Northern Energy Corporation Limited

ASX Announcement

November 4, 2010

LETTER TO SHAREHOLDERS

Please find attached for release to the market a letter being sent today to all shareholders in relation to the offer from New Hope Corporation.

On behalf of the Board

Paul Marshall
Company Secretary

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Northern Energy Corporation Limited

November 4, 2010

Dear Shareholder,

UPDATE ON UNSOLICITED TAKEOVER OFFER BY NEW HOPE CORPORATION

Since I last wrote to you on October 15, 2010 concerning New Hope Corporation's (ASX: NHC) unsolicited $1.50 per share off-market takeover offer for Northern Energy Corporation (ASX: NEC), New Hope has lodged with ASIC both a Bidder's Statement (on October 22) and a replacement Bidder's Statement (on October 25). The replacement Bidder's Statement is likely to be mailed to you in the near future.

Following careful review of the replacement Bidder's Statement and having taken expert advice, the Board continues to advise Northern Energy shareholders to TAKE NO ACTION in relation to New Hope's inadequate offer.

Northern Energy is finalising its Target's Statement which will be mailed to you later this month. In that Statement we intend to highlight the significant value, above the New Hope offer, to come in the price of NEC shares. This value is not reflected in the current offer from New Hope. We remain of the view, for the reasons outlined in our announcement to the market on October 22, that their offer materially undervalues Northern Energy, is opportunistic and does not reflect the strategic value of Northern Energy's project pipeline, particularly in relation to our Maryborough and Elimatta projects.

The Board is concerned that elements of the replacement Bidder's Statement and recent public statements by the Chairman of New Hope could cause Northern Energy shareholders to infer that substantial capital raising activity is both imperative and imminent. Only $84 million will be required in 2011 to develop Maryborough and the balance for expansion and other future projects will be funded from the Maryborough cash flow (from 2012) and a range of other funding options during 2012 and 2014.

New Hope's public statements imply that cash in hand will accelerate the approval for, and development, of port and rail infrastructure facilities. Clearly, cash cannot accelerate Government approvals for the development timetable of Elimatta. The contribution to the capital necessary to complete our mining projects will be raised by Northern Energy as and when it is needed.

In summary, Northern Energy is well positioned for continued growth and our pathway to production is clear. We are confident that we can raise the required development capital, particularly for Maryborough and Elimatta, during the next few years.

As I advised in my letter to you of October 15, the New Hope bid has come as Northern Energy is beginning to finalise plans for coking coal production at Maryborough in 2012. We are also currently testing several expansion options at Maryborough and we will provide the market with these updates in due course.

I recommend that you access the latest presentation by your CEO, Keith Barker, at http://www.northernenergy.com.au/investor/presentations1.html

I reiterate the Board's recommendation that Northern Energy shareholders TAKE NO ACTION in relation to New Hope's inadequate offer. To reject New Hope's offer, do nothing and ignore all documents sent to you by New Hope.

The Board is committed to ensuring that shareholders fully benefit from Northern Energy's underlying value and growth potential and we thank you for your continuing support.

C. D. Rawlings

Dr Chris Rawlings
Chairman

Please call Northern Energy's Information Line if you have any questions regarding the takeover offer by New Hope:
1300 560 339 or + 61 2 8011 0354 (overseas)
Monday to Friday, 9amto 5pm AEDST