Northern Energy Corporation Limited

ASX Announcement

February 02, 2011

Northern Energy Rejects Revised Takeover Offer From New Hope Corporation

Further to its announcement on January 31, 2011, the Board of Northern Energy Corporation Limited (ASX : NEC) has considered the revised takeover Offer from New Hope Corporation (ASX : NHC) and has **unanimously rejected the revised Offer** of $1.75 per NEC share.

The Board advises Northern Energy shareholders to **TAKE NO ACTION** in relation to New Hope's revised Offer.

Dr Chris Rawlings, Chairman of Northern Energy, recommended that Northern Energy shareholders retain their shareholding in their Company at this price rather than allow New Hope to benefit from the acquisition of NEC at a price that continues to represent a substantial discount to the underlying value of NEC's coal assets and their earnings potential.

Dr Rawlings stated that the Board had assessed the terms of the revised Offer and concluded that the reasons given by New Hope for NEC shareholders to accept the revised Offer are unpersuasive. Our response will be fully articulated in NEC's second Supplementary Target's Statement to be issued in due course.

"New Hope's original and revised Offers both failed to take into account the growth potential that was recognised by both the Technical Expert and Independent Expert. The mid-point of the Independent Expert's valuation range (from $2.70 to $3.99 per NEC share), is 91 per cent higher than the revised Offer price.

"The Directors of NEC are disappointed that the Board and Management of New Hope are suggesting that they are in a better position to assess the value of NEC's coal assets than the NEC directors or the Independent Experts. An NEC data room has been open for a number of months, and while several other parties have taken advantage of this facility, NHC has not requested access. As a result their original and revised Offers appear uninformed," Dr Rawlings said.

Dr Rawlings also advised that each of the Northern Energy Directors, who together with major shareholder Xinyang own or control ~24% of the shares outstanding, intends to reject NHC's revised Offer for their Northern Energy shares.

A Northern Energy Information Line relating to the revised Offer is in operation.

1300 560 339 or **+61 2 8011 0354 9 a.m. to 5 p.m. AEDST weekdays**.

For and on behalf of the Board

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Company Secretary

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