\$1.50 CASH



New Hope
Corporation Limited

Financial Adviser



PITT CAPITAL PARTNERS

Legal Adviser

Blake Dawson

This is an important document and requires your immediate attention. If you are in doubt as to how to deal with this document you should consult your financial or other professional adviser.

This Offer is dated [•] and will close at 7.00pm (Sydney time), on [•], unless extended.

For more information, please call 1800 351 644 (callers in Australia)
or +61 2 8256 3381 (callers outside Australia)



New Hope
Corporation Limited



Important Information

OFFER INFORMATION LINE

For information regarding your Northern Energy Shares, the Offer or how to accept the Offer please read this Bidder's Statement. If you still need assistance please contact the Offer Information Line on:

For Australian callers: 1800 351 644
For international callers: +61 2 8256 3381

KEY DATES

Original Bidder's Statement lodged with ASIC	22 October 2010
Replacement Bidder's Statement lodged with ASIC	25 October 2010
Offer opens (date of Offer)	[•]
Offer closes (unless extended)	7:00pm (Sydney time) on [•]

This Bidder's Statement is a replacement bidder's statement dated 25 October 2010 and is given by Arkdale Pty Ltd ABN 99 118 299 522 (**New Hope Bidco**) to Northern Energy Corporation Limited ABN 90 081 244 395 (**Northern Energy**) under Part 6.5 of the Corporations Act. This Bidder's Statement replaces the Original Bidder's Statement lodged with ASIC on 22 October 2010. This Bidder's Statement includes an Offer dated [•] to acquire your Northern Energy Shares and also sets out certain disclosures required by the Corporations Act. You should read this Bidder's Statement in its entirety. New Hope Bidco is a wholly owned subsidiary of New Hope Corporation Limited ABN 38 010 653 844 (**New Hope**).

A copy of this Bidder's Statement was lodged with the Australian Securities and Investments Commission (**ASIC**) on 25 October 2010. ASIC takes no responsibility for the contents of this Bidder's Statement.

A number of defined terms are used in this Bidder's Statement. These terms are defined in section 9 of this Bidder's Statement.

Investment decisions

This Bidder's Statement does not take into account the investment objectives, financial situation and particular needs of any person. Before making any investment decision you should consider whether it is appropriate in the light of those factors. Accordingly, you may wish to seek independent financial and taxation advice before deciding whether to accept the Offer.

Forward looking statements

This Bidder's Statement contains forward looking statements, including statements of current intentions (which include those in section 4 of this Bidder's Statement), statements of opinion and predictions as to possible future events. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. While New Hope Bidco and New Hope believe that the expectations reflected in the forward looking statements in this document are reasonable, no assurance can be given that such expectations will prove to be correct. Matters as yet not known to New Hope Bidco or New Hope or not currently considered material by New Hope Bidco or New Hope may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements. Any forward looking statement contained in this document is qualified by this cautionary statement.

None of New Hope Bidco, New Hope, their officers, persons named in this Bidder's Statement with their consent or any other person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any outcomes expressed or implied in any forward looking statement and any statements in the nature of a forward looking statement having regard to the fact that the outcome may not be achieved. The forward looking statements and statements in the nature of forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.



Important Information

Information on Northern Energy

All information in this Bidder's Statement relating to Northern Energy has been prepared by or on behalf of New Hope Bidco using information included in public documents filed by Northern Energy or published by Northern Energy on its website. No material information has been provided to New Hope Bidco or New Hope by Northern Energy. The information in this Bidder's Statement relating to Northern Energy has not been commented on or verified by Northern Energy or the Northern Energy board, and has not been independently verified by New Hope Bidco, New Hope or their officers for the purposes of this Bidder's Statement. Accordingly, subject to the Corporations Act, neither New Hope Bidco or New Hope makes any representation or warranty, express or implied as to the accuracy or completeness of this information. The information on Northern Energy in this Bidder's Statement should not be considered comprehensive. In addition, the Corporations Act requires the directors of Northern Energy to provide a Target's Statement to Northern Energy Shareholders in response to this Bidder's Statement, setting out certain material information concerning Northern Energy.

Internet

Both New Hope Bidco's holding company, New Hope, and Northern Energy maintain internet sites. The New Hope site is at <http://www.newhopecoal.com.au>. The Northern Energy site is at <http://www.northernenergy.com.au>. Information contained in or otherwise accessible through these internet sites is not a part of this Bidder's Statement. All reference in this Bidder's Statement to these internet sites are inactive textual references to these sites and are provided for your information only.

Notice to foreign shareholders

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

Privacy collection statement

Personal information relating to your shareholding in Northern Energy will be obtained by New Hope Bidco or its agents from Northern Energy in accordance with its rights under the Corporations Act. New Hope Bidco will share this information with its Related Bodies Corporate, advisers, agents and regulators such as ASIC where necessary for the purposes of the Offer or as otherwise required or permitted by law. The registered office of New Hope Bidco is Unit 3, 22 Magnolia Drive, Brookwater, QLD, 4300.

How to accept

Acceptances for the Offer must be received in sufficient time to be acted upon before the close of the Offer Period. To accept the Offer you should follow the instructions set out in section 8.3 of this Bidder's Statement.



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Letter from The Chairman

LETTER FROM THE CHAIRMAN OF NEW HOPE CORPORATION LIMITED

25 October 2010

Dear Northern Energy Shareholder

Offer to acquire Northern Energy Corporation Limited

I am pleased to provide you with this compelling Offer to acquire all of your Northern Energy Shares. New Hope, through its wholly owned subsidiary New Hope Bidco, is offering **\$1.50 cash** for each of your Northern Energy Shares.

The Offer will deliver an attractive premium and certainty of cash consideration to Northern Energy Shareholders. In particular the Offer of \$1.50 cash per Northern Energy Share represents:

- a premium of 57.9% to the closing price of \$0.95 per Northern Energy Share on 29 September 2010, being the day before New Hope's formal approach to Northern Energy;
- a premium of 42.9% to the closing price of \$1.05 per Northern Energy Share on 6 October 2010, being the day before Northern Energy Shares were placed in a trading halt pending release of an announcement concerning New Hope's takeover approach to Northern Energy;
- a premium of 55.6% to the 1 month VWAP of \$0.96 per Northern Energy Share up to and including 6 October 2010; and
- a premium of 48.1% to the 3 month VWAP of \$1.01 per Northern Energy Share up to and including 6 October 2010.

The Offer provides you with a straightforward cash exit for your Northern Energy Shares. By accepting the Offer you will no longer have exposure to the risks and uncertainty associated with Northern Energy's development pipeline including Northern Energy's need to fund \$664 million worth of capital expenditure in the future, which it announced to ASX on 11 October 2010 (see also section 3.3 of this Bidder's Statement).

At the date of the Bidder's Statement, the Offer is the **only takeover offer available** to Northern Energy Shareholders. New Hope is not aware of any other party intending to make an offer and if New Hope's Offer is not successful there is a risk that the Northern Energy Share price may fall back to its pre-Offer trading range.

At present, the New Hope Group already owns 4.94% of the Northern Energy Shares on issue. The Offer is subject to conditions, including New Hope Bidco obtaining a relevant interest in at least 50.1% of the Northern Energy Shares. You should read section 8.10 of this Bidder's Statement which sets out the conditions of the Offer.

I encourage you to read this Bidder's Statement carefully and then accept the Offer as soon as possible. To accept the Offer you should follow the instructions on the enclosed Acceptance Form. If you have any questions, please contact the Offer information line on 1800 351 644 (from within Australia) or +61 2 8256 3381 (if calling from outside Australia), or consult your financial or other professional adviser.

The Offer information line is open between 9am and 5pm Australian Eastern Standard Time during the Offer Period.

This Offer is currently scheduled to close at 7:00pm (Sydney time) on [•] unless extended.

On behalf of the New Hope and New Hope Bidco boards, thank you for considering the Offer and we look forward to receiving your acceptance.

Yours sincerely



R D Millner

Chairman

New Hope Corporation Limited

Reasons why you should accept New Hope's Offer:

1. The Offer represents an attractive premium to Northern Energy's recent trading prices.
2. You will be paid certain value for your Northern Energy Shares.
3. There are no competing proposals.
4. The price of Northern Energy Shares may fall if the Offer does not succeed.
5. Northern Energy needs substantial development capital.
6. If you accept the Offer, you will no longer be exposed to the operational risks in the on-going development of Northern Energy's assets.
7. If you do not accept and the Offer proceeds, you may be exposed to a number of risks.

Reasons why you should accept New Hope's Offer

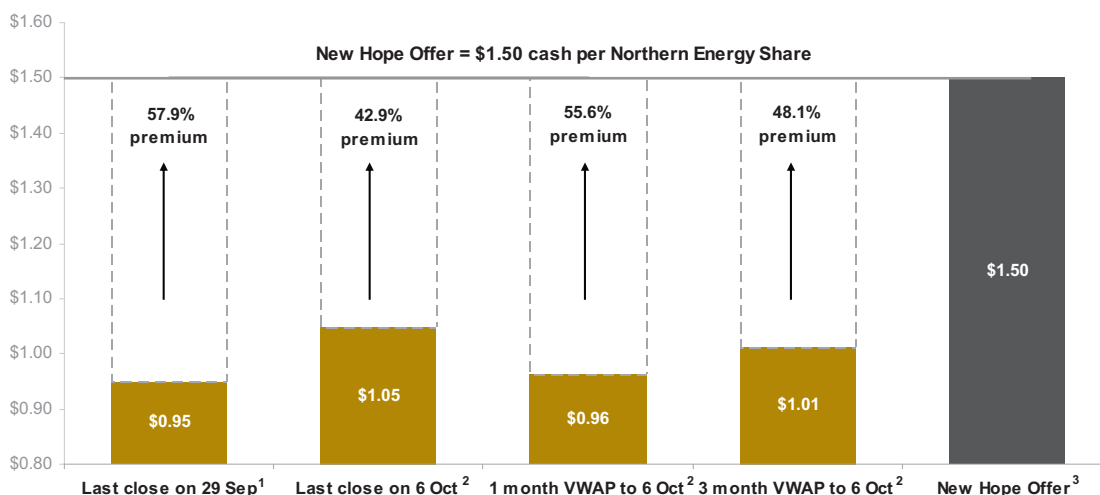
1. THE OFFER REPRESENTS AN ATTRACTIVE PREMIUM TO NORTHERN ENERGY'S RECENT TRADING PRICES.

The Offer of \$1.50 cash per Northern Energy Share represents an attractive premium to a range of recent trading prices of Northern Energy Shares.

In particular, the Offer price represents:

- a premium of 57.9% to the closing price of \$0.95 per Northern Energy Share on 29 September 2010, being the day before New Hope's formal approach to Northern Energy;
- a premium of 42.9% to the closing price of \$1.05 per Northern Energy Share on 6 October 2010, being the day before Northern Energy Shares were placed in a trading halt pending release of an announcement concerning New Hope's takeover approach to Northern Energy;
- a premium of 55.6% to the 1 month VWAP of \$0.96 per Northern Energy Share up to and including 6 October 2010; and
- a premium of 48.1% to the 3 month VWAP of \$1.01 per Northern Energy Share up to and including 6 October 2010.

The chart below illustrates the premium reflected in New Hope's Offer price.



1. The closing price of Northern Energy Shares on 29 September 2010, being the day before New Hope's formal approach to Northern Energy
2. The day before Northern Energy Shares were placed in a trading halt pending release of an announcement concerning New Hope's takeover approach to Northern Energy
3. New Hope's Offer of \$1.50 cash for each Northern Energy Share

2. YOU WILL BE PAID CERTAIN VALUE FOR YOUR NORTHERN ENERGY SHARES.

The Offer delivers certain value through 100% cash consideration and removes your exposure to any risk associated with continuing to hold Northern Energy Shares (subject to the conditions of the Offer being satisfied or waived).

3. THERE ARE NO COMPETING PROPOSALS.

The Offer is the only offer available for all your Northern Energy Shares as at the date of this Bidder's Statement. New Hope is not aware of any other party intending to make an offer for Northern Energy Shares.

4. THE PRICE OF NORTHERN ENERGY SHARES MAY FALL IF THE OFFER DOES NOT SUCCEED.

The 3 month VWAP of Northern Energy Shares for the period up to and including 6 October 2010 (being the day before Northern Energy Shares were placed in a trading halt pending release of an announcement concerning New Hope's takeover approach to Northern Energy), was \$1.01.

Reasons why you should accept New Hope's Offer

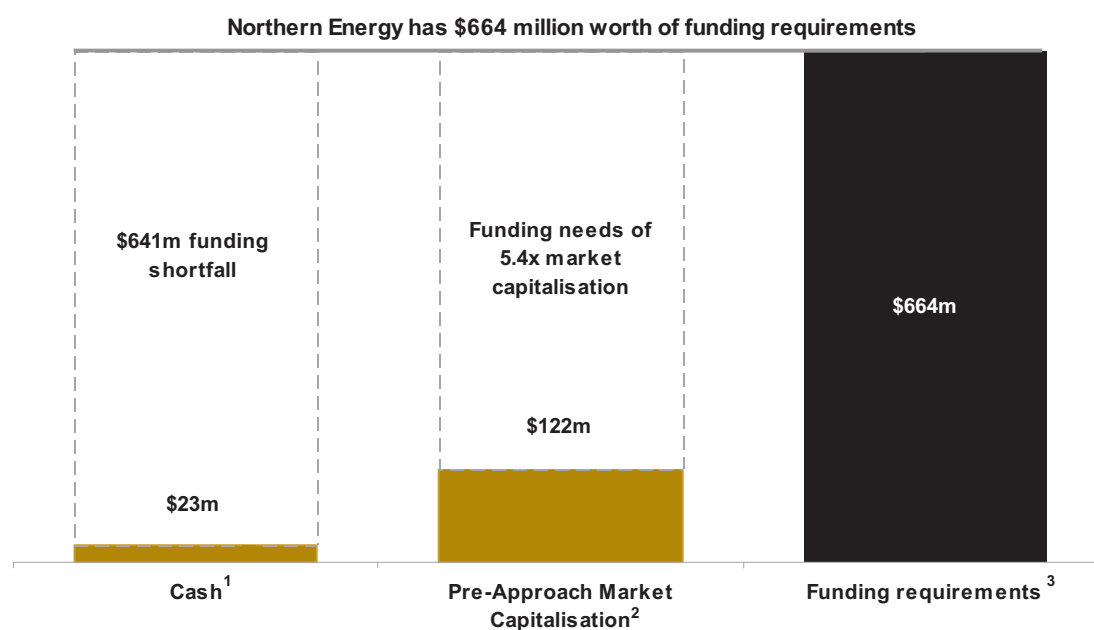
While there are many factors that might influence the market price of Northern Energy Shares, there is a risk that the price of Northern Energy Shares may fall to pre-takeover approach levels if the Offer does not succeed and no other takeover offer is made for Northern Energy.

5. NORTHERN ENERGY NEEDS SUBSTANTIAL DEVELOPMENT CAPITAL.

Northern Energy has disclosed that it requires \$664 million to develop its Colton hard coking coal project and Elimatta thermal coal project in Queensland (see Northern Energy's announcement to ASX dated 11 October 2010 and section 3.3 of this Bidder's Statement). There is a risk that this requirement for capital will negatively impact the price of Northern Energy Shares in the future causing them to trade at a discount to the Offer price.

According to its annual financial report for the financial year ended 30 June 2010, Northern Energy had approximately \$23 million in cash and cash equivalents which represents less than 4% of the funds it requires to develop the Colton hard coking coal project and Elimatta thermal coal project. Northern Energy would need to raise over five times its pre-takeover approach market capitalisation (i.e. its market capitalisation at the close of trading on 29 September 2010) to fund the development of its Colton hard coking coal project and Elimatta thermal coal project.

The chart below compares Northern Energy's funding requirements with its 30 June 2010 cash balance and pre-takeover approach market capitalisation.



1. Northern Energy cash and cash equivalents as at 30 June 2010

2. Market capitalisation at the close of trading on 29 September 2010, being the day prior to New Hope's formal approach to Northern Energy

3. Northern Energy funding requirements for Colton and Elimatta as disclosed to ASX on 11 October 2010

Northern Energy stated in its 11 October 2010 ASX announcement that one potential source of capital would be for it to replicate its deal with Xinyang with a third party. New Hope considers that if further transactions are entered into by Northern Energy involving substantial off-take arrangements such as those put in place with Xinyang, there is a risk that Northern Energy would be considered less attractive to potential strategic investors as a takeover target and that this might negatively impact the price of Northern Energy Shares in the future.

6. IF YOU ACCEPT THE OFFER, YOU WILL NO LONGER BE EXPOSED TO THE OPERATIONAL RISKS IN THE ON-GOING DEVELOPMENT OF NORTHERN ENERGY'S ASSETS.

If you accept the Offer (subject to the conditions of the Offer being satisfied or waived), you will no longer be exposed to the operational risks in the on-going development of Northern Energy's assets. New Hope considers that these operational risks include the ones described below.

Reasons why you should accept New Hope's Offer

Northern Energy has previously encountered delays

Northern Energy has previously encountered delays in executing some of its development projects, with the result that those projects have overrun the development timetables that Northern Energy had announced to the ASX^{1,2}. There is a risk that Northern Energy may experience delays in the development project timetables that it has recently announced to the ASX² and that this will negatively impact the price of Northern Energy Shares in the future.

Northern Energy has previously experienced greater than expected costs for development

Northern Energy has previously incurred costs in executing some of its development projects which were in excess of the anticipated costs for the development of those projects that Northern Energy has announced to the ASX^{1,3}. There is a risk that Northern Energy may incur development costs which are in excess of the development costs that it has recently announced to the ASX³ in relation to its Colton hard coking coal project and Elimatta thermal coal project and that this will negatively impact the price of Northern Energy Shares in the future.

Northern Energy is reliant on key infrastructure being built and receiving allocation

Northern Energy has stated² that the ability to develop and exploit its Elimatta mine will depend upon the construction of the Wiggins Island Coal Export Terminal, the development of the Southern Missing Link through the Surat Basin and Northern Energy gaining its desired allocation to access that infrastructure. There is also a risk that the Wiggins Island Coal Export Terminal will not be constructed, that its construction will be delayed or that Northern Energy will not gain its desired allocation to access it. There is a risk that the Southern Missing Link will not be constructed through the Surat Basin, that its construction will be delayed or that Northern Energy will not gain its desired allocation to access it. If any of these risks eventuates, there is a risk that this will negatively impact the price of Northern Energy Shares in the future.

Northern Energy is reliant on regulatory approvals to develop mines

Northern Energy has stated² that its ability to develop its mines will depend upon the receipt of environmental approvals and mining leases. There is a risk that these approvals or mining lease grants may not be provided or may be provided subject to material conditions or with material restrictions which were not anticipated by Northern Energy. If any of these risks eventuate, there is a risk that this will negatively impact the price of Northern Energy Shares in the future.

7. IF YOU DO NOT ACCEPT AND THE OFFER PROCEEDS, YOU MAY BE EXPOSED TO A NUMBER OF RISKS.

The market for your Northern Energy Shares may be less liquid

Depending on the level of acceptances received under the Offer, Northern Energy may remain a listed entity with New Hope Bidco as a major shareholder. In these circumstances, there may be limited liquidity in Northern Energy Shares, meaning that Northern Energy Shareholders who do not accept the Offer will hold Northern Energy Shares which may be less liquid than they currently are and those shares may trade at a discount to the Offer price.

If New Hope Bidco obtains effective control of Northern Energy and there is a limited spread or volume of Northern Energy Shareholders remaining at the end of the Offer Period, New Hope Bidco may seek to procure the removal of Northern Energy from the official list of ASX.

If ASX forms the view that Northern Energy has not maintained a sufficient spread of shareholders to ensure there is an orderly and liquid market in Northern Energy's shares, ASX has the power to suspend Northern Energy Shares from quotation or to remove Northern Energy from the official list of ASX.

The New Hope Group may be able to influence dividend policy in the future

The New Hope Group may be able to influence Northern Energy's dividend policy in relation to future periods and may form the view that it is appropriate to continue with Northern Energy's existing practice of not paying dividends to shareholders even at a time when cash is available within Northern Energy for that purpose.

1. Northern Energy ASX announcement dated 23 September 2009 in relation to the Maryborough coal project

2. Northern Energy annual financial report for the year ended 30 June 2010 (released to the ASX on 24 September 2010)

3. Northern Energy 30 June 2010 Quarterly Activities Report released to the ASX on 30 July 2010

Key Questions

KEY QUESTIONS

This section answers some key questions that you may have about the Offer and should only be read in conjunction with the entire Bidder's Statement.

1. WHAT IS THE BIDDER'S STATEMENT?

The Bidder's Statement sets out the terms of the Offer and information relating to the Offer and the consideration you will be paid. This Bidder's Statement is an important document. If you are in any doubt about how to deal with this document, you should consult your financial or other professional adviser.

2. WHAT IS THE OFFER?

New Hope Bidco is offering to buy your Northern Energy Shares by way of an off-market takeover offer.

The Offer price is \$1.50 cash for each Northern Energy Share.

3. WHO IS NEW HOPE BIDCO?

New Hope Bidco is a wholly-owned subsidiary of New Hope. Please refer to section 2 for further information on New Hope Bidco and New Hope.

4. WHAT ARE THE TAX CONSEQUENCES IF I ACCEPT THE OFFER?

The tax consequences of accepting the Offer will depend on your own individual circumstances and you should consult your financial, tax or other professional adviser on the tax implications of accepting the Offer. However, a general summary of certain Australian tax consequences of the Offer is set out in section 6 of this Bidder's Statement.

5. HOW DO I ACCEPT THE OFFER?

To accept the Offer you must follow the instructions set out in section 8.3 of this Bidder's Statement and on the Acceptance Form accompanying this Bidder's Statement.

6. CAN I ACCEPT THE OFFER FOR PART OF MY HOLDING?

No, you can only accept for all of your holding. Your acceptance will be treated as being for all your Northern Energy Shares plus any additional Northern Energy Shares registered as held by you at the date your acceptance is processed.

7. WHAT HAPPENS IF I DO NOT ACCEPT THE OFFER?

If you do not accept the Offer and the Offer proceeds, your Northern Energy Shares may be compulsorily acquired. You will be paid the Offer consideration at the end of this process.

You will be paid the Offer consideration for your Northern Energy Shares sooner if you accept the Offer. See also questions 14 and 15 below.

8. WHEN DOES THE OFFER CLOSE?

The Offer is currently scheduled to close at 7:00pm (Sydney time) on [•], unless extended or withdrawn.

9. CAN NEW HOPE BIDCO EXTEND THE OFFER PERIOD?

Yes, the Offer can be extended by New Hope Bidco or otherwise in accordance with the Corporations Act. You will be sent written notice of any extension, as required by the Corporations Act.

Key Questions

10. IF I ACCEPT THE OFFER, WHEN WILL I BE PAID?

If you accept this Offer New Hope Bidco will, in the usual course, pay you for your Northern Energy Shares to which New Hope Bidco acquires good title on or before the earlier of:

- (a) the day 1 month after you accept this Offer or, if this Offer is subject to a Defeating Condition when accepted, 1 month after the contract resulting from your acceptance becomes unconditional; and
- (b) the day 21 days after the end of the Offer Period, provided that the Offer has become unconditional.

Full details of when you will be paid are set out in section 8.16 of this Bidder's Statement.

11. WILL I NEED TO PAY BROKERAGE OR STAMP DUTY IF I ACCEPT THE OFFER?

You will not pay any stamp duty on accepting the Offer.

If your Northern Energy Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to New Hope Bidco, you will not incur any brokerage fees connected with you accepting the Offer.

If your Northern Energy Shares are in a CHESS Holding or you hold your Northern Energy Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually, your Broker) or the bank, custodian or other nominee whether it will charge any transaction fees or service charges connected with you accepting the Offer.

12. WHAT ARE THE CONDITIONS TO THE OFFER?

The Offer is subject to a number of Defeating Conditions which are set out in full in section 8.10 and summarised in section 1 of this Bidder's Statement. Under the terms of the Offer and the Corporations Act, any or all of those conditions may be waived by New Hope Bidco.

13. WHAT HAPPENS IF THE CONDITIONS OF THE OFFER ARE NOT SATISFIED OR WAIVED?

If the Defeating Conditions of the Offer are not satisfied or waived before the Offer closes the Offer will lapse. New Hope Bidco will make an announcement to ASX if the Defeating Conditions of the Offer are satisfied or waived during the Offer Period.

14. WHAT HAPPENS IF I DO NOT ACCEPT THE OFFER AND NEW HOPE BIDCO ACHIEVES A RELEVANT INTEREST IN AT LEAST 90% OF THE NORTHERN ENERGY SHARES

If you do not accept the Offer and New Hope Bidco acquires a relevant interest in at least 90% of the Northern Energy Shares and the other Defeating Conditions of the Offer are satisfied or waived, New Hope Bidco intends to proceed to compulsorily acquire your Northern Energy Shares. If this occurs you will be paid the Offer consideration at the conclusion of the compulsory acquisition process. In these circumstances, you would have received the Offer consideration sooner if you had accepted the Offer.

15. WHAT HAPPENS IF I DO NOT ACCEPT THE OFFER AND NEW HOPE BIDCO ACHIEVES A RELEVANT INTEREST IN LESS THAN 90% OF THE NORTHERN ENERGY SHARES BUT GAINS EFFECTIVE CONTROL OF NORTHERN ENERGY?

If you do not accept the Offer and the Defeating Conditions of the Offer are satisfied or waived and New Hope Bidco gains effective control of Northern Energy but acquires a relevant interest in less than 90% of the Northern Energy Shares, New Hope Bidco will not be entitled to proceed to compulsorily acquire your Northern Energy Shares. However, if this occurs, you will be exposed to a variety of risks, including the risk that it may become harder to sell your Northern Energy Shares. See the section of this Bidder's Statement headed "Reasons why you should accept New Hope's Offer" (which starts on page 6) for further details of the risks associated with not accepting the Offer and remaining a Northern Energy Shareholder.

Key Questions

WHAT YOU SHOULD DO NEXT

- Step 1:** Carefully read the entire Bidder's Statement and consider the information provided.
- Step 2:** Read the Target's Statement to be provided by Northern Energy.
- Step 3:** If you need advice, consult your Broker or your legal, financial or other professional adviser.
- If you have any queries about this document, the Offer or how to accept the Offer, please contact the Offer Information Line on:
- For Australian callers:** 1800 351 644
- For international callers:** +61 2 8256 3381
- Step 4:** If you wish to accept the Offer, follow the instructions below.

HOW TO ACCEPT THE OFFER

You should read section 8.3 of this Bidder's Statement for full details on how to accept the Offer.

CHES Holding

If your Northern Energy Shares are in a CHES Holding (holder identification number is prefixed with 'X'), to accept you must either:

- instruct your Controlling Participant to accept the Offer on your behalf; or
- complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it.

Issuer Sponsored Holding

If your Northern Energy Shares are in an Issuer Sponsored Holding (securityholder reference number is prefixed with 'I') or if at the time of your acceptance you are entitled to be (but are not yet) registered as the holder of your Northern Energy Shares, to accept you must complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it.

Participants

If you are an ASX Settlement Participant (typically, a Broker), the above does not apply. To accept the Offer you must initiate acceptance in accordance with the ASX Settlement Operating Rules.

To be effective your acceptance must be received by New Hope Bidco before the Offer closes.



New Hope
Corporation Limited



S E C T I O N

Summary of the Offer

Summary of the Offer

1. SUMMARY OF THE OFFER

The Bidder	New Hope is making the Offer through its wholly owned subsidiary, New Hope Bidco. New Hope is an ASX listed independent energy company which has open cut mines at Acland on the Darling Downs and at Rosewood near Ipswich. For more information about New Hope, please refer to section 2 of this Bidder's Statement.
The Offer	New Hope Bidco offers to acquire all of your Northern Energy Shares.
Offer price	You are offered \$1.50 cash for each of your Northern Energy Shares.
Closing date	Unless withdrawn or extended the Offer is open until 7:00pm (Sydney time) on [•].
Payment date	If you accept this Offer New Hope Bidco will, in the usual case, pay you for your Northern Energy Shares to which New Hope Bidco acquires good title on or before the earlier of: (a) the day 1 month after you accept this Offer or, if this Offer is subject to a Defeating Condition when accepted, 1 month after the contract resulting from your acceptance becomes unconditional; and (b) the day 21 days after the end of the Offer Period, provided that the Offer has become unconditional. Full details on when you will be paid are set out in section 8.16 of this Bidder's Statement.
Conditions	The Offer is subject to the Defeating Conditions set out in section 8.10 of this Bidder's Statement. The Defeating Conditions are summarised below: • Minimum acceptance of at least 50.1% of the Northern Energy Shares on issue. • No material adverse effect or prescribed occurrence in relation to Northern Energy. • The S&P/ASX 200 index does not fall to a level that is 90% or less of the level as at the close of trading on the Business Day immediately before the Announcement Date for three or more consecutive days or until the Business Day immediately prior to the end of the Offer Period. • Northern Energy making certain confirmatory statements in its Target's Statement regarding the price at which coal will be purchased under the off-take agreement between Xinyang and Northern Energy. • No material failing in filings made by Northern Energy with ASX or ASIC. • All necessary Public Authority approvals being obtained and no action by any Public Authorities which may materially adversely affect the Offers. • No material acquisitions, disposals or other transactions by Northern Energy for an amount greater than \$10 million. • No break fees or inducement fees paid or agreed to be paid by Northern Energy and no person other than New Hope Bidco gaining 20% or more of voting power in Northern Energy. • No material third party change of control rights being triggered. • No change in the capital structure, business, assets, liabilities, financial position, performance, profitability or prospects of Northern Energy.

Summary of the Offer

How to accept

CHESS Holdings

You should read section 8.3 of this Bidder's Statement for full details on how to accept the Offer.

If your Northern Energy Shares are in a CHESS Holding (holder identification number is prefixed with "X"), to accept you must either:

- instruct your Controlling Participant (usually your Broker) to accept the Offer for you; or
- complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it.

Issuer Sponsored Holdings

If your Northern Energy Shares are in an Issuer Sponsored Holding (securityholder reference number is prefixed with "I") or if at the time of your acceptance you are entitled to be (but are not yet) registered as the holder of your Northern Energy Shares, to accept you must complete, sign and return the enclosed Acceptance Form.

Signed Acceptance Forms must be sent to:

Computershare Investor Services Pty Limited

GPO Box 2115 Melbourne

Victoria 8060 Australia

A business reply-paid envelope is enclosed for Australian shareholders. A self addressed envelope is enclosed for overseas shareholders.

To be effective your acceptance must be received by New Hope Bidco before the Offer closes.

No stamp duty

You will not pay any stamp duty on accepting the Offer.

Further information

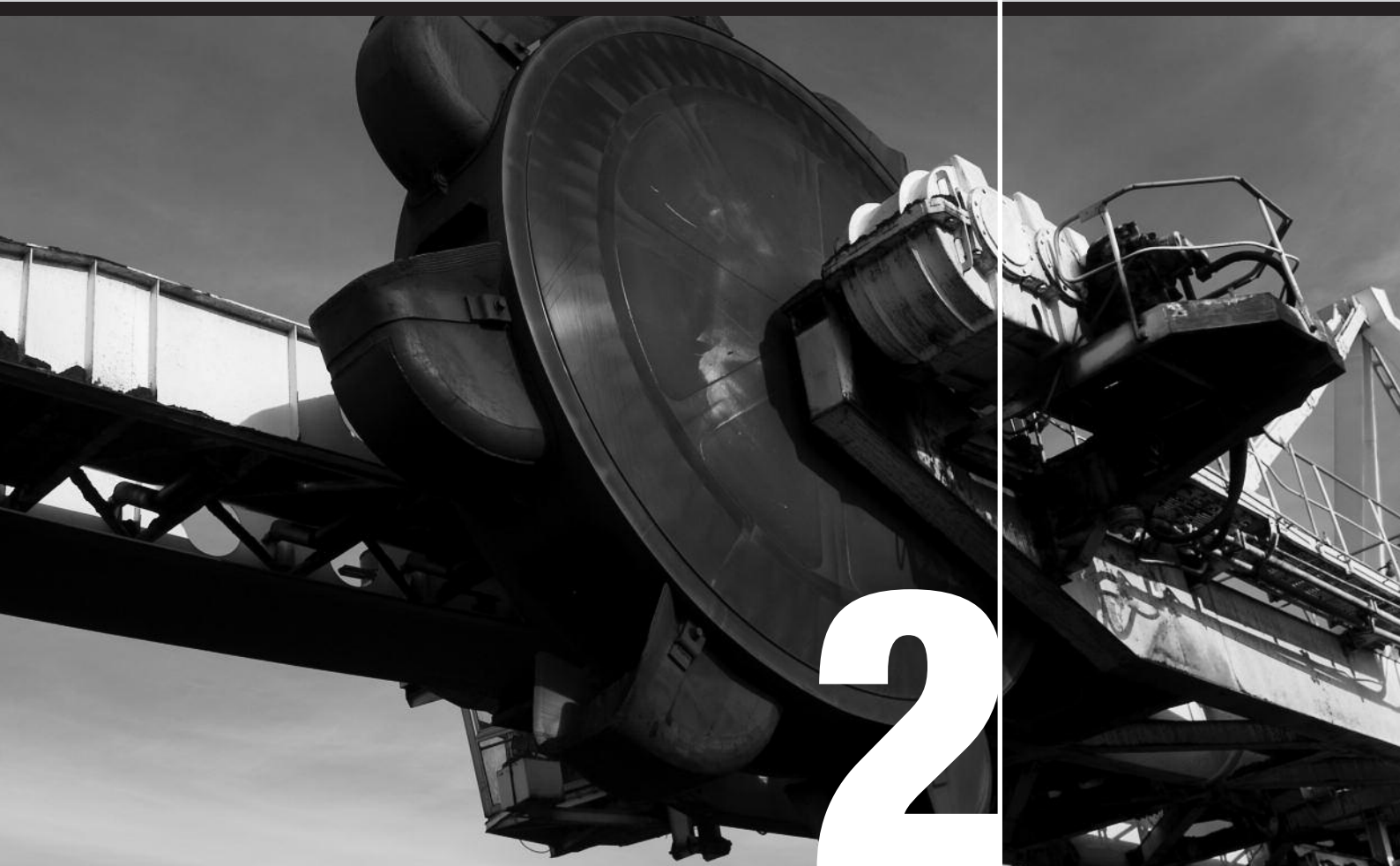
For questions about your Northern Energy Shares, the Offer or how to accept the Offer please refer to the remainder of the Bidder's Statement. If you still need assistance, please call the Offer Information Line on:

For Australian callers: 1800 351 644

For international callers: +61 2 8256 3381



New Hope
Corporation Limited



S E C T I O N

**Information on New Hope
and New Hope Bidco**

2. INFORMATION ON NEW HOPE AND NEW HOPE BIDCO

2.1 New Hope Bidco and New Hope

New Hope is an ASX listed (ASX Code: NHC) independent energy company which has open cut mines at Acland on the Darling Downs, and at Rosewood near Ipswich. New Hope focuses on niche marketing of its thermal coal and exports around 80% of coal production to Asia Pacific markets including Japan, Taiwan, Korea and Chile with the remainder being consumed by customers in south-east Queensland.

New Hope also holds various exploration tenements in central Queensland and on the Darling Downs in southern Queensland. New Hope's investments include a 100% shareholding in Queensland Bulk Handling, a common user coal export terminal at the Port of Brisbane, and significant land holdings around Ipswich and near its mining operations at Acland.

With its head office in Ipswich, New Hope manages each step in the coal chain of production, from exploring and mining the mineral, through to delivering it to customers.

New Hope Bidco is a wholly owned subsidiary of New Hope. New Hope (and therefore New Hope Bidco) are controlled by Washington H. Soul Pattinson and Company Limited.

2.2 Rationale for the Offer

The acquisition of Northern Energy provides the New Hope Group with the opportunity to utilise its development and operational expertise to develop Northern Energy's pipeline of coal exploration assets into coal producing assets. The acquisition also allows New Hope to diversify its operations geographically, by product and by customer.

2.3 Directors of New Hope Bidco

Robert Neale

Mr Neale has more than 40 years experience in the mining and exploration industries covering coal, base metals, gold, synthetic fuels, bulk materials shipping, and power generation. He joined New Hope in 1996 as General Manager, and has been Chief Executive Officer of New Hope since 2005. He was appointed to the board of New Hope Bidco in February 2006 and New Hope in November 2008.

Mr Neale is also a director of Australian Coal Association, Australian Coal Research Limited, Australian Coal Association Low Emissions Technologies Limited, Planet Gas Limited, WestSide Corporation Limited and Queensland Resources Council Limited.

Robert Millner

Mr Millner is the Chairman of New Hope's holding company, Washington H. Soul Pattinson and Company Limited. Mr Millner was appointed to the board of New Hope in 1995 and was appointed as Chairman in 1998. Mr Millner was appointed to the board of New Hope Bidco on 21 October 2010.

Mr Millner is also the Chairman of Brickworks Limited, Souls Private Equity Limited, Milton Corporation Limited and Choiseul Investments Limited as well as a director of TPG Telecom Limited and Australian Pharmaceutical Industries Limited.

Peter Robinson

Mr Robinson is an executive director of Washington H. Soul Pattinson and Company Limited. He commenced with Washington H. Soul Pattinson and Company Limited in 1978 and was appointed as a director in 1984. He was appointed to the board of New Hope in 1997. Mr Robinson was appointed to the board of New Hope Bidco on 21 October 2010.

Mr Robinson is also Chairman of Clover Corporation Limited and Australian Pharmaceutical Industries Limited.

Kevin Standish

Mr Standish is the principal of Campbell Standish Partners solicitors.

Mr Standish was appointed to the board of New Hope Bidco in February 2006.



2.4 Directors of New Hope

The directors of New Hope are:

Robert Millner (*Non-Executive Chairman*)

Mr Millner's details are set out in section 2.3 of this Bidder's Statement.

Peter Robinson (*Non-Executive Director*)

Mr Robinson's details are set out in section 2.3 of this Bidder's Statement.

David Fairfull (*Non-Executive Director*)

Mr Fairfull has extensive experience in finance, investment and merchant banking. He was appointed to the board of New Hope in 1997.

Mr Fairfull is also a director of Washington H. Soul Pattinson and Company Limited, Souls Private Equity Limited and Hall Chadwick Chartered Accountants.

David Williamson (*Non-Executive Director*)

Mr Williamson has been registered as a Chartered Accountant for approximately 30 years and is a principal of his own firm, Williamson Chaseling Pty Ltd. He was appointed to the board of New Hope in 1999.

Mr Williamson is also a director of Australian Health & Nutrition Association Limited and Dart Energy Limited.

Bill Grant (*Non-Executive Director*)

Mr Grant has over 35 years experience in project management, corporate and fiscal governance, local government administration and strategic planning. He was the CEO of the South Bank Corporation in Brisbane from 1997 to 2005, and prior to that he was the General Manager of the Newcastle City Council from 1992 to 1997. He was appointed to the board of New Hope in 2006.

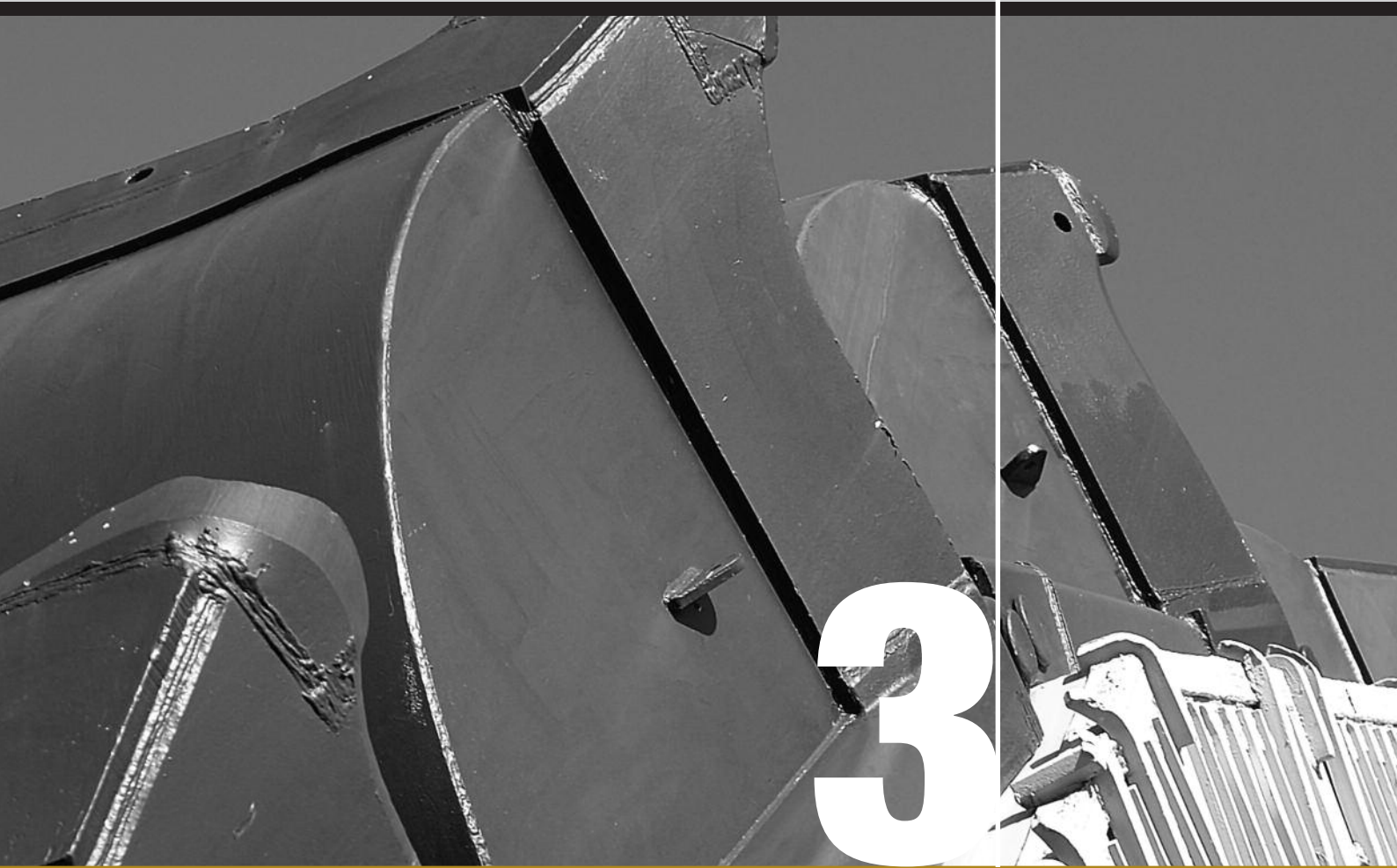
Mr Grant is also a director of Life Without Barriers, Brisbane Development Association, Brisbane Airport Corporation, Queensland Performing Arts Centre Trust and Williams Hall Chadwick Chartered Accountants and Business Advisors.

Robert Neale (*Managing Director and Chief Executive Officer*)

Mr Neale's details are set out in section 2.3 of this Bidder's Statement.



New Hope
Corporation Limited



3

S E C T I O N

**Information on Northern
Energy and Northern
Energy Shares**



3. INFORMATION ON NORTHERN ENERGY AND NORTHERN ENERGY SHARES

3.1 Disclaimer

The information in this section concerning Northern Energy has been prepared by New Hope Bidco using publicly available information and has not been independently verified. Accordingly New Hope Bidco does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information, other than as required by the Corporations Act.

The information on Northern Energy should not be considered comprehensive. Further information relating to Northern Energy may be included in Northern Energy's Target Statement which will be sent to you by Northern Energy.

3.2 Overview of Northern Energy and its principal activities

Northern Energy is an ASX-listed company (ASX Code: NEC) with coal exploration projects in Queensland and New South Wales, Australia.

New Hope Bidco understands that Northern Energy has interests in a portfolio of coking and thermal coal projects being progressed towards development. These projects represent a diversified suite of geographically spread resource development opportunities involving various coal types and mining method.

New Hope Bidco understands that Northern Energy's current portfolio includes:

- (a) The Colton hard coking coal project near Maryborough, Queensland.
- (b) The Elimatta thermal coal project, located approximately 30km west of Wandoan, Queensland.
- (c) The Yamala thermal / pulverised coal injection coal project between Emerald and Blackwater, Queensland.
- (d) The Ashford hard coking coal project, north of Inverell, New South Wales.

3.3 Operational Matters

Northern Energy is currently a coal exploration company and has no operating assets.

(a) **Significant capital requirements**

In its ASX announcement titled "Emerging Producer" released to the ASX on 11 October 2010 Northern Energy stated that it required the following development capital:

Mine Development Project	Capital Requirement	Timing
Colton hard coking coal project	\$84m	2011
Elimatta thermal coal project	\$580m	2012-2015
Total	\$664m	

Due to the exploration nature of Northern Energy's assets it currently does not generate any positive free cash flow. Northern Energy has identified seven possible alternatives for funding these mines including:

- (i) replication of Xinyang deal;
- (ii) sell down in Maryborough;
- (iii) sell down in Elimatta;
- (iv) supplier funding / pre sale agreement;
- (v) equity raising;
- (vi) corporate debt; and
- (vii) project finance.

(b) **Management and operational resources**

Northern Energy has a limited number of employees and relies on external third parties to provide a variety of services.

(c) **Projects**

Northern Energy's projects are at the early stages of development. The following information was obtained from Northern Energy's annual financial report for the financial year ended 30 June 2010 (released to the ASX on 24 September 2010), and Managing Director Address to AGM (released to the ASX on 22 November 2007).

Maryborough

The Maryborough project currently comprises EPC 923 and EPC 1082, within which the Colton Mine area has been identified.

The Environmental Management Plan to support the application for an Environmental Authority for the Colton Mine Project has been lodged. Northern Energy is awaiting the issuance of a draft Environmental Authority which is the next step in the Mining Lease approval process.

Northern Energy's current assessment of earliest project timing is for project approval in the third quarter of 2011 which would result in first shipments around mid 2012. Any expansion of output from the Maryborough Project will require additional mining lease areas which will be subject to an approval process separate to that currently under way for the Colton Mine Project.

Elimatta

The feasibility study for the Elimatta thermal coal project was completed during the final quarter of the 2010 financial year.

The project is located in the Surat Basin region of southern Queensland, approximately 380km North West of Brisbane and is expected to comprise an open pit mining operation and coal handling and preparation plant.

The feasibility study assumes that the project sales will commence in the second half of calendar year 2014. The key determinants of timing will be the construction of the proposed Surat Basin Railway and development of the Wiggins Island Coal Export Terminal at Gladstone.

The Elimatta thermal coal project is currently not included in Wiggins Island Stage 1 due to uncertainty relating to the timing of rail infrastructure. The timing of the Wiggins Island Coal Export Terminal / Surat Basin Railway process remains uncertain but Northern Energy's expectations are that rail and port capacity may be available towards the end of 2014. Northern Energy has applied for Stage 2 allocation at the Wiggins Island Coal Export Terminal after responding to expressions of interest from the Wiggins Island Coal Export Terminal consortium.

Northern Energy has indicated that they will continue the Environmental Impact Statement and Mining Lease approval processes for the Elimatta thermal coal project.

Yamala

EPC927 is located 6km to the west of Comet, in the Central Bowen Basin. An exploration program is currently being planned for the 2011 financial year in order to progress the resource and reserve assessment of the project.

Ashford

The Ashford project is located north of Inverell, New South Wales. Following a review in 2007, Northern Energy withdrew from the Ashford joint venture sole funding agreement and its option to acquire a further 25% of the Ashford project lapsed. Northern Energy is currently evaluating alternatives to realise value for its 50% owned Ashford project. Limited work was carried out on the Ashford project during the 2010 financial year as Northern Energy still needs to address transport and port infrastructure issues.

3.4 Directors of Northern Energy

As at the date of this Bidder's Statement, the directors of Northern Energy are:

- (a) Christopher Rawlings (Non-Executive Chairman)
- (b) Kevin Maloney (Non-Executive Director)
- (c) Sam Willis (Non-Executive Director)
- (d) Geoff Lord (Non-Executive Director)
- (e) Keith Barker (Managing Director)

3.5 Substantial Shareholders

Based on materials lodged with ASX as at the date of this Bidder's Statement pursuant to section 671B of the Corporations Act, each of the following persons had the following substantial holdings in the issued ordinary share capital of Northern Energy:

Northern Energy Shareholder	Northern Energy Shares	% of issued ordinary share capital of Northern Energy
Xingang Resources (HK) Limited	16,315,000	12.70%
Fraters Nominees Pty Ltd	7,470,198	6.66%
Aviva Investors Australia Limited	6,137,889	5.48%
New Hope Corporation Limited	6,348,652	4.94%

3.6 Publicly available information

Northern Energy is a company listed on ASX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and ASX Listing Rules. For information concerning the financial position and affairs of Northern Energy, you should refer to the information that has been disclosed by Northern Energy in accordance with these obligations.

Northern Energy's annual financial report for the financial year ended 30 June 2010 was given to the ASX on 24 September 2010.

A list of announcements made by Northern Energy to ASX between the lodgement of its annual financial report for the financial year ended 30 June 2010 and 22 October 2010 being the date of the Original Bidder's Statement, appears in Annexure A.

A copy of each of these announcements can be obtained from ASX. In addition copies of other major announcements by Northern Energy can be obtained from Northern Energy's website <http://www.northernenergy.com.au>.

3.7 Capital Structure of Northern Energy

According to documents lodged by Northern Energy with ASX as at the date this Bidder's Statement, the total number of securities in Northern Energy is as follows:

- (a) 128,420,838 Northern Energy Shares; and
- (b) 1,582,500 Northern Energy Options.

3.8 Northern Energy Options in existence at the date of this Bidder's Statement

New Hope Bidco understands that Northern Energy currently operates employee and executive share plan arrangements including a long term incentive plan. Based on materials lodged with ASX, including Northern Energy's annual financial report for the financial year ended 30 June 2010, New Hope Bidco understands that

at the date of this Bidder's Statement there are 1,582,500 Northern Energy Options on issue which are convertible into Northern Energy Shares.

New Hope Bidco is not aware of the detailed terms of all Northern Energy Employee or Executive Share Plans and, in particular, does not have definite details of when Northern Energy Options may vest or of any right which may entitle early vesting of Northern Energy Options in connection with the Offer by New Hope Bidco or otherwise.

New Hope's Offer extends to all Northern Energy Shares that are issued during the period from the Register Date to the end of the Offer Period as a result of the exercise of Northern Energy Options in existence as at the Register Date. However, New Hope Bidco is not offering to acquire any Northern Energy Options. New Hope Bidco encourages holders of Northern Energy Options to exercise their Northern Energy Options, to the extent that they are entitled to do so, and accept the Offer in respect of the Northern Energy Shares issued on exercise.

Although New Hope Bidco is not offering to acquire any Northern Energy Options, New Hope Bidco reserves the right, at its discretion, to make private treaty offers to holders of Northern Energy Options to acquire or cancel any vested Northern Energy Options for a cash amount equivalent in value to the Offer price per vested Northern Energy Option (less any exercise or other costs), subject to the Offer becoming or being declared unconditional.

As noted in section 4.3(a)(i) of this Bidder's Statement, if there are any Northern Energy Options outstanding after the close of the Offer and New Hope is entitled to exercise compulsory acquisition powers under the Corporations Act, New Hope currently intends to compulsorily acquire any outstanding Northern Energy Shares and Northern Energy Options, although it reserves the right not to do so, subject to reviewing the terms of those outstanding Northern Energy Options.

3.9 Northern Energy Options issued after the Register Date

New Hope Bidco understands from Northern Energy's 2010 Annual Report and its 2010 Notice of Annual General Meeting (both of which were released to ASX on 21 October 2010) that Northern Energy intends to issue 655,025 Northern Energy Options pursuant to a long term incentive plan in the 2011 financial year, if it obtains shareholder approval for the issue at the Northern Energy annual general meeting scheduled for 24 November 2010. The issue of these Northern Energy Options may occur after the Register Date but during the Offer Period.

New Hope Bidco has not yet considered the terms relating to the options disclosed in the Notice of Annual General Meeting and does not have definite details of any right which may entitle early vesting of these Northern Energy Options in connection with the Offer by New Hope Bidco or otherwise.

Upon obtaining further details in relation to these Northern Energy Options, New Hope Bidco may consider varying the Offer so that it also extends to Northern Energy Shares issued as a result of the exercise of any Northern Energy Options issued pursuant to a Northern Energy Employee or Executive Share Plan after the Register Date. This variation would require a modification of, or exemption from, the Corporations Act by ASIC (see section 7.3 of this Bidder's Statement).

If it occurs, the issue of the 655,025 Northern Energy Options would result in the Defeating Conditions contained in sections 8.10(c)(iv) and 8.10(m)(ii) of this Bidder's Statement being breached in respect of that issue. If this occurs, New Hope Bidco might not make a decision as to whether it will either rely on that occurrence, or instead waive the relevant Defeating Conditions in respect of that occurrence, until the date for giving notice as to the status of the Defeating Conditions under section 630(3) of the Corporations Act (see section 7.1 of this Bidder's Statement).

3.10 New Hope Bidco relevant interest in Northern Energy securities

The number of Northern Energy securities that New Hope Bidco had a relevant interest in (as at the dates specified) is shown below:

	At date of this Bidder's Statement	At date first Offer is sent
Northern Energy Shares	6,348,652	[•]
Northern Energy Options	Nil	[•]

3.11 New Hope Bidco's voting power in Northern Energy

New Hope Bidco's voting power in Northern Energy (as at the dates specified) is shown below:

	At date of this Bidder's Statement	At date first Offer is sent
Voting power in Northern Energy	4.944%	[•]

3.12 Acquisition by New Hope Bidco of Northern Energy Shares during previous 4 months

During the period beginning 4 months before the date on which this Bidder's Statement is lodged with ASIC and ending the day before that date of lodgement, neither New Hope Bidco nor any associate of New Hope Bidco has provided, or agreed to provide, consideration for a Northern Energy Share except as shown below.

New Hope Bidco has provided cash consideration for the purchase of 1,500,000 Northern Energy Shares. Particulars are:

Date	No. of shares	Consideration per share
4 October 2010	269,899	\$0.9978
1 October 2010	695,101	\$0.9783
30 September 2010	535,000	\$0.9500

3.13 Inducing benefits given by New Hope Bidco during previous 4 months

Except as set out in this Bidder's Statement, during the period beginning 4 months before the date on which this Bidder's Statement is lodged with ASIC and ending the day before that date of lodgement, neither New Hope Bidco nor any associate of New Hope Bidco, gave, or offered to give or agreed to give a benefit to another person that is not available under the Offers and was likely to induce the other person, or an associate of the other person, to:

- (a) accept an Offer; or
- (b) dispose of Northern Energy Shares.



New Hope
Corporation Limited



S E C T I O N

New Hope Bidco's intentions



4. NEW HOPE BIDCO'S INTENTIONS

4.1 Overview

In formulating the Offers, New Hope Bidco has considered and evaluated Northern Energy's assets based on the information which was in the public domain at the date of this Bidder's Statement.

Set out in this section 4 of this Bidder's Statement are New Hope Bidco's intentions for Northern Energy. These intentions are based on the information concerning Northern Energy and the existing circumstances affecting the business of Northern Energy which is known to New Hope Bidco at the date of this Bidder's Statement. References to the intentions of New Hope Bidco include the intentions of New Hope, the controlling shareholder of New Hope Bidco and Washington H. Soul Pattinson and Company Limited, the controlling shareholder of New Hope.

4.2 Review

New Hope Bidco and its advisers have reviewed information that has been publically released on Northern Energy, its current activities and its plans for the future. However, New Hope Bidco does not currently have knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, taxation and financial implications of its current intentions. Consequently, final decisions on these matters have not been made.

Following the close of the Offer, New Hope Bidco will, to the extent that the information is available to it, conduct a review of the operations, assets, structure and employees of Northern Energy in light of that information. Final decisions will only be reached after that review and in light of all material facts and circumstances. As such, statements set out in this section are statements of current intention only which may change as new information becomes available or circumstances change. The statements in this section 4 of this Bidder's Statement should be read in this context.

4.3 Intentions upon acquiring 90% or more of Northern Energy Shares

New Hope Bidco's current intentions if it acquires a relevant interest in 90% or more of the Northern Energy Shares and the Offer is declared free of all Defeating Conditions, are set out below.

(a) **Corporate matters**

(i) ***Compulsory acquisition***

If it becomes entitled to do so under the Corporations Act, New Hope Bidco currently intends to:

- (A) give notices to compulsorily acquire any outstanding Northern Energy Shares in accordance with section 661B of the Corporations Act; and
- (B) if appropriate, once further details of the Northern Energy Options are available to New Hope Bidco, give notices to Northern Energy Shareholders and holders of Northern Energy Options to compulsorily acquire any outstanding Northern Energy Shares and Northern Energy Options in accordance with section 664C of the Corporations Act.

If it is required to do so under section 662A and section 663A of the Corporations Act, New Hope Bidco intends to give notices to Northern Energy Shareholders and holders of Northern Energy Options offering to acquire their Northern Energy Shares and Northern Energy Options in accordance with sections 662B and 663C of the Corporations Act.

(ii) ***ASX listing***

New Hope Bidco will procure the removal of Northern Energy from the official list of the ASX at the conclusion of the compulsory acquisition process.

(iii) ***Directors***

New Hope Bidco intends to replace the members of the Northern Energy board and the members of the other entities in the Northern Energy Group with nominees of New Hope



Bidco. Replacement board members have not yet been identified by New Hope Bidco and their identity will depend on the circumstances at the relevant time.

(iv) **Employees**

As outlined in section 4.2 of this Bidder's Statement, New Hope Bidco will conduct a detailed review of Northern Energy's operations, assets, structure, strategy and employees.

Subject to undertaking this review, New Hope Bidco expects that there may be some duplication in New Hope Group's business and Northern Energy's business and as such, certain positions may become redundant. If it is not possible for New Hope Group to offer alternate roles to employees holding those positions, it is expected that they will be offered redundancy packages in accordance with Northern Energy's redundancy policies and applicable employment laws.

New Hope Bidco understands that Northern Energy has only a small number of employees.

(v) **Divestment policy**

New Hope Bidco does not currently intend to dispose of any assets of Northern Energy.

(b) **Operational matters**

New Hope Bidco's review described in section 4.2 of this Bidder's Statement will focus on and have as its objective:

- (i) Identifying areas where the New Hope Group can add value to Northern Energy through its technical expertise and its history and experience in mining operations.
- (ii) Integrating management operating systems and platforms, administrative procedures, systems and reporting lines.
- (iii) Reviewing management, employees and operations to establish whether there is a need to continue to operate from two head office locations.
- (iv) Identifying potential synergies and cost savings, including rent, professional advisory fees and other synergistic operational costs.
- (v) Reviewing Northern Energy's current financing arrangements and future funding requirements to determine the optimal capital structure for Northern Energy going forward. Northern Energy's need for additional capital, either in the form of debt or equity will be assessed, including the New Hope Group's ability to provide Northern Energy with such capital.
- (vi) Reviewing Northern Energy's asset portfolio and other business interests (eg rail, port and other tenures) with the view to adding value/expediting development opportunities.
- (vii) Reviewing external commercial relationships with service providers (eg rail, port) and customers' commitment. Where possible, it is the current intention of New Hope Bidco to leave all significant sales contracts in place.

4.4 Intentions upon acquiring more than 50% but less than 90% of Northern Energy Shares

If, following the close of the Offers, Northern Energy becomes a controlled entity, but not a wholly owned subsidiary, of New Hope Bidco, New Hope Bidco's current intentions are set out below.

(a) **Corporate matters**

(i) **ASX listing**

If New Hope Bidco obtains effective control of Northern Energy and there is a limited spread or volume of Northern Energy Shareholders remaining at the end of the Offer Period, New Hope Bidco may seek to procure the removal of Northern Energy from the official list of the ASX.

(ii) **Directors**

Subject to the Corporations Act, the Constitution of Northern Energy, and the level of ownership that New Hope Bidco achieves, New Hope Bidco will consider an appropriate board structure for Northern Energy, which is likely to include nominees of New Hope Bidco and may include the replacement of existing Northern Energy Directors. The board structure and identity of New Hope Bidco's nominees has not yet been determined by New Hope Bidco and their number and identity will depend on the circumstances at the relevant time.

(iii) **Dividend policy**

New Hope Bidco, through its nominees on the board of Northern Energy, will review the dividend policy of Northern Energy having regard to any capital funding and ongoing operational requirements of Northern Energy along with the appropriateness of paying dividends to shareholders.

(b) **Capital raisings**

Subject to compliance with all applicable laws and regulations, further capital may be raised through equity (or other security) offerings. New Hope Bidco has not finalised its intentions in this regard, and the form and timing of any future equity raisings are not known at this time.

(c) **Operational matters, assets and employees**

New Hope Bidco intends to undertake the detailed review of Northern Energy's operations, assets, strategy, structure and employees as outlined above in section 4.2 of this Bidder's Statement. It is the current intention of New Hope Bidco to attempt to procure that the Northern Energy board implements the objectives outlined in section 4.3 of this Bidder's Statement.

(d) **Limitations on intentions**

The extent to which New Hope Bidco will be able to implement these intentions will be subject to:

- (i) the law and the ASX Listing Rules, in particular in relation to related party transactions and conflicts of interests;
- (ii) the legal obligation of the directors of Northern Energy to act for proper purposes and in the best interests of Northern Energy Shareholders as a whole; and
- (iii) the terms of Northern Energy's existing contractual arrangements, such as those entered into with Xinyang.

Any transactions between members of the New Hope Group and Northern Energy required to implement the steps outlined above, will be entered into on arm's length terms. The approval of other Northern Energy Shareholders for such transactions will be sought as required by law.

4.5 Intentions upon acquiring less than 50.1% of Northern Energy Shares

New Hope Bidco reserves its right to declare the Offer free from the 50.1% minimum acceptance condition (and any other conditions) but has no current intention to do so. If New Hope Bidco does waive this condition and acquires less than 50.1% of the Northern Energy Shares, New Hope Bidco intends to seek the appointment of a number of its representatives on the Northern Energy board (and to requisition a meeting of Northern Energy for that purpose if necessary) and gain a more detailed understanding of all the businesses, assets and operations of Northern Energy to evaluate the performance, profitability and prospects of Northern Energy and will endeavour to implement its intentions outlined in section 4.4 of this Bidder's Statement to the extent it is able to do so.

4.6 Other intentions

Subject to the above it is the current intention of New Hope Bidco, on the basis of the information concerning Northern Energy which is known to it and the existing circumstances affecting the business of Northern Energy, that:

- (a) the business strategy of Northern Energy will otherwise be continued in substantially the same manner as it is presently being conducted; and
- (b) there will not be any other redeployment of the fixed assets of Northern Energy.



5

S E C T I O N

Sources of cash consideration



5. SOURCES OF CASH CONSIDERATION

5.1 Amount payable

The maximum amount of cash payable under the Offers, assuming that all of the Northern Energy Options in existence as at the date of this Bidder's Statement are exercised, and New Hope Bidco acquires all of the Northern Energy Shares in which it (or its associates) do not have a relevant interest, is \$185,482,029.

5.2 Source of funds

New Hope Bidco will fund the cash payable under the Offers using cash provided to it by New Hope. New Hope has irrevocably and unconditionally undertaken to advance to New Hope Bidco via an intercompany loan such amounts as are required to satisfy New Hope Bidco's obligations under the Offers together with amounts required to cover all transaction costs associated with the Offers on the following terms:

- (a) The funding arrangement is non-interest bearing.
- (b) The funds are repayable on demand by New Hope, but no demand for repayment may be made while New Hope Bidco has an outstanding obligation to make payments under the Offers.
- (c) Funds are available to New Hope Bidco at any time and the right of New Hope Bidco to source funds from New Hope is not subject to any conditions precedent.

5.3 New Hope's cash reserves

The funds to be provided by New Hope to New Hope Bidco under the arrangements described in section 5.2 will be sourced from New Hope's existing cash reserves. At the date of this Bidder's Statement, New Hope has cash reserves in excess of \$2 billion on interest bearing deposit with several investment grade financial institutions which is available to fund the cash payable by New Hope Bidco under the Offer. The funds that New Hope Bidco will require to satisfy its obligations to pay the Offer consideration are not required for other operations or commitments of New Hope Group and are available to New Hope Bidco under the arrangements described in section 5.2.

5.4 Sufficiency of funding

Having regard to the matters set out in this section 5 of this Bidder's Statement, New Hope Bidco is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will be able to pay the consideration required for the acquisition of the Northern Energy Shares pursuant to the Offer to satisfy its obligations under the Offer. The Offer is not subject to any financing conditions.



New Hope
Corporation Limited



6

S E C T I O N

Taxation considerations



6. TAXATION CONSIDERATIONS

6.1 Australian tax implications for Northern Energy Shareholders

The following is a general description of the Australian income, capital gains tax, GST and stamp duty consequences for Northern Energy Shareholders on disposing of their Northern Energy Shares, in return for cash.

The information is based upon taxation law and practice in effect at the date of this Bidder's Statement. It is not intended to be an authoritative or comprehensive analysis of the taxation laws of Australia. The summary does not consider any specific facts or circumstances that may apply to particular shareholders. Further, it does not deal with the taxation consequences of disposing of shares issued under an employee share scheme, which may be subject to specific tax provisions.

You are advised to seek independent professional advice regarding the Australian tax consequences of disposing of your Northern Energy Shares according to your own particular circumstances.

The Australian tax consequences of disposing of your Northern Energy Shares will depend on a number of factors including:

- (a) Whether you are an Australian resident or non resident for tax purposes.
- (b) Whether you hold your Northern Energy Shares on capital or revenue account or as trading stock.
- (c) When you acquired your Northern Energy Shares for tax purposes.
- (d) Whether you are an individual, a company or a trustee of a complying superannuation entity.

6.2 Shareholders who are Australian residents for tax purposes

(a) **Disposal of shares held as trading stock**

If you hold your Northern Energy Shares as trading stock (eg, as a share trader) you will be required to include the value of the consideration from the disposal of your Northern Energy Shares (i.e., the cash received) in your assessable income.

(b) **Disposal of shares held on revenue account**

If you hold your Northern Energy Shares on revenue account (eg, you acquired your Northern Energy Shares for the main purpose of reselling them at a profit, such as if you are a bank or insurance company) then you will be required to treat any gain or loss arising on the disposal of your Northern Energy Shares as either assessable income or an allowable deduction.

The calculation of the gain or loss will include the following:

- (i) the value of the consideration (the cash received); and
- (ii) the cost of acquiring your Northern Energy Shares.

(c) **Disposal of shares held on capital account**

If you hold your Northern Energy Shares on capital account (broadly, as a passive investment with a view to generating dividend income,) the disposal of Northern Energy Shares will generally have Australian capital gains tax (CGT) consequences. The disposal of such Northern Energy Shares pursuant to acceptance of the Offer or the compulsory acquisition of your Northern Energy Shares will constitute a CGT event for CGT purposes.

The CGT implications of a disposal of your Northern Energy Shares will depend upon a number of factors, including:

- The date your Northern Energy Shares were acquired for CGT purposes.
- Your taxpayer status.
- The length of time you have held your Northern Energy Shares.

(i) **Shares acquired, or taken to be acquired, before 11.45am on 21 September 1999**

A capital gain or loss will arise depending on the difference between:

- the value of the capital proceeds (the cash received); and

- the cost base of the Northern Energy Shares (which would generally include the amount paid to acquire the shares plus any incidental costs of acquisition, eg brokerage fees and stamp duty).

If your Northern Energy Shares were acquired before 11.45 am by legal time in the Australian Capital Territory (ACT time) on 21 September 1999, for the purpose of calculating a capital gain (but not a capital loss), you may choose that the cost base of those shares be indexed for inflation to 30 September 1999 (which would only be of any practical effect if the shares were acquired prior to 1 July 1999).

Alternatively, provided you have held your Northern Energy Shares for at least 12 months, and you do not choose to apply indexation, the discount capital gain provisions may apply. This means that:

- if you are an individual or trust, only one-half of the capital gain (without any allowance for indexation for inflation in the cost base of the shares) after offsetting any applicable capital losses will be taxable; or
- if you are a complying superannuation fund, only two-thirds of the capital gain (without any allowance for indexation for inflation in the cost base of the shares) after offsetting any applicable capital losses will be taxable.

If you are the trustee of a trust, the discount capital gains provisions may also apply to a distribution of the capital gain to beneficiaries in the trust (other than beneficiaries that are companies). You should seek advice from your professional tax adviser in this regard.

Note that the discount capital gain provisions do not apply to shareholders and trust beneficiaries that are companies.

The "choice" to apply indexation rather than the discount capital gain provisions must be made by you on or before the day you lodge your income tax return for the income year in which the disposal occurs. The manner in which you complete your income tax return is generally sufficient evidence of your making of a choice.

A capital loss may be used to offset capital gains derived in the same or subsequent years of income (subject to satisfying certain conditions) but cannot be offset against ordinary income, nor carried back to offset net capital gains arising in earlier income years.

If you choose to use the discount capital gain method, any available capital loss will be applied to reduce the realised nominal gain before discounting the resulting net amount by either one-half or one-third (as applicable) to calculate the capital gain that is assessable. Alternatively, if you choose the indexation option, capital losses are applied after calculating the capital gain using the indexed cost base.

(ii) **Shares acquired after 11.45 am on 21 September 1999**

If you acquired your Northern Energy Shares after 11.45 am (ACT time) on 21 September 1999 you will not be entitled to choose indexation of the cost base when calculating any capital gain on disposal.

If you are an individual, trust or complying superannuation fund that has held your Northern Energy Shares for 12 months or longer at the time the Offer is accepted, the discount capital gain provisions described above will automatically apply in calculating any capital gain on disposal.

As explained above, any available capital loss will be applied to reduce the realised nominal gain before discounting the resulting net amount by one-half or one-third (as applicable) to calculate the discounted capital gain that is assessable.

If your Northern Energy Shares have been held for less than 12 months or you are another category of shareholder (for example, a company), the discount capital gain method is not available. A capital gain on the shares, being any excess of the value of the capital proceeds over the unindexed cost base of the shares, will be assessable in full.



6.3 Shareholders who are not Australian residents for tax purposes

(a) **Disposal of shares held as trading stock or on revenue account**

If you are not a resident of Australia for tax purposes and your Northern Energy Shares were acquired as trading stock or otherwise on revenue account you should seek your own professional advice. The Australian tax treatment will depend on the source of any gain and whether a double tax agreement exists between your country of residence and Australia.

(b) **Disposal of shares held on capital account**

If you are not a resident of Australia for tax purposes and hold your Northern Energy Shares on capital account you will generally not be subject to CGT on the disposal of your Northern Energy Shares unless:

- (i) both of these conditions apply to you:
 - you (and your associates) owned at least 10% of Northern Energy either at the time you sold your Northern Energy Shares or for at least 12 months during the 24 months before you sold your Northern Energy Shares; and
 - 50% or more of the value of Northern Energy is represented by real property in Australia (which for these purposes includes mining, quarrying or prospecting rights if the minerals, petroleum or quarry materials are located in Australia); or
- (ii) you used your Northern Energy Shares at any time in carrying on a business through a permanent establishment in Australia.

6.4 Taxation of Financial Arrangements (TOFA)

The TOFA Act made amendments to the tax legislation that operate to tax gains and losses arising from certain "financial arrangements" on revenue account. The amendments generally apply to financial arrangements entered into on or after 1 July 2010 (unless a taxpayer elects to apply the amendments to tax years from 1 July 2009 or elects to apply the amendments to existing financial arrangements held at the relevant start date).

The TOFA Act generally should not apply to the Northern Energy Shares unless either a "fair value method" election or a "reliance on financial reports" election has been made under the TOFA Act. Certain types of Northern Energy Shareholders such as individuals, superannuation funds, managed investment schemes and financial entities may be exempt from the application of the TOFA Act unless they make an election for it to apply to them. Other entities which are considered small may also qualify for an exemption. Northern Energy Shareholders should obtain their own advice in relation to the applicability of the amendments in light of their own individual facts and circumstances.

6.5 GST

No Australian GST should be payable on the transfer of Northern Energy Shares in return for the Offer price. GST may be payable by you on any brokerage charged by your Controlling Participant for carrying out your instructions and, depending on your circumstances, you may not be entitled to any input tax credit (or only a reduced input tax credit of 75%) for that GST.

6.6 Stamp Duty

On the basis that Northern Energy is a listed company registered in Victoria, no marketable securities duty should be payable on the transfer of your Northern Energy Shares. New Hope Bidco has agreed to pay any stamp duty which may apply to the transfer of Northern Energy Shares to it.



S E C T I O N

Other material information



7. OTHER MATERIAL INFORMATION

7.1 Conditions

The Offer is subject to a number of Defeating Conditions, which are set out in full in section 8.10 of this Bidder's Statement. Under the terms of the Offer and the Corporations Act, any or all of those Defeating Conditions may be waived by New Hope Bidco.

If an event occurs which results (or would result) in the breach or non-fulfilment of a Defeating Condition, New Hope Bidco might not make a decision as to whether it will either rely on that occurrence, or instead waive the relevant Defeating Condition in respect of that occurrence, until the date for giving notice as to the status of the Defeating Conditions under section 630(3) of the Corporations Act (see section 8.14 of this Bidder's Statement). If New Hope Bidco decides that it will waive a Defeating Condition it will announce that decision to ASX in accordance with section 650F of the Corporations Act.

If any of the Defeating Conditions are breached or not fulfilled, and New Hope Bidco decides to rely on that breach or non-fulfilment, then any contract resulting from acceptance of the Offer will become void at (or, in some cases, shortly after) the end of the Offer Period, and the relevant Northern Energy Shares will be returned to the holder.

7.2 Xinyang off-take agreement

Northern Energy announced to ASX on 22 April 2010 that it had entered into a long term coal off-take agreement with Xinyang for hard coking coal produced from its Maryborough project. The announcement states that under the off-take agreement, coal will be purchased at a price that is set with reference to the prevailing benchmark prices for Queensland hard coking coal.

New Hope Bidco has included a Defeating Condition in relation to the off-take agreement between Northern Energy and Xinyang in section 8.10(f) of this Bidder's Statement. That condition seeks the confirmation from Northern Energy's board in Northern Energy's Target Statement that the price at which coal will be purchased by Xinyang under the off-take agreement is equivalent to the average quarterly price for Peak Downs, Saraji and Goonyella hard coking coal adjusted for quality variations and/or penalties.

New Hope Bidco has included this condition because it was unable to establish from Northern Energy's public disclosures how the coal price payable by Xinyang is to be benchmarked or whether the price is subject to any discounts or other arrangements calculated by reference to the benchmark.

7.3 Modifications to and exemptions from the Corporations Act

New Hope Bidco has not obtained from ASIC any modifications of, or exemptions from, the Corporations Act in relation to the Offer. However, ASIC has published various instruments providing for modifications and exemptions that apply generally to all persons, including New Hope Bidco.

New Hope Bidco may consider seeking to obtain a modification of, or exemption from, the Corporations Act from ASIC to allow it to vary the Offer so that it also extends to Northern Energy Shares issued as a result of the exercise of any Northern Energy Options issued pursuant to a Northern Energy Employee or Executive Share Plan after the Register Date (see section 3.9 of this Bidder's Statement).

7.4 Consents

This Bidder's Statement includes or is accompanied by statements which are made in or based on statements made in documents lodged with ASIC or on the company announcement platform of ASX. Under the terms of ASIC class order 01/1543, the parties making those statements are not required to consent to, and have not consented to, those statements being included in this Bidder's Statement. If you would like to receive a copy of any of these documents please contact the Offer information line on 1800 351 644 (from within Australia) or +61 2 8256 3381 (if calling from outside Australia) and you will be sent copies free of charge.

Pitt Capital Partners has acted as financial adviser to, Blake Dawson has acted as legal adviser to, and Computershare Investor Services Pty Limited has acted as share registrar for New Hope Bidco in relation to the Offer.

Each of Washington H. Soul Pattinson and Company Limited, Pitt Capital Partners, Blake Dawson and Computershare Investor Services Pty Limited has consented to be named in this Bidder's Statement in the form and context in which it is named and has not withdrawn its consent as at the date of this Bidder's Statement,



and context in which it is named and has not withdrawn its consent as at the date of this Bidder's Statement, but should not be regarded as having caused or authorised the issue of this Bidder's Statement or any statements made in it or to have been in any way involved in the making of the Offer. To the maximum extent permitted by law, each of Pitt Capital Partners, Blake Dawson and Computershare Investor Services Pty Limited disclaims and takes no responsibility for this Bidder's Statement (other than references to its respective name) or any part of any statements in or omissions from this Bidder's Statement.

New Hope has consented to be named in this Bidder's Statement in the form and context in which it is named and has not withdrawn its consent as at the date of this Bidder's Statement.

7.5 On-market acquisitions

You should be aware that, subject to the requirements of the Corporations Act, New Hope Bidco may acquire Northern Energy Shares on-market at prices up to the Offer price during normal trading on the ASX. Any such purchases will be disclosed to ASX in substantial shareholder notices which New Hope Bidco is required to lodge pursuant to Part 6C.1 of the Corporations Act.

Northern Energy Shareholders who sell their Northern Energy Shares on ASX will be paid by their Broker. Settlement of trades on ASX is on a T+3 basis (being three Trading Days after the date of the transaction). Northern Energy Shareholders who sell their Northern Energy Shares on ASX cannot subsequently accept the Offer in respect of Northern Energy Shares sold on ASX. Additionally, Northern Energy Shareholders who sell their Northern Energy Shares on ASX may incur brokerage charges which they may not incur if they accepted the Offer.

7.6 Acceptance facility

New Hope Bidco may establish an institutional acceptance facility under which institutional shareholders of Northern Energy can direct an institutional facility agent to accept the Offer when it becomes unconditional. Any direction from an institutional shareholder will be subject to the institutional shareholders' right to withdraw the direction and is therefore different from a binding acceptance under the Offer. If New Hope Bidco decides to establish an institutional acceptance facility, New Hope Bidco will make detailed disclosure on the facility.

7.7 Broker handling fee

Subject to the terms below, if the Offer becomes or is declared unconditional, New Hope Bidco will pay a broker handling fee to Brokers who initiate valid acceptances (**Acceptances**) of the Offer in respect of parcels of Northern Energy Shares held by retail shareholders of Northern Energy. A retail shareholder for these purposes is one who is not a Broker or an associate of a Broker and who held less than 500,000 Northern Energy Shares at the date of the Acceptance.

The broker handling fee will be 0.75% of the consideration payable by New Hope Bidco as a result of the Acceptance, subject to a maximum broker handling fee of \$750 being payable in respect of any Acceptance. New Hope Bidco also proposes to pay a minimum broker handling fee of \$50 per Acceptance. New Hope Bidco reserves the right to aggregate any Acceptances in determining the broker handling fee payable to any Broker if New Hope Bidco reasonably believes that a party or parties has or have structured holdings of Northern Energy Shares to take advantage of the broker handling fee.

The broker handling fee is payable to Brokers only. No part of any broker handling fee may be passed on or paid to the accepting Northern Energy Shareholder. An acceptance of a broker handling fee by a Broker constitutes a representation that neither it, nor its associates, has a relevant interest in the Northern Energy Shares and that the broker handling fee will not be passed on or otherwise shared directly or indirectly with the accepting Northern Energy Shareholder or its associates.

The broker handling fee will be payable to any Broker:

- (a) who submits to the Share Registrar the Share Registrar's broker fee claim form (**Claim Form**) no later than 5.00pm (Sydney time) on the day which is 5 Business Days after the end of the Offer Period. Claim Forms may be obtained from the Share Registrar by contacting brokerhandlingfees@computershare.com.au; and
- (b) who can provide evidence satisfactory to New Hope Bidco that the Broker initiated their client's Acceptance.



The Share Registrar will provide its specific details to Brokers on the manner in which claims must be made and where claims must be lodged.

Any broker handling fees liable to be paid in respect of any Broker initiated Acceptance, will be paid by New Hope Bidco within 14 days after the end of the Offer Period provided that the Offer becomes or is declared unconditional.

For any Northern Energy Shareholder on the CHES Subregister, where that shareholder directly requests New Hope Bidco (and not the relevant Broker) to initiate acceptance of the Offer on their behalf, no Broker will be entitled to receive the broker handling fee on the acceptance.

No broker handling fees are payable in respect of acceptances that are withdrawn. No broker handling fees are payable in respect of on-market acquisitions of Northern Energy Shares by New Hope Bidco.

7.8 Not aware of any Public Authority Approvals being required

New Hope Bidco has made its Offer conditional upon it receiving all Approvals which are required by law or by any Public Authority:

- (a) to permit the Offers to be made to and accepted by Northern Energy Shareholders in all applicable jurisdictions; or
- (b) as a result of the Offers or the successful acquisition of the Northern Energy Shares and which are necessary for the continued operation of the business of Northern Energy and its subsidiaries or of New Hope and its subsidiaries.

Further details of this Defeating Condition are set out in section 8.10(i) of this Bidder's Statement.

As at the date of this Bidder's Statement, New Hope Bidco is not aware of any such Approvals being required. It is New Hope Bidco's current intention that it would immediately apply for, disclose and use its best endeavours to obtain such Approvals upon becoming aware of any that are required.

7.9 No other material information

Except as set out in this Bidder's Statement, there is no information material to the making of a decision by a Northern Energy Shareholder whether or not to accept the Offer, being information that is known to New Hope Bidco and has not previously been disclosed to the holders of Northern Energy Shares.



S E C T I O N

The Offer terms



8. THE OFFER TERMS

8.1 The Offer

(a) **Offer for your Northern Energy Shares**

New Hope Bidco offers to acquire all of your Northern Energy Shares on the terms set out in this Offer. This Offer extends to all Northern Energy Shares that are issued during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of the rights attached to, Northern Energy Options in existence as at the Register Date.

(b) **Offer includes Rights**

If New Hope Bidco acquires your Northern Energy Shares under this Offer, New Hope Bidco is also entitled to any Rights attached to those Northern Energy Shares.

(c) **Consideration**

New Hope Bidco offers \$1.50 cash for each of your Northern Energy Shares.

8.2 Offer Period

Unless withdrawn or extended under section 8 of this Bidder's Statement, this Offer is open during the period that begins on the date of this Offer, being [•], and ends at 7:00pm (Sydney time) on [•].

If, within the last 7 days of the Offer Period, any of the following occurs section 624(2) of the Corporations Act will apply to extend the Offer Period so that it ends 14 days after that event:

- (a) New Hope Bidco varies the Offers to improve the consideration offered;
- (b) the consideration is taken to be increased under section 651A(2) of the Corporations Act because New Hope Bidco purchases Northern Energy Shares outside the Takeover Bid for a cash price higher than the consideration offered; or
- (c) New Hope Bidco's voting power in Northern Energy increases to more than 50%.

8.3 How to accept this Offer

Sections 8.3(b) and 8.3(c) of this Bidder's Statement refer, among other things, to the different Acceptance Forms for use to accept this Offer depending on the nature of the Northern Energy shareholding. You will only be sent one type of Acceptance Form with this Bidder's Statement, which will be the Acceptance Form to be used in relation to your Northern Energy Shares.

(a) **Accept for all your Northern Energy Shares**

You can only accept this Offer during the Offer Period and for all your Northern Energy Shares. You will be taken to have accepted the Offer for all your Northern Energy Shares plus any additional Northern Energy Shares held by you at the date your acceptance is processed (despite any difference between that number and the number of Northern Energy Shares specified on your Acceptance Form when you accept this Offer).

(b) **CHESS Holdings**

If your Northern Energy Shares are in a CHESS Holding (in which case your holder identification number is prefixed with 'X'), to accept this Offer you must either:

- (i) **complete and sign** the Acceptance Form in accordance with the instructions on it. Once completed and signed, you need to **return** the Acceptance Form together with all other documents required by the instructions on it to the address specified on the form. This will authorise New Hope Bidco to instruct your Controlling Participant (usually your Broker) to initiate acceptance of this Offer on your behalf. For return of the Acceptance Form to be an effective acceptance of the Offer, you must ensure it is received by New Hope Bidco in time to give instructions to your Controlling Participant, and for your Controlling Participant to carry out those instructions, before the end of the Offer Period; or
- (ii) **instruct** your Controlling Participant (usually your Broker) to initiate acceptance of this Offer under rule 14.14 of the ASX Settlement Operating Rules, so as to be effective before the end of the Offer Period.

If you are an ASX Settlement Participant, you must yourself initiate acceptance under rule 14.14 of the ASX Settlement Operating Rules so as to be effective before the end of the Offer Period.

(c) **Issuer Sponsored Holdings and other holdings**

If your Northern Energy Shares are held on Northern Energy's issuer sponsored subregister (in which case your securityholder reference number is prefixed with 'I'), or if at the time of your acceptance you are entitled to be (but are not yet) registered as the holder of, or are otherwise able to give good title to, your Northern Energy Shares, to accept this Offer you must:

- (i) **complete and sign** the Acceptance Form in accordance with the instructions on it; and
- (ii) **return** the Acceptance Form together with all other documents required by the instructions on it to one of the addresses specified on the form in the addressed envelope provided so that they are received before the end of the Offer Period.

8.4 Foreign Laws

This Offer is not registered in any jurisdiction outside Australia (unless an applicable Foreign Law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any Foreign Law applicable to you to accept this Offer.

8.5 Effect of Acceptance Form

By signing and returning the Acceptance Form in accordance with section 8.3(b) or section 8.3(c) of this Bidder's Statement as applicable, you:

- (a) will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw your Northern Energy Shares from the Offer or otherwise dispose of your Northern Energy Shares, except as follows:
 - (i) if, by the times specified in section 8.6 of this Bidder's Statement, the Defeating Conditions in section 8.10 of this Bidder's Statement have not all been fulfilled or waived, then this Offer will automatically terminate and your Northern Energy Shares will be returned to you; or
 - (ii) if the Offer is varied in a way that postpones for more than one month the time when New Hope Bidco has to meet its obligations under the Offer and, at that time, this Offer is subject to one or more of the Defeating Conditions in section 8.10 of this Bidder's Statement, then you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act. A notice will be sent to you at that time explaining your rights in this regard;
- (b) authorise New Hope Bidco and each of its officers and agents to correct any errors in, or omissions from, the Acceptance Form necessary to:
 - (i) make it an effective acceptance of this Offer for your Northern Energy Shares which are not in a CHES Holding; and
 - (ii) enable the transfer of your Northern Energy Shares to New Hope Bidco; and
- (c) if any of your Northern Energy Shares are in a CHES Holding, authorise New Hope Bidco and each of its officers and agents to:
 - (i) instruct your Controlling Participant to effect your acceptance of this Offer for those Northern Energy Shares under rule 14.14 of the ASX Settlement Operating Rules; and
 - (ii) give to your Controlling Participant on your behalf any other instructions in relation to those Northern Energy Shares which are contemplated by the sponsorship agreement between you and your Controlling Participant and are necessary or appropriate to facilitate your acceptance of this Offer.

8.6 Times

The relevant times for the purposes of section 8.5(a)(i) of this Bidder's Statement are:

- (a) in the case of the Defeating Conditions referred to in section 8.10(c) of this Bidder's Statement - 3 Business Days after the end of the Offer Period; and
- (b) in the case of all other Defeating Conditions in section 8.10 of this Bidder's Statement - the end of the Offer Period.



8.7 Your agreement

By carrying out the instructions in section 8.3 of this Bidder's Statement on how to accept this Offer:

- (a) you accept this Offer in respect of all your Northern Energy Shares registered as held by you at the date your acceptance is processed despite any difference between that number and the number of Northern Energy Shares specified in the Acceptance Form;
- (b) you represent and warrant to New Hope Bidco that all your Northern Energy Shares will at the time of your acceptance of this Offer and of transfer to New Hope Bidco be fully paid up and that New Hope Bidco will acquire good title to and beneficial ownership of them free from Encumbrances;
- (c) you transfer, or consent to the transfer in accordance with the ASX Settlement Operating Rules of, your Northern Energy Shares to New Hope Bidco subject to the conditions of the constitution of Northern Energy on which they were held immediately before your acceptance of this Offer (and New Hope Bidco agrees to take those Northern Energy Shares subject to those conditions);
- (d) if and when the contract resulting from your acceptance of this Offer becomes unconditional (even though New Hope Bidco has not yet paid or provided the consideration due to you), you irrevocably appoint New Hope Bidco and each director of, and any nominee of, New Hope Bidco as your attorney to:
 - (i) attend and vote in respect of your Northern Energy Shares at all general and class meetings of Northern Energy; and
 - (ii) execute all forms, notices, documents (including a document appointing a director of New Hope Bidco as a proxy for any of your Northern Energy Shares) and resolutions relating to your Northern Energy Shares and generally to exercise all powers and rights which you have as the registered holder of your Northern Energy Shares;
- (e) you agree that in exercising the powers conferred by the power of attorney in section 8.7(d) of this Bidder's Statement, New Hope Bidco and each of its directors and its nominee is entitled to act in the interest of New Hope Bidco;
- (f) if and when the contract resulting from your acceptance of this Offer becomes unconditional (even though New Hope Bidco has not yet paid or provided the consideration due to you), you agree not to attend or vote in person at any general meeting of Northern Energy or to exercise, or to purport to exercise, (in person, by proxy or otherwise) any of the powers conferred on New Hope Bidco, a director of, and any nominee of New Hope Bidco by section 8.7(d) of this Bidder's Statement;
- (g) if and when the contract resulting from your acceptance of this Offer becomes unconditional (even though New Hope Bidco has not yet paid or provided the consideration due to you), you authorise New Hope Bidco to transmit a message to ASX Settlement in accordance with rule 14.17.1 of the ASX Settlement Operating Rules so as to enter those of your Northern Energy Shares which are in a CHESS Holding into New Hope Bidco's Takeover Transferee Holding and to enter those of your Northern Energy Shares which are in an Issuer Sponsored Holding into New Hope Bidco's name; and
- (h) you agree to indemnify New Hope Bidco and each of its agents in respect of any claim or action against it or any loss, damage or liability incurred by it as a result of you not producing your holder identification number or securityholder reference number or in consequence of the transfer of your Northern Energy Shares being registered by Northern Energy without production of your holder identification number or securityholder reference number; and
- (i) you irrevocably authorise and direct Northern Energy (on receipt of a written request from New Hope Bidco) to pay to New Hope Bidco or to account to New Hope Bidco for all Rights. This is subject to any such Rights received by New Hope Bidco being accounted for by New Hope Bidco to you, in the event that this Offer is withdrawn or avoided.

8.8 Powers of attorney

If the Acceptance Form is signed under power of attorney, the attorney declares that the attorney has no notice of revocation of the power and is empowered to delegate powers under the power of attorney under section 8.5 and paragraphs (d) and (g) of section 8.7 of this Bidder's Statement.

8.9 Validation of otherwise ineffective acceptances

Except for Northern Energy Shares in a CHESS Holding, New Hope Bidco may treat the receipt by it of a signed Acceptance Form as a valid acceptance of this Offer even though it does not receive the other documents required by the instructions on the Acceptance Form or there is not compliance with any one or more of the other requirements for acceptance. If New Hope Bidco does treat such an Acceptance Form as valid, subject to section 8.16 of this Bidder's Statement, New Hope Bidco will not be obliged to give the consideration to you until New Hope Bidco receives all those documents and all of the requirements for acceptance referred to in section 8.3 of this Bidder's Statement and in the Acceptance Form have been met.

8.10 Defeating Conditions

This Offer and the contract resulting from acceptance of this Offer are subject to the fulfilment of the following Defeating Conditions:

(a) **Minimum acceptance condition**

During, or at the end of, the Offer Period, the number of Northern Energy Shares in which New Hope Bidco and its associates together have relevant interests (disregarding any relevant interest that New Hope Bidco has merely because of the operation of section 608(3) of the Corporations Act) is at least 50.1% of all the Northern Energy Shares (even if that number later becomes less than 50.1% as a result of the issue of further Northern Energy Shares).

(b) **No material adverse affect**

No specified event occurs that will or is reasonably likely to have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses or prospects of Northern Energy and its subsidiaries, including as a result of making the Offer or the acquisition of Northern Energy Shares pursuant to the Offer. For these purposes, a "specified event" is:

- (i) an event or occurrence that occurs during the Condition Period;
- (ii) an event or occurrence that occurs or circumstance that exists prior to the Offer Period but is only announced or publicly disclosed during or after the Announcement Date; or
- (iii) an event or occurrence that will or is likely to occur following the Offer Period and which has not been publicly announced prior to the Announcement Date.

(c) **No prescribed occurrences**

None of the following events happens during the period beginning on the date the Bidder's Statement is given to Northern Energy and ending at the end of the Offer Period:

- (i) Northern Energy converts all or any of its shares into a larger or smaller number of shares;
- (ii) Northern Energy or a subsidiary of Northern Energy resolves to reduce its share capital in any way;
- (iii) Northern Energy or a subsidiary of Northern Energy:
 - (A) enters into a buy-back agreement; or
 - (B) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) Northern Energy or a subsidiary of Northern Energy issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (v) Northern Energy or a subsidiary of Northern Energy issues, or agrees to issue, convertible notes;
- (vi) Northern Energy or a subsidiary of Northern Energy disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) Northern Energy or a subsidiary of Northern Energy charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (viii) Northern Energy or a subsidiary of Northern Energy resolves to be wound up;
- (ix) the appointment of a liquidator or provisional liquidator of Northern Energy or of a subsidiary of Northern Energy;

- (x) a court makes an order for the winding up of Northern Energy or of a subsidiary of Northern Energy;
- (xi) an administrator of Northern Energy, or of a subsidiary of Northern Energy, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) Northern Energy or a subsidiary of Northern Energy executes a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Northern Energy or of a subsidiary of Northern Energy.

(d) **No prescribed occurrences between announcement and service**

None of the events listed in sub-paragraphs (i) to (xiii) of section 8.10(c) happens during the period beginning on Announcement Date and ending at the end of the day before the Bidder's Statement is given to Northern Energy.

(e) **Index decline**

Between the Announcement Date and the end of the Offer Period the S&P/ASX 200 index does not fall to a level that is 90% or less of the level as at the close of trading on the Business Day immediately before the Announcement Date and remain at or below that 90% level for at least 3 Business Days or until the Business Day immediately prior to the end of the Offer Period.

(f) **Xinyang off-take agreement**

Northern Energy's Target's Statement containing a statement, expressed to be made with the approval of the Northern Energy board, confirming that the price at which coal will be purchased under the long-term off-take agreement with Xinyang referred to in Northern Energy's announcement to ASX on 22 April 2010, is equivalent to the average quarterly price for Peak Downs, Saraji and Goonyella hard coking coal adjusted for quality variations and/or penalties.

(g) **No material failings in filings**

New Hope Bidco does not become aware, during the Condition Period, that any document filed by or on behalf of Northern Energy with ASX or ASIC contains a statement which is incorrect or misleading in any material particular or from which there is a material omission.

(h) **No action by Public Authority adversely affecting the Offer**

During the Condition Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (ii) no action or investigation is instituted, or threatened by any Public Authority with respect to Northern Energy or any subsidiary of Northern Energy; or
- (iii) no application is made to any Public Authority (other than an application by New Hope or any company within the New Hope Group, an application under section 657G of the Corporations Act or an application commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Offer),

in consequence of, or in conjunction with, the Offer, which:

- (iv) restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or may otherwise materially adversely impact upon:
 - (A) the making of the Offer;
 - (B) the completion of any transaction contemplated by this Bidder's Statement; or
 - (C) the rights of New Hope Bidco in respect of the Northern Energy Shares to be acquired under the Offer or otherwise; or
- (v) seeks to require the divestiture by New Hope Bidco of any Northern Energy Shares, or the divestiture of any assets by Northern Energy or by any subsidiary of Northern Energy or by any company within the New Hope Group.

(i) **Approvals by Public Authorities**

During the Condition Period, New Hope Bidco receives all Approvals which are required by law or by any Public Authority:

- (i) to permit the Offers to be made to and accepted by Northern Energy Shareholders in all applicable jurisdictions; or
- (ii) as a result of the Offers or the successful acquisition of the Northern Energy Shares and which are necessary for the continued operation of the business of Northern Energy and its subsidiaries or of New Hope and its subsidiaries, and those Approvals are on an unconditional basis and remain in force in all respects and there is no notice or indication of intention to revoke, suspend, restrict, modify or not renew those Approvals.

(j) **No material acquisitions, disposals, etc.**

During the Condition Period, none of Northern Energy and any subsidiary of Northern Energy:

- (i) acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$10 million or makes an announcement about such an acquisition;
- (ii) disposes (including by grant of an Encumbrance), offers to dispose or agrees to dispose of, or creates, offers to create or agrees to create an equity interest in, one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$10 million or makes an announcement about such a disposal;
- (iii) enters into, offers to enter into or announces that it proposes to enter into any joint venture, asset or profit sharing arrangements, off take arrangements, partnerships, merger of business (including through a dual listed companies structure) involving a commitment of greater than \$10 million; or
- (iv) incurs or commits to, or grants to another person a right, the exercise of which would involve Northern Energy or any subsidiary of Northern Energy incurring or committing to incur, any capital expenditure or liability for one or more related items of greater than \$10 million or makes an announcement about such a commitment.

(k) **No break/inducement fees**

- (i) Subject to section 8.10(k)(ii) of this Bidder's Statement, during the Condition Period none of Northern Energy, and any body corporate which is or becomes a subsidiary of Northern Energy, pays or provides or agrees (whether conditionally or contingently) to pay or provide any benefit to any person, or foregoes or otherwise reduces any payment or benefit or agrees to forgo or reduce any payment or benefit to which it would otherwise be entitled, in connection with any person making or agreeing to participate in, or enter into negotiations concerning:
 - (A) a takeover offer for Northern Energy or any body corporate which is or becomes a subsidiary of Northern Energy; or
 - (B) any other proposal to acquire any interest (whether equitable, legal, beneficial or economic) in shares in, or assets of, Northern Energy or any body corporate which is or becomes a subsidiary of Northern Energy, or to operate Northern Energy as a single economic entity with another body corporate.
- (ii) Section 8.10(k)(i) of this Bidder's Statement does not apply to a payment, benefit or agreement:
 - (A) for providing professional advisory services to Northern Energy;
 - (B) which is approved in writing by New Hope Bidco;
 - (C) which is approved by a resolution passed at a general meeting of Northern Energy; or
 - (D) which is made to, provided to, owed by or made with New Hope Bidco.

(l) **Non-existence of certain rights**

No person has any right (whether subject to conditions or not) as a result of New Hope Bidco acquiring Northern Energy Shares to:

- (i) acquire, or require Northern Energy or a subsidiary of Northern Energy to dispose of, or offer to dispose of, any material asset of Northern Energy or a subsidiary of Northern Energy; or
- (ii) terminate or vary any material agreement with Northern Energy or a subsidiary of Northern Energy.

(m) **Conduct of Northern Energy's business**

During the Condition Period, none of Northern Energy, or any body corporate which is or becomes a subsidiary of Northern Energy, without the written consent of New Hope Bidco:

- (i) declares, or distributes any dividend, bonus or other share of its profits or assets;
- (ii) issues or grants options over, or agrees to issue or grant options over, or otherwise makes any commitments regarding any shares or other securities, or alters its capital structure or the rights attached to any of its shares or other securities, or issues or agrees to issue any convertible notes;
- (iii) makes any changes in its constitution or passes any special resolution;
- (iv) gives or agrees to give any Encumbrance over any of its assets otherwise than in the ordinary course of business;
- (v) borrows or agrees to borrow any money (except for temporary borrowing from its bankers in the ordinary course of business);
- (vi) releases, discharges or modifies any substantial obligation to it of any person, firm or corporation or agrees to do so;
- (vii) has appointed any additional director to its board of directors whether to fill a casual vacancy or otherwise;
- (viii) enters or agrees to enter into any contract of service or varies or agrees to vary any existing contract of service with any director or manager, or pays or agrees to pay any retirement benefit or allowance to any director, manager or other employee, or makes or agrees to make any substantial change in the basis or amount of remuneration of any director, manager or other employee (except as required by law or provided under any superannuation, provident or retirement scheme as in effect prior to the Announcement Date);
- (ix) conducts its business otherwise than in the ordinary course;
- (x) has threatened or commenced against it any material claims or proceedings in any court or tribunal (including a petition for winding up or an application for appointment of a receiver or receiver and manager); or
- (xi) executes a deed of company arrangement or passes any resolution for liquidation, or has appointed or becomes susceptible to the appointment of an administrator, a receiver, a receiver and manager or a liquidator, or becomes subject to investigation under the Australian Securities and Investments Commission Act 2001 (Cth) or any corresponding legislation.

(n) **Restriction on others acquiring shares in Northern Energy**

During the Condition Period, no person other than New Hope Bidco or an associate of New Hope (as defined in section 12(2) of the Corporations Act) gains 20% or more of voting power in Northern Energy.

8.11 Separate Defeating Conditions for benefit of New Hope Bidco

Each of the Defeating Conditions set out in paragraphs 8.10(a) to 8.10(n) and each of the Defeating Conditions in each other paragraph and each sub-paragraph of each other paragraph of section 8.10 of this Bidder's Statement:

- (a) is and must be construed as a separate condition; and
- (b) subject to the Corporations Act, operates only for the benefit of New Hope Bidco and any breach or non-fulfilment of such condition may be relied upon only by New Hope Bidco which may waive (generally or in respect of a particular event) the breach or non-fulfilment of that condition.

8.12 Nature of Defeating Conditions

None of the Defeating Conditions prevents a contract to sell your Northern Energy Shares resulting from your acceptance of this Offer but:

- (a) breach of any of the Defeating Conditions entitles New Hope Bidco to rescind that contract by notice to you; and
- (b) non fulfilment of any of the Defeating Conditions at the end of the Offer Period will have the consequences set out in section 8.15 of this Bidder's Statement.

8.13 Notice declaring Offers free of Defeating Conditions

Subject to the Corporations Act, New Hope Bidco may declare this Offer and any contract resulting from acceptance of this Offer free from any of the Defeating Conditions by giving written notice to Northern Energy:

- (a) in the case of the Defeating Conditions in section 8.10(c) of this Bidder's Statement, not later than 3 Business Days after the end of the Offer Period; and
- (b) in the case of all other Defeating Conditions, not less than 7 days before the last day of the Offer Period.

8.14 Notice of status of Defeating Conditions

The date for giving the notice on the status of the Defeating Conditions as required by section 630(1) of the Corporations Act is [•] (subject to extension in accordance with the Corporations Act if the Offer Period is extended).

8.15 Contract void if Defeating Conditions not fulfilled

Your acceptance or the contract resulting from your acceptance of this Offer is void if:

- (a) at the end of the Offer Period any of the Defeating Conditions in section 8.10 of this Bidder's Statement is not fulfilled; and
- (b) New Hope Bidco has not declared this Offer and any contract resulting from the acceptance of it free of that Defeating Condition in accordance with section 8.13 of this Bidder's Statement.

8.16 Payment of consideration

(a) When will New Hope Bidco pay you?

Subject to this section 8.16 of this Bidder's Statement and the Corporations Act, if you accept this Offer New Hope Bidco will pay you the consideration for your Northern Energy Shares to which New Hope Bidco acquires good title on or before the earlier of:

- (i) the day 1 month after you accept this Offer or, if this Offer is subject to a Defeating Condition when accepted, 1 month after the contract resulting from your acceptance becomes unconditional; and
- (ii) the day 21 days after the end of the Offer Period.

(b) Acceptance Form requires additional documents

Where documents are required to be given to New Hope Bidco with your acceptance to enable New Hope Bidco to become the holder of your Northern Energy Shares (such as a power of attorney):

- (i) if the documents are given with your acceptance, New Hope Bidco will pay you in accordance with section 8.16(a) of this Bidder's Statement;
- (ii) if the documents are given after your acceptance and before the end of the Offer Period while the Offer is subject to a Defeating Condition, New Hope Bidco will pay you the consideration by the end of whichever of the following periods ends first:
 - (A) 1 month after the contract resulting from your acceptance becomes unconditional; and
 - (B) 21 days after the end of the Offer Period;
- (iii) if the documents are given after your acceptance and before the end of the Offer Period while the Offer is no longer subject to a Defeating Condition, New Hope Bidco will pay you the consideration by the end of whichever of the following periods ends first:

- 
- (A) 1 month after New Hope Bidco is given the documents; and
 - (B) 21 days after the end of the Offer Period; or
 - (iv) if the documents are given after the end of the Offer Period, New Hope Bidco will pay you the consideration within 21 days after the documents are given. However, if at the time New Hope Bidco is given the documents the contract resulting from acceptance of the Offer is still subject to a Defeating Condition in section 8.10 of this Bidder's Statement, New Hope Bidco will pay you the consideration within 21 days after the contract becomes unconditional.

(c) **Delivery of consideration**

Subject to the Corporations Act, New Hope Bidco will send a cheque in Australian dollars drawn on an Australian bank for the cash payment due to you at your risk by pre-paid ordinary mail, or in the case of an address outside Australia by airmail, to the address shown in the register supplied and updated from time to time by Northern Energy.

8.17 Return of documents

If this Offer does not become unconditional or any contract arising from this Offer is rescinded by New Hope Bidco on the grounds of a breach of a condition of that contract, New Hope Bidco will, at its election, either return by post to you at the address shown on the Acceptance Form any Acceptance Form and any other documents sent with it by you, or destroy those documents and notify the ASX of this.

8.18 Rights

If New Hope Bidco becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give to New Hope Bidco all documents necessary to vest title to those Rights in New Hope Bidco. If you do not give those documents to New Hope Bidco, or if you have received or are entitled to receive (or any previous holder of your Northern Energy Shares has received or is entitled to receive) the benefit of those Rights, New Hope Bidco may deduct the amount (or value as reasonably assessed by New Hope Bidco) of such Rights (including the value of any franking credit) from any consideration otherwise payable to you. If New Hope Bidco does not, or cannot, make such a deduction, you must pay that amount to New Hope Bidco.

8.19 Clearances for non-Australian residents and others

If at the time you accept this Offer or at the time the consideration is provided under it:

- (a) any authority or clearance of the Reserve Bank of Australia or the Australian Tax Office is required for you to receive any consideration under this Offer; or
- (b) you are resident in or a resident of a place to which, or you are a person to whom any of the following applies:
 - (i) the *Banking (Foreign Exchange) Regulations 1959* (Cth);
 - (ii) the *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth); or
 - (iii) any other law of Australia or elsewhere that would make it unlawful for New Hope Bidco to provide consideration for your Northern Energy Shares,

then your acceptance of this Offer does not create or transfer to you any right (contractual or contingent) to receive the consideration specified in this Offer unless and until you obtain all requisite authorities or clearances.

8.20 Costs and stamp duty

- (a) New Hope Bidco will pay all costs and expenses of the preparation and circulation of the Offers and any stamp duty payable on the transfer of any Northern Energy Shares to New Hope Bidco.
- (b) If your Northern Energy Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to New Hope Bidco you will not incur any brokerage fees in connection with your acceptance of this Offer.
- (c) If your Northern Energy Shares are in a CHESS Holding or you hold your Northern Energy Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually, your Broker) or the bank, custodian or other nominee whether it will charge any transaction fees or service charges connected with you accepting the Offer.

8.21 Offerees

(a) **Registered holders**

New Hope Bidco is making an offer in the form of this Offer to:

- (i) each holder of Northern Energy Shares registered in the register of members of Northern Energy at the Register Date; and
- (ii) each holder of Northern Energy Shares who becomes a member of Northern Energy during the Offer Period as a result of the exercise of Northern Energy Options registered in the register of options of Northern Energy at the Register Date.

(b) **Transferees**

This Offer extends to any person who is able during the Offer Period to give good title to a parcel of your Northern Energy Shares. That person may accept as if an Offer on terms identical to this Offer had been made to them for those Northern Energy Shares.

(c) **Trustees and nominees**

If during the Offer Period and before you accept this Offer your Northern Energy Shares consist of 2 or more separate parcels within the meaning of section 653B of the Corporations Act (for example, because you are a trustee or nominee for several distinct beneficial owners), section 653B of the Corporations Act will apply so that:

- (i) New Hope Bidco is taken to have made a separate Offer to you for each separate parcel of Northern Energy Shares; and
- (ii) acceptance by you of the Offer for any distinct parcel of Northern Energy Shares is ineffective unless:
 - (A) you give New Hope Bidco notice in accordance with section 8.21(d) of this Bidder's Statement stating that your Northern Energy Shares consist of separate and distinct parcels; and
 - (B) your acceptance specifies the number of Northern Energy Shares in each separate and distinct parcel to which the acceptance relates.

(d) **Notices by Trustees and Nominees**

The notice required under section 8.21(c)(ii)(A) of this Bidder's Statement:

- (i) if it relates to Northern Energy Shares not in a CHESS Holding, must be in writing; or
- (ii) if it relates to Northern Energy Shares in a CHESS Holding, must be in an electronic form approved under the ASX Settlement Operating Rules for the purposes of Part 6.8 of the Corporations Act.

8.22 Variation and withdrawal of Offer

(a) **Variation**

New Hope Bidco may vary this Offer in accordance with the Corporations Act.

(b) **Withdrawal**

In accordance with section 652B of the Corporations Act, New Hope Bidco may withdraw this Offer with the written consent of ASIC and subject to the conditions (if any) which apply to that consent.

8.23 Governing law

This Offer and any contract resulting from acceptance of it are governed by the law in force in Queensland.



New Hope
Corporation Limited



S E C T I O N

Definitions and interpretation

9. DEFINITIONS AND INTERPRETATION

9.1 Definitions

The following definitions apply in interpreting this Bidder's Statement and the Acceptance Form, except where the context makes it clear that a definition is not intended to apply:

ACCC means the Australian Competition & Consumer Commission.

Acceptance Form means the form of acceptance that accompanies this Bidder's Statement or, as the context permits, any additional, replacement, substitute or other acceptance form provided by or on behalf of New Hope Bidco in respect of the Offer.

Announcement Date means 8 October 2010, being the date of announcement of the Offer.

Approval means a licence, authority, consent, approval, order, exemption, waiver, ruling or decision.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 or, as the context requires, the financial market operated by it.

ASX Listing Rules means the official listing rules of ASX.

ASX Settlement means ASX Settlement Pty Ltd ABN 49 008 504 532.

ASX Settlement Operating Rules means the ASX Settlement Operating Rules made by ASX Settlement.

ASX Settlement Participant means a Participant under the ASX Settlement Operating Rules.

Bidder's Statement means this document, being the replacement statement made by New Hope Bidco under Part 6.5 Division 2 of the Corporations Act relating to the Takeover Bid.

Broker means a person who is a share broker and participant in CHESS.

Business Day means any day which is each of the following:

- (a) a Business Day within the meaning of the ASX Listing Rules; and
- (b) a day on which banks are open for business excluding Saturdays, Sundays and public holidays in Sydney, New South Wales.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement, which provides for the electronic transfer, settlement and registration of securities.

CHESS Holding means a holding of shares on the CHESS Subregister of Northern Energy.

CHESS Subregister has the meaning set out in the ASX Settlement Operating Rules.

Condition Period means the period beginning on the Announcement Date and ending at the end of the Offer Period.

Controlling Participant means the Broker or ASX Settlement Participant who is designated as the controlling participant for shares in a CHESS Holding in accordance with the ASX Settlement Operating Rules.

Corporations Act means the Corporations Act 2001 (Cth) as modified by any relevant exemption or declaration by ASIC.

Defeating Condition means each condition set out in section 8.10 of this Bidder's Statement.

Encumbrance means:

- (a) a mortgage, charge, pledge, lien, hypothecation or a title retention arrangement;
- (b) a notice under section 255 of the Income Tax Assessment Act 1936 (Cth), subdivision 260 A in schedule 1 to the Taxation Administration Act 1953 (Cth) or any similar legislation;
- (c) any other interest in or right over property (including a right to set off or withhold payment of a deposit or other money);
- (d) any other thing that prevents, restricts or delays the exercise of a right over property, the use of property or the registration of an interest in or dealing with property; or
- (e) an agreement to create anything referred to above or to allow any of them to exist.



Foreign Law means a law of a jurisdiction other than an Australian jurisdiction.

GST has the same meaning as in A New Tax System (Goods and Services Tax) Act 1999 (Cth).

Issuer Sponsored Holding means a holding of Northern Energy Shares on Northern Energy's issuer sponsored subregister.

New Hope means New Hope Corporation Limited ABN 38 010 653 844.

New Hope Bidco means Arkdale Pty Ltd ABN 99 118 299 522, a wholly owned subsidiary of New Hope.

New Hope Group means New Hope and its Related Bodies Corporate.

Northern Energy means Northern Energy Corporation Limited ABN 90 081 244 395.

Northern Energy Employee or Executive Share Plan means any plan adopted by Northern Energy to enable participation by its employees and executives in equity ownership of Northern Energy.

Northern Energy Group means Northern Energy and its Related Bodies Corporate.

Northern Energy Options means options issued in accordance with a Northern Energy Employee or Executive Share Plan that are, subject to the terms of issue and other conditions, able to be converted into Northern Energy Shares and any other options issued by Northern Energy to subscribe for or otherwise acquire Northern Energy Shares.

Northern Energy Shareholder means a holder of Northern Energy Shares.

Northern Energy Shares means fully paid ordinary shares in Northern Energy.

Offer or New Hope's Offer means the offer as set out in section 8 of this Bidder's Statement (or, if the context so requires, section 8 of this Bidder's Statement itself) and includes a reference to that offer as varied in accordance with the Corporations Act.

Offer Period means the period referred to in section 8.2 of this Bidder's Statement.

Offers means the Offer and each of the other offers made on the same terms for Northern Energy Shares and includes a reference to those offers as varied in accordance with the Corporations Act.

Original Bidder's Statement means the bidder's statement lodged by New Hope Bidco with ASIC on 22 October 2010.

Public Authority means any government or any governmental, semi-governmental, administrative, statutory or judicial entity, authority or agency, whether in Australia or elsewhere, including the ACCC (but excluding the Takeovers Panel, ASIC and any court that hears or determines proceedings under section 657G of the Corporations Act or proceedings commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Takeover Bid). It also includes any self-regulatory organisation established under statute or any stock exchange.

Register Date means 7:00pm (Sydney time) on [•], being the date set by New Hope Bidco under section 633(2) of the Corporations Act.

Related Bodies Corporate has the meaning given in the Corporations Act.

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from Northern Energy Shares after the Announcement Date directly or indirectly after the Announcement Date, including, but not limited to, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared, paid or made by Northern Energy or any of its subsidiaries).

S&P/ASX 200 index means the index of that name published by Standard & Poor's (or any successor of or replacement for that index).

Share Registrar means Computershare Investor Services Pty Limited ABN 48 078 279 277.

Takeover Bid means the takeover bid constituted by the Offers.

Takeover Transferee Holding means the CHESS Holding to which Northern Energy Shares are to be transferred after acceptance of the Offer.

Takeovers Panel means the body called the Takeovers Panel continuing in existence under section 261 of the Australian Securities and Investments Commission Act and given various powers under Part 6.10 of the Corporations Act.

TOFA Act means the *Tax Laws Amendment (Taxation of Financial Arrangements) Act 2009*.

Trading Day has the meaning given in the ASX Listing Rules.

VWAP means the volume weighted average price.

Xinyang means Xinyang Iron and Steel Co Ltd or its Related Bodies Corporate, as the context requires.

your Northern Energy Shares means, subject to section 8.21 of this Bidder's Statement, the Northern Energy Shares:

- (a) of which you are registered or entitled to be registered as the holder in the register of members of Northern Energy at the Register Date and any new Northern Energy Shares of which you are registered or entitled to be registered as the holder on the register of members of Northern Energy from the Register Date to the end of the Offer Period as a result of the conversion of, or exercise of rights attached to, Northern Energy Options; and
- (b) any other Northern Energy Shares, to which you are able to give good title at the time you accept this Offer during the Offer Period.

9.2 Interpretation

- (a) Words and phrases which are defined by the Corporations Act have the same meaning in this Bidder's Statement and the Acceptance Form and, if a special meaning is given for the purposes of Chapter 6 or 6A or a provision of Chapter 6 or 6A of the Corporations Act, have that special meaning.
- (b) Headings are for convenience only and do not affect interpretation.
- (c) The following rules also apply in interpreting this Bidder's Statement and the Acceptance Form, except where the context makes it clear that a rule is not intended to apply:
 - (i) a singular word includes the plural, and vice versa;
 - (ii) a word which suggests one gender includes the other genders;
 - (iii) if a word is defined, another part of speech has a corresponding meaning;
 - (iv) unless otherwise stated references in this Bidder's Statement to sections, paragraphs and sub-paragraphs are to sections, paragraphs and sub-paragraphs of this Bidder's Statement;
 - (v) a reference to a person includes a body corporate;
 - (vi) a reference to \$ is to the lawful currency in Australia unless otherwise stated; and
 - (vii) appendices to this Bidder's Statement form part of it.

Dated 25 October 2010

Signed on behalf of Arkdale Pty Ltd by Robert Millner who is authorised to sign by a resolution passed at a meeting of the directors of Arkdale Pty Ltd.



Director

Annexure A

ASX ANNOUNCEMENTS BY NORTHERN ENERGY

Date	Announcement
21/10/2010	Annual Report to Shareholders
21/10/2010	Notice of Annual General Meeting/Proxy Form
19/10/2010	Elimatta Project - Update on Surat Basin Rail Progress
15/10/2010	Letter to Shareholders re Rejection of New Hope Offer
14/10/2010	NEC Rejects Unsolicited Takeover Offer from New Hope
11/10/2010	Investor Update Presentation
11/10/2010	Colton Coking Coal Project - DSEWPC Environmental Clearance
08/10/2010	Unsolicited Takeover Offer From New Hope
08/10/2010	NHC: Offer to Acquire Northern Energy
08/10/2010	Notification of Takeover Approach
07/10/2010	Trading Halt
01/10/2010	Wiggins Island Milestone Underpins Northern Energy Development Path



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Arkdale Pty Ltd

ABN 99 118 299 522

(a wholly owned subsidiary of

New Hope Corporation Limited ABN 38 010 653 844)

Computershare

Please return completed form to:

Computershare Investor Services Pty Limited

GPO Box 2115 Melbourne

Victoria 3001 Australia

Enquiries (within Australia) 1800 351 644

(outside Australia) +61 2 8256 3381

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SAM

MR JOHN SMITH 1

FLAT 123

123 SAMPLE STREET

THE SAMPLE HILL

SAMPLE ESTATE

SAMPLEVILLE VIC 3030

1301011221012102012221332120133322113

Securityholder Reference Number (SRN)

I 1234567890

I N D

Use a black pen.
Print in CAPITAL letters
inside the grey areas.

A B C

1 2 3

For your security keep your SRN/HIN confidential.

Acceptance Form - Issuer Sponsored Holding

This is a personalised form for the sole use of the holder and securityholding recorded below. It is an important document and requires your immediate attention. If you are in doubt about how to deal with it, please consult your financial or other professional adviser.

This form relates to an offer (New Hope's Offer) by Arkdale Pty Ltd (a wholly owned subsidiary of New Hope Corporation Limited) (New Hope Bidco) to acquire all of your Shares (your Northern Energy Shares) in Northern Energy Corporation Limited ABN 90 081 244 395 (Northern Energy) pursuant to a Bidder's Statement dated 25 October 2010 and any replacement or supplementary bidder's statements (the Bidder's Statement). Terms defined in the Bidder's Statement but not in this form have the same meaning as in the Bidder's Statement unless the context requires otherwise.

Use this form to accept New Hope's Offer for your Northern Energy Shares

B Consideration

The consideration applicable is that set out in the terms of New Hope's Offer.
Please refer to the Bidder's Statement for further information.

Securityholder details

Subregister

Issuer Sponsored

Your holding in Northern Energy

123456789012

C How to accept New Hope's Offer

You will be deemed to have accepted New Hope's Offer in respect of all your Northern Energy Shares if you sign and return this form to the address shown overleaf (even different from the number of Northern Energy Shares stated on this Acceptance Form).

D Contact details

Please provide your contact details in case we need to speak to you about this form.

Name of contact person

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Contact person's daytime telephone number

(			)																
---	--	--	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

E Sign here - this section must be signed before we can process this form.

I/We accept New Hope's Offer in respect of all of the Northern Energy Shares I/we hold and I/we agree to be bound by the terms and conditions of New Hope's Offer (*including the instructions as to acceptance of New Hope's Offer on the back of this form*) and transfer all of my/our Northern Energy Shares to New Hope Bidco for the consideration applicable under New Hope's Offer.

Individual or Securityholder 1

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Sole Director and Sole Company Secretary

Individual or Securityholder 2

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Director

Individual or Securityholder 3

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Director/Company Secretary

New Hope Bidco reserves the right to make amendments to this form as set out in the Offer terms. Please refer to the lodgement instructions overleaf.

See back of form for completion guidelines

NEC_TKO

1TIO

<Securityholder Reference Number>



How to complete this form

Acceptance of New Hope's Offer

A Registration Details

The Northern Energy Shares are currently registered in the name(s) printed on this form. Your consideration will be issued in the name(s) which appear(s) on New Hope Bidco's copy of the register.

If you have already sold all your Northern Energy Shares shown overleaf, you need not take any further action. For security reasons we suggest that you destroy this form.

B Consideration

The consideration payable is that set out in the terms of New Hope's Offer. Please refer to the Bidder's Statement for further information.

C How to accept New Hope's Offer

As your Northern Energy Shares are held in an Issuer Sponsored Holding, simply complete and return this form to the address below so that it is received by no later than 7:00pm (Sydney time) on the last day of the Offer Period.

If you sign and return this Acceptance Form, you represent and warrant to New Hope Bidco that New Hope Bidco will acquire good title to and beneficial ownership of the Northern Energy Shares to which this Acceptance Form relates free from all mortgages, charges, liens, encumbrances (whether legal or equitable), restrictions on transfer of any kind and free from any third party rights.

Neither New Hope Bidco or Computershare Investor Services Pty Limited ('CIS') will be responsible for any delays incurred by this process. You should allow sufficient time for New Hope Bidco to initiate the acceptance of New Hope's Offer on your behalf.

D Contact details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

E Signature(s)

You must sign the form as follows in the space provided:

Joint holding: where the holding is in more than one name all of the securityholders must sign.

Power of Attorney: to sign under power of attorney, you must attach a certified copy of the power of attorney to this form when you return it.

Deceased Estate: all executors must sign and, if not already noted by New Hope Bidco or CIS, a certified copy of Probate or Letters of Administration must accompany this form.

Companies: this form must be signed by either 2 directors or a director and a company secretary. Alternatively, where the company has a sole director and pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Delete titles as applicable.

Lodgement of Acceptance Form

This Acceptance Form must be received by CIS Melbourne by no later than 7:00pm (Sydney time) on the last day of the Offer Period. You should allow sufficient time for this to occur. Return this Acceptance Form to:

Computershare Investor Services Pty Limited
GPO Box 2115
MELBOURNE VIC 3001

Neither CIS nor New Hope Bidco accepts any responsibility if you lodge the Acceptance Form at any other address or by any other means.

Privacy Statement

Information you supply on this Acceptance Form will be used by New Hope Bidco and CIS for the primary purpose of processing your acceptance of New Hope's Offer and to provide you with consideration payable under New Hope's Offer. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by New Hope Bidco in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning New Hope's Offer please contact the New Hope Offer Information Line on 1800 351 644 (for callers within Australia) or +61 2 8256 3381 (for callers outside Australia).

Please note this form may not be used to change your address.

Please return the completed form in the envelope provided or to the address opposite:

Computershare Investor Services Pty Limited
GPO Box 2115
Melbourne Victoria 3001
Australia



New Hope Corporation Limited ABN 38 010 653 844)

(outside Australia) +61 2 8256 3381

For your security keep your SRN/HIN confidential.

+

How to complete this form

Acceptance of New Hope's Offer

A Registration Details

The Northern Energy Shares are currently registered in the name(s) printed on this form. Your consideration will be issued in the name(s) which appear(s) on New Hope Bidco's copy of the register.

If you have already sold all your Northern Energy Shares shown overleaf, you need not take any further action. For security reasons we suggest that you destroy this form.

B Consideration

The consideration payable is that set out in the terms of New Hope's Offer. Please refer to the Bidder's Statement for further information.

C How to accept New Hope's Offer

As your Northern Energy Shares are in a CHESS Holding, you may **contact your Controlling Participant** directly (normally your stockbroker) with instructions to accept New Hope's Offer. If you do this, you will need to sign and return this Acceptance Form to your Controlling Participant. If you want New Hope Bidco to contact your Controlling Participant on your behalf (via the CHESS system), sign and return this form to the address below so that it is received in sufficient time to allow your instruction to be acted upon no later than 7:00pm (Sydney time) on the last day of the Offer Period (which will authorise New Hope Bidco and Computershare Investor Services Pty Limited (CIS) to instruct your Controlling Participant to initiate acceptance of New Hope's Offer on your behalf).

If you sign and return this Acceptance Form, you represent and warrant to New Hope Bidco that New Hope Bidco will acquire good title to and beneficial ownership of the Northern Energy Shares to which this Acceptance Form relates free from all mortgages, charges, liens, encumbrances (whether legal or equitable), restrictions on transfer of any kind and free from any third party rights.

Neither New Hope Bidco or CIS will be responsible for any delays incurred by this process. You should allow sufficient time for your Controlling Participant or New Hope Bidco to initiate the acceptance of New Hope's Offer on your behalf.

D Contact details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

E Signature(s)

You must sign the form as follows in the space provided:

- Joint holding: where the holding is in more than one name all of the securityholders must sign.
- Power of Attorney: to sign under power of attorney, you must attach a certified copy of the power of attorney to this form when you return it.
- Deceased Estate: all executors must sign and, if not already noted by New Hope Bidco or CIS, a certified copy of Probate or Letters of Administration must accompany this form.
- Companies: this form must be signed by either 2 directors or a director and a company secretary. Alternatively, where the company has a sole director and pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Delete titles as applicable.

Lodgement of Acceptance Form

This Acceptance Form must be received by CIS Melbourne in sufficient time to allow your instruction to be acted upon by no later than 7:00pm (Sydney time) on the last day of the Offer Period. You should allow sufficient time for this to occur. Return this Acceptance Form to:

Computershare Investor Services Pty Limited
GPO Box 2115
MELBOURNE VIC 3001

Neither CIS nor New Hope Bidco accepts any responsibility if you lodge the Acceptance Form at any other address or by any other means.

Privacy Statement

Information you supply on this Acceptance Form will be used by New Hope Bidco and CIS for the primary purpose of processing your acceptance of New Hope's Offer and to provide you with consideration payable under New Hope's Offer. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by New Hope Bidco in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning New Hope's Offer please contact the New Hope Offer Information Line on 1800 351 644 (for callers within Australia) or +61 2 8256 3381 (for callers outside Australia).

Please note this form may not be used to change your address.

Please return the completed form in the envelope provided or to the address opposite:

Computershare Investor Services Pty Limited
GPO Box 2115
Melbourne Victoria 3001
Australia





New Hope
Corporation Limited

NEW HOPE CORPORATION LIMITED

BIDDER'S STATEMENT

Off-Market Offer

ACCEPT THE OFFER

by Arkdale Pty Ltd

ABN 99 118 299 522

a wholly owned subsidiary of

New Hope Corporation Limited

ABN 38 010 653 844

**to purchase all of your shares in
Northern Energy Corporation Limited**

ABN 90 081 244 395

For each Northern Energy Share you will be paid

\$1.50 CASH



New Hope
Corporation Limited

Financial Adviser



PITT CAPITAL PARTNERS

Legal Adviser

Blake Dawson

This is an important document and requires your immediate attention. If you are in doubt as to how to deal with this document you should consult your financial or other professional adviser.

This Offer is dated [•] and will close at 7.00pm (Sydney time), on [•], unless extended.

For more information, please call 1800 351 644 (callers in Australia)
or +61 2 8256 3381 (callers outside Australia)



New Hope
Corporation Limited



Important Information

OFFER INFORMATION LINE

For information regarding your Northern Energy Shares, the Offer or how to accept the Offer please read this Bidder's Statement. If you still need assistance please contact the Offer Information Line on:

For Australian callers: 1800 351 644
For international callers: +61 2 8256 3381

KEY DATES

Original Bidder's Statement lodged with ASIC	22 October 2010
Replacement Bidder's Statement lodged with ASIC	25 October 2010
Offer opens (date of Offer)	[•]
Offer closes (unless extended)	7:00pm (Sydney time) on [•]

This Bidder's Statement is [a replacement bidder's statement](#) dated ~~22~~ **25** October 2010 and is given by Arkdale Pty Ltd ABN 99 118 299 522 (**New Hope Bidco**) to Northern Energy Corporation Limited ABN 90 081 244 395 (**Northern Energy**) under Part 6.5 of the Corporations Act. [This Bidder's Statement replaces the Original Bidder's Statement lodged with ASIC on 22 October 2010](#). This Bidder's Statement includes an Offer dated [•] to acquire your Northern Energy Shares and also sets out certain disclosures required by the Corporations Act. You should read this Bidder's Statement in its entirety. New Hope Bidco is a wholly owned subsidiary of New Hope Corporation Limited ABN 38 010 653 844 (**New Hope**).

A copy of this Bidder's Statement was lodged with the Australian Securities and Investments Commission (**ASIC**) on ~~22~~ **25** October 2010. ASIC takes no responsibility for the contents of this Bidder's Statement.

A number of defined terms are used in this Bidder's Statement. These terms are defined in section 9 of this Bidder's Statement.

Investment decisions

This Bidder's Statement does not take into account the investment objectives, financial situation and particular needs of any person. Before making any investment decision you should consider whether it is appropriate in the light of those factors. Accordingly, you may wish to seek independent financial and taxation advice before deciding whether to accept the Offer.

Forward looking statements

This Bidder's Statement contains forward looking statements, including statements of current intentions (which include those in section 4 of this Bidder's Statement), statements of opinion and predictions as to possible future events. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. While New Hope Bidco and New Hope believe that the expectations reflected in the forward looking statements in this document are reasonable, no assurance can be given that such expectations will prove to be correct. Matters as yet not known to New Hope Bidco or New Hope or not currently considered material by New Hope Bidco or New Hope may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements. Any forward looking statement contained in this document is qualified by this cautionary statement.

None of New Hope Bidco, New Hope, their officers, persons named in this Bidder's Statement with their consent or any other person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any outcomes expressed or implied in any forward looking statement and any statements in the nature of a forward looking statement having regard to the fact that the outcome may not be achieved. The forward looking statements and statements in the nature of forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.



Important Information

Information on Northern Energy

All information in this Bidder's Statement relating to Northern Energy has been prepared by or on behalf of New Hope Bidco using information included in public documents filed by Northern Energy or published by Northern Energy on its website. No material information has been provided to New Hope Bidco or New Hope by Northern Energy. The information in this Bidder's Statement relating to Northern Energy has not been commented on or verified by Northern Energy or the Northern Energy board, and has not been independently verified by New Hope Bidco, New Hope or their officers for the purposes of this Bidder's Statement. Accordingly, subject to the Corporations Act, neither New Hope Bidco or New Hope makes any representation or warranty, express or implied as to the accuracy or completeness of this information. The information on Northern Energy in this Bidder's Statement should not be considered comprehensive. In addition, the Corporations Act requires the directors of Northern Energy to provide a Target's Statement to Northern Energy Shareholders in response to this Bidder's Statement, setting out certain material information concerning Northern Energy.

Internet

Both New Hope Bidco's holding company, New Hope, and Northern Energy maintain internet sites. The New Hope site is at <http://www.newhopecoal.com.au>. The Northern Energy site is at <http://www.northernenergy.com.au>. Information contained in or otherwise accessible through these internet sites is not a part of this Bidder's Statement. All reference in this Bidder's Statement to these internet sites are inactive textual references to these sites and are provided for your information only.

Notice to foreign shareholders

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

Privacy collection statement

Personal information relating to your shareholding in Northern Energy will be obtained by New Hope Bidco or its agents from Northern Energy in accordance with its rights under the Corporations Act. New Hope Bidco will share this information with its Related Bodies Corporate, advisers, agents and regulators such as ASIC where necessary for the purposes of the Offer or as otherwise required or permitted by law. The registered office of New Hope Bidco is Unit 3, 22 Magnolia Drive, Brookwater, QLD, 4300.

How to accept

Acceptances for the Offer must be received in sufficient time to be acted upon before the close of the Offer Period. To accept the Offer you should follow the instructions set out in section 8.3 of this Bidder's Statement.



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Letter from The Chairman

LETTER FROM THE CHAIRMAN OF NEW HOPE CORPORATION LIMITED

~~22~~ 25 October 2010

Dear Northern Energy Shareholder

Offer to acquire Northern Energy Corporation Limited

I am pleased to provide you with this compelling Offer to acquire all of your Northern Energy Shares. New Hope, through its wholly owned subsidiary New Hope Bidco, is offering **\$1.50 cash** for each of your Northern Energy Shares.

The Offer will deliver an attractive premium and certainty of cash consideration to Northern Energy Shareholders. In particular the Offer of \$1.50 cash per Northern Energy Share represents:

- a premium of 57.9% to the closing price of \$0.95 per Northern Energy Share on 29 September 2010, being the day before New Hope's formal approach to Northern Energy;
- a premium of 42.9% to the closing price of \$1.05 per Northern Energy Share on 6 October 2010, being the day before Northern Energy Shares were placed in a trading halt pending release of an announcement concerning New Hope's takeover approach to Northern Energy;
- a premium of 55.6% to the 1 month VWAP of \$0.96 per Northern Energy Share up to and including 6 October 2010; and
- a premium of 48.1% to the 3 month VWAP of \$1.01 per Northern Energy Share up to and including 6 October 2010.

The Offer provides you with a straightforward cash exit for your Northern Energy Shares. By accepting the Offer you will no longer have exposure to the risks and uncertainty associated with Northern Energy's development pipeline including Northern Energy's need to fund \$664 million worth of capital expenditure in the future, which it announced to ASX on 11 October 2010 (see also section 3.3 of this Bidder's Statement).

At the date of the Bidder's Statement, the Offer is the **only takeover offer available** to Northern Energy Shareholders. New Hope is not aware of any other party intending to make an offer and if New Hope's Offer is not successful there is a risk that the Northern Energy Share price may fall back to its pre-Offer trading range.

At present, the New Hope Group already owns 4.94% of the Northern Energy Shares on issue. The Offer is subject to conditions, including New Hope Bidco obtaining a relevant interest in at least 50.1% of the Northern Energy Shares. You should read section 8.10 of this Bidder's Statement which sets out the conditions of the Offer.

I encourage you to read this Bidder's Statement carefully and then accept the Offer as soon as possible. To accept the Offer you should follow the instructions on the enclosed Acceptance Form. If you have any questions, please contact the Offer information line on 1800 351 644 (from within Australia) or +61 2 8256 3381 (if calling from outside Australia), or consult your financial or other professional adviser.

The Offer information line is open between 9am and 5pm Australian Eastern Standard Time during the Offer Period.

This Offer is currently scheduled to close at 7:00pm (Sydney time) on [•] unless extended.

On behalf of the New Hope and New Hope Bidco boards, thank you for considering the Offer and we look forward to receiving your acceptance.

Yours sincerely



R D Millner

Chairman

New Hope Corporation Limited

Reasons why you should accept New Hope's Offer:

- 1. The Offer represents an attractive premium to Northern Energy's recent trading prices.**
- 2. You will be paid certain value for your Northern Energy Shares.**
- 3. There are no competing proposals.**
- 4. The price of Northern Energy Shares may fall if the Offer does not succeed.**
- 5. Northern Energy needs substantial development capital.**
- 6. If you accept the Offer, you will no longer be exposed to the operational risks in the on-going development of Northern Energy's assets.**
- 7. If you do not accept and the Offer proceeds, you may be exposed to a number of risks.**

Reasons why you should accept New Hope's Offer

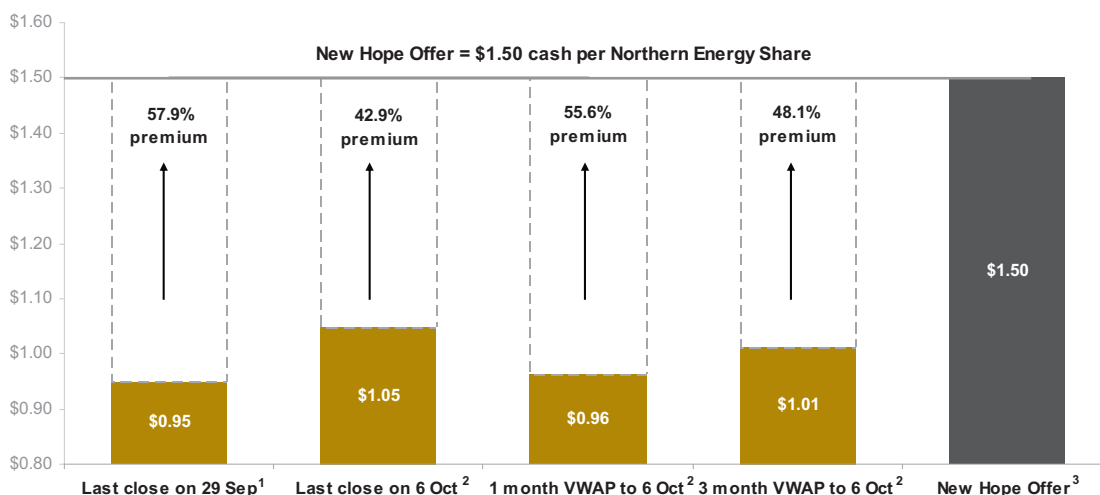
1. THE OFFER REPRESENTS AN ATTRACTIVE PREMIUM TO NORTHERN ENERGY'S RECENT TRADING PRICES.

The Offer of \$1.50 cash per Northern Energy Share represents an attractive premium to a range of recent trading prices of Northern Energy Shares.

In particular, the Offer price represents:

- a premium of 57.9% to the closing price of \$0.95 per Northern Energy Share on 29 September 2010, being the day before New Hope's formal approach to Northern Energy;
- a premium of 42.9% to the closing price of \$1.05 per Northern Energy Share on 6 October 2010, being the day before Northern Energy Shares were placed in a trading halt pending release of an announcement concerning New Hope's takeover approach to Northern Energy;
- a premium of 55.6% to the 1 month VWAP of \$0.96 per Northern Energy Share up to and including 6 October 2010; and
- a premium of 48.1% to the 3 month VWAP of \$1.01 per Northern Energy Share up to and including 6 October 2010.

The chart below illustrates the premium reflected in New Hope's Offer price.



1. The closing price of Northern Energy Shares on 29 September 2010, being the day before New Hope's formal approach to Northern Energy
2. The day before Northern Energy Shares were placed in a trading halt pending release of an announcement concerning New Hope's takeover approach to Northern Energy
3. New Hope's Offer of \$1.50 cash for each Northern Energy Share

2. YOU WILL BE PAID CERTAIN VALUE FOR YOUR NORTHERN ENERGY SHARES.

The Offer delivers certain value through 100% cash consideration and removes your exposure to any risk associated with continuing to hold Northern Energy Shares (subject to the conditions of the Offer being satisfied or waived).

3. THERE ARE NO COMPETING PROPOSALS.

The Offer is the only offer available for all your Northern Energy Shares as at the date of this Bidder's Statement. New Hope is not aware of any other party intending to make an offer for Northern Energy Shares.

4. THE PRICE OF NORTHERN ENERGY SHARES MAY FALL IF THE OFFER DOES NOT SUCCEED.

The 3 month VWAP of Northern Energy Shares for the period up to and including 6 October 2010 (being the day before Northern Energy Shares were placed in a trading halt pending release of an announcement concerning New Hope's takeover approach to Northern Energy), was \$1.01.

Reasons why you should accept New Hope's Offer

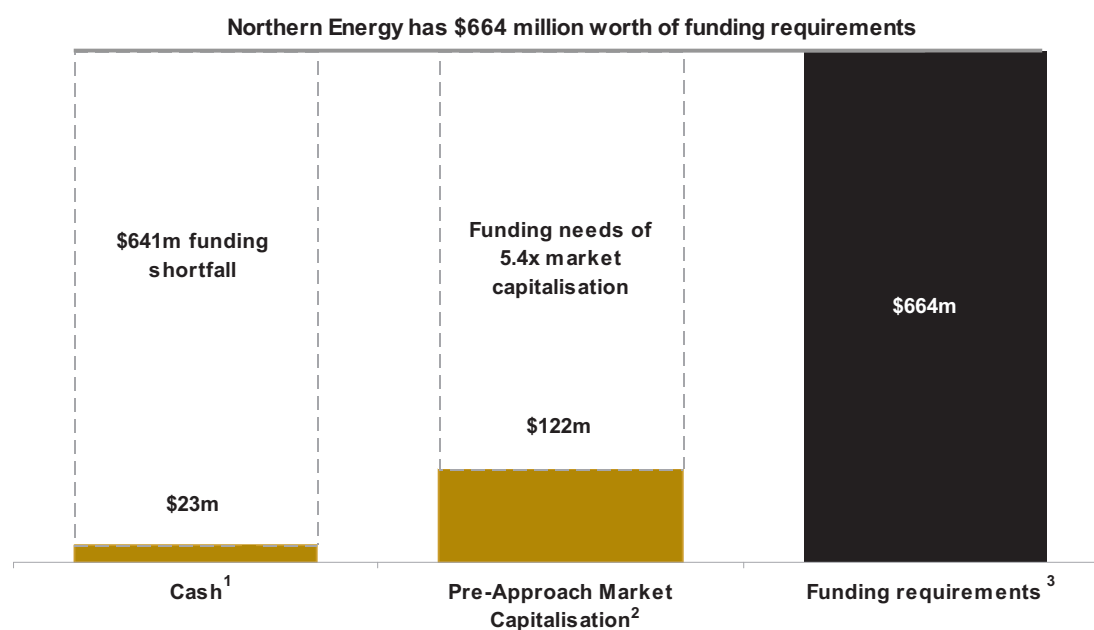
While there are many factors that might influence the market price of Northern Energy Shares, there is a risk that the price of Northern Energy Shares may fall to pre-takeover approach levels if the Offer does not succeed and no other takeover offer is made for Northern Energy.

5. NORTHERN ENERGY NEEDS SUBSTANTIAL DEVELOPMENT CAPITAL.

Northern Energy has disclosed that it requires \$664 million to develop its Colton hard coking coal project and Elimatta thermal coal project in Queensland (see Northern Energy's announcement to ASX dated 11 October 2010 and section 3.3 of this Bidder's Statement). There is a risk that this requirement for capital will negatively impact the price of Northern Energy Shares in the future causing them to trade at a discount to the Offer price.

According to its annual financial report for the financial year ended 30 June 2010, Northern Energy had approximately \$23 million in cash and cash equivalents which represents less than 4% of the funds it requires to develop the Colton hard coking coal project and Elimatta thermal coal project. Northern Energy would need to raise over five times its pre-takeover approach market capitalisation (i.e. its market capitalisation at the close of trading on 29 September 2010) to fund the development of its Colton hard coking coal project and Elimatta thermal coal project.

The chart below compares Northern Energy's funding requirements with its 30 June 2010 cash balance and pre-takeover approach market capitalisation.



1. Northern Energy cash and cash equivalents as at 30 June 2010

2. Market capitalisation at the close of trading on 29 September 2010, being the day prior to New Hope's formal approach to Northern Energy

3. Northern Energy funding requirements for Colton and Elimatta as disclosed to ASX on 11 October 2010

Northern Energy stated in its 11 October 2010 ASX announcement that one potential source of capital would be for it to replicate its deal with Xinyang with a third party. New Hope considers that if further transactions are entered into by Northern Energy involving substantial off-take arrangements such as those put in place with Xinyang, there is a risk that Northern Energy would be considered less attractive to potential strategic investors as a takeover target and that this might negatively impact the price of Northern Energy Shares in the future.

6. IF YOU ACCEPT THE OFFER, YOU WILL NO LONGER BE EXPOSED TO THE OPERATIONAL RISKS IN THE ON-GOING DEVELOPMENT OF NORTHERN ENERGY'S ASSETS.

If you accept the Offer (subject to the conditions of the Offer being satisfied or waived), you will no longer be exposed to the operational risks in the on-going development of Northern Energy's assets. New Hope considers that these operational risks include the ones described below.

Reasons why you should accept New Hope's Offer

Northern Energy has previously encountered delays

Northern Energy has previously encountered delays in executing some of its development projects, with the result that those projects have overrun the development timetables that Northern Energy had announced to the ASX^{1,2}. There is a risk that Northern Energy may experience delays in the development project timetables that it has recently announced to the ASX² and that this will negatively impact the price of Northern Energy Shares in the future.

Northern Energy has previously experienced greater than expected costs for development

Northern Energy has previously incurred costs in executing some of its development projects which were in excess of the anticipated costs for the development of those projects that Northern Energy has announced to the ASX^{1,3}. There is a risk that Northern Energy may incur development costs which are in excess of the development costs that it has recently announced to the ASX³ in relation to its Colton hard coking coal project and Elimatta thermal coal project and that this will negatively impact the price of Northern Energy Shares in the future.

Northern Energy is reliant on key infrastructure being built and receiving allocation

Northern Energy has stated² that the ability to develop and exploit its Elimatta mine will depend upon the construction of the Wiggins Island Coal Export Terminal, the development of the Southern Missing Link through the Surat Basin and Northern Energy gaining its desired allocation to access that infrastructure. There is also a risk that the Wiggins Island Coal Export Terminal will not be constructed, that its construction will be delayed or that Northern Energy will not gain its desired allocation to access it. There is a risk that the Southern Missing Link will not be constructed through the Surat Basin, that its construction will be delayed or that Northern Energy will not gain its desired allocation to access it. If any of these risks eventuates, there is a risk that this will negatively impact the price of Northern Energy Shares in the future.

Northern Energy is reliant on regulatory approvals to develop mines

Northern Energy has stated² that its ability to develop its mines will depend upon the receipt of environmental approvals and mining leases. There is a risk that these approvals or mining lease grants may not be provided or may be provided subject to material conditions or with material restrictions which were not anticipated by Northern Energy. If any of these risks eventuate, there is a risk that this will negatively impact the price of Northern Energy Shares in the future.

7. IF YOU DO NOT ACCEPT AND THE OFFER PROCEEDS, YOU MAY BE EXPOSED TO A NUMBER OF RISKS.

The market for your Northern Energy Shares may be less liquid

Depending on the level of acceptances received under the Offer, Northern Energy may remain a listed entity with New Hope Bidco as a major shareholder. In these circumstances, there may be limited liquidity in Northern Energy Shares, meaning that Northern Energy Shareholders who do not accept the Offer will hold Northern Energy Shares which may be less liquid than they currently are and those shares may trade at a discount to the Offer price.

If New Hope Bidco obtains effective control of Northern Energy and there is a limited spread or volume of Northern Energy Shareholders remaining at the end of the Offer Period, New Hope Bidco may seek to procure the removal of Northern Energy from the official list of ASX.

If ASX forms the view that Northern Energy has not maintained a sufficient spread of shareholders to ensure there is an orderly and liquid market in Northern Energy's shares, ASX has the power to suspend Northern Energy Shares from quotation or to remove Northern Energy from the official list of ASX.

The New Hope Group may be able to influence dividend policy in the future

The New Hope Group may be able to influence Northern Energy's dividend policy in relation to future periods and may form the view that it is appropriate to continue with Northern Energy's existing practice of not paying dividends to shareholders even at a time when cash is available within Northern Energy for that purpose.

1. Northern Energy ASX announcement dated 23 September 2009 in relation to the Maryborough coal project

2. Northern Energy annual financial report for the year ended 30 June 2010 (released to the ASX on 24 September 2010)

3. Northern Energy 30 June 2010 Quarterly Activities Report released to the ASX on 30 July 2010

Key Questions

KEY QUESTIONS

This section answers some key questions that you may have about the Offer and should only be read in conjunction with the entire Bidder's Statement.

1. WHAT IS THE BIDDER'S STATEMENT?

The Bidder's Statement sets out the terms of the Offer and information relating to the Offer and the consideration you will be paid. This Bidder's Statement is an important document. If you are in any doubt about how to deal with this document, you should consult your financial or other professional adviser.

2. WHAT IS THE OFFER?

New Hope Bidco is offering to buy your Northern Energy Shares by way of an off-market takeover offer.

The Offer price is \$1.50 cash for each Northern Energy Share.

3. WHO IS NEW HOPE BIDCO?

New Hope Bidco is a wholly-owned subsidiary of New Hope. Please refer to section 2 for further information on New Hope Bidco and New Hope.

4. WHAT ARE THE TAX CONSEQUENCES IF I ACCEPT THE OFFER?

The tax consequences of accepting the Offer will depend on your own individual circumstances and you should consult your financial, tax or other professional adviser on the tax implications of accepting the Offer. However, a general summary of certain Australian tax consequences of the Offer is set out in section 6 of this Bidder's Statement.

5. HOW DO I ACCEPT THE OFFER?

To accept the Offer you must follow the instructions set out in section 8.3 of this Bidder's Statement and on the Acceptance Form accompanying this Bidder's Statement.

6. CAN I ACCEPT THE OFFER FOR PART OF MY HOLDING?

No, you can only accept for all of your holding. Your acceptance will be treated as being for all your Northern Energy Shares plus any additional Northern Energy Shares registered as held by you at the date your acceptance is processed.

7. WHAT HAPPENS IF I DO NOT ACCEPT THE OFFER?

If you do not accept the Offer and the Offer proceeds, your Northern Energy Shares may be compulsorily acquired. You will be paid the Offer consideration at the end of this process.

You will be paid the Offer consideration for your Northern Energy Shares sooner if you accept the Offer. See also questions 14 and 15 below.

8. WHEN DOES THE OFFER CLOSE?

The Offer is currently scheduled to close at 7:00pm (Sydney time) on [•], unless extended or withdrawn.

9. CAN NEW HOPE BIDCO EXTEND THE OFFER PERIOD?

Yes, the Offer can be extended by New Hope Bidco or otherwise in accordance with the Corporations Act. You will be sent written notice of any extension, as required by the Corporations Act.

Key Questions

10. IF I ACCEPT THE OFFER, WHEN WILL I BE PAID?

If you accept this Offer New Hope Bidco will, in the usual course, pay you for your Northern Energy Shares to which New Hope Bidco acquires good title on or before the earlier of:

- (a) the day 1 month after you accept this Offer or, if this Offer is subject to a Defeating Condition when accepted, 1 month after the contract resulting from your acceptance becomes unconditional; and
- (b) the day 21 days after the end of the Offer Period, provided that the Offer has become unconditional.

Full details of when you will be paid are set out in section 8.16 of this Bidder's Statement.

11. WILL I NEED TO PAY BROKERAGE OR STAMP DUTY IF I ACCEPT THE OFFER?

You will not pay any stamp duty on accepting the Offer.

If your Northern Energy Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to New Hope Bidco, you will not incur any brokerage fees connected with you accepting the Offer.

If your Northern Energy Shares are in a CHESS Holding or you hold your Northern Energy Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually, your Broker) or the bank, custodian or other nominee whether it will charge any transaction fees or service charges connected with you accepting the Offer.

12. WHAT ARE THE CONDITIONS TO THE OFFER?

The Offer is subject to a number of Defeating Conditions which are set out in full in section 8.10 and summarised in section 1 of this Bidder's Statement. Under the terms of the Offer and the Corporations Act, any or all of those conditions may be waived by New Hope Bidco.

13. WHAT HAPPENS IF THE CONDITIONS OF THE OFFER ARE NOT SATISFIED OR WAIVED?

If the Defeating Conditions of the Offer are not satisfied or waived before the Offer closes the Offer will lapse. New Hope Bidco will make an announcement to ASX if the Defeating Conditions of the Offer are satisfied or waived during the Offer Period.

14. WHAT HAPPENS IF I DO NOT ACCEPT THE OFFER AND NEW HOPE BIDCO ACHIEVES A RELEVANT INTEREST IN AT LEAST 90% OF THE NORTHERN ENERGY SHARES

If you do not accept the Offer and New Hope Bidco acquires a relevant interest in at least 90% of the Northern Energy Shares and the other Defeating Conditions of the Offer are satisfied or waived, New Hope Bidco intends to proceed to compulsorily acquire your Northern Energy Shares. If this occurs you will be paid the Offer consideration at the conclusion of the compulsory acquisition process. In these circumstances, you would have received the Offer consideration sooner if you had accepted the Offer.

15. WHAT HAPPENS IF I DO NOT ACCEPT THE OFFER AND NEW HOPE BIDCO ACHIEVES A RELEVANT INTEREST IN LESS THAN 90% OF THE NORTHERN ENERGY SHARES BUT GAINS EFFECTIVE CONTROL OF NORTHERN ENERGY?

If you do not accept the Offer and the Defeating Conditions of the Offer are satisfied or waived and New Hope Bidco gains effective control of Northern Energy but acquires a relevant interest in less than 90% of the Northern Energy Shares, New Hope Bidco will not be entitled to proceed to compulsorily acquire your Northern Energy Shares. However, if this occurs, you will be exposed to a variety of risks, including the risk that it may become harder to sell your Northern Energy Shares. See the section of this Bidder's Statement headed "Reasons why you should accept New Hope's Offer" (which starts on page 36) for further details of the risks associated with not accepting the Offer and remaining a Northern Energy Shareholder.

Key Questions

WHAT YOU SHOULD DO NEXT

- Step 1:** Carefully read the entire Bidder's Statement and consider the information provided.
- Step 2:** Read the Target's Statement to be provided by Northern Energy.
- Step 3:** If you need advice, consult your Broker or your legal, financial or other professional adviser.
- If you have any queries about this document, the Offer or how to accept the Offer, please contact the Offer Information Line on:
- For Australian callers:** 1800 351 644
- For international callers:** +61 2 8256 3381
- Step 4:** If you wish to accept the Offer, follow the instructions below.

HOW TO ACCEPT THE OFFER

You should read section 8.3 of this Bidder's Statement for full details on how to accept the Offer.

CHES Holding

If your Northern Energy Shares are in a CHES Holding (holder identification number is prefixed with 'X'), to accept you must either:

- instruct your Controlling Participant to accept the Offer on your behalf; or
- complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it.

Issuer Sponsored Holding

If your Northern Energy Shares are in an Issuer Sponsored Holding (securityholder reference number is prefixed with 'I') or if at the time of your acceptance you are entitled to be (but are not yet) registered as the holder of your Northern Energy Shares, to accept you must complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it.

Participants

If you are an ASX Settlement Participant (typically, a Broker), the above does not apply. To accept the Offer you must initiate acceptance in accordance with the ASX Settlement Operating Rules.

To be effective your acceptance must be received by New Hope Bidco before the Offer closes.



New Hope
Corporation Limited



S E C T I O N

Summary of the Offer

Summary of the Offer

1. SUMMARY OF THE OFFER

The Bidder	New Hope is making the Offer through its wholly owned subsidiary, New Hope Bidco. New Hope is an ASX listed independent energy company which has open cut mines at Acland on the Darling Downs and at Rosewood near Ipswich. For more information about New Hope, please refer to section 2 of this Bidder's Statement.
The Offer	New Hope Bidco offers to acquire all of your Northern Energy Shares.
Offer price	You are offered \$1.50 cash for each of your Northern Energy Shares.
Closing date	Unless withdrawn or extended the Offer is open until 7:00pm (Sydney time) on [•].
Payment date	If you accept this Offer New Hope Bidco will, in the usual case, pay you for your Northern Energy Shares to which New Hope Bidco acquires good title on or before the earlier of: (a) the day 1 month after you accept this Offer or, if this Offer is subject to a Defeating Condition when accepted, 1 month after the contract resulting from your acceptance becomes unconditional; and (b) the day 21 days after the end of the Offer Period, provided that the Offer has become unconditional. Full details on when you will be paid are set out in section 8.16 of this Bidder's Statement.
Conditions	The Offer is subject to the Defeating Conditions set out in section 8.10 of this Bidder's Statement. The Defeating Conditions are summarised below: • Minimum acceptance of at least 50.1% of the Northern Energy Shares on issue. • No material adverse effect or prescribed occurrence in relation to Northern Energy. • The S&P/ASX 200 index does not fall to a level that is 90% or less of the level as at the close of trading on the Business Day immediately before the Announcement Date for three or more consecutive days or until the Business Day immediately prior to the end of the Offer Period. • Northern Energy making certain confirmatory statements in its Target's Statement regarding the price at which coal will be purchased under the off-take agreement between Xinyang and Northern Energy. • No material failing in filings made by Northern Energy with ASX or ASIC. • All necessary Public Authority approvals being obtained and no action by any Public Authorities which may materially adversely affect the Offers. • No material acquisitions, disposals or other transactions by Northern Energy for an amount greater than \$10 million. • No break fees or inducement fees paid or agreed to be paid by Northern Energy and no person other than New Hope Bidco gaining 20% or more of voting power in Northern Energy. • No material third party change of control rights being triggered. • No change in the capital structure, business, assets, liabilities, financial position, performance, profitability or prospects of Northern Energy.

Summary of the Offer

How to accept

CHESS Holdings

You should read section 8.3 of this Bidder's Statement for full details on how to accept the Offer.

If your Northern Energy Shares are in a CHESS Holding (holder identification number is prefixed with "X"), to accept you must either:

- instruct your Controlling Participant (usually your Broker) to accept the Offer for you; or
- complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it.

Issuer Sponsored Holdings

If your Northern Energy Shares are in an Issuer Sponsored Holding (securityholder reference number is prefixed with "I") or if at the time of your acceptance you are entitled to be (but are not yet) registered as the holder of your Northern Energy Shares, to accept you must complete, sign and return the enclosed Acceptance Form.

Signed Acceptance Forms must be sent to:

Computershare Investor Services Pty Limited

GPO Box 2115 Melbourne

Victoria 8060 Australia

A business reply-paid envelope is enclosed for Australian shareholders. A self addressed envelope is enclosed for overseas shareholders.

To be effective your acceptance must be received by New Hope Bidco before the Offer closes.

No stamp duty

You will not pay any stamp duty on accepting the Offer.

Further information

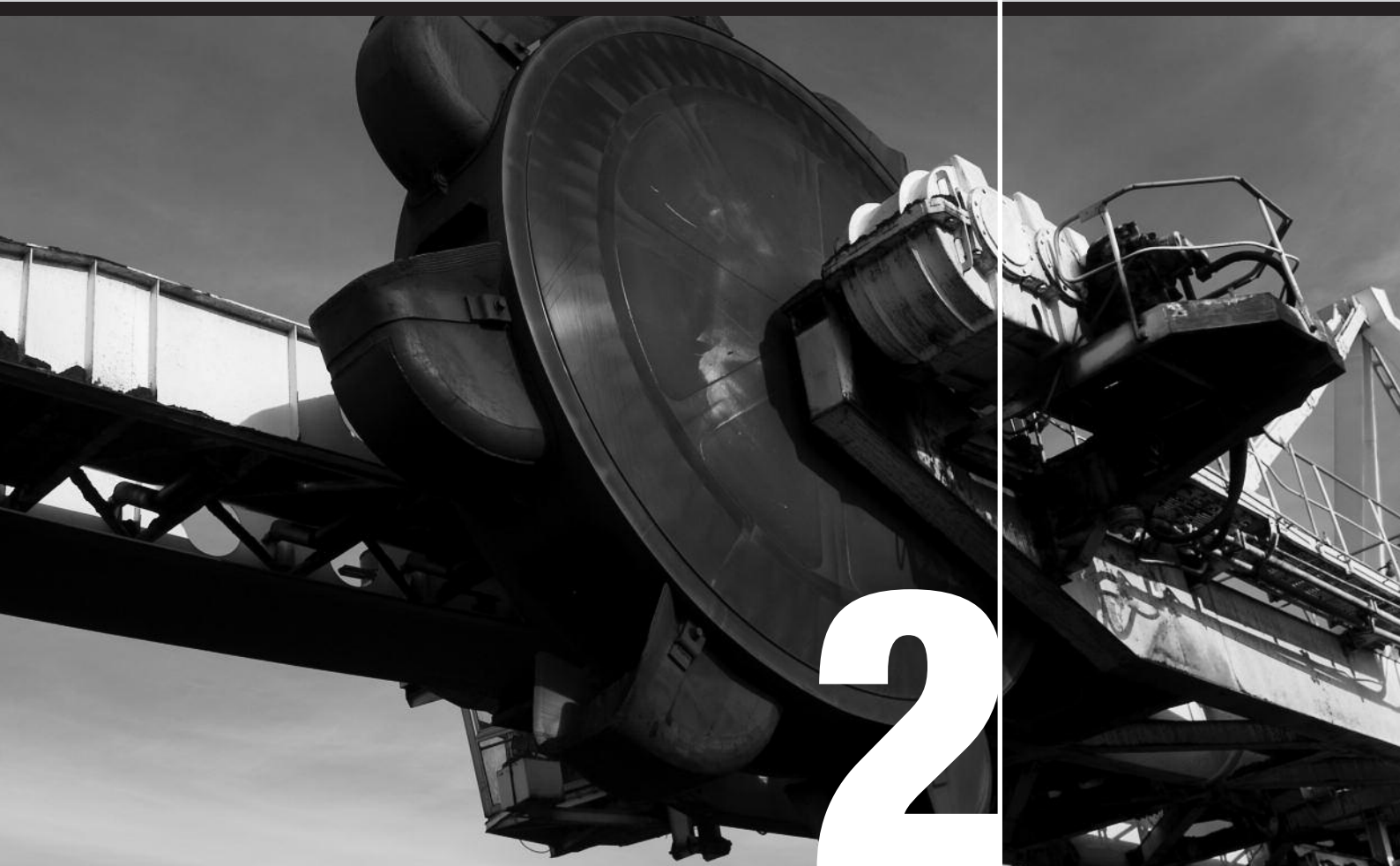
For questions about your Northern Energy Shares, the Offer or how to accept the Offer please refer to the remainder of the Bidder's Statement. If you still need assistance, please call the Offer Information Line on:

For Australian callers: 1800 351 644

For international callers: +61 2 8256 3381



New Hope
Corporation Limited



S E C T I O N

**Information on New Hope
and New Hope Bidco**

2. INFORMATION ON NEW HOPE AND NEW HOPE BIDCO

2.1 New Hope Bidco and New Hope

New Hope is an ASX listed (ASX Code: NHC) independent energy company which has open cut mines at Acland on the Darling Downs, and at Rosewood near Ipswich. New Hope focuses on niche marketing of its thermal coal and exports around 80% of coal production to Asia Pacific markets including Japan, Taiwan, Korea and Chile with the remainder being consumed by customers in south-east Queensland.

New Hope also holds various exploration tenements in central Queensland and on the Darling Downs in southern Queensland. New Hope's investments include a 100% shareholding in Queensland Bulk Handling, a common user coal export terminal at the Port of Brisbane, and significant land holdings around Ipswich and near its mining operations at Acland.

With its head office in Ipswich, New Hope manages each step in the coal chain of production, from exploring and mining the mineral, through to delivering it to customers.

New Hope Bidco is a wholly owned subsidiary of New Hope. New Hope (and therefore New Hope Bidco) are controlled by Washington H. Soul Pattinson and Company Limited.

2.2 Rationale for the Offer

The acquisition of Northern Energy provides the New Hope Group with the opportunity to utilise its development and operational expertise to develop Northern Energy's pipeline of coal exploration assets into coal producing assets. The acquisition also allows New Hope to diversify its operations geographically, by product and by customer.

2.3 Directors of New Hope Bidco

Robert Neale

Mr Neale has more than 40 years experience in the mining and exploration industries covering coal, base metals, gold, synthetic fuels, bulk materials shipping, and power generation. He joined New Hope in 1996 as General Manager, and has been Chief Executive Officer of New Hope since 2005. He was appointed to the board of New Hope Bidco in February 2006 and New Hope in November 2008.

Mr Neale is also a director of Australian Coal Association, Australian Coal Research Limited, Australian Coal Association Low Emissions Technologies Limited, Planet Gas Limited, WestSide Corporation Limited and Queensland Resources Council Limited.

Robert Millner

Mr Millner is the Chairman of New Hope's holding company, Washington H. Soul Pattinson and Company Limited. Mr Millner was appointed to the board of New Hope in 1995 and was appointed as Chairman in 1998. Mr Millner was appointed to the board of New Hope Bidco on 21 October 2010.

Mr Millner is also the Chairman of Brickworks Limited, Souls Private Equity Limited, Milton Corporation Limited and Choiseul Investments Limited as well as a director of TPG Telecom Limited and Australian Pharmaceutical Industries Limited.

Peter Robinson

Mr Robinson is an executive director of Washington H. Soul Pattinson and Company Limited. He commenced with Washington H. Soul Pattinson and Company Limited in 1978 and was appointed as a director in 1984. He was appointed to the board of New Hope in 1997. Mr Robinson was appointed to the board of New Hope Bidco on 21 October 2010.

Mr Robinson is also Chairman of Clover Corporation Limited and Australian Pharmaceutical Industries Limited.

Kevin Standish

Mr Standish is the principal of Campbell Standish Partners solicitors.

Mr Standish was appointed to the board of New Hope Bidco in February 2006.



2.4 Directors of New Hope

The directors of New Hope are:

Robert Millner (*Non-Executive Chairman*)

Mr Millner's details are set out in section 2.3 of this Bidder's Statement.

Peter Robinson (*Non-Executive Director*)

Mr Robinson's details are set out in section 2.3 of this Bidder's Statement.

David Fairfull (*Non-Executive Director*)

Mr Fairfull has extensive experience in finance, investment and merchant banking. He was appointed to the board of New Hope in 1997.

Mr Fairfull is also a director of Washington H. Soul Pattinson and Company Limited, Souls Private Equity Limited and Hall Chadwick Chartered Accountants.

David Williamson (*Non-Executive Director*)

Mr Williamson has been registered as a Chartered Accountant for approximately 30 years and is a principal of his own firm, Williamson Chaseling Pty Ltd. He was appointed to the board of New Hope in 1999.

Mr Williamson is also a director of Australian Health & Nutrition Association Limited and Dart Energy Limited.

Bill Grant (*Non-Executive Director*)

Mr Grant has over 35 years experience in project management, corporate and fiscal governance, local government administration and strategic planning. He was the CEO of the South Bank Corporation in Brisbane from 1997 to 2005, and prior to that he was the General Manager of the Newcastle City Council from 1992 to 1997. He was appointed to the board of New Hope in 2006.

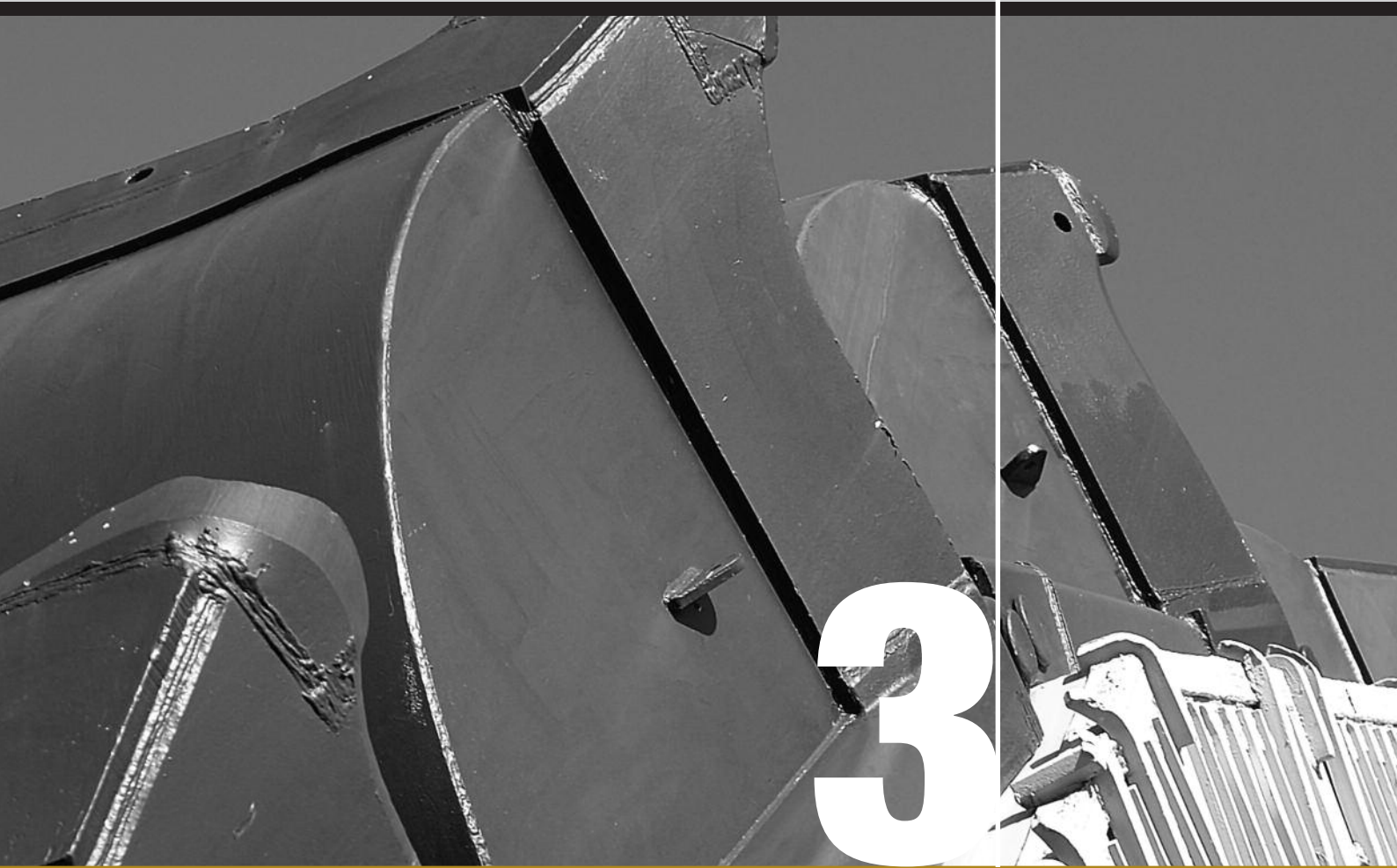
Mr Grant is also a director of Life Without Barriers, Brisbane Development Association, Brisbane Airport Corporation, Queensland Performing Arts Centre Trust and Williams Hall Chadwick Chartered Accountants and Business Advisors.

Robert Neale (*Managing Director and Chief Executive Officer*)

Mr Neale's details are set out in section 2.3 of this Bidder's Statement.



New Hope
Corporation Limited



3

S E C T I O N

**Information on Northern
Energy and Northern
Energy Shares**



3. INFORMATION ON NORTHERN ENERGY AND NORTHERN ENERGY SHARES

3.1 Disclaimer

The information in this section concerning Northern Energy has been prepared by New Hope Bidco using publicly available information and has not been independently verified. Accordingly New Hope Bidco does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information, other than as required by the Corporations Act.

The information on Northern Energy should not be considered comprehensive. Further information relating to Northern Energy may be included in Northern Energy's Target Statement which will be sent to you by Northern Energy.

3.2 Overview of Northern Energy and its principal activities

Northern Energy is an ASX-listed company (ASX Code: NEC) with coal exploration projects in Queensland and New South Wales, Australia.

New Hope Bidco understands that Northern Energy has interests in a portfolio of coking and thermal coal projects being progressed towards development. These projects represent a diversified suite of geographically spread resource development opportunities involving various coal types and mining method.

New Hope Bidco understands that Northern Energy's current portfolio includes:

- (a) The Colton hard coking coal project near Maryborough, Queensland.
- (b) The Elimatta thermal coal project, located approximately 30km west of Wandoan, Queensland.
- (c) The Yamala thermal / pulverised coal injection coal project between Emerald and Blackwater, Queensland.
- (d) The Ashford hard coking coal project, north of Inverell, New South Wales.

3.3 Operational Matters

Northern Energy is currently a coal exploration company and has no operating assets.

(a) **Significant capital requirements**

In its ASX announcement titled "Emerging Producer" released to the ASX on 11 October 2010 Northern Energy stated that it required the following development capital:

Mine Development Project	Capital Requirement	Timing
Colton hard coking coal project	\$84m	2011
Elimatta thermal coal project	\$580m	2012-2015
Total	\$664m	

Due to the exploration nature of Northern Energy's assets it currently does not generate any positive free cash flow. Northern Energy has identified seven possible alternatives for funding these mines including:

- (i) replication of Xinyang deal;
- (ii) sell down in Maryborough;
- (iii) sell down in Elimatta;
- (iv) supplier funding / pre sale agreement;
- (v) equity raising;
- (vi) corporate debt; and
- (vii) project finance.

(b) **Management and operational resources**

Northern Energy has a limited number of employees and relies on external third parties to provide a variety of services.

(c) **Projects**

Northern Energy's projects are at the early stages of development. The following information was obtained from Northern Energy's annual financial report for the financial year ended 30 June 2010 (released to the ASX on 24 September 2010), and Managing Director Address to AGM (released to the ASX on 22 November 2007).

Maryborough

The Maryborough project currently comprises EPC 923 and EPC 1082, within which the Colton Mine area has been identified.

The Environmental Management Plan to support the application for an Environmental Authority for the Colton Mine Project has been lodged. Northern Energy is awaiting the issuance of a draft Environmental Authority which is the next step in the Mining Lease approval process.

Northern Energy's current assessment of earliest project timing is for project approval in the third quarter of 2011 which would result in first shipments around mid 2012. Any expansion of output from the Maryborough Project will require additional mining lease areas which will be subject to an approval process separate to that currently under way for the Colton Mine Project.

Elimatta

The feasibility study for the Elimatta thermal coal project was completed during the final quarter of the 2010 financial year.

The project is located in the Surat Basin region of southern Queensland, approximately 380km North West of Brisbane and is expected to comprise an open pit mining operation and coal handling and preparation plant.

The feasibility study assumes that the project sales will commence in the second half of calendar year 2014. The key determinants of timing will be the construction of the proposed Surat Basin Railway and development of the Wiggins Island Coal Export Terminal at Gladstone.

The Elimatta thermal coal project is currently not included in Wiggins Island Stage 1 due to uncertainty relating to the timing of rail infrastructure. The timing of the Wiggins Island Coal Export Terminal / Surat Basin Railway process remains uncertain but Northern Energy's expectations are that rail and port capacity may be available towards the end of 2014. Northern Energy has applied for Stage 2 allocation at the Wiggins Island Coal Export Terminal after responding to expressions of interest from the Wiggins Island Coal Export Terminal consortium.

Northern Energy has indicated that they will continue the Environmental Impact Statement and Mining Lease approval processes for the Elimatta thermal coal project.

Yamala

EPC927 is located 6km to the west of Comet, in the Central Bowen Basin. An exploration program is currently being planned for the 2011 financial year in order to progress the resource and reserve assessment of the project.

Ashford

The Ashford project is located north of Inverell, New South Wales. Following a review in 2007, Northern Energy withdrew from the Ashford joint venture sole funding agreement and its option to acquire a further 25% of the Ashford project lapsed. Northern Energy is currently evaluating alternatives to realise value for its 50% owned Ashford project. Limited work was carried out on the Ashford project during the 2010 financial year as Northern Energy still needs to address transport and port infrastructure issues.

3.4 Directors of Northern Energy

As at the date of this Bidder's Statement, the directors of Northern Energy are:

- (a) Christopher Rawlings (Non-Executive Chairman)
- (b) Kevin Maloney (Non-Executive Director)
- (c) Sam Willis (Non-Executive Director)
- (d) Geoff Lord (Non-Executive Director)
- (e) Keith Barker (Managing Director)

3.5 Substantial Shareholders

Based on materials lodged with ASX as at the date of this Bidder's Statement pursuant to section 671B of the Corporations Act, each of the following persons had the following substantial holdings in the issued ordinary share capital of Northern Energy:

Northern Energy Shareholder	Northern Energy Shares	% of issued ordinary share capital of Northern Energy
Xingang Resources (HK) Limited	16,315,000	12.70%
Fraters Nominees Pty Ltd	7,470,198	6.66%
Aviva Investors Australia Limited	6,137,889	5.48%
New Hope Corporation Limited	6,348,652	4.94%

3.6 Publicly available information

Northern Energy is a company listed on ASX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and ASX Listing Rules. For information concerning the financial position and affairs of Northern Energy, you should refer to the information that has been disclosed by Northern Energy in accordance with these obligations.

Northern Energy's annual financial report for the financial year ended 30 June 2010 was given to the ASX on 24 September 2010.

A list of announcements made by Northern Energy to ASX between the lodgement of its annual financial report for the financial year ended 30 June 2010 and 22 October 2010 being the date of ~~this~~ [the Original](#) Bidder's Statement, appears in Annexure A.

A copy of each of these announcements can be obtained from ASX. In addition copies of other major announcements by Northern Energy can be obtained from Northern Energy's website <http://www.northernenergy.com.au>.

3.7 Capital Structure of Northern Energy

According to documents lodged by Northern Energy with ASX as at the date this Bidder's Statement, the total number of securities in Northern Energy is as follows:

- (a) 128,420,838 Northern Energy Shares; and
- (b) 1,582,500 Northern Energy Options.

3.8 Northern Energy Options in existence at the date of this Bidder's Statement

New Hope Bidco understands that Northern Energy currently operates employee and executive share plan arrangements including a long term incentive plan. Based on materials lodged with ASX, including Northern Energy's annual financial report for the financial year ended 30 June 2010, New Hope Bidco understands that

at the date of this Bidder's Statement there are 1,582,500 Northern Energy Options on issue which are convertible into Northern Energy Shares.

New Hope Bidco is not aware of the detailed terms of all Northern Energy Employee or Executive Share Plans and, in particular, does not have definite details of when Northern Energy Options may vest or of any right which may entitle early vesting of Northern Energy Options in connection with the Offer by New Hope Bidco or otherwise.

New Hope's Offer extends to all Northern Energy Shares that are issued during the period from the Register Date to the end of the Offer Period as a result of the exercise of Northern Energy Options in existence as at the Register Date. However, New Hope Bidco is not offering to acquire any Northern Energy Options. New Hope Bidco encourages holders of Northern Energy Options to exercise their Northern Energy Options, to the extent that they are entitled to do so, and accept the Offer in respect of the Northern Energy Shares issued on exercise.

Although New Hope Bidco is not offering to acquire any Northern Energy Options, New Hope Bidco reserves the right, at its discretion, to make private treaty offers to holders of Northern Energy Options to acquire or cancel any vested Northern Energy Options for a cash amount equivalent in value to the Offer price per vested Northern Energy Option (less any exercise or other costs), subject to the Offer becoming or being declared unconditional.

As noted in section 4.3(a)(i) of this Bidder's Statement, if there are any Northern Energy Options outstanding after the close of the Offer and New Hope is entitled to exercise compulsory acquisition powers under the Corporations Act, New Hope currently intends to compulsorily acquire any outstanding Northern Energy Shares and Northern Energy Options, although it reserves the right not to do so, subject to reviewing the terms of those outstanding Northern Energy Options.

3.9 Northern Energy Options issued after the Register Date

New Hope Bidco understands from Northern Energy's 2010 Annual Report and its 2010 Notice of Annual General Meeting (both of which were released to ASX on 21 October 2010) that Northern Energy intends to issue 655,025 Northern Energy Options pursuant to a long term incentive plan in the 2011 financial year, if it obtains shareholder approval for the issue at the Northern Energy annual general meeting scheduled for 24 November 2010. The issue of these Northern Energy Options may occur after the Register Date but during the Offer Period.

New Hope Bidco has not yet considered the terms relating to the options disclosed in the Notice of Annual General Meeting and does not have definite details of any right which may entitle early vesting of these Northern Energy Options in connection with the Offer by New Hope Bidco or otherwise.

Upon obtaining further details in relation to these Northern Energy Options, New Hope Bidco may consider varying the Offer so that it also extends to Northern Energy Shares issued as a result of the exercise of any Northern Energy Options issued pursuant to a Northern Energy Employee or Executive Share Plan after the Register Date. This variation would require a modification of, or exemption from, the Corporations Act by ASIC (see section 7.3 of this Bidder's Statement).

If it occurs, the issue of the 655,025 Northern Energy Options would result in the Defeating Conditions contained in sections 8.10(c)(iv) and 8.10(m)(ii) of this Bidder's Statement being breached in respect of that issue. If this occurs, New Hope Bidco might not make a decision as to whether it will either rely on that occurrence, or instead waive the relevant Defeating Conditions in respect of that occurrence, until the date for giving notice as to the status of the Defeating Conditions under section 630(3) of the Corporations Act (see section 7.1 of this Bidder's Statement).

3.10 New Hope Bidco relevant interest in Northern Energy securities

The number of Northern Energy securities that New Hope Bidco had a relevant interest in (as at the dates specified) is shown below:

	At date of this Bidder's Statement	At date first Offer is sent
Northern Energy Shares	6,348,652	[•]
Northern Energy Options	Nil	[•]

3.11 New Hope Bidco's voting power in Northern Energy

New Hope Bidco's voting power in Northern Energy (as at the dates specified) is shown below:

	At date of this Bidder's Statement	At date first Offer is sent
Voting power in Northern Energy	4.944%	[•]

3.12 Acquisition by New Hope Bidco of Northern Energy Shares during previous 4 months

During the period beginning 4 months before the date on which this Bidder's Statement is lodged with ASIC and ending the day before that date of lodgement, neither New Hope Bidco nor any associate of New Hope Bidco has provided, or agreed to provide, consideration for a Northern Energy Share except as shown below.

New Hope Bidco has provided cash consideration for the purchase of 1,500,000 Northern Energy Shares. Particulars are:

Date	No. of shares	Consideration per share
4 October 2010	269,899	\$0.9978
1 October 2010	695,101	\$0.9783
30 September 2010	535,000	\$0.9500

3.13 Inducing benefits given by New Hope Bidco during previous 4 months

Except as set out in this Bidder's Statement, during the period beginning 4 months before the date on which this Bidder's Statement is lodged with ASIC and ending the day before that date of lodgement, neither New Hope Bidco nor any associate of New Hope Bidco, gave, or offered to give or agreed to give a benefit to another person that is not available under the Offers and was likely to induce the other person, or an associate of the other person, to:

- (a) accept an Offer; or
- (b) dispose of Northern Energy Shares.



New Hope
Corporation Limited



S E C T I O N

New Hope Bidco's intentions



4. NEW HOPE BIDCO'S INTENTIONS

4.1 Overview

In formulating the Offers, New Hope Bidco has considered and evaluated Northern Energy's assets based on the information which was in the public domain at the date of this Bidder's Statement.

Set out in this section 4 of this Bidder's Statement are New Hope Bidco's intentions for Northern Energy. These intentions are based on the information concerning Northern Energy and the existing circumstances affecting the business of Northern Energy which is known to New Hope Bidco at the date of this Bidder's Statement. References to the intentions of New Hope Bidco include the intentions of New Hope, the controlling shareholder of New Hope Bidco and Washington H. Soul Pattinson and Company Limited, the controlling shareholder of New Hope.

4.2 Review

New Hope Bidco and its advisers have reviewed information that has been publically released on Northern Energy, its current activities and its plans for the future. However, New Hope Bidco does not currently have knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, taxation and financial implications of its current intentions. Consequently, final decisions on these matters have not been made.

Following the close of the Offer, New Hope Bidco will, to the extent that the information is available to it, conduct a review of the operations, assets, structure and employees of Northern Energy in light of that information. Final decisions will only be reached after that review and in light of all material facts and circumstances. As such, statements set out in this section are statements of current intention only which may change as new information becomes available or circumstances change. The statements in this section 4 of this Bidder's Statement should be read in this context.

4.3 Intentions upon acquiring 90% or more of Northern Energy Shares

New Hope Bidco's current intentions if it acquires a relevant interest in 90% or more of the Northern Energy Shares and the Offer is declared free of all Defeating Conditions, are set out below.

(a) **Corporate matters**

(i) ***Compulsory acquisition***

If it becomes entitled to do so under the Corporations Act, New Hope Bidco currently intends to:

- (A) give notices to compulsorily acquire any outstanding Northern Energy Shares in accordance with section 661B of the Corporations Act; and
- (B) if appropriate, once further details of the Northern Energy Options are available to New Hope Bidco, give notices to Northern Energy Shareholders and holders of Northern Energy Options to compulsorily acquire any outstanding Northern Energy Shares and Northern Energy Options in accordance with section 664C of the Corporations Act.

If it is required to do so under section 662A and section 663A of the Corporations Act, New Hope Bidco intends to give notices to Northern Energy Shareholders and holders of Northern Energy Options offering to acquire their Northern Energy Shares and Northern Energy Options in accordance with sections 662B and 663C of the Corporations Act.

(ii) ***ASX listing***

New Hope Bidco will procure the removal of Northern Energy from the official list of the ASX at the conclusion of the compulsory acquisition process.

(iii) ***Directors***

New Hope Bidco intends to replace the members of the Northern Energy board and the members of the other entities in the Northern Energy Group with nominees of New Hope



Bidco. Replacement board members have not yet been identified by New Hope Bidco and their identity will depend on the circumstances at the relevant time.

(iv) **Employees**

As outlined in section 4.2 of this Bidder's Statement, New Hope Bidco will conduct a detailed review of Northern Energy's operations, assets, structure, strategy and employees.

Subject to undertaking this review, New Hope Bidco expects that there may be some duplication in New Hope Group's business and Northern Energy's business and as such, certain positions may become redundant. If it is not possible for New Hope Group to offer alternate roles to employees holding those positions, it is expected that they will be offered redundancy packages in accordance with Northern Energy's redundancy policies and applicable employment laws.

New Hope Bidco understands that Northern Energy has only a small number of employees.

(v) **Divestment policy**

New Hope Bidco does not currently intend to dispose of any assets of Northern Energy.

(b) **Operational matters**

New Hope Bidco's review described in section 4.2 of this Bidder's Statement will focus on and have as its objective:

- (i) Identifying areas where the New Hope Group can add value to Northern Energy through its technical expertise and its history and experience in mining operations.
- (ii) Integrating management operating systems and platforms, administrative procedures, systems and reporting lines.
- (iii) Reviewing management, employees and operations to establish whether there is a need to continue to operate from two head office locations.
- (iv) Identifying potential synergies and cost savings, including rent, professional advisory fees and other synergistic operational costs.
- (v) Reviewing Northern Energy's current financing arrangements and future funding requirements to determine the optimal capital structure for Northern Energy going forward. Northern Energy's need for additional capital, either in the form of debt or equity will be assessed, including the New Hope Group's ability to provide Northern Energy with such capital.
- (vi) Reviewing Northern Energy's asset portfolio and other business interests (eg rail, port and other tenures) with the view to adding value/expediting development opportunities.
- (vii) Reviewing external commercial relationships with service providers (eg rail, port) and customers' commitment. Where possible, it is the current intention of New Hope Bidco to leave all significant sales contracts in place.

4.4 Intentions upon acquiring more than 50% but less than 90% of Northern Energy Shares

If, following the close of the Offers, Northern Energy becomes a controlled entity, but not a wholly owned subsidiary, of New Hope Bidco, New Hope Bidco's current intentions are set out below.

(a) **Corporate matters**

(i) **ASX listing**

If New Hope Bidco obtains effective control of Northern Energy and there is a limited spread or volume of Northern Energy Shareholders remaining at the end of the Offer Period, New Hope Bidco may seek to procure the removal of Northern Energy from the official list of the ASX.

(ii) **Directors**

Subject to the Corporations Act, the Constitution of Northern Energy, and the level of ownership that New Hope Bidco achieves, New Hope Bidco will consider an appropriate board structure for Northern Energy, which is likely to include nominees of New Hope Bidco and may include the replacement of existing Northern Energy Directors. The board structure and identity of New Hope Bidco's nominees has not yet been determined by New Hope Bidco and their number and identity will depend on the circumstances at the relevant time.

(iii) **Dividend policy**

New Hope Bidco, through its nominees on the board of Northern Energy, will review the dividend policy of Northern Energy having regard to any capital funding and ongoing operational requirements of Northern Energy along with the appropriateness of paying dividends to shareholders.

(b) **Capital raisings**

Subject to compliance with all applicable laws and regulations, further capital may be raised through equity (or other security) offerings. New Hope Bidco has not finalised its intentions in this regard, and the form and timing of any future equity raisings are not known at this time.

(c) **Operational matters, assets and employees**

New Hope Bidco intends to undertake the detailed review of Northern Energy's operations, assets, strategy, structure and employees as outlined above in section 4.2 of this Bidder's Statement. It is the current intention of New Hope Bidco to attempt to procure that the Northern Energy board implements the objectives outlined in section 4.3 of this Bidder's Statement.

(d) **Limitations on intentions**

The extent to which New Hope Bidco will be able to implement these intentions will be subject to:

- (i) the law and the ASX Listing Rules, in particular in relation to related party transactions and conflicts of interests;
- (ii) the legal obligation of the directors of Northern Energy to act for proper purposes and in the best interests of Northern Energy Shareholders as a whole; and
- (iii) the terms of Northern Energy's existing contractual arrangements, such as those entered into with Xinyang.

Any transactions between members of the New Hope Group and Northern Energy required to implement the steps outlined above, will be entered into on arm's length terms. The approval of other Northern Energy Shareholders for such transactions will be sought as required by law.

4.5 Intentions upon acquiring less than 50.1% of Northern Energy Shares

New Hope Bidco reserves its right to declare the Offer free from the 50.1% minimum acceptance condition (and any other conditions) but has no current intention to do so. If New Hope Bidco does waive this condition and acquires less than 50.1% of the Northern Energy Shares, New Hope Bidco intends to seek the appointment of a number of its representatives on the Northern Energy board (and to requisition a meeting of Northern Energy for that purpose if necessary) and gain a more detailed understanding of all the businesses, assets and operations of Northern Energy to evaluate the performance, profitability and prospects of Northern Energy and will endeavour to implement its intentions outlined in section 4.4 of this Bidder's Statement to the extent it is able to do so.

4.6 Other intentions

Subject to the above it is the current intention of New Hope Bidco, on the basis of the information concerning Northern Energy which is known to it and the existing circumstances affecting the business of Northern Energy, that:

- (a) the business strategy of Northern Energy will otherwise be continued in substantially the same manner as it is presently being conducted; and
- (b) there will not be any other redeployment of the fixed assets of Northern Energy.



5

S E C T I O N

Sources of cash consideration



5. SOURCES OF CASH CONSIDERATION

5.1 Amount payable

The maximum amount of cash payable under the Offers, assuming that all of the Northern Energy Options in existence as at the date of this Bidder's Statement are exercised, and New Hope Bidco acquires all of the Northern Energy Shares in which it (or its associates) do not have a relevant interest, is \$185,482,029.

5.2 Source of funds

New Hope Bidco will fund the cash payable under the Offers using cash provided to it by New Hope. New Hope has irrevocably and unconditionally undertaken to advance to New Hope Bidco via an intercompany loan such amounts as are required to satisfy New Hope Bidco's obligations under the Offers together with amounts required to cover all transaction costs associated with the Offers on the following terms:

- (a) The funding arrangement is non-interest bearing.
- (b) The funds are repayable on demand by New Hope, but no demand for repayment may be made while New Hope Bidco has an outstanding obligation to make payments under the Offers.
- (c) Funds are available to New Hope Bidco at any time and the right of New Hope Bidco to source funds from New Hope is not subject to any conditions precedent.

5.3 New Hope's cash reserves

The funds to be provided by New Hope to New Hope Bidco under the arrangements described in section 5.2 will be sourced from New Hope's existing cash reserves. At the date of this Bidder's Statement, New Hope has cash reserves in excess of \$2 billion on interest bearing deposit with several investment grade financial institutions which is available to fund the cash payable by New Hope Bidco under the Offer. The funds that New Hope Bidco will require to satisfy its obligations to pay the Offer consideration are not required for other operations or commitments of New Hope Group and are available to New Hope Bidco under the arrangements described in section 5.2.

5.4 Sufficiency of funding

Having regard to the matters set out in this section 5 of this Bidder's Statement, New Hope Bidco is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will be able to pay the consideration required for the acquisition of the Northern Energy Shares pursuant to the Offer to satisfy its obligations under the Offer. The Offer is not subject to any financing conditions.



New Hope
Corporation Limited



6

S E C T I O N

Taxation considerations



6. TAXATION CONSIDERATIONS

6.1 Australian tax implications for Northern Energy Shareholders

The following is a general description of the Australian income, capital gains tax, GST and stamp duty consequences for Northern Energy Shareholders on disposing of their Northern Energy Shares, in return for cash.

The information is based upon taxation law and practice in effect at the date of this Bidder's Statement. It is not intended to be an authoritative or comprehensive analysis of the taxation laws of Australia. The summary does not consider any specific facts or circumstances that may apply to particular shareholders. Further, it does not deal with the taxation consequences of disposing of shares issued under an employee share scheme, which may be subject to specific tax provisions.

You are advised to seek independent professional advice regarding the Australian tax consequences of disposing of your Northern Energy Shares according to your own particular circumstances.

The Australian tax consequences of disposing of your Northern Energy Shares will depend on a number of factors including:

- (a) Whether you are an Australian resident or non resident for tax purposes.
- (b) Whether you hold your Northern Energy Shares on capital or revenue account or as trading stock.
- (c) When you acquired your Northern Energy Shares for tax purposes.
- (d) Whether you are an individual, a company or a trustee of a complying superannuation entity.

6.2 Shareholders who are Australian residents for tax purposes

(a) **Disposal of shares held as trading stock**

If you hold your Northern Energy Shares as trading stock (eg, as a share trader) you will be required to include the value of the consideration from the disposal of your Northern Energy Shares (i.e., the cash received) in your assessable income.

(b) **Disposal of shares held on revenue account**

If you hold your Northern Energy Shares on revenue account (eg, you acquired your Northern Energy Shares for the main purpose of reselling them at a profit, such as if you are a bank or insurance company) then you will be required to treat any gain or loss arising on the disposal of your Northern Energy Shares as either assessable income or an allowable deduction.

The calculation of the gain or loss will include the following:

- (i) the value of the consideration (the cash received); and
- (ii) the cost of acquiring your Northern Energy Shares.

(c) **Disposal of shares held on capital account**

If you hold your Northern Energy Shares on capital account (broadly, as a passive investment with a view to generating dividend income,) the disposal of Northern Energy Shares will generally have Australian capital gains tax (CGT) consequences. The disposal of such Northern Energy Shares pursuant to acceptance of the Offer or the compulsory acquisition of your Northern Energy Shares will constitute a CGT event for CGT purposes.

The CGT implications of a disposal of your Northern Energy Shares will depend upon a number of factors, including:

- The date your Northern Energy Shares were acquired for CGT purposes.
- Your taxpayer status.
- The length of time you have held your Northern Energy Shares.

(i) **Shares acquired, or taken to be acquired, before 11.45am on 21 September 1999**

A capital gain or loss will arise depending on the difference between:

- the value of the capital proceeds (the cash received); and

- the cost base of the Northern Energy Shares (which would generally include the amount paid to acquire the shares plus any incidental costs of acquisition, eg brokerage fees and stamp duty).

If your Northern Energy Shares were acquired before 11.45 am by legal time in the Australian Capital Territory (ACT time) on 21 September 1999, for the purpose of calculating a capital gain (but not a capital loss), you may choose that the cost base of those shares be indexed for inflation to 30 September 1999 (which would only be of any practical effect if the shares were acquired prior to 1 July 1999).

Alternatively, provided you have held your Northern Energy Shares for at least 12 months, and you do not choose to apply indexation, the discount capital gain provisions may apply. This means that:

- if you are an individual or trust, only one-half of the capital gain (without any allowance for indexation for inflation in the cost base of the shares) after offsetting any applicable capital losses will be taxable; or
- if you are a complying superannuation fund, only two-thirds of the capital gain (without any allowance for indexation for inflation in the cost base of the shares) after offsetting any applicable capital losses will be taxable.

If you are the trustee of a trust, the discount capital gains provisions may also apply to a distribution of the capital gain to beneficiaries in the trust (other than beneficiaries that are companies). You should seek advice from your professional tax adviser in this regard.

Note that the discount capital gain provisions do not apply to shareholders and trust beneficiaries that are companies.

The "choice" to apply indexation rather than the discount capital gain provisions must be made by you on or before the day you lodge your income tax return for the income year in which the disposal occurs. The manner in which you complete your income tax return is generally sufficient evidence of your making of a choice.

A capital loss may be used to offset capital gains derived in the same or subsequent years of income (subject to satisfying certain conditions) but cannot be offset against ordinary income, nor carried back to offset net capital gains arising in earlier income years.

If you choose to use the discount capital gain method, any available capital loss will be applied to reduce the realised nominal gain before discounting the resulting net amount by either one-half or one-third (as applicable) to calculate the capital gain that is assessable. Alternatively, if you choose the indexation option, capital losses are applied after calculating the capital gain using the indexed cost base.

(ii) **Shares acquired after 11.45 am on 21 September 1999**

If you acquired your Northern Energy Shares after 11.45 am (ACT time) on 21 September 1999 you will not be entitled to choose indexation of the cost base when calculating any capital gain on disposal.

If you are an individual, trust or complying superannuation fund that has held your Northern Energy Shares for 12 months or longer at the time the Offer is accepted, the discount capital gain provisions described above will automatically apply in calculating any capital gain on disposal.

As explained above, any available capital loss will be applied to reduce the realised nominal gain before discounting the resulting net amount by one-half or one-third (as applicable) to calculate the discounted capital gain that is assessable.

If your Northern Energy Shares have been held for less than 12 months or you are another category of shareholder (for example, a company), the discount capital gain method is not available. A capital gain on the shares, being any excess of the value of the capital proceeds over the unindexed cost base of the shares, will be assessable in full.



6.3 Shareholders who are not Australian residents for tax purposes

(a) **Disposal of shares held as trading stock or on revenue account**

If you are not a resident of Australia for tax purposes and your Northern Energy Shares were acquired as trading stock or otherwise on revenue account you should seek your own professional advice. The Australian tax treatment will depend on the source of any gain and whether a double tax agreement exists between your country of residence and Australia.

(b) **Disposal of shares held on capital account**

If you are not a resident of Australia for tax purposes and hold your Northern Energy Shares on capital account you will generally not be subject to CGT on the disposal of your Northern Energy Shares unless:

- (i) both of these conditions apply to you:
 - you (and your associates) owned at least 10% of Northern Energy either at the time you sold your Northern Energy Shares or for at least 12 months during the 24 months before you sold your Northern Energy Shares; and
 - 50% or more of the value of Northern Energy is represented by real property in Australia (which for these purposes includes mining, quarrying or prospecting rights if the minerals, petroleum or quarry materials are located in Australia); or
- (ii) you used your Northern Energy Shares at any time in carrying on a business through a permanent establishment in Australia.

6.4 Taxation of Financial Arrangements (TOFA)

The TOFA Act made amendments to the tax legislation that operate to tax gains and losses arising from certain "financial arrangements" on revenue account. The amendments generally apply to financial arrangements entered into on or after 1 July 2010 (unless a taxpayer elects to apply the amendments to tax years from 1 July 2009 or elects to apply the amendments to existing financial arrangements held at the relevant start date).

The TOFA Act generally should not apply to the Northern Energy Shares unless either a "fair value method" election or a "reliance on financial reports" election has been made under the TOFA Act. Certain types of Northern Energy Shareholders such as individuals, superannuation funds, managed investment schemes and financial entities may be exempt from the application of the TOFA Act unless they make an election for it to apply to them. Other entities which are considered small may also qualify for an exemption. Northern Energy Shareholders should obtain their own advice in relation to the applicability of the amendments in light of their own individual facts and circumstances.

6.5 GST

No Australian GST should be payable on the transfer of Northern Energy Shares in return for the Offer price. GST may be payable by you on any brokerage charged by your Controlling Participant for carrying out your instructions and, depending on your circumstances, you may not be entitled to any input tax credit (or only a reduced input tax credit of 75%) for that GST.

6.6 Stamp Duty

On the basis that Northern Energy is a listed company registered in Victoria, no marketable securities duty should be payable on the transfer of your Northern Energy Shares. New Hope Bidco has agreed to pay any stamp duty which may apply to the transfer of Northern Energy Shares to it.



S E C T I O N

Other material information



7. OTHER MATERIAL INFORMATION

7.1 Conditions

The Offer is subject to a number of Defeating Conditions, which are set out in full in section 8.10 of this Bidder's Statement. Under the terms of the Offer and the Corporations Act, any or all of those Defeating Conditions may be waived by New Hope Bidco.

If an event occurs which results (or would result) in the breach or non-fulfilment of a Defeating Condition, New Hope Bidco might not make a decision as to whether it will either rely on that occurrence, or instead waive the relevant Defeating Condition in respect of that occurrence, until the date for giving notice as to the status of the Defeating Conditions under section 630(3) of the Corporations Act (see section 8.14 of this Bidder's Statement). If New Hope Bidco decides that it will waive a Defeating Condition it will announce that decision to ASX in accordance with section 650F of the Corporations Act.

If any of the Defeating Conditions are breached or not fulfilled, and New Hope Bidco decides to rely on that breach or non-fulfilment, then any contract resulting from acceptance of the Offer will become void at (or, in some cases, shortly after) the end of the Offer Period, and the relevant Northern Energy Shares will be returned to the holder.

7.2 Xinyang off-take agreement

Northern Energy announced to ASX on 22 April 2010 that it had entered into a long term coal off-take agreement with Xinyang for hard coking coal produced from its Maryborough project. The announcement states that under the off-take agreement, coal will be purchased at a price that is set with reference to the prevailing benchmark prices for Queensland hard coking coal.

New Hope Bidco has included a Defeating Condition in relation to the off-take agreement between Northern Energy and Xinyang in section 8.10(f) of this Bidder's Statement. That condition seeks the confirmation from Northern Energy's board in Northern Energy's Target Statement that the price at which coal will be purchased by Xinyang under the off-take agreement is equivalent to the average quarterly price for Peak Downs, Saraji and Goonyella hard coking coal adjusted for quality variations and/or penalties.

New Hope Bidco has included this condition because it was unable to establish from Northern Energy's public disclosures how the coal price payable by Xinyang is to be benchmarked or whether the price is subject to any discounts or other arrangements calculated by reference to the benchmark.

7.3 Modifications to and exemptions from the Corporations Act

New Hope Bidco has not obtained from ASIC any modifications of, or exemptions from, the Corporations Act in relation to the Offer. However, ASIC has published various instruments providing for modifications and exemptions that apply generally to all persons, including New Hope Bidco.

New Hope Bidco may consider seeking to obtain a modification of, or exemption from, the Corporations Act from ASIC to allow it to vary the Offer so that it also extends to Northern Energy Shares issued as a result of the exercise of any Northern Energy Options issued pursuant to a Northern Energy Employee or Executive Share Plan after the Register Date (see section 3.9 of this Bidder's Statement).

7.4 Consents

This Bidder's Statement includes or is accompanied by statements which are made in or based on statements made in documents lodged with ASIC or on the company announcement platform of ASX. Under the terms of ASIC class order 01/1543, the parties making those statements are not required to consent to, and have not consented to, those statements being included in this Bidder's Statement. If you would like to receive a copy of any of these documents please contact the Offer information line on 1800 351 644 (from within Australia) or +61 2 8256 3381 (if calling from outside Australia) and you will be sent copies free of charge.

Pitt Capital Partners has acted as financial adviser to, Blake Dawson has acted as legal adviser to, and Computershare Investor Services Pty Limited has acted as share registrar for New Hope Bidco in relation to the Offer.

Each of Washington H. Soul Pattinson and Company Limited, Pitt Capital Partners, Blake Dawson and Computershare Investor Services Pty Limited has consented to be named in this Bidder's Statement in the form



and context in which it is named and has not withdrawn its consent as at the date of this Bidder's Statement, but should not be regarded as having caused or authorised the issue of this Bidder's Statement or any statements made in it or to have been in any way involved in the making of the Offer. To the maximum extent permitted by law, each of Pitt Capital Partners, Blake Dawson and Computershare Investor Services Pty Limited disclaims and takes no responsibility for this Bidder's Statement (other than references to its respective name) or any part of any statements in or omissions from this Bidder's Statement.

New Hope has consented to be named in this Bidder's Statement in the form and context in which it is named and has not withdrawn its consent as at the date of this Bidder's Statement.

7.5 On-market acquisitions

You should be aware that, subject to the requirements of the Corporations Act, New Hope Bidco may acquire Northern Energy Shares on-market at prices up to the Offer price during normal trading on the ASX. Any such purchases will be disclosed to ASX in substantial shareholder notices which New Hope Bidco is required to lodge pursuant to Part 6C.1 of the Corporations Act.

Northern Energy Shareholders who sell their Northern Energy Shares on ASX will be paid by their Broker. Settlement of trades on ASX is on a T+3 basis (being three Trading Days after the date of the transaction). Northern Energy Shareholders who sell their Northern Energy Shares on ASX cannot subsequently accept the Offer in respect of Northern Energy Shares sold on ASX. Additionally, Northern Energy Shareholders who sell their Northern Energy Shares on ASX may incur brokerage charges which they may not incur if they accepted the Offer.

7.6 Acceptance facility

New Hope Bidco may establish an institutional acceptance facility under which institutional shareholders of Northern Energy can direct an institutional facility agent to accept the Offer when it becomes unconditional. Any direction from an institutional shareholder will be subject to the institutional shareholders' right to withdraw the direction and is therefore different from a binding acceptance under the Offer. If New Hope Bidco decides to establish an institutional acceptance facility, New Hope Bidco will make detailed disclosure on the facility.

7.7 Broker handling fee

Subject to the terms below, if the Offer becomes or is declared unconditional, New Hope Bidco will pay a broker handling fee to Brokers who initiate valid acceptances (**Acceptances**) of the Offer in respect of parcels of Northern Energy Shares held by retail shareholders of Northern Energy. A retail shareholder for these purposes is one who is not a Broker or an associate of a Broker and who held less than 500,000 Northern Energy Shares at the date of the Acceptance.

The broker handling fee will be 0.75% of the consideration payable by New Hope Bidco as a result of the Acceptance, subject to a maximum broker handling fee of \$750 being payable in respect of any Acceptance. New Hope Bidco also proposes to pay a minimum broker handling fee of \$50 per Acceptance. New Hope Bidco reserves the right to aggregate any Acceptances in determining the broker handling fee payable to any Broker if New Hope Bidco reasonably believes that a party or parties has or have structured holdings of Northern Energy Shares to take advantage of the broker handling fee.

The broker handling fee is payable to Brokers only. No part of any broker handling fee may be passed on or paid to the accepting Northern Energy Shareholder. An acceptance of a broker handling fee by a Broker constitutes a representation that neither it, nor its associates, has a relevant interest in the Northern Energy Shares and that the broker handling fee will not be passed on or otherwise shared directly or indirectly with the accepting Northern Energy Shareholder or its associates.

The broker handling fee will be payable to any Broker:

- (a) who submits to the Share Registrar the Share Registrar's broker fee claim form (**Claim Form**) no later than 5.00pm (Sydney time) on the day which is 5 Business Days after the end of the Offer Period. Claim Forms may be obtained from the Share Registrar by contacting brokerhandlingfees@computershare.com.au; and
- (b) who can provide evidence satisfactory to New Hope Bidco that the Broker initiated their client's Acceptance.



The Share Registrar will provide its specific details to Brokers on the manner in which claims must be made and where claims must be lodged.

Any broker handling fees liable to be paid in respect of any Broker initiated Acceptance, will be paid by New Hope Bidco within 14 days after the end of the Offer Period provided that the Offer becomes or is declared unconditional.

For any Northern Energy Shareholder on the CHES Subregister, where that shareholder directly requests New Hope Bidco (and not the relevant Broker) to initiate acceptance of the Offer on their behalf, no Broker will be entitled to receive the broker handling fee on the acceptance.

No broker handling fees are payable in respect of acceptances that are withdrawn. No broker handling fees are payable in respect of on-market acquisitions of Northern Energy Shares by New Hope Bidco.

7.8 Not aware of any Public Authority Approvals being required

New Hope Bidco has made its Offer conditional upon it receiving all Approvals which are required by law or by any Public Authority:

- (a) to permit the Offers to be made to and accepted by Northern Energy Shareholders in all applicable jurisdictions; or
- (b) as a result of the Offers or the successful acquisition of the Northern Energy Shares and which are necessary for the continued operation of the business of Northern Energy and its subsidiaries or of New Hope and its subsidiaries.

Further details of this Defeating Condition are set out in section 8.10(i) of this Bidder's Statement.

As at the date of this Bidder's Statement, New Hope Bidco is not aware of any such Approvals being required. It is New Hope Bidco's current intention that it would immediately apply for, disclose and use its best endeavours to obtain such Approvals upon becoming aware of any that are required.

7.9 No other material information

Except as set out in this Bidder's Statement, there is no information material to the making of a decision by a Northern Energy Shareholder whether or not to accept the Offer, being information that is known to New Hope Bidco and has not previously been disclosed to the holders of Northern Energy Shares.



S E C T I O N

The Offer terms



8. THE OFFER TERMS

8.1 The Offer

(a) **Offer for your Northern Energy Shares**

New Hope Bidco offers to acquire all of your Northern Energy Shares on the terms set out in this Offer. This Offer extends to all Northern Energy Shares that are issued during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of the rights attached to, Northern Energy Options in existence as at the Register Date.

(b) **Offer includes Rights**

If New Hope Bidco acquires your Northern Energy Shares under this Offer, New Hope Bidco is also entitled to any Rights attached to those Northern Energy Shares.

(c) **Consideration**

New Hope Bidco offers \$1.50 cash for each of your Northern Energy Shares.

8.2 Offer Period

Unless withdrawn or extended under section 8 of this Bidder's Statement, this Offer is open during the period that begins on the date of this Offer, being [•], and ends at 7:00pm (Sydney time) on [•].

If, within the last 7 days of the Offer Period, any of the following occurs section 624(2) of the Corporations Act will apply to extend the Offer Period so that it ends 14 days after that event:

- (a) New Hope Bidco varies the Offers to improve the consideration offered;
- (b) the consideration is taken to be increased under section 651A(2) of the Corporations Act because New Hope Bidco purchases Northern Energy Shares outside the Takeover Bid for a cash price higher than the consideration offered; or
- (c) New Hope Bidco's voting power in Northern Energy increases to more than 50%.

8.3 How to accept this Offer

Sections 8.3(b) and 8.3(c) of this Bidder's Statement refer, among other things, to the different Acceptance Forms for use to accept this Offer depending on the nature of the Northern Energy shareholding. You will only be sent one type of Acceptance Form with this Bidder's Statement, which will be the Acceptance Form to be used in relation to your Northern Energy Shares.

(a) **Accept for all your Northern Energy Shares**

You can only accept this Offer during the Offer Period and for all your Northern Energy Shares. You will be taken to have accepted the Offer for all your Northern Energy Shares plus any additional Northern Energy Shares held by you at the date your acceptance is processed (despite any difference between that number and the number of Northern Energy Shares specified on your Acceptance Form when you accept this Offer).

(b) **CHESS Holdings**

If your Northern Energy Shares are in a CHESS Holding (in which case your holder identification number is prefixed with 'X'), to accept this Offer you must either:

- (i) **complete and sign** the Acceptance Form in accordance with the instructions on it. Once completed and signed, you need to **return** the Acceptance Form together with all other documents required by the instructions on it to the address specified on the form. This will authorise New Hope Bidco to instruct your Controlling Participant (usually your Broker) to initiate acceptance of this Offer on your behalf. For return of the Acceptance Form to be an effective acceptance of the Offer, you must ensure it is received by New Hope Bidco in time to give instructions to your Controlling Participant, and for your Controlling Participant to carry out those instructions, before the end of the Offer Period; or
- (ii) **instruct** your Controlling Participant (usually your Broker) to initiate acceptance of this Offer under rule 14.14 of the ASX Settlement Operating Rules, so as to be effective before the end of the Offer Period.



If you are an ASX Settlement Participant, you must yourself initiate acceptance under rule 14.14 of the ASX Settlement Operating Rules so as to be effective before the end of the Offer Period.

(c) **Issuer Sponsored Holdings and other holdings**

If your Northern Energy Shares are held on Northern Energy's issuer sponsored subregister (in which case your securityholder reference number is prefixed with 'I'), or if at the time of your acceptance you are entitled to be (but are not yet) registered as the holder of, or are otherwise able to give good title to, your Northern Energy Shares, to accept this Offer you must:

- (i) **complete and sign** the Acceptance Form in accordance with the instructions on it; and
- (ii) **return** the Acceptance Form together with all other documents required by the instructions on it to one of the addresses specified on the form in the addressed envelope provided so that they are received before the end of the Offer Period.

8.4 Foreign Laws

This Offer is not registered in any jurisdiction outside Australia (unless an applicable Foreign Law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any Foreign Law applicable to you to accept this Offer.

8.5 Effect of Acceptance Form

By signing and returning the Acceptance Form in accordance with section 8.3(b) or section 8.3(c) of this Bidder's Statement as applicable, you:

- (a) will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw your Northern Energy Shares from the Offer or otherwise dispose of your Northern Energy Shares, except as follows:
 - (i) if, by the times specified in section 8.6 of this Bidder's Statement, the Defeating Conditions in section 8.10 of this Bidder's Statement have not all been fulfilled or waived, then this Offer will automatically terminate and your Northern Energy Shares will be returned to you; or
 - (ii) if the Offer is varied in a way that postpones for more than one month the time when New Hope Bidco has to meet its obligations under the Offer and, at that time, this Offer is subject to one or more of the Defeating Conditions in section 8.10 of this Bidder's Statement, then you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act. A notice will be sent to you at that time explaining your rights in this regard;
- (b) authorise New Hope Bidco and each of its officers and agents to correct any errors in, or omissions from, the Acceptance Form necessary to:
 - (i) make it an effective acceptance of this Offer for your Northern Energy Shares which are not in a CHES Holding; and
 - (ii) enable the transfer of your Northern Energy Shares to New Hope Bidco; and
- (c) if any of your Northern Energy Shares are in a CHES Holding, authorise New Hope Bidco and each of its officers and agents to:
 - (i) instruct your Controlling Participant to effect your acceptance of this Offer for those Northern Energy Shares under rule 14.14 of the ASX Settlement Operating Rules; and
 - (ii) give to your Controlling Participant on your behalf any other instructions in relation to those Northern Energy Shares which are contemplated by the sponsorship agreement between you and your Controlling Participant and are necessary or appropriate to facilitate your acceptance of this Offer.

8.6 Times

The relevant times for the purposes of section 8.5(a)(i) of this Bidder's Statement are:

- (a) in the case of the Defeating Conditions referred to in section 8.10(c) of this Bidder's Statement - 3 Business Days after the end of the Offer Period; and
- (b) in the case of all other Defeating Conditions in section 8.10 of this Bidder's Statement - the end of the Offer Period.



8.7 Your agreement

By carrying out the instructions in section 8.3 of this Bidder's Statement on how to accept this Offer:

- (a) you accept this Offer in respect of all your Northern Energy Shares registered as held by you at the date your acceptance is processed despite any difference between that number and the number of Northern Energy Shares specified in the Acceptance Form;
- (b) you represent and warrant to New Hope Bidco that all your Northern Energy Shares will at the time of your acceptance of this Offer and of transfer to New Hope Bidco be fully paid up and that New Hope Bidco will acquire good title to and beneficial ownership of them free from Encumbrances;
- (c) you transfer, or consent to the transfer in accordance with the ASX Settlement Operating Rules of, your Northern Energy Shares to New Hope Bidco subject to the conditions of the constitution of Northern Energy on which they were held immediately before your acceptance of this Offer (and New Hope Bidco agrees to take those Northern Energy Shares subject to those conditions);
- (d) if and when the contract resulting from your acceptance of this Offer becomes unconditional (even though New Hope Bidco has not yet paid or provided the consideration due to you), you irrevocably appoint New Hope Bidco and each director of, and any nominee of, New Hope Bidco as your attorney to:
 - (i) attend and vote in respect of your Northern Energy Shares at all general and class meetings of Northern Energy; and
 - (ii) execute all forms, notices, documents (including a document appointing a director of New Hope Bidco as a proxy for any of your Northern Energy Shares) and resolutions relating to your Northern Energy Shares and generally to exercise all powers and rights which you have as the registered holder of your Northern Energy Shares;
- (e) you agree that in exercising the powers conferred by the power of attorney in section 8.7(d) of this Bidder's Statement, New Hope Bidco and each of its directors and its nominee is entitled to act in the interest of New Hope Bidco;
- (f) if and when the contract resulting from your acceptance of this Offer becomes unconditional (even though New Hope Bidco has not yet paid or provided the consideration due to you), you agree not to attend or vote in person at any general meeting of Northern Energy or to exercise, or to purport to exercise, (in person, by proxy or otherwise) any of the powers conferred on New Hope Bidco, a director of, and any nominee of New Hope Bidco by section 8.7(d) of this Bidder's Statement;
- (g) if and when the contract resulting from your acceptance of this Offer becomes unconditional (even though New Hope Bidco has not yet paid or provided the consideration due to you), you authorise New Hope Bidco to transmit a message to ASX Settlement in accordance with rule 14.17.1 of the ASX Settlement Operating Rules so as to enter those of your Northern Energy Shares which are in a CHESS Holding into New Hope Bidco's Takeover Transferee Holding and to enter those of your Northern Energy Shares which are in an Issuer Sponsored Holding into New Hope Bidco's name; and
- (h) you agree to indemnify New Hope Bidco and each of its agents in respect of any claim or action against it or any loss, damage or liability incurred by it as a result of you not producing your holder identification number or securityholder reference number or in consequence of the transfer of your Northern Energy Shares being registered by Northern Energy without production of your holder identification number or securityholder reference number; and
- (i) you irrevocably authorise and direct Northern Energy (on receipt of a written request from New Hope Bidco) to pay to New Hope Bidco or to account to New Hope Bidco for all Rights. This is subject to any such Rights received by New Hope Bidco being accounted for by New Hope Bidco to you, in the event that this Offer is withdrawn or avoided.

8.8 Powers of attorney

If the Acceptance Form is signed under power of attorney, the attorney declares that the attorney has no notice of revocation of the power and is empowered to delegate powers under the power of attorney under section 8.5 and paragraphs (d) and (g) of section 8.7 of this Bidder's Statement.

8.9 Validation of otherwise ineffective acceptances

Except for Northern Energy Shares in a CHESS Holding, New Hope Bidco may treat the receipt by it of a signed Acceptance Form as a valid acceptance of this Offer even though it does not receive the other documents required by the instructions on the Acceptance Form or there is not compliance with any one or more of the other requirements for acceptance. If New Hope Bidco does treat such an Acceptance Form as valid, subject to section 8.16 of this Bidder's Statement, New Hope Bidco will not be obliged to give the consideration to you until New Hope Bidco receives all those documents and all of the requirements for acceptance referred to in section 8.3 of this Bidder's Statement and in the Acceptance Form have been met.

8.10 Defeating Conditions

This Offer and the contract resulting from acceptance of this Offer are subject to the fulfilment of the following Defeating Conditions:

(a) **Minimum acceptance condition**

During, or at the end of, the Offer Period, the number of Northern Energy Shares in which New Hope Bidco and its associates together have relevant interests (disregarding any relevant interest that New Hope Bidco has merely because of the operation of section 608(3) of the Corporations Act) is at least 50.1% of all the Northern Energy Shares (even if that number later becomes less than 50.1% as a result of the issue of further Northern Energy Shares).

(b) **No material adverse affect**

No specified event occurs that will or is reasonably likely to have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses or prospects of Northern Energy and its subsidiaries, including as a result of making the Offer or the acquisition of Northern Energy Shares pursuant to the Offer. For these purposes, a "specified event" is:

- (i) an event or occurrence that occurs during the Condition Period;
- (ii) an event or occurrence that occurs or circumstance that exists prior to the Offer Period but is only announced or publicly disclosed during or after the Announcement Date; or
- (iii) an event or occurrence that will or is likely to occur following the Offer Period and which has not been publicly announced prior to the Announcement Date.

(c) **No prescribed occurrences**

None of the following events happens during the period beginning on the date the Bidder's Statement is given to Northern Energy and ending at the end of the Offer Period:

- (i) Northern Energy converts all or any of its shares into a larger or smaller number of shares;
- (ii) Northern Energy or a subsidiary of Northern Energy resolves to reduce its share capital in any way;
- (iii) Northern Energy or a subsidiary of Northern Energy:
 - (A) enters into a buy-back agreement; or
 - (B) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) Northern Energy or a subsidiary of Northern Energy issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (v) Northern Energy or a subsidiary of Northern Energy issues, or agrees to issue, convertible notes;
- (vi) Northern Energy or a subsidiary of Northern Energy disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) Northern Energy or a subsidiary of Northern Energy charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (viii) Northern Energy or a subsidiary of Northern Energy resolves to be wound up;
- (ix) the appointment of a liquidator or provisional liquidator of Northern Energy or of a subsidiary of Northern Energy;

- (x) a court makes an order for the winding up of Northern Energy or of a subsidiary of Northern Energy;
- (xi) an administrator of Northern Energy, or of a subsidiary of Northern Energy, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) Northern Energy or a subsidiary of Northern Energy executes a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Northern Energy or of a subsidiary of Northern Energy.

(d) **No prescribed occurrences between announcement and service**

None of the events listed in sub-paragraphs (i) to (xiii) of section 8.10(c) happens during the period beginning on Announcement Date and ending at the end of the day before the Bidder's Statement is given to Northern Energy.

(e) **Index decline**

Between the Announcement Date and the end of the Offer Period the S&P/ASX 200 index does not fall to a level that is 90% or less of the level as at the close of trading on the Business Day immediately before the Announcement Date and remain at or below that 90% level for at least 3 Business Days or until the Business Day immediately prior to the end of the Offer Period.

(f) **Xinyang off-take agreement**

Northern Energy's Target's Statement containing a statement, expressed to be made with the approval of the Northern Energy board, confirming that the price at which coal will be purchased under the long-term off-take agreement with Xinyang referred to in Northern Energy's announcement to ASX on 22 April 2010, is equivalent to the average quarterly price for Peak Downs, Saraji and Goonyella hard coking coal adjusted for quality variations and/or penalties.

(g) **No material failings in filings**

New Hope Bidco does not become aware, during the Condition Period, that any document filed by or on behalf of Northern Energy with ASX or ASIC contains a statement which is incorrect or misleading in any material particular or from which there is a material omission.

(h) **No action by Public Authority adversely affecting the Offer**

During the Condition Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (ii) no action or investigation is instituted, or threatened by any Public Authority with respect to Northern Energy or any subsidiary of Northern Energy; or
- (iii) no application is made to any Public Authority (other than an application by New Hope or any company within the New Hope Group, an application under section 657G of the Corporations Act or an application commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Offer),

in consequence of, or in conjunction with, the Offer, which:

- (iv) restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or may otherwise materially adversely impact upon:
 - (A) the making of the Offer;
 - (B) the completion of any transaction contemplated by this Bidder's Statement; or
 - (C) the rights of New Hope Bidco in respect of the Northern Energy Shares to be acquired under the Offer or otherwise; or
- (v) seeks to require the divestiture by New Hope Bidco of any Northern Energy Shares, or the divestiture of any assets by Northern Energy or by any subsidiary of Northern Energy or by any company within the New Hope Group.

(i) **Approvals by Public Authorities**

During the Condition Period, New Hope Bidco receives all Approvals which are required by law or by any Public Authority:

- (i) to permit the Offers to be made to and accepted by Northern Energy Shareholders in all applicable jurisdictions; or
- (ii) as a result of the Offers or the successful acquisition of the Northern Energy Shares and which are necessary for the continued operation of the business of Northern Energy and its subsidiaries or of New Hope and its subsidiaries, and those Approvals are on an unconditional basis and remain in force in all respects and there is no notice or indication of intention to revoke, suspend, restrict, modify or not renew those Approvals.

(j) **No material acquisitions, disposals, etc.**

During the Condition Period, none of Northern Energy and any subsidiary of Northern Energy:

- (i) acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$10 million or makes an announcement about such an acquisition;
- (ii) disposes (including by grant of an Encumbrance), offers to dispose or agrees to dispose of, or creates, offers to create or agrees to create an equity interest in, one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$10 million or makes an announcement about such a disposal;
- (iii) enters into, offers to enter into or announces that it proposes to enter into any joint venture, asset or profit sharing arrangements, off take arrangements, partnerships, merger of business (including through a dual listed companies structure) involving a commitment of greater than \$10 million; or
- (iv) incurs or commits to, or grants to another person a right, the exercise of which would involve Northern Energy or any subsidiary of Northern Energy incurring or committing to incur, any capital expenditure or liability for one or more related items of greater than \$10 million or makes an announcement about such a commitment.

(k) **No break/inducement fees**

- (i) Subject to section 8.10(k)(ii) of this Bidder's Statement, during the Condition Period none of Northern Energy, and any body corporate which is or becomes a subsidiary of Northern Energy, pays or provides or agrees (whether conditionally or contingently) to pay or provide any benefit to any person, or foregoes or otherwise reduces any payment or benefit or agrees to forgo or reduce any payment or benefit to which it would otherwise be entitled, in connection with any person making or agreeing to participate in, or enter into negotiations concerning:
 - (A) a takeover offer for Northern Energy or any body corporate which is or becomes a subsidiary of Northern Energy; or
 - (B) any other proposal to acquire any interest (whether equitable, legal, beneficial or economic) in shares in, or assets of, Northern Energy or any body corporate which is or becomes a subsidiary of Northern Energy, or to operate Northern Energy as a single economic entity with another body corporate.
- (ii) Section 8.10(k)(i) of this Bidder's Statement does not apply to a payment, benefit or agreement:
 - (A) for providing professional advisory services to Northern Energy;
 - (B) which is approved in writing by New Hope Bidco;
 - (C) which is approved by a resolution passed at a general meeting of Northern Energy; or
 - (D) which is made to, provided to, owed by or made with New Hope Bidco.

(l) **Non-existence of certain rights**

No person has any right (whether subject to conditions or not) as a result of New Hope Bidco acquiring Northern Energy Shares to:

- (i) acquire, or require Northern Energy or a subsidiary of Northern Energy to dispose of, or offer to dispose of, any material asset of Northern Energy or a subsidiary of Northern Energy; or
- (ii) terminate or vary any material agreement with Northern Energy or a subsidiary of Northern Energy.

(m) **Conduct of Northern Energy's business**

During the Condition Period, none of Northern Energy, or any body corporate which is or becomes a subsidiary of Northern Energy, without the written consent of New Hope Bidco:

- (i) declares, or distributes any dividend, bonus or other share of its profits or assets;
- (ii) issues or grants options over, or agrees to issue or grant options over, or otherwise makes any commitments regarding any shares or other securities, or alters its capital structure or the rights attached to any of its shares or other securities, or issues or agrees to issue any convertible notes;
- (iii) makes any changes in its constitution or passes any special resolution;
- (iv) gives or agrees to give any Encumbrance over any of its assets otherwise than in the ordinary course of business;
- (v) borrows or agrees to borrow any money (except for temporary borrowing from its bankers in the ordinary course of business);
- (vi) releases, discharges or modifies any substantial obligation to it of any person, firm or corporation or agrees to do so;
- (vii) has appointed any additional director to its board of directors whether to fill a casual vacancy or otherwise;
- (viii) enters or agrees to enter into any contract of service or varies or agrees to vary any existing contract of service with any director or manager, or pays or agrees to pay any retirement benefit or allowance to any director, manager or other employee, or makes or agrees to make any substantial change in the basis or amount of remuneration of any director, manager or other employee (except as required by law or provided under any superannuation, provident or retirement scheme as in effect prior to the Announcement Date);
- (ix) conducts its business otherwise than in the ordinary course;
- (x) has threatened or commenced against it any material claims or proceedings in any court or tribunal (including a petition for winding up or an application for appointment of a receiver or receiver and manager); or
- (xi) executes a deed of company arrangement or passes any resolution for liquidation, or has appointed or becomes susceptible to the appointment of an administrator, a receiver, a receiver and manager or a liquidator, or becomes subject to investigation under the Australian Securities and Investments Commission Act 2001 (Cth) or any corresponding legislation.

(n) **Restriction on others acquiring shares in Northern Energy**

During the Condition Period, no person other than New Hope Bidco or an associate of New Hope (as defined in section 12(2) of the Corporations Act) gains 20% or more of voting power in Northern Energy.

8.11 Separate Defeating Conditions for benefit of New Hope Bidco

Each of the Defeating Conditions set out in paragraphs 8.10(a) to 8.10(n) and each of the Defeating Conditions in each other paragraph and each sub-paragraph of each other paragraph of section 8.10 of this Bidder's Statement:

- (a) is and must be construed as a separate condition; and
- (b) subject to the Corporations Act, operates only for the benefit of New Hope Bidco and any breach or non-fulfilment of such condition may be relied upon only by New Hope Bidco which may waive (generally or in respect of a particular event) the breach or non-fulfilment of that condition.

8.12 Nature of Defeating Conditions

None of the Defeating Conditions prevents a contract to sell your Northern Energy Shares resulting from your acceptance of this Offer but:

- (a) breach of any of the Defeating Conditions entitles New Hope Bidco to rescind that contract by notice to you; and
- (b) non fulfilment of any of the Defeating Conditions at the end of the Offer Period will have the consequences set out in section 8.15 of this Bidder's Statement.

8.13 Notice declaring Offers free of Defeating Conditions

Subject to the Corporations Act, New Hope Bidco may declare this Offer and any contract resulting from acceptance of this Offer free from any of the Defeating Conditions by giving written notice to Northern Energy:

- (a) in the case of the Defeating Conditions in section 8.10(c) of this Bidder's Statement, not later than 3 Business Days after the end of the Offer Period; and
- (b) in the case of all other Defeating Conditions, not less than 7 days before the last day of the Offer Period.

8.14 Notice of status of Defeating Conditions

The date for giving the notice on the status of the Defeating Conditions as required by section 630(1) of the Corporations Act is [•] (subject to extension in accordance with the Corporations Act if the Offer Period is extended).

8.15 Contract void if Defeating Conditions not fulfilled

Your acceptance or the contract resulting from your acceptance of this Offer is void if:

- (a) at the end of the Offer Period any of the Defeating Conditions in section 8.10 of this Bidder's Statement is not fulfilled; and
- (b) New Hope Bidco has not declared this Offer and any contract resulting from the acceptance of it free of that Defeating Condition in accordance with section 8.13 of this Bidder's Statement.

8.16 Payment of consideration

(a) When will New Hope Bidco pay you?

Subject to this section 8.16 of this Bidder's Statement and the Corporations Act, if you accept this Offer New Hope Bidco will pay you the consideration for your Northern Energy Shares to which New Hope Bidco acquires good title on or before the earlier of:

- (i) the day 1 month after you accept this Offer or, if this Offer is subject to a Defeating Condition when accepted, 1 month after the contract resulting from your acceptance becomes unconditional; and
- (ii) the day 21 days after the end of the Offer Period.

(b) Acceptance Form requires additional documents

Where documents are required to be given to New Hope Bidco with your acceptance to enable New Hope Bidco to become the holder of your Northern Energy Shares (such as a power of attorney):

- (i) if the documents are given with your acceptance, New Hope Bidco will pay you in accordance with section 8.16(a) of this Bidder's Statement;
- (ii) if the documents are given after your acceptance and before the end of the Offer Period while the Offer is subject to a Defeating Condition, New Hope Bidco will pay you the consideration by the end of whichever of the following periods ends first:
 - (A) 1 month after the contract resulting from your acceptance becomes unconditional; and
 - (B) 21 days after the end of the Offer Period;
- (iii) if the documents are given after your acceptance and before the end of the Offer Period while the Offer is no longer subject to a Defeating Condition, New Hope Bidco will pay you the consideration by the end of whichever of the following periods ends first:

- 
- (A) 1 month after New Hope Bidco is given the documents; and
 - (B) 21 days after the end of the Offer Period; or
 - (iv) if the documents are given after the end of the Offer Period, New Hope Bidco will pay you the consideration within 21 days after the documents are given. However, if at the time New Hope Bidco is given the documents the contract resulting from acceptance of the Offer is still subject to a Defeating Condition in section 8.10 of this Bidder's Statement, New Hope Bidco will pay you the consideration within 21 days after the contract becomes unconditional.

(c) **Delivery of consideration**

Subject to the Corporations Act, New Hope Bidco will send a cheque in Australian dollars drawn on an Australian bank for the cash payment due to you at your risk by pre-paid ordinary mail, or in the case of an address outside Australia by airmail, to the address shown in the register supplied and updated from time to time by Northern Energy.

8.17 Return of documents

If this Offer does not become unconditional or any contract arising from this Offer is rescinded by New Hope Bidco on the grounds of a breach of a condition of that contract, New Hope Bidco will, at its election, either return by post to you at the address shown on the Acceptance Form any Acceptance Form and any other documents sent with it by you, or destroy those documents and notify the ASX of this.

8.18 Rights

If New Hope Bidco becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give to New Hope Bidco all documents necessary to vest title to those Rights in New Hope Bidco. If you do not give those documents to New Hope Bidco, or if you have received or are entitled to receive (or any previous holder of your Northern Energy Shares has received or is entitled to receive) the benefit of those Rights, New Hope Bidco may deduct the amount (or value as reasonably assessed by New Hope Bidco) of such Rights (including the value of any franking credit) from any consideration otherwise payable to you. If New Hope Bidco does not, or cannot, make such a deduction, you must pay that amount to New Hope Bidco.

8.19 Clearances for non-Australian residents and others

If at the time you accept this Offer or at the time the consideration is provided under it:

- (a) any authority or clearance of the Reserve Bank of Australia or the Australian Tax Office is required for you to receive any consideration under this Offer; or
- (b) you are resident in or a resident of a place to which, or you are a person to whom any of the following applies:
 - (i) the *Banking (Foreign Exchange) Regulations 1959* (Cth);
 - (ii) the *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth); or
 - (iii) any other law of Australia or elsewhere that would make it unlawful for New Hope Bidco to provide consideration for your Northern Energy Shares,

then your acceptance of this Offer does not create or transfer to you any right (contractual or contingent) to receive the consideration specified in this Offer unless and until you obtain all requisite authorities or clearances.

8.20 Costs and stamp duty

- (a) New Hope Bidco will pay all costs and expenses of the preparation and circulation of the Offers and any stamp duty payable on the transfer of any Northern Energy Shares to New Hope Bidco.
- (b) If your Northern Energy Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to New Hope Bidco you will not incur any brokerage fees in connection with your acceptance of this Offer.
- (c) If your Northern Energy Shares are in a CHESS Holding or you hold your Northern Energy Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually, your Broker) or the bank, custodian or other nominee whether it will charge any transaction fees or service charges connected with you accepting the Offer.

8.21 Offerees

(a) **Registered holders**

New Hope Bidco is making an offer in the form of this Offer to:

- (i) each holder of Northern Energy Shares registered in the register of members of Northern Energy at the Register Date; and
- (ii) each holder of Northern Energy Shares who becomes a member of Northern Energy during the Offer Period as a result of the exercise of Northern Energy Options registered in the register of options of Northern Energy at the Register Date.

(b) **Transferees**

This Offer extends to any person who is able during the Offer Period to give good title to a parcel of your Northern Energy Shares. That person may accept as if an Offer on terms identical to this Offer had been made to them for those Northern Energy Shares.

(c) **Trustees and nominees**

If during the Offer Period and before you accept this Offer your Northern Energy Shares consist of 2 or more separate parcels within the meaning of section 653B of the Corporations Act (for example, because you are a trustee or nominee for several distinct beneficial owners), section 653B of the Corporations Act will apply so that:

- (i) New Hope Bidco is taken to have made a separate Offer to you for each separate parcel of Northern Energy Shares; and
- (ii) acceptance by you of the Offer for any distinct parcel of Northern Energy Shares is ineffective unless:
 - (A) you give New Hope Bidco notice in accordance with section 8.21(d) of this Bidder's Statement stating that your Northern Energy Shares consist of separate and distinct parcels; and
 - (B) your acceptance specifies the number of Northern Energy Shares in each separate and distinct parcel to which the acceptance relates.

(d) **Notices by Trustees and Nominees**

The notice required under section 8.21(c)(ii)(A) of this Bidder's Statement:

- (i) if it relates to Northern Energy Shares not in a CHESS Holding, must be in writing; or
- (ii) if it relates to Northern Energy Shares in a CHESS Holding, must be in an electronic form approved under the ASX Settlement Operating Rules for the purposes of Part 6.8 of the Corporations Act.

8.22 Variation and withdrawal of Offer

(a) **Variation**

New Hope Bidco may vary this Offer in accordance with the Corporations Act.

(b) **Withdrawal**

In accordance with section 652B of the Corporations Act, New Hope Bidco may withdraw this Offer with the written consent of ASIC and subject to the conditions (if any) which apply to that consent.

8.23 Governing law

This Offer and any contract resulting from acceptance of it are governed by the law in force in Queensland.



New Hope
Corporation Limited



S E C T I O N

Definitions and interpretation

9. DEFINITIONS AND INTERPRETATION

9.1 Definitions

The following definitions apply in interpreting this Bidder's Statement and the Acceptance Form, except where the context makes it clear that a definition is not intended to apply:

ACCC means the Australian Competition & Consumer Commission.

Acceptance Form means the form of acceptance that accompanies this Bidder's Statement or, as the context permits, any additional, replacement, substitute or other acceptance form provided by or on behalf of New Hope Bidco in respect of the Offer.

Announcement Date means 8 October 2010, being the date of announcement of the Offer.

Approval means a licence, authority, consent, approval, order, exemption, waiver, ruling or decision.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 or, as the context requires, the financial market operated by it.

ASX Listing Rules means the official listing rules of ASX.

ASX Settlement means ASX Settlement Pty Ltd ABN 49 008 504 532.

ASX Settlement Operating Rules means the ASX Settlement Operating Rules made by ASX Settlement.

ASX Settlement Participant means a Participant under the ASX Settlement Operating Rules.

Bidder's Statement means this document, being the [replacement](#) statement made by New Hope Bidco under Part 6.5 Division 2 of the Corporations Act relating to the Takeover Bid.

Broker means a person who is a share broker and participant in CHESS.

Business Day means any day which is each of the following:

- (a) a Business Day within the meaning of the ASX Listing Rules; and
- (b) a day on which banks are open for business excluding Saturdays, Sundays and public holidays in Sydney, New South Wales.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement, which provides for the electronic transfer, settlement and registration of securities.

CHESS Holding means a holding of shares on the CHESS Subregister of Northern Energy.

CHESS Subregister has the meaning set out in the ASX Settlement Operating Rules.

Condition Period means the period beginning on the Announcement Date and ending at the end of the Offer Period.

Controlling Participant means the Broker or ASX Settlement Participant who is designated as the controlling participant for shares in a CHESS Holding in accordance with the ASX Settlement Operating Rules.

Corporations Act means the Corporations Act 2001 (Cth) as modified by any relevant exemption or declaration by ASIC.

Defeating Condition means each condition set out in section 8.10 of this Bidder's Statement.

Encumbrance means:

- (a) a mortgage, charge, pledge, lien, hypothecation or a title retention arrangement;
- (b) a notice under section 255 of the Income Tax Assessment Act 1936 (Cth), subdivision 260 A in schedule 1 to the Taxation Administration Act 1953 (Cth) or any similar legislation;
- (c) any other interest in or right over property (including a right to set off or withhold payment of a deposit or other money);
- (d) any other thing that prevents, restricts or delays the exercise of a right over property, the use of property or the registration of an interest in or dealing with property; or
- (e) an agreement to create anything referred to above or to allow any of them to exist.



Foreign Law means a law of a jurisdiction other than an Australian jurisdiction.

GST has the same meaning as in A New Tax System (Goods and Services Tax) Act 1999 (Cth).

Issuer Sponsored Holding means a holding of Northern Energy Shares on Northern Energy's issuer sponsored subregister.

New Hope means New Hope Corporation Limited ABN 38 010 653 844.

New Hope Bidco means Arkdale Pty Ltd ABN 99 118 299 522, a wholly owned subsidiary of New Hope.

New Hope Group means New Hope and its Related Bodies Corporate.

Northern Energy means Northern Energy Corporation Limited ABN 90 081 244 395.

Northern Energy Employee or Executive Share Plan means any plan adopted by Northern Energy to enable participation by its employees and executives in equity ownership of Northern Energy.

Northern Energy Group means Northern Energy and its Related Bodies Corporate.

Northern Energy Options means options issued in accordance with a Northern Energy Employee or Executive Share Plan that are, subject to the terms of issue and other conditions, able to be converted into Northern Energy Shares and any other options issued by Northern Energy to subscribe for or otherwise acquire Northern Energy Shares.

Northern Energy Shareholder means a holder of Northern Energy Shares.

Northern Energy Shares means fully paid ordinary shares in Northern Energy.

Offer or New Hope's Offer means the offer as set out in section 8 of this Bidder's Statement (or, if the context so requires, section 8 of this Bidder's Statement itself) and includes a reference to that offer as varied in accordance with the Corporations Act.

Offer Period means the period referred to in section 8.2 of this Bidder's Statement.

Offers means the Offer and each of the other offers made on the same terms for Northern Energy Shares and includes a reference to those offers as varied in accordance with the Corporations Act.

[Original Bidder's Statement means the bidder's statement lodged by New Hope Bidco with ASIC on 22 October 2010.](#)

Public Authority means any government or any governmental, semi-governmental, administrative, statutory or judicial entity, authority or agency, whether in Australia or elsewhere, including the ACCC (but excluding the Takeovers Panel, ASIC and any court that hears or determines proceedings under section 657G of the Corporations Act or proceedings commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Takeover Bid). It also includes any self-regulatory organisation established under statute or any stock exchange.

Register Date means 7:00pm (Sydney time) on [•], being the date set by New Hope Bidco under section 633(2) of the Corporations Act.

Related Bodies Corporate has the meaning given in the Corporations Act.

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from Northern Energy Shares after the Announcement Date directly or indirectly after the Announcement Date, including, but not limited to, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared, paid or made by Northern Energy or any of its subsidiaries).

S&P/ASX 200 index means the index of that name published by Standard & Poor's (or any successor or replacement for that index).

Share Registrar means Computershare Investor Services Pty Limited ABN 48 078 279 277.

Takeover Bid means the takeover bid constituted by the Offers.

Takeover Transferee Holding means the CHESS Holding to which Northern Energy Shares are to be transferred after acceptance of the Offer.

Takeovers Panel means the body called the Takeovers Panel continuing in existence under section 261 of the Australian Securities and Investments Commission Act and given various powers under Part 6.10 of the Corporations Act.

TOFA Act means the *Tax Laws Amendment (Taxation of Financial Arrangements) Act 2009*.

Trading Day has the meaning given in the ASX Listing Rules.

VWAP means the volume weighted average price.

Xinyang means Xinyang Iron and Steel Co Ltd or its Related Bodies Corporate, as the context requires.

your Northern Energy Shares means, subject to section 8.21 of this Bidder's Statement, the Northern Energy Shares:

- (a) of which you are registered or entitled to be registered as the holder in the register of members of Northern Energy at the Register Date and any new Northern Energy Shares of which you are registered or entitled to be registered as the holder on the register of members of Northern Energy from the Register Date to the end of the Offer Period as a result of the conversion of, or exercise of rights attached to, Northern Energy Options; and
- (b) any other Northern Energy Shares, to which you are able to give good title at the time you accept this Offer during the Offer Period.

9.2 Interpretation

- (a) Words and phrases which are defined by the Corporations Act have the same meaning in this Bidder's Statement and the Acceptance Form and, if a special meaning is given for the purposes of Chapter 6 or 6A or a provision of Chapter 6 or 6A of the Corporations Act, have that special meaning.
- (b) Headings are for convenience only and do not affect interpretation.
- (c) The following rules also apply in interpreting this Bidder's Statement and the Acceptance Form, except where the context makes it clear that a rule is not intended to apply:
 - (i) a singular word includes the plural, and vice versa;
 - (ii) a word which suggests one gender includes the other genders;
 - (iii) if a word is defined, another part of speech has a corresponding meaning;
 - (iv) unless otherwise stated references in this Bidder's Statement to sections, paragraphs and sub-paragraphs are to sections, paragraphs and sub-paragraphs of this Bidder's Statement;
 - (v) a reference to a person includes a body corporate;
 - (vi) a reference to \$ is to the lawful currency in Australia unless otherwise stated; and
 - (vii) appendices to this Bidder's Statement form part of it.

Dated ~~22~~ 25 October 2010

Signed on behalf of Arkdale Pty Ltd by Robert Millner who is authorised to sign by a resolution passed at a meeting of the directors of Arkdale Pty Ltd.



Director

Annexure A

ASX ANNOUNCEMENTS BY NORTHERN ENERGY

Date	Announcement
21/10/2010	Annual Report to Shareholders
21/10/2010	Notice of Annual General Meeting/Proxy Form
19/10/2010	Elimatta Project - Update on Surat Basin Rail Progress
15/10/2010	Letter to Shareholders re Rejection of New Hope Offer
14/10/2010	NEC Rejects Unsolicited Takeover Offer from New Hope
11/10/2010	Investor Update Presentation
11/10/2010	Colton Coking Coal Project - DSEWPC Environmental Clearance
08/10/2010	Unsolicited Takeover Offer From New Hope
08/10/2010	NHC: Offer to Acquire Northern Energy
08/10/2010	Notification of Takeover Approach
07/10/2010	Trading Halt
01/10/2010	Wiggins Island Milestone Underpins Northern Energy Development Path



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Arkdale Pty Ltd

ABN 99 118 299 522

(a wholly owned subsidiary of

New Hope Corporation Limited ABN 38 010 653 844)

Computershare

Please return completed form to:

Computershare Investor Services Pty Limited

GPO Box 2115 Melbourne

Victoria 3001 Australia

Enquiries (within Australia) 1800 351 644

(outside Australia) +61 2 8256 3381

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000001

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SAM

MR JOHN SMITH 1

FLAT 123

123 SAMPLE STREET

THE SAMPLE HILL

SAMPLE ESTATE

SAMPLEVILLE VIC 3030

1301011221012102012221332120133322113

Securityholder Reference Number (SRN)

I 1234567890

I N D

Use a black pen.
Print in CAPITAL letters
inside the grey areas.

A B C

1 2 3

For your security keep your SRN/HIN confidential.

Acceptance Form - Issuer Sponsored Holding

This is a personalised form for the sole use of the holder and securityholding recorded below. It is an important document and requires your immediate attention. If you are in doubt about how to deal with it, please consult your financial or other professional adviser.

This form relates to an offer (New Hope's Offer) by Arkdale Pty Ltd (a wholly owned subsidiary of New Hope Corporation Limited) (New Hope Bidco) to acquire all of your Shares (your Northern Energy Shares) in Northern Energy Corporation Limited ABN 90 081 244 395 (Northern Energy) pursuant to a Bidder's Statement dated 25th October 2010 and any replacement or supplementary bidder's statements (the Bidder's Statement). Terms defined in the Bidder's Statement but not in this form have the same meaning as in the Bidder's Statement unless the context requires otherwise.

Use this form to accept New Hope's Offer for your Northern Energy Shares

B Consideration

The consideration applicable is that set out in the terms of New Hope's Offer. Please refer to the Bidder's Statement for further information.

Securityholder details

Subregister

Issuer Sponsored

Your holding in Northern Energy

123456789012

C How to accept New Hope's Offer

You will be deemed to have accepted New Hope's Offer in respect of all your Northern Energy Shares if you sign and return this form to the address shown overleaf (even different from the number of Northern Energy Shares stated on this Acceptance Form).

D Contact details

Please provide your contact details in case we need to speak to you about this form.

Name of contact person

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Contact person's daytime telephone number

(			)																
---	--	--	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

E Sign here - this section must be signed before we can process this form.

I/We accept New Hope's Offer in respect of all of the Northern Energy Shares I/we hold and I/we agree to be bound by the terms and conditions of New Hope's Offer (including the instructions as to acceptance of New Hope's Offer on the back of this form) and transfer all of my/our Northern Energy Shares to New Hope Bidco for the consideration applicable under New Hope's Offer.

Individual or Securityholder 1

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Sole Director and Sole Company Secretary

Individual or Securityholder 2

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Director

Individual or Securityholder 3

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Director/Company Secretary

New Hope Bidco reserves the right to make amendments to this form as set out in the Offer terms. Please refer to the lodgement instructions overleaf.

See back of form for completion guidelines

NEC_TKO

1TIO

<Securityholder Reference Number>



How to complete this form

Acceptance of New Hope's Offer

A Registration Details

The Northern Energy Shares are currently registered in the name(s) printed on this form. Your consideration will be issued in the name(s) which appear(s) on New Hope Bidco's copy of the register.

If you have already sold all your Northern Energy Shares shown overleaf, you need not take any further action. For security reasons we suggest that you destroy this form.

B Consideration

The consideration payable is that set out in the terms of New Hope's Offer. Please refer to the Bidder's Statement for further information.

C How to accept New Hope's Offer

As your Northern Energy Shares are held in an Issuer Sponsored Holding, simply complete and return this form to the address below so that it is received by no later than 7:00pm (Sydney time) on the last day of the Offer Period.

If you sign and return this Acceptance Form, you represent and warrant to New Hope Bidco that New Hope Bidco will acquire good title to and beneficial ownership of the Northern Energy Shares to which this Acceptance Form relates free from all mortgages, charges, liens, encumbrances (whether legal or equitable), restrictions on transfer of any kind and free from any third party rights.

Neither New Hope Bidco or Computershare Investor Services Pty Limited ('CIS') will be responsible for any delays incurred by this process. You should allow sufficient time for New Hope Bidco to initiate the acceptance of New Hope's Offer on your behalf.

D Contact details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

E Signature(s)

You must sign the form as follows in the space provided:

Joint holding: where the holding is in more than one name all of the securityholders must sign.

Power of Attorney: to sign under power of attorney, you must attach a certified copy of the power of attorney to this form when you return it.

Deceased Estate: all executors must sign and, if not already noted by New Hope Bidco or CIS, a certified copy of Probate or Letters of Administration must accompany this form.

Companies: this form must be signed by either 2 directors or a director and a company secretary. Alternatively, where the company has a sole director and pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Delete titles as applicable.

Lodgement of Acceptance Form

This Acceptance Form must be received by CIS Melbourne by no later than 7:00pm (Sydney time) on the last day of the Offer Period. You should allow sufficient time for this to occur. Return this Acceptance Form to:

Computershare Investor Services Pty Limited
GPO Box 2115
MELBOURNE VIC 3001

Neither CIS nor New Hope Bidco accepts any responsibility if you lodge the Acceptance Form at any other address or by any other means.

Privacy Statement

Information you supply on this Acceptance Form will be used by New Hope Bidco and CIS for the primary purpose of processing your acceptance of New Hope's Offer and to provide you with consideration payable under New Hope's Offer. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by New Hope Bidco in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning New Hope's Offer please contact the New Hope Offer Information Line on 1800 351 644 (for callers within Australia) or +61 2 8256 3381 (for callers outside Australia).

Please note this form may not be used to change your address.

Please return the completed form in the envelope provided or to the address opposite:

Computershare Investor Services Pty Limited
GPO Box 2115
Melbourne Victoria 3001
Australia



New Hope Corporation Limited ABN 38 010 653 844)

(outside Australia) +61 2 8256 3381

Holder Identification Number (HIN)

For your security keep your SRN/HIN confidential.

+

How to complete this form

Acceptance of New Hope's Offer

A Registration Details

The Northern Energy Shares are currently registered in the name(s) printed on this form. Your consideration will be issued in the name(s) which appear(s) on New Hope Bidco's copy of the register.

If you have already sold all your Northern Energy Shares shown overleaf, you need not take any further action. For security reasons we suggest that you destroy this form.

B Consideration

The consideration payable is that set out in the terms of New Hope's Offer. Please refer to the Bidder's Statement for further information.

C How to accept New Hope's Offer

As your Northern Energy Shares are in a CHESS Holding, you may **contact your Controlling Participant** directly (normally your stockbroker) with instructions to accept New Hope's Offer. If you do this, you will need to sign and return this Acceptance Form to your Controlling Participant. If you want New Hope Bidco to contact your Controlling Participant on your behalf (via the CHESS system), sign and return this form to the address below so that it is received in sufficient time to allow your instruction to be acted upon no later than 7:00pm (Sydney time) on the last day of the Offer Period (which will authorise New Hope Bidco and Computershare Investor Services Pty Limited (CIS) to instruct your Controlling Participant to initiate acceptance of New Hope's Offer on your behalf).

If you sign and return this Acceptance Form, you represent and warrant to New Hope Bidco that New Hope Bidco will acquire good title to and beneficial ownership of the Northern Energy Shares to which this Acceptance Form relates free from all mortgages, charges, liens, encumbrances (whether legal or equitable), restrictions on transfer of any kind and free from any third party rights.

Neither New Hope Bidco or CIS will be responsible for any delays incurred by this process. You should allow sufficient time for your Controlling Participant or New Hope Bidco to initiate the acceptance of New Hope's Offer on your behalf.

D Contact details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

E Signature(s)

You must sign the form as follows in the space provided:

- Joint holding: where the holding is in more than one name all of the securityholders must sign.
- Power of Attorney: to sign under power of attorney, you must attach a certified copy of the power of attorney to this form when you return it.
- Deceased Estate: all executors must sign and, if not already noted by New Hope Bidco or CIS, a certified copy of Probate or Letters of Administration must accompany this form.
- Companies: this form must be signed by either 2 directors or a director and a company secretary. Alternatively, where the company has a sole director and pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Delete titles as applicable.

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GPO Box 2115
MELBOURNE VIC 3001

Neither CIS nor New Hope Bidco accepts any responsibility if you lodge the Acceptance Form at any other address or by any other means.

Privacy Statement

Information you supply on this Acceptance Form will be used by New Hope Bidco and CIS for the primary purpose of processing your acceptance of New Hope's Offer and to provide you with consideration payable under New Hope's Offer. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by New Hope Bidco in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning New Hope's Offer please contact the New Hope Offer Information Line on 1800 351 644 (for callers within Australia) or +61 2 8256 3381 (for callers outside Australia).

Please note this form may not be used to change your address.

Please return the completed form in the envelope provided or to the address opposite:

Computershare Investor Services Pty Limited
GPO Box 2115
Melbourne Victoria 3001
Australia





New Hope
Corporation Limited

NEW HOPE CORPORATION LIMITED