



## **ASX Announcement**

December 16, 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

Contact details:  
Keith Barker  
Managing Director  
+61 7 3303 0695  
0417 646 715

Media:  
Ian Brown  
First Advisers  
+61 2 8011 0352

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#### **NORTHERN ENERGY CORPORATION LIMITED**

*Mail Address*  
GPO Box 5283  
BRISBANE QLD 4001

A.C.N. 081 244 395  
*Street Address:*  
Level 5, 60 Edward Street  
BRISBANE QLD 4000

Phone: (07) 3303 0695  
Fax: (07) 3303 0601  
Email: [admin@northernenergy.com.au](mailto:admin@northernenergy.com.au)



December 16, 2010

Dear Shareholder,

**EXTENSION OF OFFER PERIOD BY NEW HOPE CORPORATION AND UPDATE ON TAKEOVER OFFER**

Since my most recent letter to you of 4 November 2010, the formalities associated with the New Hope Corporation Offer have been progressing, according to the statutorily prescribed timetable. New Hope mailed their Bidder's Statement on 9 November 2010 and in response we provided you with our Target's Statement on 23 November 2010, including a detailed valuation of Northern Energy's portfolio of coal assets by an experienced and highly respected Independent Expert.

In recent days, however, New Hope has notified Northern Energy of its intention to extend the period during which the Offer remains open for acceptance from 21 December 2010 to 7.00pm (Sydney time) on 22 February 2011.

**Your board's advice remains unchanged from that contained in the Target's Statement, namely that Northern Energy shareholders TAKE NO ACTION in relation to New Hope's inadequate offer.**

We note that shareholders are in broad agreement with this view as New Hope, at the date of writing, has apparently received very few acceptances since launching their bid. We also note that the bid is consistently lower than the traded price for NEC shares on the ASX.

For those shareholders who may have accepted the Offer but have since changed their mind, New Hope's extension of the Offer requires them to provide shareholders with the option of withdrawing their acceptance. To take advantage of this opportunity those shareholders must notify New Hope in writing that they withdraw their acceptance, no later than one month after receipt of the Notice of Variation.

While corporate actions are time-consuming and can be distracting, it remains business as usual at Northern Energy as the management team remains focused on pressing forward with the execution of its strategy. A number of key announcements have been made since 8 October 2010 that offer increasing levels of confidence to shareholders and potential investors that our production timelines are on track and will be achieved. These include:

- Environmental clearance from the Commonwealth Government for Colton Mine
- Final submission by the Surat Basin Rail Joint Venture to the Queensland Government of all information required for it to declare a State Development Area for the Surat Basin Railway
- Queensland Government approval of Xstrata's Wandoan Coal Project, providing increased confidence for the development of the Surat Coal basin and also NEC's Elimatta Project
- Appointment of the Preferred Contractor for the CHPP at the Colton Mine and opening of an NEC office at Maryborough
- Approval of the EIS for the Surat Basin Rail project by the Queensland Government.

Since the New Hope Offer was announced, Northern Energy has opened a data room to facilitate access by third parties to Company information. The Board will ensure that shareholders are updated as developments occur.

NEC Directors and staff remain committed to realising the maximum value for shareholders from Northern Energy's valuable assets and growth potential and we thank you for your continuing support.

Please let me take this opportunity to wish you and your family a safe and festive Christmas and a Happy New Year.

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, 9am to 5pm AEDST**