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Initial Response to Northern Energy Target's Statement

New Hope Corporation Limited ("New Hope") notes the publication by Northern Energy Corporation ("Northern Energy") of its Target's Statement in response to New Hope's **$1.50 cash** per share takeover offer for Northern Energy.

New Hope plans to conduct a detailed review of the information contained in the Target's Statement, and in particular the assumptions made by Lonergan Edwards, the Independent Expert. However, New Hope has made the following initial comments in response to the document:

- New Hope recommends that Northern Energy shareholders should carefully consider the credibility of any analysis that assesses the value of Northern Energy shares at up to five (5) times Northern Energy's pre-takeover approach closing price[1].

- Also in relation to the Independent Expert's report, New Hope also questions why, if Northern Energy shares are valued in this range:

  - Northern Energy in April 2010 issued 12.7% of the company to Xinyang Iron & Steel Group Company Limited at $1.41 a share, in addition to providing Xinyang with an offtake agreement
  - Northern Energy shareholders are due to vote at tomorrow's AGM on the issue of shares to Management at $1.14 per share, exercisable in approximately 3 years
  - Northern Energy shares were trading with a 1-month VWAP of $0.96 per share 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

- New Hope's offer remains the only offer on the table for Northern Energy shareholders and without the New Hope offer there is a risk that the Northern Energy share price may fall back to its pre-offer trading range.

- Northern Energy's projects remain subject to considerable development risk.

- The Target's Statement does not provide Northern Energy shareholders with any clarity or certainty as to how the company will gain access to additional port capacity, or how it plans to secure the required rail access.

- Northern Energy's key projects are still unfunded.

New Hope Chairman Robert Millner said: "Nothing in Northern Energy's Target's Statement alters our view that $1.50 a share in cash is a compelling offer for Northern Energy, providing certainty

[1] The closing price of Northern Energy Shares on 29 September 2010, being the day before New Hope's formal approach to Northern Energy

for Northern Energy shareholders and is an attractive premium to pre-offer trading prices. In particular, the Target's Statement fails to deal with the significant development risks attached to the Northern Energy asset portfolio. We therefore encourage Northern Energy shareholders to **ACCEPT** New Hope's compelling offer."

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MEDIA/FURTHER INFORMATION

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ABOUT NEW HOPE CORPORATION

New Hope is an independent, energy company which has open cut mines at Acland on the Darling Downs, and at Rosewood near Ipswich. The company 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.

The company also holds various exploration tenements in central Queensland and on the Darling Downs in southern Queensland. New Hope's investments include a 100 per cent 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.