



Australian Government

Takeovers Panel

MEDIA RELEASE

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Tuesday, 18 January 2011

Northern Energy Corporation Limited – Panel Decision

The Panel has accepted an undertaking from Northern Energy to make corrective disclosure and has declined to make a declaration of unacceptable circumstances in response to an application dated 10 December 2010 from Arkdale Pty Ltd, a wholly owned subsidiary of New Hope Corporation Limited, in relation to the affairs of Northern Energy Corporation Ltd. Northern Energy is the subject of an off-market cash takeover bid by Arkdale (see [TP10/70](#)).

Arkdale submitted that there were information deficiencies in the target's statement and accompanying independent expert report and technical report. Northern Energy has agreed to despatch a supplementary target's statement, expert report and technical report, dealing with the following issues (among other things):

- Clarifying that the independent expert considers it more appropriate that Northern Energy shareholders have greater regard to the lower valuation range previously included in the independent expert report, which is based on the expert's assumption that shareholders will be diluted by a capital raising to partially meet funding requirements for the Maryborough project.
- Stating that presentation of exploration targets in the target's statement as "resources" was inappropriate and re-presenting Northern Energy's JORC compliant resources and reserves in a separate table.
- Providing further disclosure explaining how the independent expert and technical expert took into account non-company related factors in their valuation of Northern Energy.
- Providing further disclosure explaining how the independent expert derived the equity beta¹ for the Discounted Cash Flow valuation of the Maryborough project and conducted a cross-check of that valuation.

¹ The measure of the expected volatility of the return on an investment relative to the market as a whole; in other words, the risk of achieving the cash flow

Northern Energy has provided a draft supplementary target's statement to the Panel to address the deficiencies. The Panel is satisfied with the corrective disclosure.

Northern Energy has undertaken to lodge the supplementary target's statement with ASIC, release it to ASX and to despatch it to Northern Energy shareholders as soon as practicable (see annexure).

The Panel is satisfied with the undertaking and for this reason has declined to make a declaration of unacceptable circumstances. The Panel considered that it is not against the public interest to decline to make a declaration of unacceptable circumstances.

The sitting Panel was Ewen Crouch, Alice McCleary (sitting President) and Jennifer Seabrook.

The Panel will publish its reasons for the decision in due course on its website www.takeovers.gov.au.

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Annexure

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION ACT (CTH) SECTION 201A UNDERTAKING

NORTHERN ENERGY CORPORATION LIMITED

Pursuant to section 201A of the *Australian Securities and Investments Commission Act 2001* (Cth), Northern Energy Corporation Limited undertakes to the Panel that, in respect of the target's statement dated 23 November 2010 in response to the off-market takeover bid by Arkdale Pty Ltd (a wholly owned subsidiary of New Hope Corporation Limited), it will:

1. prepare a supplementary target's statement (including a supplementary independent expert report and supplementary technical report), in a form and content satisfactory to the Panel, and lodge it with ASIC, release it to ASX and despatch it to shareholders as soon as practicable and
2. confirm in writing to the Panel when it has satisfied its obligations under this undertaking.

**Signed by HopgoodGanim Lawyers
with the authority, and on behalf, of
Northern Energy Corporation Limited
Dated 17 January 2011**