Northern Energy Corporation Limited

ASX Announcement

UPDATE ON NORTHERN ENERGY DIRECTORS' RECOMMENDATION ON NEW HOPE'S REVISED OFFER

Yesterday the Board advised that based on shareholder feedback, the Board considered it unlikely that the New Hope Corporation Ltd subsidiary Arkdale Pty Ltd (**NHC**) will be able to acquire more than 90% of Northern Energy Corporation Ltd (**NEC**) shares, the number required for compulsory acquisition, in which case subject to the ASX Listing Rules, it was expected that NEC would be likely to remain an ASX listed company with NHC as the major controlling shareholder.

The Board in its release yesterday was cognisant of the fact that there may be shareholders of NEC who for various reasons, including the matters identified by the Board yesterday in the release, are considering maintaining their shareholding in NEC.

The information contained in the Notice of change of interests of substantial shareholder lodged by NHC today has been brought to the attention of the Board and specifically the revelation that NHC have now disclosed that they have entered into an agreement with NEC's largest shareholder Xinyang Resources (HK) Limited (**Xinyang**), the effect of which, in accordance with its terms, appears to now give NHC a relevant interest in 11,008,907 of Xinyang's 16,315,000 shares in NEC.

The existence of the agreement has only now come to the attention of the Board.

NEC shareholders are reminded that for New Hope to be able to proceed to compulsory acquisition of NEC it is required by the close of its bid to have acquired a relevant interest in not less than 90% of all NEC shares.

As a consequence of this, the Board now considers it wishes to bring this new information to the attention of all NEC shareholders and, specifically, those who are considering maintaining their shareholding in NEC, that it may be more likely now that prior to the close of its offer New Hope will be able to acquire the required number of shares to proceed to compulsory acquisition.

Shareholders are encouraged to seek independent advice from their investment advisors on this matter.

NEC has been advised by Hopgood Ganim and Merrill Lynch for and on behalf of the Board

Paul Marshall
Company Secretary

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