



New Hope
Corporation Limited

Compelling offer for Northern Energy Corporation



December 2010

The Offer is scheduled to close at 7.00pm (Sydney time), on 21 December 2010, unless extended



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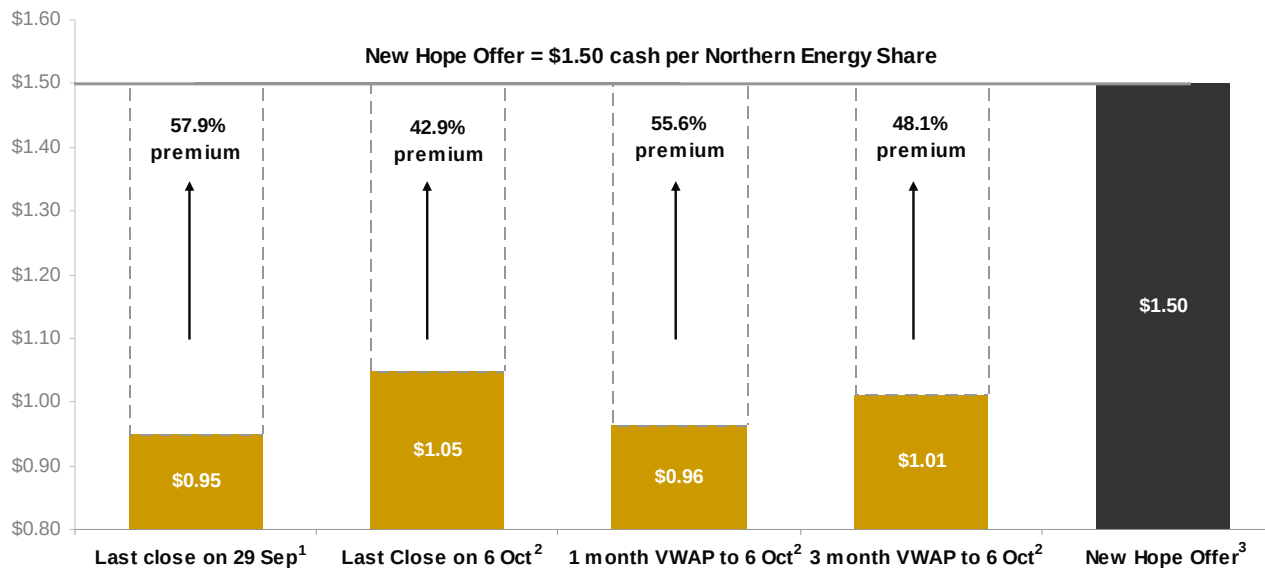
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What is the Offer?

By accepting New Hope's Offer, Northern Energy Shareholders can exit the company at an attractive premium to Northern Energy's pre-offer trading prices without the need to contribute more equity to the company

- On 8 October 2010 New Hope Corporation Limited ('New Hope') announced an off-market takeover offer for Northern Energy Corporation Limited ('Northern Energy' or 'NEC')
- The Offer is subject to conditions including a 50.1% minimum acceptance condition and no finance conditions
- The Offer of **\$1.50 cash** per Northern Energy Share represents an **attractive premium** to Northern Energy's pre-offer trading history:



- The closing price of Northern Energy Shares on 29 September 2010, being the day before New Hope's formal approach to Northern Energy
- 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 of \$1.50 cash for each Northern Energy Share

- New Hope's Offer is also at a premium of 6.4% to the most directly comparable transaction, the acquisition of a 12.7% stake in Northern Energy by Xinyang
 - Northern Energy delivered a blocking stake to Xinyang at a 9.0% discount to the prevailing share price at the time the transaction was announced
 - The deal also delivered a strategic off-take agreement to Xinyang and a board seat

Issues for NEC Shareholders to consider

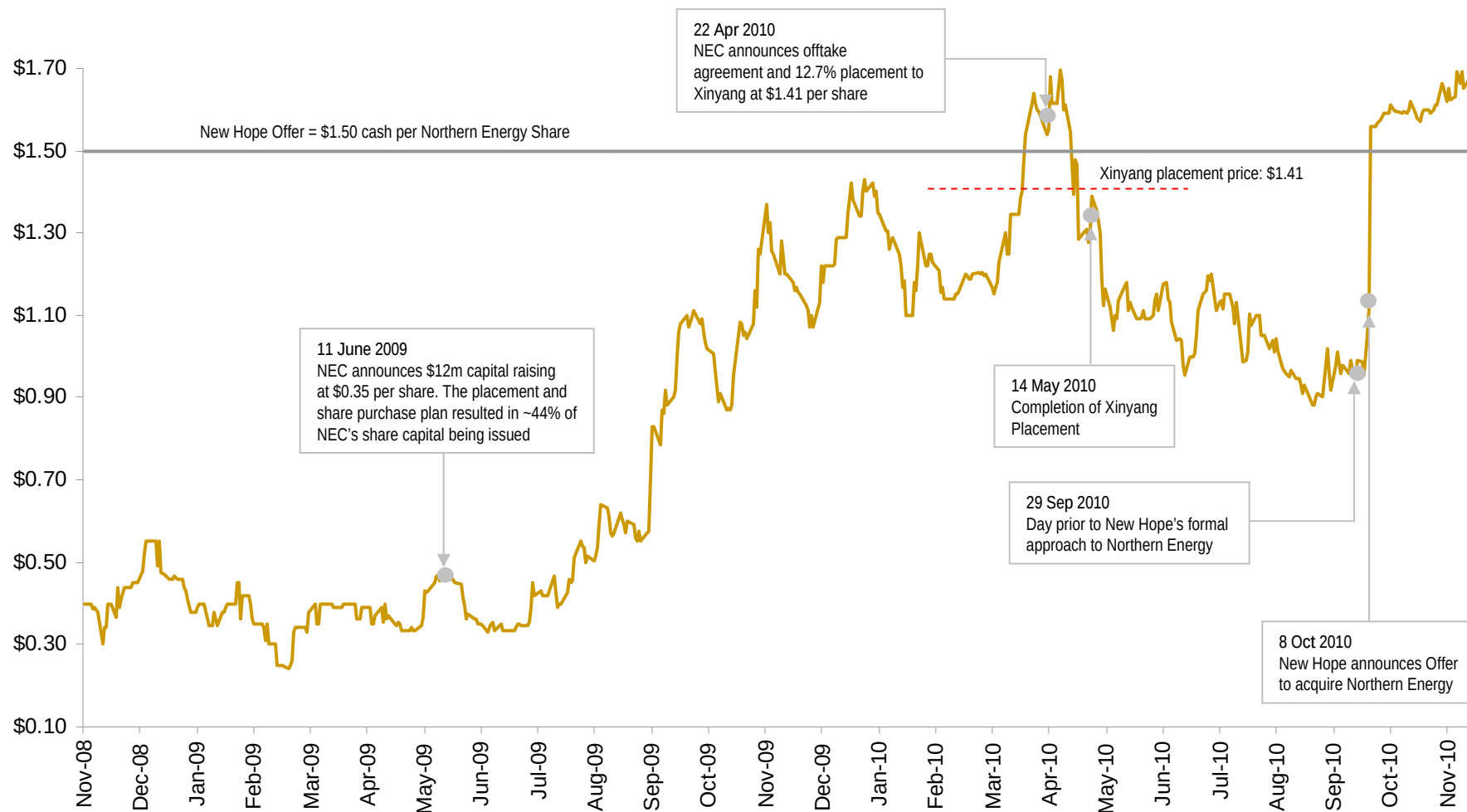
By accepting New Hope's Offer, Northern Energy Shareholders will no longer be exposed to Northern Energy's significant development risks

- Northern Energy's projects are currently unfunded with the company needing to raise \$664 million which equates to over five (5) times its pre-takeover approach market capitalisation
- Northern Energy as a company has no history of operating coal mining assets and is likely to be reliant on third parties to develop and operate its projects
- There are currently NO competing proposals for Northern Energy
- New Hope believes the valuation prepared by Lonergan Edwards and relied upon by Northern Energy is fundamentally flawed and misleading to Northern Energy shareholders¹
- Northern Energy's projects are subject to significant development risk, including access to rail and port capacity, environmental concerns, government approvals and lack of funding
- Northern Energy is totally reliant on investment decisions by external parties in order to gain access to infrastructure for its Elimatta project and its Maryborough expansion project
- Northern Energy is yet to secure numerous crucial government approvals for its projects
- Maryborough has been the subject of a number of environmental concerns

1. Please refer to page 10 for further details

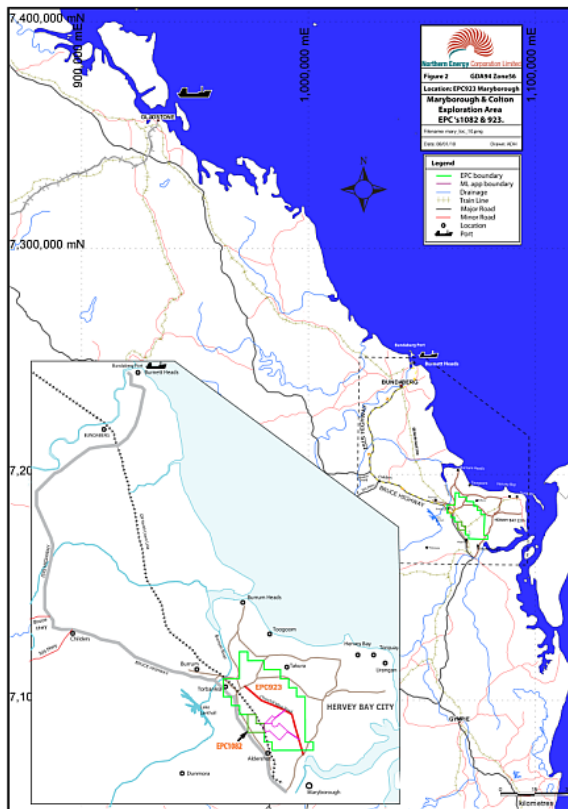
Historical Northern Energy trading activity

Northern Energy has funding requirements of over 5 times its pre-takeover approach market capitalisation to fund its Maryborough and Elimatta projects



Maryborough Project – Key Risks

LOCATION



ISSUE

COMMENTS

Port capacity and allocation either not built or not finalised

- Northern Energy has not finalised any allocation at the Barney Point Coal Terminal. Northern Energy is still negotiating commercial terms for 0.5Mtpa of allocation
- Northern Energy has only been granted 0.5Mtpa of allocation at Wiggins Island Coal Export Terminal ('WICET') Stage 1 which is yet to be built
- Expansion of the Maryborough project beyond 0.5Mtpa is not secured and is reliant on receiving allocation at WICET Stage 2 which will be subject to intense competition
- Barney Point Coal Terminal will be closed when WICET is commissioned

Rail capacity and allocation not finalised

- Northern Energy has yet to finalise rail arrangements for the transport of its coal to port
- The project also requires the construction of a rail spur and balloon loop

Government approvals not yet received

- Northern Energy has not had its mining lease approved for the production of 0.5Mtpa
- Northern Energy has to resubmit their Environmental Management Plan (EMP) due to numerous environmental issues
- Additional approvals are required if Maryborough capacity is extended beyond 0.5Mtpa

Numerous environmental concerns

- Issues surrounding the company's Environmental Management Plan still to be addressed
- Potential noise, rehabilitation, water management and discharge as well as power supply and distribution issues identified by Independent Expert
- Coal quality issues identified by technical expert, including high sulphur levels in the coal

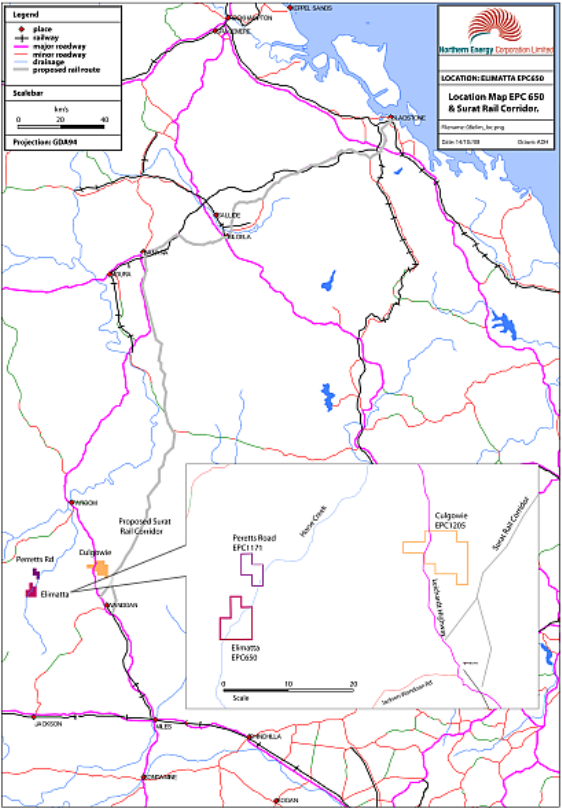
CAPEX requirements are large and unfunded

- The cost of Maryborough is in excess of Northern Energy's existing cash reserves and funding facilities
- Specifically, Maryborough requires \$84 million in funding. This equates to almost 70% of Northern Energy's pre-takeover approach market capitalisation
- This asset may be considered less attractive by strategic investors due to the life of mine off-take agreement signed with Xinyang for 65% of production
- Northern Energy has unsuccessfully looked for JV partners for this asset via a formal process in the past

Mining Tenement	EPC923 and EPC1082
Location	Near Hervey Bay, QLD
Ownership	100% NEC
Project Phase	Mine Feasibility
Product	Hard Coking Coal

Elimatta Project – Key Risks

LOCATION



Mining Tenement	EPC650
Location	Near Wandoan, QLD
Ownership	100% NEC
Project Phase	Feasibility study completed
Product	Export Thermal Coal

ISSUE

COMMENTS

NO port allocation has been received for this project

- WICET has yet to be built
- Northern Energy has not yet received any port allocation for this project
- Any port allocation will need to be secured in a highly competitive process in Stage 2 of WICET

Rail capacity does not exist and any future capacity has not been secured

- Northern Energy's access to rail is dependent on a number of factors outside of Northern Energy's control including mine development decisions by other companies
- Dependent upon Moura line upgrade between Banana and Gladstone
- Need to construct spur line to join Elimatta with the southern end of the Surat Basin Railway

Government approvals not yet received

- Northern Energy has not had its mining lease approved for this project
- Northern Energy has not yet submitted its Environmental Impact Statement (EIS) for this project

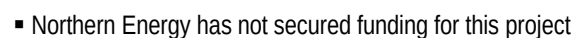
Numerous environmental concerns

- Numerous environmental issues to be addressed prior to production including:
 - The proposed Horse Creek diversion
 - Potential for the presence of endangered or vulnerable species
 - Water supply and disposal of the resulting saline waste stream
 - The Queensland Government's proposed strategic cropping land policy

CAPEX requirements are large and unfunded

- The cost of Elimatta is in excess of Northern Energy's existing cash reserves and funding facilities
- Specifically, Elimatta requires \$580 million in funding. This equates to nearly five (5) times Northern Energy's pre-takeover approach market capitalisation
- Northern Energy has unsuccessfully looked for JV partners for this asset via a formal process in the past

COMMENTS



The Yamala Project is a long-term asset that isn't a core element of Northern Energy's project pipeline

8

Ashford Project – Key Risks

LOCATION



ISSUE

COMMENTS

NO port allocation applied for or received for this project

- The closest coal port is Brisbane but there is no direct rail to move the coal to the Port of Brisbane
- Northern Energy does not have any port allocation at the Port of Brisbane

Rail capacity does not exist and any future capacity has not been secured

- Northern Energy's access to rail is dependent on the Border Railway being built by ATEC (Australian Transport and Energy Corridor)
- Northern Energy has not secured any future capacity on this yet to be built rail network

Government approvals not applied for or received

- This is a long-term project and no applications for mining leases or environmental approvals have been made

CAPEX requirements are large and unfunded

- Northern Energy has not secured funding for this project

Mining Tenement	EL6234 & EL6428
Location	Near Ashford, NSW
Ownership	50% NEC ¹
Project Phase	Exploration
Product	Hard Coking Coal

The Ashford Project is a long-dated, infrastructure constrained project. Northern Energy has been evaluating alternatives to realise value for this project since 2007

1. 50% Joint Venture with Renison Consolidated Limited

- New Hope believes that the Independent Expert Report prepared by Lonergan Edwards and Technical Report prepared by John T. Boyd Company ('Boyd') are fundamentally flawed
- New Hope's main criticisms of the reports are as follows:
 - Both Lonergan Edwards and Boyd describe the significant risks involved in developing the Maryborough project; however, the valuation does not reflect an appropriate risk weighting or cost of capital for the development of the asset
 - The valuation approach adopted by Lonergan Edwards for Maryborough is an unrisks valuation of the mine on the basis of 0.5Mtpa of saleable production from 2013 to 2015, 2Mtpa from 2016 to 2037 and 0.65Mt in 2038
 - The assumed coal produced at Maryborough exceeds the stated JORC reserves by 93.1 million tonnes (16.8 times the current reserve number). The assumed coal produced exceeds the stated JORC resource (the majority of which are Inferred Resources) by 16.0 million tonnes
 - The value of the Maryborough project to Northern Energy shareholders has been conducted on the basis of a dilutionary capital raising of between \$1.00 and \$1.50. However, the amount required is approximately 50% of the market capitalisation of Northern Energy prior to the New Hope approach. At that time, Northern Energy shares were trading at \$0.95
 - Elimatta has been valued using a multiple of resource approach. Elimatta currently has a reserve which means the company has a mine model capable of being valued using the more reliable discounted cash flow methodology. The multiple of resource approach produces a significantly higher valuation than the DCF methodology as it is unrisks and does not take into account the \$580 million of capital required to develop the project

Why Accept?

- ✓ The Offer represents an attractive premium to Northern Energy's pre-bid trading prices
- ✓ You will be paid certain value for your Northern Energy Shares
- ✓ There are no competing proposals
- ✓ The price of Northern Energy Shares may fall if the Offer does not succeed
- ✓ Northern Energy needs substantial development capital
- ✓ 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 do not accept and the Offer proceeds, you may be exposed to a number of risks as outlined in New Hope's Bidder's Statement

For further information please contact:

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New Hope
Corporation Limited

“The Independent Energy Alternative”



People are Important | Margin Management makes us Competitive |
Continuous Improvement makes us Effective | Growth is an Imperative