

BY ELECTRONIC LODGEMENT

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9 December 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)

We attach, by way of service, in accordance with subsection 647(3)(b) of the *Corporations Act 2001* (Cth), a copy of a second supplementary bidder's statement dated 9 December 2010 in relation to New Hope Bidco's off-market takeover bid for ordinary shares in Northern Energy.

A copy of the second supplementary 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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SECOND SUPPLEMENTARY BIDDER'S STATEMENT

by

Arkdale Pty Ltd

ABN 99 118 299 522

a wholly owned subsidiary of

New Hope Corporation Limited

ABN 38 010 653 844

in respect of the offer to acquire all of your shares in

Northern Energy Corporation Limited

ABN 90 081 244 395

**SECOND SUPPLEMENTARY BIDDER'S STATEMENT BY ARKDALE PTY LTD
ABN 99 118 299 522**

This statement is the second supplementary bidder's statement (**Second Supplementary Bidder's Statement**) to the bidder's statement (**Original Bidder's Statement**) of Arkdale Pty Ltd ABN 99 118 299 522 (**New Hope Bidco**) dated 22 October 2010 given in connection with a takeover bid by New Hope Bidco for ordinary shares in Northern Energy Corporation Limited ABN 90 081 244 395.

This Second Supplementary Bidder's Statement must be read together with the Original Bidder's Statement, the first supplementary bidder's statement dated 25 October 2010, and the replacement bidder's statement dated 25 October 2010 (**Replacement Bidder's Statement**).

A copy of this Second Supplementary Bidder's Statement was lodged with the Australian Securities and Investments Commission (**ASIC**) on 9 December 2010. Neither ASIC nor its officers takes any responsibility for the contents of this Second Supplementary Bidder's Statement.

Defined terms

Unless the context requires otherwise, terms not defined in this Second Supplementary Bidder's Statement have the same meaning given to them in the Replacement Bidder's Statement.

Offer Information Line

For information regarding your Northern Energy Shares, the Offer or how to accept the Offer please read the Replacement Bidder's Statement and this Second Supplementary 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

NORTHERN ENERGY'S TARGET STATEMENT - INDEPENDENT EXPERT AND TECHNICAL REPORTS

As disclosed in New Hope's announcement to ASX on 1 December 2010, New Hope believes that the Independent Expert's Report prepared by Lonergan Edwards & Associates Limited (**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 given to the Maryborough project by Lonergan Edwards does not reflect an appropriate risk weighting or cost of capital for the development of the Maryborough project
- The valuation approach adopted by Lonergan Edwards for the Maryborough project is an un-risked valuation of the Maryborough project 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 the Maryborough project 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 calculated on the basis that Northern Energy could fund its development through a dilutionary capital raising priced at between \$1.00 and \$1.50 per new share. However, New Hope does not consider this to be reasonable, as the amount of capital required by Northern Energy is approximately 50% of Northern Energy's market capitalisation prior to the New Hope approach. At that time, Northern Energy shares were trading at \$0.95
- The Elimatta project has been valued using a multiple of resource approach. The Elimatta project 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 discounted cash flow methodology as it is unrisked and does not take into account the \$580 million of capital required to develop the project

DATED 9 December 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