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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)

31 August 2011

On behalf of New Hope Bidco, we **attach** a notice stating that New Hope Bidco has completed sending its bidder's statement dated 29 August 2011 to Northern Energy securityholders as required by item 6 of section 633(1) of the *Corporations Act 2001* (Cth) (the **Corporations Act**). The notice is given in accordance with item 8 of section 633(1) of the Corporations Act.

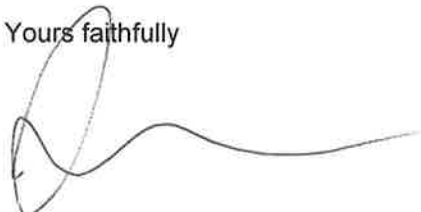
Our reference
DBR DMCM 02-2025-4605

Partners
David Ryan
T 61 2 9258 5960
david.ryan@blakedawson.com

A copy of the bidder's statement as sent to Northern Energy securityholders is also enclosed.

David McManus
T 61 2 9258 6094
david.mcmanus@blakedawson.com

Yours faithfully



David McManus
Partner
T 61 2 9258 6094
david.mcmanus@blakedawson.com

Corporations Act 2001 (Cth)
Section 633(1), items 7, 8 and 9

**Notice that bidder's statement and takeover offers
have been sent**

TO: Northern Energy Corporation Limited (**Northern Energy**)
ASX Limited
Australian Securities & Investments Commission

Arkdale Pty Ltd ABN 99 118 299 522 (a wholly owned subsidiary of New Hope Corporation Limited ABN 38 010 653 844) gives **notice** that it today completed sending its bidder's statement dated 29 August 2011 (**Bidder's Statement**) and takeover offers to holders of Northern Energy securities as required by item 6 of section 633(1) of the *Corporations Act 2001* (Cth). The takeover offers are dated 29 August 2011.

A copy of the Bidder's Statement and offer as sent to holders of Northern Energy securities is **attached** to this notice.

Dated: 31 August 2011

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by a horizontal line.

Robert Dobson Millner
Director

For Arkdale Pty Ltd

BIDDER'S STATEMENT

ACCEPT

BEST AND FINAL UNCONDITIONAL
CASH OFFER



by
Arkdale Pty Ltd

ABN 99 118 299 522

a wholly owned subsidiary of
New Hope Corporation Limited

ABN 38 010 653 844

to purchase all of your shares in
Northern Energy Corporation Limited

ABN 90 081 244 395

For each Northern Energy Share
you will be paid

\$2.00 CASH

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH THIS DOCUMENT YOU SHOULD CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER

This offer is dated 29 August 2011 and will close at 7.00pm Sydney time, on 13 October 2011, unless extended.

For more information, please call 1800 838 609 (callers in Australia)
or + 61 2 8256 3361 (callers outside Australia)

Financial Adviser



PITT CAPITAL PARTNERS

Legal Adviser

Blake Dawson






New Hope
Corporation Limited

Important information

OFFER INFORMATION LINE

For information regarding your Northern Energy Shares, the Offer or how to accept the Offer please read this Bidder's Statement. If you still need assistance please contact the Offer Information Line on:

For Australian callers: **1800 838 609**
For international callers: **+ 61 2 8256 3361**

KEY DATES

Bidder's Statement lodged with ASIC	29 August 2011
Offer opens (date of Offer)	29 August 2011
Offer closes (unless extended)	7:00pm (Sydney time) on 13 October 2011

This Bidder's Statement is dated 29 August 2011 and is given by Arkdale Pty Ltd ABN 99 118 299 522 (**New Hope Bidco**) to Northern Energy Corporation Limited ABN 90 081 244 395 (**Northern Energy**) under Part 6.5 of the Corporations Act. This Bidder's Statement includes an Offer dated 29 August 2011 to acquire your Northern Energy Shares and also sets out certain disclosures required by the Corporations Act. You should read this Bidder's Statement in its entirety. New Hope Bidco is a wholly owned subsidiary of New Hope Corporation Limited ABN 38 010 653 844 (**New Hope**).

A copy of this Bidder's Statement was lodged with the Australian Securities and Investments Commission (**ASIC**) on 29 August 2011. ASIC takes no responsibility for the contents of this Bidder's Statement.

A number of defined terms are used in this Bidder's Statement. These terms are defined in section 9 of this Bidder's Statement.

Investment decisions

This Bidder's Statement does not take into account the investment objectives, financial situation and particular needs of any person. Before making any investment decision you should consider whether it is appropriate in the light of those factors. Accordingly, you may wish to seek independent financial and taxation advice before deciding whether to accept the Offer.

Forward looking statements

This Bidder's Statement contains forward looking statements, including statements of current intentions (which include those in section 4 of this Bidder's Statement), statements of opinion and predictions as to possible future events. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. While New Hope Bidco and New Hope believe that the expectations reflected in the forward looking statements in this document are reasonable, no assurance can be given that such expectations will prove to be correct. Matters as yet not known to New Hope Bidco or New Hope or not currently considered material by New Hope Bidco or New Hope may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements. Any forward looking statement contained in this document is qualified by this cautionary statement.

Important information

None of New Hope Bidco, New Hope, their officers, persons named in this Bidder's Statement with their consent or any other person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any outcomes expressed or implied in any forward looking statement and any statements in the nature of a forward looking statement having regard to the fact that the outcome may not be achieved. The forward looking statements and statements in the nature of forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

Information on Northern Energy

All information in this Bidder's Statement relating to Northern Energy has been prepared by or on behalf of New Hope Bidco using information included in public documents filed by Northern Energy or published by Northern Energy on its website, as well as information provided to New Hope Bidco in its capacity as a shareholder of Northern Energy. The information in this Bidder's Statement relating to Northern Energy has not been verified by Northern Energy or the Northern Energy board, and has not been independently verified by New Hope Bidco, New Hope or their officers for the purposes of this Bidder's Statement. Accordingly, subject to the Corporations Act, neither New Hope Bidco or New Hope makes any representation or warranty, express or implied as to the accuracy or completeness of this information. The information on Northern Energy in this Bidder's Statement should not be considered comprehensive. In addition, the Corporations Act requires the directors of Northern Energy to provide a Target's Statement to Northern Energy Shareholders in response to this Bidder's Statement, setting out certain material information concerning Northern Energy.

Internet

Both New Hope Bidco's holding company, New Hope, and Northern Energy maintain internet sites. The New Hope site is at <http://www.newhopecoal.com.au>. The Northern Energy site is at <http://www.northernenergy.com.au>. Information contained in or otherwise accessible through these internet sites is not a part of this Bidder's Statement. All reference in this Bidder's Statement to these internet sites are inactive textual references to these sites and are provided for your information only.

Notice to foreign shareholders

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

Privacy collection statement

Personal information relating to your shareholding in Northern Energy will be obtained by New Hope Bidco or its agents from Northern Energy in accordance with its rights under the Corporations Act. New Hope Bidco will share this information with its Related Bodies Corporate, advisers, agents and regulators such as ASIC where necessary for the purposes of the Offer or as otherwise required or permitted by law. The registered office of New Hope Bidco is Unit 3, 22 Magnolia Drive, Brookwater, QLD, 4300.

How to accept

Acceptances for the Offer must be received in sufficient time to be acted upon before the close of the Offer Period. To accept the Offer you should follow the instructions set out in section 8.3 of this Bidder's Statement.

Contents

LETTER FROM THE CHAIRMAN OF NEW HOPE CORPORATION LIMITED	5
REASONS WHY YOU SHOULD ACCEPT NEW HOPE'S OFFER	6
KEY QUESTIONS	10
WHAT YOU SHOULD DO NEXT	12
1. SUMMARY OF THE OFFER	13
2. INFORMATION ON NEW HOPE AND NEW HOPE BIDCO	14
2.1 New Hope Bidco and New Hope	14
2.2 Background to New Hope's Offer	14
2.3 Rationale for the Offer	14
2.4 Directors of New Hope Bidco	15
2.5 Directors of New Hope	15
2.6 Common directors	16
3. INFORMATION ON NORTHERN ENERGY AND NORTHERN ENERGY SHARES	17
3.1 Disclaimer	17
3.2 Overview of Northern Energy and its principal activities	17
3.3 Publicly available information	17
3.4 Capital Structure of Northern Energy	17
3.5 Substantial Shareholders	18
3.6 New Hope Bidco relevant interest in Northern Energy securities	18
3.7 New Hope Bidco's voting power in Northern Energy	18
3.8 Acquisition by New Hope Bidco of Northern Energy Shares during previous 4 months	18
3.9 Inducing benefits given by New Hope Bidco during previous 4 months	18
4. NEW HOPE BIDCO'S INTENTIONS	19
4.1 Overview	19
4.2 Review	19
4.3 Intentions upon acquiring 90% or more of Northern Energy Shares	19
4.4 Intentions upon acquiring more than 80.83% but less than 90% of Northern Energy Shares	20
5. SOURCES OF CASH CONSIDERATION	22
5.1 Amount payable	22
5.2 Source of funds	22
5.3 New Hope's cash reserves	22
5.4 Sufficiency of funding	22
6. TAXATION CONSIDERATIONS	23
6.1 Australian tax implications for Northern Energy Shareholders	23
6.2 Shareholders who are Australian residents for tax purposes	23
6.3 Shareholders who are not Australian residents for tax purposes	24
6.4 Taxation of Financial Arrangements (TOFA)	25
6.5 GST	25
6.6 Stamp Duty	25

Contents

7.	OTHER MATERIAL INFORMATION	26
7.1	Compulsory Acquisition following acquisition by New Hope Bidco of at least 90% of Northern Energy Shares	26
7.2	Material terms of loan from New Hope to Northern Energy	26
7.3	Consents	27
7.4	On-market acquisitions	27
7.5	Independent Expert's Report	27
7.6	Modifications to and exemptions from the Corporations Act	28
7.7	No other material information	28
8.	THE OFFER TERMS	29
8.1	The Offer	29
8.2	Offer Period	29
8.3	How to accept this Offer	29
8.4	Foreign Laws	30
8.5	Effect of Acceptance Form	30
8.6	Your agreement	31
8.7	Powers of attorney	32
8.8	Validation of otherwise ineffective acceptances	32
8.9	Payment of consideration	32
8.10	Return of documents	32
8.11	Rights	33
8.12	Clearances for non-Australian residents and others	33
8.13	Costs and stamp duty	33
8.14	Offerees	33
8.15	Variation and withdrawal of Offer	34
8.16	Governing law	34
9.	DEFINITIONS AND INTERPRETATION	35
9.1	Definitions	35
9.2	Interpretation	37
	Annexure A - ASX Announcements by Northern Energy	38

Letter from the Chairman of New Hope Corporation Limited

29 August 2011

Dear Northern Energy Shareholder,

Offer to acquire your Northern Energy Shares

I am pleased to provide you with this unconditional 'Best and Final' Offer to acquire all of your Northern Energy Shares. New Hope, through its wholly owned subsidiary New Hope Bidco, is offering \$2.00 cash for each of your Northern Energy Shares.

The Offer will deliver an attractive premium and certainty of cash consideration to Northern Energy Shareholders. In particular, the Offer of \$2.00 cash per Northern Energy Share represents:

- a premium of 29.0% to the closing price of \$1.55 per Northern Energy Share on 26 August 2011, being the Trading Day before New Hope announced the Offer;
- a premium of 32.6% to the 1 month VWAP of \$1.509 per Northern Energy Share up to and including 26 August 2011; and
- a premium of 32.0% to the 3 month VWAP of \$1.515 per Northern Energy Share up to and including 26 August 2011.

Your Northern Energy Shares are currently highly illiquid and you may have limited alternative opportunities to exit your investment at or near the Offer Price.

New Hope Bidco will not increase its Offer Price under the Offer. At the date of the Bidder's Statement, New Hope has a relevant interest in 80.83% of the Northern Energy Shares. In light of this relevant interest, New Hope considers it highly unlikely that a competing proposal will emerge.

By accepting the Offer you will no longer be a minority shareholder in Northern Energy and therefore will no longer have exposure to the risks and uncertainty associated with Northern Energy's development pipeline. Northern Energy has stated¹ that it has a future funding requirement of \$664 million, including a short term funding requirement of approximately \$240 million over the next 12 months. If you remain a shareholder in Northern Energy, you may be asked to participate in a capital raising to satisfy this short term funding requirement. If you did not participate, your shareholding would be diluted.

The Offer provides you with a straightforward cash exit for your Northern Energy Shares. Furthermore, the payment terms under the Offer have been accelerated so that Northern Energy Shareholders who validly accept the Offer will be paid on or before the date which is 10 Business Days of that acceptance.

The Offer is the **only takeover offer available** to Northern Energy Shareholders at the date of the Bidder's Statement. If New Hope's Offer is not successful there is a risk that the Northern Energy Share price may fall back to its pre-Offer trading range.

I encourage you to read this Bidder's Statement carefully and then accept the Offer as soon as possible. To accept the Offer you should follow the instructions on the enclosed Acceptance Form. If you have any questions, please contact the Offer Information Line on 1800 838 609 (from within Australia) or + 61 2 8256 3361 (if calling from outside Australia), or consult your financial or other professional adviser. The Offer Information Line is open between 9am and 5pm Australian Eastern Standard Time during the Offer Period.

This Offer is currently scheduled to close at 7:00pm (Sydney time) on 13 October 2011 unless extended.

On behalf of the New Hope and New Hope Bidco boards, thank you for considering the Offer and we look forward to receiving your acceptance.

Yours sincerely

R D Millner

Chairman

New Hope Corporation Limited

¹ Northern Energy ASX announcements dated 11 October 2010 and Northern Energy's Quarterly Activities Report dated 25 August 2011.

Reasons why you should accept New Hope's Offer

- 1** The Offer represents an attractive premium to Northern Energy's recent trading prices.
- 2** Your Northern Energy Shares are highly illiquid and you may have limited alternative opportunities to exit your investment at or near the Offer Price.
- 3** The Offer Price will not be increased and it is unlikely that any competing proposal will emerge due to New Hope's controlling interest in Northern Energy.
- 4** If New Hope Bidco does not become entitled to compulsorily acquire the remaining Northern Energy Shares, Northern Energy's share price may decline when New Hope's Offer closes.
- 5** Northern Energy needs substantial development capital in the short and medium term. If you remain a shareholder in Northern Energy, you may be asked to participate in a capital raising to satisfy these funding requirements. If you did not participate, your shareholding would be diluted.
- 6** If New Hope Bidco acquires at least 90% of the Northern Energy Shares, it will seek to compulsorily acquire your remaining Northern Energy Shares. If this occurs, it will take longer for you to receive payment for your shares than if you accept the Offer.
- 7** You will not pay any stamp duty or brokerage if you accept the Offer.

Reasons why you should accept New Hope's Offer

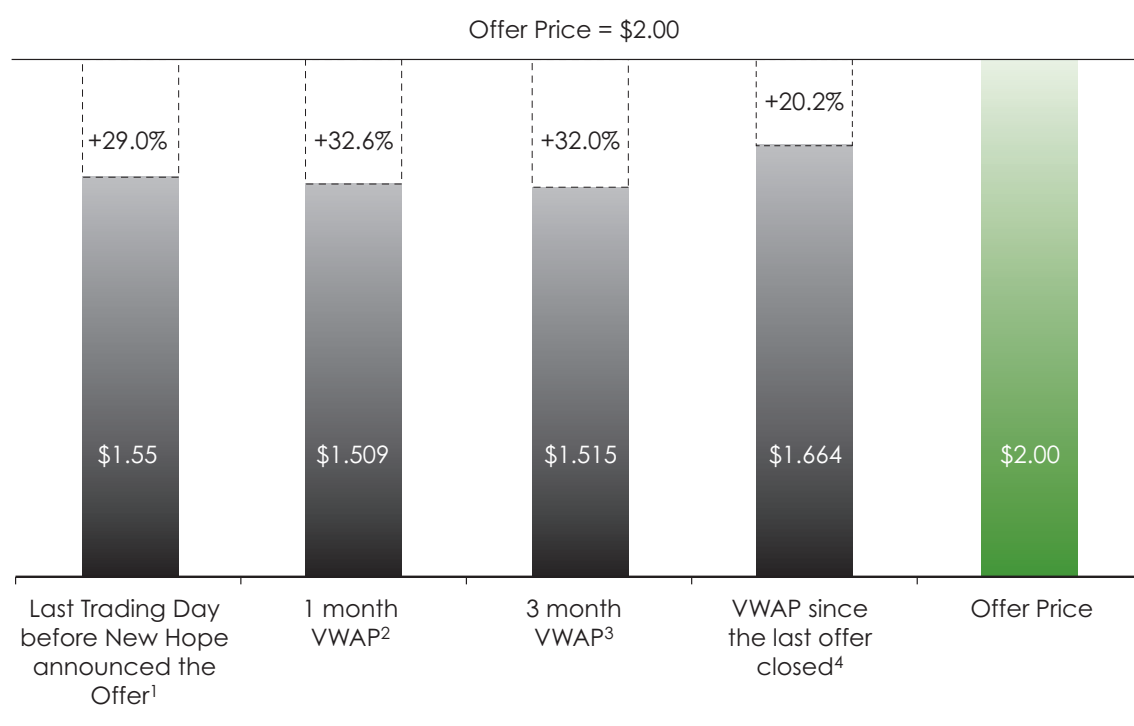
1. The Offer represents an attractive premium to Northern Energy's recent trading prices.

The Offer Price of \$2.00 cash per Northern Energy Share represents an attractive premium to a range of recent trading prices of Northern Energy Shares.

In particular, the Offer Price represents:

- a premium of 29.0% to the closing price of \$1.55 per Northern Energy Share on 26 August 2011, being the Trading Day before New Hope announced the Offer;
- a premium of 32.6% to the 1 month VWAP of \$1.509 per Northern Energy Share up to and including 26 August 2011; and
- a premium of 32.0% to the 3 month VWAP of \$1.515 per Northern Energy Share up to and including 26 August 2011.

The chart below illustrates the premium reflected in New Hope's Offer Price.



Footnotes:

1. 26 August 2011 2. VWAP for the period 27 July 2011 to 26 August 2011 3. VWAP for the period 27 May 2011 to 26 August 2011 4. VWAP for the period 10 March 2011 to 26 August 2011

2. Your Northern Energy Shares are highly illiquid and you may have limited alternative opportunities to exit your investment at or near the Offer Price.

- There is currently limited liquidity in Northern Energy Shares, meaning that Northern Energy Shareholders have limited demand from buyers when selling their shares. The average daily trading volume of Northern Energy Shares in the 3 month period up to and including 26 August 2011 (being the Trading Day before New Hope announced the Offer) was approximately 12,429 Shares.

Reasons why you should accept New Hope's Offer

- Those Northern Energy Shareholders who do not accept the Offer will hold Northern Energy Shares which may be even less liquid than they currently are and those shares may trade at a discount to the Offer Price.
- In addition, if ASX forms the view that Northern Energy has not maintained a sufficient spread of shareholders to ensure there is an orderly and liquid market in Northern Energy Shares, ASX has the power to suspend Northern Energy Shares from quotation or to remove Northern Energy from the official list of ASX.
- The Offer delivers certain value through 100% cash consideration and removes your exposure to any risk associated with continuing to hold Northern Energy Shares.
- The payment terms under the Offer have been accelerated. If you accept the Offer, you will be paid on or before the date which is 10 Business Days after your valid acceptance is received.

3. The Offer Price will not be increased and it is unlikely that any competing proposal will emerge due to New Hope's controlling interest in Northern Energy.

- The Offer is "Best and Final" meaning that New Hope Bidco will not increase the Offer Price above \$2.00.
- It is unlikely that any competing proposal will emerge given New Hope's current relevant interest of 80.83% in Northern Energy's Shares.

4. If New Hope Bidco does not become entitled to compulsorily acquire the remaining Northern Energy Shares, Northern Energy's Share price may decline when New Hope's Offer closes.

- The closing price of each Northern Energy Share on 26 August 2011, being the Trading Day before New Hope announced the Offer, was \$1.55 - this is below the price of \$1.85 offered by New Hope Bidco under its previous takeover offer.
- Northern Energy's shares have closed below \$1.85 each day over the past five months and on 117 of the 120 trading days since New Hope Bidco's previous takeover offer closed.
- If New Hope Bidco does not become entitled to compulsorily acquire the remaining Northern Energy Shares, there is a risk that the price of Northern Energy Shares may fall below the Offer Price when the Offer closes.

5. Northern Energy needs substantial development capital in the short and medium term. If you remain a shareholder in Northern Energy, you may be asked to participate in a capital raising to satisfy these funding requirements. If you did not participate, your shareholding would be diluted.

- According to its quarterly cashflow report for the quarter ended 31 July 2011, Northern Energy had approximately \$4 million in cash and cash equivalents².
- Northern Energy has future funding requirements of up to \$664 million, including a short term funding requirement of approximately \$240 million over the next 12 months³.
- If you remain a shareholder in Northern Energy, you may be asked to participate in a capital raising to satisfy Northern Energy's short term funding requirements. If you do not participate in that capital raising, your shareholding will be diluted.

² Northern Energy ASX Quarterly Activities Report announcement dated 25 August 2011

³ Northern Energy ASX Quarterly Activities Report announcement dated 25 August 2011

Reasons why you should accept New Hope's Offer

6. If New Hope Bidco acquires at least 90% of the Northern Energy Shares, it will seek to compulsorily acquire your remaining Northern Energy Shares. If this occurs, it will take longer for you to receive payment for your Northern Energy Shares than if you accept the Offer.

- If you do not accept the Offer and New Hope Bidco acquires at least 90% of the Northern Energy Shares, New Hope Bidco intends to rely on the compulsory acquisition powers in the Corporations Act to seek to compulsorily acquire your Northern Energy Shares.
- If this occurs you will be paid for your Northern Energy Shares at the conclusion of the compulsory acquisition process. In these circumstances, you would have received payment for your Northern Energy Shares sooner if you had accepted the Offer.
- The payment terms under the Offer have been accelerated. If you accept the Offer, you will be paid on or before the date which is 10 Business Days after your valid acceptance is received.

7. You will not pay any stamp duty or brokerage if you accept the Offer

You will not pay any stamp duty on accepting the Offer.

If your Northern Energy Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to New Hope Bidco, you will not incur any brokerage fees connected with you accepting the Offer.

If your Northern Energy Shares are in a CHESS Holding or you hold your Northern Energy Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually, your Broker) or the bank, custodian or other nominee whether it will charge any transaction fees or service charges connected with you accepting the Offer.

Key questions

This section answers some key questions that you may have about the Offer and should only be read in conjunction with the entire Bidder's Statement.

1. What is the Bidder's Statement?

The Bidder's Statement sets out the terms of the Offer and information relating to the Offer and the consideration you will be paid. This Bidder's Statement is an important document. If you are in any doubt about how to deal with this document, you should consult your financial or other professional adviser.

2. What is the Offer?

New Hope Bidco is offering to buy your Northern Energy Shares by way of an unconditional off-market takeover offer.

The Offer Price is \$2.00 cash for each Northern Energy Share. New Hope Bidco will not increase the Offer Price.

3. Who is New Hope Bidco?

New Hope Bidco is a wholly-owned subsidiary of New Hope. Please refer to section 2 for further information on New Hope Bidco and New Hope.

4. If I accept the Offer, when will I be paid?

If you accept the Offer, New Hope Bidco will pay you for your Northern Energy Shares to which it acquires good title, on or before the date which is 10 Business Days after your valid acceptance is received.

Full details of when you will be paid are set out in section 8.9 of this Bidder's Statement.

5. Is the Offer subject to conditions?

No, the Offer is unconditional.

6. What are the tax consequences if I accept the Offer?

The tax consequences of accepting the Offer will depend on your own individual circumstances and you should consult your financial, tax or other professional adviser on the tax implications of accepting the Offer. However, a general summary of certain Australian tax consequences of the Offer is set out in section 6 of this Bidder's Statement.

7. How do I accept the Offer?

To accept the Offer you must follow the instructions set out in section 8.3 of this Bidder's Statement and on the Acceptance Form accompanying this Bidder's Statement.

8. Can I accept the Offer for part of my holding?

No, you can only accept for all of your holding. Your acceptance will be treated as being for all your Northern Energy Shares plus any additional Northern Energy Shares registered as held by you at the date your acceptance is processed.

9. What happens if I do not accept the Offer?

If you do not accept the Offer, your Northern Energy Shares may be compulsorily acquired. You would be paid for your Northern Energy Shares at the end of that process. In those circumstances, you would have been paid for your Northern Energy Shares sooner if you had accepted the Offer.

Key questions

10. When does the Offer close?

The Offer is currently scheduled to close at 7:00pm (Sydney time) on 13 October 2011, unless extended or withdrawn.

11. Can New Hope Bidco extend the Offer Period?

Yes, the Offer can be extended by New Hope Bidco or otherwise in accordance with the Corporations Act.

12. Will I need to pay brokerage or stamp duty if I accept the Offer?

You will not pay any stamp duty on accepting the Offer.

If your Northern Energy Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to New Hope Bidco, you will not incur any brokerage fees connected with you accepting the Offer.

If your Northern Energy Shares are in a CHESS Holding or you hold your Northern Energy Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually, your Broker) or the bank, custodian or other nominee whether it will charge any transaction fees or service charges connected with you accepting the Offer.

13. What happens if I do not accept the Offer and New Hope Bidco achieves a relevant interest in at least 90% of the Northern Energy Shares and acquires at least 75% (by number) of the Northern Energy Shares that it is offering to acquire under the Offer?

In these circumstances, New Hope Bidco intends to rely on the follow-on compulsory acquisition powers in section 661A of the Corporations Act to proceed to compulsorily acquire your Northern Energy Shares. If this occurs you will be paid the Offer consideration at the conclusion of the follow-on compulsory acquisition process, which may be up to 6 weeks after the Offer closes. In these circumstances, you would have received the Offer consideration sooner if you had accepted the Offer.

14. What happens if I do not accept the Offer and New Hope Bidco acquires more than 90% of the Northern Energy Shares but acquires less than 75% (by number) of the Northern Energy Shares that it is offering to acquire under the Offer?

In these circumstances, New Hope Bidco intends to rely on the general compulsory acquisition powers in section 664A of the Corporations Act to proceed to compulsorily acquire your Northern Energy Shares. If this occurs you will be paid for your Northern Energy Shares at the conclusion of the general compulsory acquisition process, which may be more than 2 months after the Offer closes. In these circumstances, you would have received payment for your Northern Energy Shares sooner if you had accepted the Offer.

What you should do next

- Step 1:** Carefully read the entire Bidder's Statement and consider the information provided.
- Step 2:** Read the target's statement to be provided by Northern Energy.
- Step 3:** If you need advice, consult your Broker or your legal, financial or other professional adviser.
If you have any queries about this document, the Offer or how to accept the Offer, please contact the Offer Information Line on:
For Australian callers: 1800 838 609
For international callers: + 61 2 8256 3361
- Step 4:** If you wish to accept the Offer, follow the instructions below.

HOW TO ACCEPT THE OFFER

You should read section 8.3 of this Bidder's Statement for full details on how to accept the Offer.

CHESS Holding

If your Northern Energy Shares are in a CHESS Holding (holder identification number is prefixed with 'X'), to accept you must either:

- instruct your Controlling Participant to accept the Offer on your behalf; or
- complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it.

Issuer Sponsored Holding

If your Northern Energy Shares are in an Issuer Sponsored Holding (securityholder reference number is prefixed with 'I') or if at the time of your acceptance you are entitled to be (but are not yet) registered as the holder of your Northern Energy Shares, to accept you must complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it.

Participants

If you are an ASX Settlement Participant (typically, a Broker), the above does not apply. To accept the Offer you must initiate acceptance in accordance with the ASX Settlement Operating Rules.

To be effective your acceptance must be received by New Hope Bidco before the Offer closes.

Summary of the Offer

1. SUMMARY OF THE OFFER

The Bidder	New Hope is making the Offer through its wholly owned subsidiary, New Hope Bidco. New Hope is an ASX listed independent energy company which has open cut mines at Acland on the Darling Downs and at Rosewood near Ipswich. For more information about New Hope, please refer to section 2 of this Bidder's Statement.
The Offer	New Hope Bidco offers to acquire all of your Northern Energy Shares.
Offer Price	You are offered \$2.00 cash for each of your Northern Energy Shares. The Offer Price will not be increased.
Closing date	Unless withdrawn or extended the Offer is open until 7:00pm (Sydney time) on 13 October 2011.
Payment date	If you accept the Offer, New Hope Bidco will pay you for your Northern Energy Shares to which it acquires good title, on or before the date which is 10 Business Days after your valid acceptance is received. Full details on when you will be paid are set out in section 8.9 of this Bidder's Statement.
No conditions	The Offer is unconditional.
How to accept	CHESS Holdings You should read section 8.3 of this Bidder's Statement for full details on how to accept the Offer. If your Northern Energy Shares are in a CHESS Holding (holder identification number is prefixed with "X"), to accept you must either: • instruct your Controlling Participant (usually your Broker) to accept the Offer for you; or • complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it. Issuer Sponsored Holdings If your Northern Energy Shares are in an Issuer Sponsored Holding (securityholder reference number is prefixed with "I") or if at the time of your acceptance you are entitled to be (but are not yet) registered as the holder of your Northern Energy Shares, to accept you must complete, sign and return the enclosed Acceptance Form. Signed Acceptance Forms must be sent to: <i>Computershare Investor Services Pty Limited</i> <i>GPO Box 2115 Melbourne</i> <i>Victoria 8060 Australia</i> A business reply-paid envelope is enclosed for Australian shareholders. A self-addressed envelope is enclosed for overseas shareholders. To be effective your acceptance must be received by New Hope Bidco before the Offer closes.
No stamp duty	You will not pay any stamp duty on accepting the Offer.
Further information	For questions about your Northern Energy Shares, the Offer or how to accept the Offer please refer to the remainder of the Bidder's Statement. If you still need assistance, please call the Offer Information Line on: For Australian callers: 1800 838 609 For international callers: + 61 2 8256 3361

Information on New Hope and New Hope Bidco

2. INFORMATION ON NEW HOPE AND NEW HOPE BIDCO

2.1 New Hope Bidco and New Hope

New Hope is an ASX listed (ASX Code: NHC) independent energy company which has open cut mines at Acland on the Darling Downs, and at Rosewood near Ipswich. New Hope focuses on niche marketing of its thermal coal and exports around 80% of coal production to Asia Pacific markets including Japan, Taiwan and China with the remainder being consumed by customers in Chile and south-east Queensland.

New Hope also holds various exploration tenements in central Queensland and on the Darling Downs in southern Queensland and has voting power of 80.83% in Northern Energy at the date of this Bidder's Statement. New Hope's investments include a 100% shareholding in Queensland Bulk Handling, a common user coal export terminal at the Port of Brisbane, and significant land holdings around Ipswich and near its mining operations at Acland.

With its head office in Ipswich, New Hope manages each step in the coal chain of production, from exploring and mining the mineral, through to delivering it to customers.

New Hope Bidco is a wholly owned subsidiary of New Hope. New Hope (and therefore New Hope Bidco) are controlled by Washington H. Soul Pattinson and Company Limited.

2.2 Background to New Hope's Offer

Prior to making the Offer, New Hope received unsolicited approaches from Northern Energy Shareholders representing a significant number of the Northern Energy Shares not owned by New Hope Bidco. New Hope understood that these shareholders were seeking to exit their investment in Northern Energy at a price above the then prevailing market price, for reasons which include:

- (a) an illiquid market in Northern Energy Shares;
- (b) the prevailing market price of Northern Energy Shares being at a discount to the price offered under New Hope Bidco's previous takeover offer;
- (c) the perceived negative impact of anticipated capital raisings by Northern Energy on the market price of Northern Energy Shares; and
- (d) the likelihood of having their holding of Northern Energy Shares significantly diluted if they did not participate in any capital raisings by Northern Energy.

None of New Hope, New Hope Bidco or any associate of New Hope or New Hope Bidco has entered into any agreement, understanding or arrangement with any Northern Energy Shareholder in respect of their Northern Energy Shares, and no Northern Energy Shareholder is under any obligation to accept New Hope's Offer.

2.3 Rationale for the Offer

Through making the Offer, New Hope Bidco is seeking to acquire 100% of the shares in Northern Energy. Among other things, this would enable New Hope to:

- (a) procure the removal of Northern Energy from the official list of the ASX;
- (b) add value to Northern Energy through New Hope's technical expertise and its history and experience in mining operations;
- (c) where appropriate, integrate management operating systems and platforms, administrative procedures and reporting lines; and
- (d) implement available synergies and cost savings.

Information on New Hope and New Hope Bidco

2.4 Directors of New Hope Bidco

Robert Neale

Mr Neale has more than 40 years' experience in the mining and exploration industries covering coal, base metals, gold, synthetic fuels, bulk materials shipping, and power generation. He joined New Hope in 1996 as General Manager, and has been Chief Executive Officer of New Hope since 2005. He was appointed to the board of New Hope Bidco in February 2006 and New Hope in November 2008.

Mr Neale is also a director of Australian Coal Association, Bridgeport Energy Limited, Australian Coal Research Limited, Australian Coal Association Low Emissions Technologies Limited, Planet Gas Limited, WestSide Corporation Limited, Northern Energy Corporation Limited and Queensland Resources Council Limited.

Robert Millner

Mr Millner is the Chairman of New Hope's holding company, Washington H. Soul Pattinson and Company Limited. Mr Millner was appointed to the board of New Hope in 1995 and was appointed as Chairman in 1998. Mr Millner was appointed to the board of New Hope Bidco on 21 October 2010.

Mr Millner is also the Chairman of Brickworks Limited, Souls Private Equity Limited, Milton Corporation Limited and Northern Energy Corporation Limited as well as a director of TPG Telecom Limited and Australian Pharmaceutical Industries Limited.

Peter Robinson

Mr Robinson is an executive director of Washington H. Soul Pattinson and Company Limited. He commenced with Washington H. Soul Pattinson and Company Limited in 1978 and was appointed as a director in 1984. He was appointed to the board of New Hope in 1997. Mr Robinson was appointed to the board of New Hope Bidco on 21 October 2010.

Mr Robinson is also Chairman of Clover Corporation Limited and Australian Pharmaceutical Industries Limited and a director of Northern Energy Corporation Limited.

Kevin Standish

Mr Standish is the principal of Campbell Standish Partners solicitors.

Mr Standish was appointed to the board of New Hope Bidco in February 2006.

2.5 Directors of New Hope

The directors of New Hope are:

Robert Millner *(Non-Executive Chairman)*

Mr Millner's details are set out in section 2.4 of this Bidder's Statement.

Peter Robinson *(Non-Executive Director)*

Mr Robinson's details are set out in section 2.4 of this Bidder's Statement.

David Fairfull *(Non-Executive Director)*

Mr Fairfull has extensive experience in finance, investment and merchant banking. He was appointed to the board of New Hope in 1997.

Mr Fairfull is also Chairman of Drill Torque Limited, Shinewing Hall Chadwick National Association and Heritage Brands Limited. He is also a director of Washington H. Soul Pattinson and Company Limited, Souls Private Equity Limited and Northern Energy Corporation Limited.

Information on New Hope and New Hope Bidco

David Williamson *(Non-Executive Director)*

Mr Williamson has been registered as a Chartered Accountant for approximately 30 years and is a principal of his own firm, Williamson Chaseling Pty Ltd. He was appointed to the board of New Hope in 1999.

Mr Williamson is also a director of Australian Health & Nutrition Association Limited, Dart Energy Limited, Drill Torque Limited and Northern Energy Corporation Limited.

Bill Grant *(Non-Executive Director)*

Mr Grant has over 35 years experience in project management, corporate and fiscal governance, local government administration and strategic planning. He was the CEO of the South Bank Corporation in Brisbane from 1997 to 2005, and prior to that he was the General Manager of the Newcastle City Council from 1992 to 1997. He was appointed to the board of New Hope in 2006.

Mr Grant is also a director of Northern Energy Corporation Limited, Life Without Barriers, Brisbane Development Association, Brisbane Airport Corporation, Queensland Performing Arts Centre Trust and Williams Hall Chadwick Chartered Accountants and Business Advisors.

Robert Neale *(Managing Director and Chief Executive Officer)*

Mr Neale's details are set out in section 2.4 of this Bidder's Statement.

2.6 Common directors

Mr Neale, Mr Millner, Mr Robinson, Mr Fairfull, Mr Williamson and Mr Grant have advised the board of Northern Energy that, for the purposes of good corporate governance, they will absent themselves from any Northern Energy board discussions or voting in relation to the Offer.

Information on Northern Energy and Northern Energy Shares

3. INFORMATION ON NORTHERN ENERGY AND NORTHERN ENERGY SHARES

3.1 Disclaimer

The information in this section concerning Northern Energy has been prepared by New Hope Bidco using publicly available information, and information received by New Hope Bidco in its capacity as a shareholder of Northern Energy. This information has not been independently verified. Accordingly New Hope Bidco does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information, other than as required by the Corporations Act.

The information on Northern Energy should not be considered comprehensive. Further information relating to Northern Energy may be included in Northern Energy's target's statement which will be sent to you by Northern Energy.

3.2 Overview of Northern Energy and its principal activities

Northern Energy is an ASX-listed company (ASX Code: NEC) with coal exploration projects in Queensland and New South Wales, Australia.

Northern Energy has interests in a portfolio of coking and thermal coal projects being progressed towards development. These projects represent a diversified suite of geographically spread resource development opportunities involving various coal types and mining methods.

Northern Energy's current portfolio includes:

- (a) The Colton hard coking coal project near Maryborough, Queensland.
- (b) The Elimatta thermal coal project, located approximately 30km west of Wandoan, Queensland.
- (c) The Yamala thermal / pulverised coal injection coal project located between Emerald and Blackwater, Queensland.
- (d) The Ashford hard coking coal project, north of Inverell, New South Wales.

3.3 Publicly available information

Northern Energy is a company listed on ASX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and ASX Listing Rules. For information concerning the financial position and affairs of Northern Energy, you should refer to the information that has been disclosed by Northern Energy in accordance with these obligations.

Northern Energy's annual financial report for the financial year ended 30 June 2010 was given to the ASX on 24 September 2010.

A list of announcements made by Northern Energy to ASX between the lodgement of its annual financial report for the financial year ended 30 June 2010 and 29 August 2011 being the date of this Bidder's Statement, appears in Annexure A.

A copy of each of these announcements can be obtained from ASX. In addition copies of other major announcements by Northern Energy can be obtained from Northern Energy's website <http://www.northernenergy.com.au>.

3.4 Capital Structure of Northern Energy

According to documents lodged by Northern Energy with ASX as at the date this Bidder's Statement, the total number of securities in Northern Energy is 130,653,363 Northern Energy Shares.

Information on Northern Energy and Northern Energy Shares

3.5 Substantial Shareholders

Based on materials lodged with ASX and information available to New Hope Bidco as at the date of this Bidder's Statement, each of the following persons had the following substantial holdings in the issued ordinary share capital of Northern Energy:

Northern Energy Shareholder	Northern Energy Shares	% of issued ordinary share capital of Northern Energy
New Hope Bidco	105,612,760	80.83%
Xingang Resources (HK) Limited	16,315,000	12.49%

3.6 New Hope Bidco relevant interest in Northern Energy securities

The number of Northern Energy Shares that New Hope Bidco had a relevant interest in (as at the dates specified) is shown below:

	At date of this Bidder's Statement	At date first Offer is sent
Northern Energy Shares	105,612,760	105,612,760

3.7 New Hope Bidco's voting power in Northern Energy

New Hope Bidco's voting power in Northern Energy (as at the dates specified) is shown below:

	At date of this Bidder's Statement	At date first Offer is sent
Voting power in Northern Energy	80.83%	80.83%

3.8 Acquisition by New Hope Bidco of Northern Energy Shares during previous 4 months

During the period beginning 4 months before the date of the Offer and ending the day before that date, neither New Hope Bidco nor any associate of New Hope Bidco has provided, or agreed to provide, consideration for a Northern Energy Share.

3.9 Inducing benefits given by New Hope Bidco during previous 4 months

Except as set out in this Bidder's Statement, during the period beginning 4 months before the date of the Offer and ending the day before that date, neither New Hope Bidco nor any associate of New Hope Bidco, gave, or offered to give or agreed to give a benefit to another person that is not available under the Offer and was likely to induce the other person, or an associate of the other person, to:

- (a) accept an Offer; or
- (b) dispose of Northern Energy Shares.

New Hope Bidco's intentions

4. NEW HOPE BIDCO'S INTENTIONS

4.1 Overview

Set out in this section 4 of this Bidder's Statement are New Hope Bidco's intentions for Northern Energy. These intentions are based on the information concerning Northern Energy and the existing circumstances affecting the business of Northern Energy which is known to New Hope Bidco at the date of this Bidder's Statement. References to the intentions of New Hope Bidco include the intentions of New Hope, the controlling shareholder of New Hope Bidco and Washington H. Soul Pattinson and Company Limited, the controlling shareholder of New Hope.

New Hope Bidco does not currently have knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, taxation and financial implications of its current intentions. Consequently, final decisions on these matters have not been made.

4.2 Review

New Hope Bidco outlined in its bidder's statement for its previous takeover offer that it would conduct a review of Northern Energy's operations, assets, structure and employees following completion of that takeover. That review is ongoing. As such, statements set out in this section are statements of current intention only, which may change as new information becomes available or circumstances change. The statements in this section 4 of this Bidder's Statement should be read in this context.

4.3 Intentions upon acquiring 90% or more of Northern Energy Shares

New Hope Bidco's current intentions if it acquires 90% or more of the Northern Energy Shares, are set out below.

(a) Corporate matters

(i) Compulsory acquisition

- (A) **Follow-on compulsory acquisition** - If New Hope Bidco achieves a relevant interest in at least 90% of the Northern Energy Shares and acquires at least 75% (by number) of the Northern Energy Shares that it is offering to acquire under the Offer, New Hope Bidco currently intends to give notices to Northern Energy Shareholders to compulsorily acquire any outstanding Northern Energy Shares in accordance with section 661B of the Corporations Act.
- (B) **General compulsory acquisition** - If New Hope Bidco acquires at least 90% of the Northern Energy Shares but it acquires less than 75% (by number) of the Northern Energy Shares that it is offering to acquire under the Offer, New Hope Bidco currently intends to give notices to Northern Energy Shareholders to compulsorily acquire any outstanding Northern Energy Shares in accordance with section 664C of the Corporations Act.
- (C) **Compulsory buy out** - If it is required to do so under section 662A of the Corporations Act, New Hope Bidco intends to give notices to Northern Energy Shareholders offering to acquire their Northern Energy Shares in accordance with section 662B of the Corporations Act.

(ii) Directors

Following completion of the Offer, New Hope Bidco will remove the majority of Northern Energy's directors, consistent with Northern Energy becoming a wholly owned subsidiary of New Hope.

New Hope Bidco's intentions

(iii) **ASX listing**

New Hope Bidco will procure the removal of Northern Energy from the official list of the ASX.

(iv) **Employees**

As outlined in section 4.2 of this Bidder's Statement, New Hope is conducting a review of information available to it in relation to Northern Energy's operations, assets, structure, strategy and employees. New Hope Bidco does not currently foresee any change to employee roles or responsibilities in Northern Energy.

(b) **Operational matters**

New Hope Bidco's review described in section 4.2 of this Bidder's Statement is focusing on, and has objectives of:

- (i) Identifying areas where the New Hope Group can add value to Northern Energy through its technical expertise and its history and experience in mining operations.
- (ii) Integrating management operating systems and platforms, administrative procedures, systems and reporting lines.
- (iii) Reviewing management, employees and operations to establish whether there is a need to continue to operate from two head office locations.
- (iv) Identifying potential synergies and cost savings, including rent, professional advisory fees and other synergistic operational costs.
- (v) Reviewing Northern Energy's current financing arrangements and future funding requirements to determine the optimal capital structure for Northern Energy going forward. Northern Energy's need for additional capital, either in the form of debt or equity will be assessed, including the New Hope Group's ability to provide Northern Energy with such capital.
- (vi) Reviewing Northern Energy's asset portfolio and other business interests (eg rail, port and other tenures) with the view to adding value/expediting development opportunities.
- (vii) Reviewing external commercial relationships with service providers (eg rail, port) and customers' commitment. Where possible, it is the current intention of New Hope Bidco to leave all significant sales contracts in place.

New Hope will, to the extent it is able, procure that Northern Energy's board implements these objectives.

4.4 Intentions upon acquiring more than 80.83% but less than 90% of Northern Energy Shares

If, following the close of the Offer, Northern Energy is still a controlled entity, but not a wholly owned subsidiary, of New Hope Bidco, New Hope Bidco's current intentions are set out below.

(a) **Corporate matters**

(i) **ASX listing**

If there is a limited number or spread of Northern Energy Shareholders remaining at the end of the Offer Period, New Hope Bidco may seek to procure the removal of Northern Energy from the official list of the ASX.

(ii) **Dividend policy**

New Hope Bidco, through its nominees on the board of Northern Energy, will continue to monitor and influence the dividend policy of Northern Energy having regard to any capital funding and ongoing operational requirements of Northern Energy along with the appropriateness of paying dividends to shareholders.

New Hope Bidco's intentions

(iii) **Directors**

New Hope Bidco's current intention is to maintain the existing Northern Energy board composition.

(iv) **Employees**

As outlined in section 4.2 of this Bidder's Statement, New Hope is conducting a review of information made available to it in relation to Northern Energy's operations, assets, structure, strategy and employees. New Hope Bidco does not currently foresee any change to employee roles or responsibilities in Northern Energy.

(b) **Operational matters**

If, following the close of the Offer, Northern Energy continues to be a controlled entity (but not a wholly owned subsidiary) of New Hope Bidco, it is the current intention of New Hope Bidco to attempt to procure that Northern Energy's board implements the objectives and intentions outlined in section 4.3 to the extent practical and possible.

(c) **Capital raisings**

Northern Energy has stated⁴ that:

- (i) it has future funding requirements of \$664 million;
- (ii) approximately \$240 million of that amount will be required within the next 12 months; and
- (iii) Northern Energy's current cash and cash equivalents total approximately \$4 million.

Accordingly, New Hope Bidco considers that Northern Energy will be required to raise capital in the near term. Subject to compliance with all applicable laws and regulations, some or all of this further capital may be raised through equity (or other security) offerings. Subject to the terms of such offerings, New Hope Bidco's current intention is that it would seek to participate in them.

(d) **Limitations on intentions**

The extent to which New Hope Bidco will be able to implement these intentions will be subject to:

- (i) the law and the ASX Listing Rules, in particular in relation to related party transactions and conflicts of interests;
- (ii) the legal obligation of the directors of Northern Energy to act for proper purposes and in the best interests of Northern Energy Shareholders as a whole; and
- (iii) the terms of Northern Energy's existing contractual arrangements.

Any transactions between members of the New Hope Group and Northern Energy required to implement the steps outlined above, will be entered into on arm's length terms. The approval of other Northern Energy Shareholders for such transactions will be sought as required by law.

(e) **Other intentions**

Subject to the above, it is the current intention of New Hope Bidco, on the basis of the information concerning Northern Energy which is known to it and the existing circumstances affecting the business of Northern Energy, that:

- (i) the business strategy of Northern Energy will otherwise be continued in substantially the same manner as it is presently being conducted; and
- (ii) there will not be any other redeployment of the fixed assets of Northern Energy.

⁴ Northern Energy's Quarterly Activities Report announcement dated 25 August 2011

Sources of cash consideration

5. SOURCES OF CASH CONSIDERATION

5.1 Amount payable

The maximum amount of cash payable under the Offer, assuming that New Hope Bidco acquires all of the Northern Energy Shares in which it (or its associates) do not have a relevant interest, is \$50,081,206.

5.2 Source of funds

New Hope Bidco will fund the cash payable under the Offer using cash provided to it by New Hope. New Hope has irrevocably and unconditionally undertaken to advance to New Hope Bidco via an intercompany loan such amounts as are required to satisfy New Hope Bidco's obligations under the Offer together with amounts required to cover all transaction costs associated with the Offer on the following terms:

- (a) The funding arrangement is non-interest bearing.
- (b) The funds are repayable on demand by New Hope, but no demand for repayment may be made while New Hope Bidco has an outstanding obligation to make payments under the Offer.
- (c) Funds are available to New Hope Bidco at any time and the right of New Hope Bidco to source funds from New Hope is not subject to any conditions precedent.

5.3 New Hope's cash reserves

The funds to be provided by New Hope to New Hope Bidco under the arrangements described in section 5.2 will be sourced from New Hope's existing cash reserves. At the date of this Bidder's Statement, New Hope has cash reserves in excess of \$1.5 billion on interest bearing deposit with several investment grade financial institutions which is available to fund the cash payable by New Hope Bidco under the Offer. The funds that New Hope will make available to New Hope Bidco to satisfy its obligations to pay the Offer consideration are not required for other operations or commitments of New Hope Group and are available to New Hope Bidco under the arrangements described in section 5.2.

5.4 Sufficiency of funding

Having regard to the matters set out in this section 5 of this Bidder's Statement, New Hope Bidco is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will be able to pay the consideration required for the acquisition of the Northern Energy Shares pursuant to the Offer to satisfy its obligations under the Offer. The Offer is not subject to any financing conditions.

Taxation considerations

6. TAXATION CONSIDERATIONS

6.1 Australian tax implications for Northern Energy Shareholders

The following is a general description of the Australian income tax, GST and stamp duty consequences for Northern Energy Shareholders on disposing of their Northern Energy Shares, in return for cash.

The information is based upon taxation law and practice in effect at the date of this Bidder's Statement. It is not intended to be an authoritative or comprehensive analysis of the taxation laws of Australia. The summary does not consider any specific facts or circumstances that may apply to particular shareholders. Further, it does not deal with the taxation consequences of disposing of shares issued under an employee share scheme (including shares issued as a result of exercising options issued under an employee share scheme), which may be subject to specific tax provisions.

You are advised to seek independent professional advice regarding the Australian tax consequences of disposing of your Northern Energy Shares according to your own particular circumstances.

The Australian tax consequences of disposing of your Northern Energy Shares will depend on a number of factors including:

- Whether you are an Australian resident or non resident for tax purposes.
- Whether you hold your Northern Energy Shares on revenue account or as trading stock.
- When you acquired your Northern Energy Shares for tax purposes.
- Whether you are an individual, a company or a trustee of a complying superannuation entity.

6.2 Shareholders who are Australian residents for tax purposes

(a) Capital gains and losses

The disposal of your Northern Energy Shares pursuant to acceptance of the Offer or the compulsory acquisition of your Northern Energy Shares may constitute a capital gains tax (**CGT**) event for CGT purposes. The CGT event is taken to happen when you accept the Offer or otherwise when your Northern Energy Shares are acquired by New Hope Bidco pursuant to a compulsory acquisition.

The CGT implications of a disposal of your Northern Energy Shares will depend upon a number of factors, including:

- The date your Northern Energy Shares were acquired for CGT purposes.
- Your taxpayer status (for example, if you hold your Northern Energy Shares as trading stock or as a revenue asset, any capital gain or loss you make from disposing of your Northern Energy Shares may be disregarded or reduced – see section 6.2(b) and 6.2(c) below).
- The length of time you have held your Northern Energy Shares.

A capital gain or loss will arise depending on the difference between:

- the value of the capital proceeds (the cash received); and
- the cost base of the Northern Energy Shares (which would generally include non-deductible expenditure such as the amount paid to acquire the shares plus any incidental costs of acquisition, eg brokerage fees and stamp duty).

If you are an individual, trustee of a trust or a complying superannuation entity and you have held your Northern Energy Shares for at least 12 months, the CGT discount provisions may apply so that any capital gain you make is, after offsetting any capital losses or prior year net capital

Taxation considerations

losses, reduced by one-half if you are an individual or trustee of a trust or by one-third if you are a complying superannuation entity.

If you are the trustee of a trust, the discount capital gains provisions may also apply to a distribution of the capital gain to beneficiaries in the trust (other than beneficiaries that are companies). You should seek advice from your professional tax adviser in this regard.

Note that the discount capital gain provisions do not apply to shareholders and trust beneficiaries that are companies.

If you acquired your Northern Energy Shares before 11.45 am (Australian Capital Territory time) on 21 September 1999, you may choose to index the cost base of your Northern Energy Shares for inflation instead of applying the CGT discount. However, the cost base can only be indexed for inflation up to 30 September 1999 (which would only be of any practical effect if the shares were acquired prior to 1 July 1999).

The "choice" to apply indexation rather than the CGT discount provisions must be made by you on or before the day you lodge your income tax return for the income year in which the disposal occurs. The manner in which you complete your income tax return is generally sufficient evidence of your making of a choice.

A capital loss may be used to offset capital gains derived in the same or subsequent years of income (subject to satisfying certain conditions) but cannot be offset against ordinary income, nor carried back to offset net capital gains arising in earlier income years.

A capital gain or capital loss may be reduced or disregarded if your Northern Energy Shares are held as trading stock or revenue account (see below).

(b) **Disposal of shares held as trading stock**

If you hold your Northern Energy Shares as trading stock (eg, as a share trader) you will be required to include the value of the consideration from the disposal of your Northern Energy Shares (i.e. the cash received) in your assessable income for the income year in which your Northern Energy Shares are transferred to New Hope Bidco.

Any corresponding capital gain or capital loss you make should be disregarded.

(c) **Disposal of shares held on revenue account**

If you hold your Northern Energy Shares on revenue account (eg, you acquired your Northern Energy Shares for the main purpose of reselling them at a profit) then you will be required to treat any profit or loss arising on the disposal of your Northern Energy Shares as either assessable income or an allowable deduction.

The recognition of any profit or loss may also be affected if Division 230 of the Tax Act applies to you (see section 6.4 below).

Generally, any corresponding capital gain should be reduced by any revenue gain and you should not make a capital loss to the extent you make a revenue loss.

6.3 Shareholders who are not Australian residents for tax purposes

(a) **Capital gains and losses**

If you are not a resident of Australia for tax purposes any capital gain or capital loss you make on the disposal of your Northern Energy Shares should be disregarded unless:

- (i) both of these conditions apply to you:
 - you (and your associates) owned at least 10% of Northern Energy either at the time

Taxation considerations

- you sold your Northern Energy Shares or throughout a 12 month period during the 24 months before you sold your Northern Energy Shares; and
 - more than 50% of the aggregate market value of the assets owned by Northern Energy and its subsidiaries is represented by real property in Australia (including a lease of land in Australia) or mining, quarrying or prospecting rights in respect of minerals, petroleum or quarry materials are located in Australia, such as the mining and exploration tenements owned by Northern Energy)⁵; or
 - (ii) you used your Northern Energy Shares at any time in carrying on a business in Australia through a permanent establishment in Australia.
- (b) **Disposal of shares held as trading stock or on revenue account**
- If you are not a resident of Australia for tax purposes and your Northern Energy Shares were acquired as trading stock or otherwise on revenue account you should seek your own professional advice. The Australian tax treatment will depend on the source of any gain and whether a double tax agreement exists between your country of residence and Australia.

6.4 Taxation of financial arrangements (TOFA)

Division 230 of the Tax Act applies to tax gains and losses (including foreign exchange gains and losses) arising from certain "financial arrangements" on revenue account and in some cases on a compounding accruals basis. Very broadly, gains and losses from your Northern Energy Shares would generally only be taxed under Division 230 of the Tax Act if Division 230 applies to you, you have made certain elections and in your financial reports you are required by relevant accounting principles to classify or designate your Northern Energy Shares as at fair value through profit and loss.

Division 230 of the Tax Act should not apply if you are an individual unless you make an election for it to apply. Division 230 of the Tax Act may also not apply if you are another kind of entity, which is considered small unless you make an election for it to apply. As the application of Division 230 of the Tax Act is dependent on your facts and circumstances, you should obtain your own advice in relation to the potential applicability of Division 230 of the Tax Act.

6.5 GST

No Australian GST should be payable on the transfer of Northern Energy Shares in return for the Offer Price. GST may be payable by you on any brokerage or fees charged by your Controlling Participant or by any bank, custodian or other nominee who holds your shares for you, for carrying out your instructions and, depending on your circumstances, you may not be entitled to any input tax credit (or only a reduced input tax credit of 75%) for that GST.

6.6 Stamp duty

On the basis that Northern Energy is a listed company registered in Victoria, no marketable securities duty should be payable on the transfer of your Northern Energy Shares. New Hope Bidco has agreed to pay any stamp duty which may apply to the transfer of Northern Energy Shares to it.

⁵ (Note: New Hope Bidco considers that more than 50% of the aggregate market value of the assets owned by Northern Energy and its subsidiaries are in fact represented by real property in Australia).

Other material information

7. OTHER MATERIAL INFORMATION

7.1 Compulsory acquisition of Northern Energy Shares

See section 4.3 of this Bidder's Statement for a description of New Hope Bidco's intentions regarding the exercise of compulsory acquisition powers under the Corporations Act.

(a) **Compulsory acquisition - follow-on power**

If New Hope Bidco and its associates acquire 75% or more of the Northern Energy Shares to which the Offer relates (whether through acceptances under the Offer or otherwise), and have relevant interests in at least 90% (by number) of the Northern Energy Shares at the end of the Offer Period, New Hope Bidco will be entitled to compulsorily acquire the remaining Northern Energy Shares under Division 1 of Part 6A.1 of the Corporations Act.

In order to compulsorily acquire Northern Energy Shares New Hope Bidco must prepare and issue a notice in the form prescribed by the Corporations Act. New Hope Bidco would be required to acquire such Northern Energy Shares on the terms of the Offer.

A Northern Energy Shareholder whose Northern Energy Shares are the subject of a compulsory acquisition notice under Part 6A.1 of the Corporations Act may apply for a court order that their Northern Energy Shares not be compulsorily acquired. If a court is satisfied that the consideration does not represent fair value for the Northern Energy Shares, the court may make this order.

(b) **Compulsory acquisition – general power**

If New Hope Bidco does not compulsorily acquire any outstanding Northern Energy Shares under Division 1 of Part 6A.1 of the Corporations Act, it may nevertheless become entitled to exercise general compulsory acquisition powers under Division 1 of Part 6A.2 of the Corporations Act if it becomes a 90% holder in respect of Northern Energy Shares.

New Hope Bidco will become a 90% holder in respect of Northern Energy Shares, if it holds, either alone or with a related body corporate, full beneficial interests in at least 90% of the Northern Energy Shares (by number).

If New Hope Bidco elects to compulsorily acquire outstanding Northern Energy Shares under Part 6A.2 of the Corporations Act, it must send to each Northern Energy Shareholder a notice in the form required by the Corporations Act. A Northern Energy Shareholder may object to compulsory acquisition of their Northern Energy Shares. If Northern Energy Shareholders who hold at least 10% of the outstanding Northern Energy Shares validly object to compulsory acquisition New Hope Bidco may only proceed with the acquisition if it applies to the court for approval. The court must grant such approval if New Hope Bidco can show that the terms set out in the compulsory acquisition notice give fair value for the Northern Energy Shares.

Pursuant to the Corporations Act New Hope Bidco must bear the legal costs of any Northern Energy Shareholder who resists the compulsory acquisition in such court proceedings. This applies unless the court is satisfied that the Northern Energy Shareholder acted improperly, vexatiously or otherwise unreasonably.

7.2 Loan from New Hope to Northern Energy

On 25 August 2011, New Hope entered into a loan agreement with Northern Energy pursuant to which New Hope agreed to provide Northern Energy a loan of up to \$20 million. The maximum term of the loan is 12 months and interest is payable on any amounts borrowed at a rate of 3.4% above the 180 day bank bill swap rate per annum. The loan is repayable by Northern Energy out of any funds raised as a result of an equity raising by Northern Energy.

Other material information

7.3 Consents

This Bidder's Statement includes or is accompanied by statements which are made in or based on statements made in documents lodged with ASIC or on the company announcement platform of ASX. Under the terms of ASIC class order 01/1543, the parties making those statements are not required to consent to, and have not consented to, those statements being included in this Bidder's Statement. If you would like to receive a copy of any of these documents please contact the Offer Information Line on 1800 838 609 (from within Australia) or + 61 2 8256 3361 (if calling from outside Australia) and you will be sent copies free of charge.

Pitt Capital Partners has acted as financial adviser to, Blake Dawson has acted as legal adviser to, Investec Securities (Australia) Pty Ltd has acted as sole broker for and Computershare Investor Services has acted as share registrar for, New Hope Bidco in relation to the Offer.

Each of Washington H. Soul Pattinson and Company Limited, Pitt Capital Partners, Blake Dawson, Investec Securities (Australia) Pty Ltd and Computershare Investor Services has consented to be named in this Bidder's Statement in the form and context in which it is named and has not withdrawn its consent as at the date of this Bidder's Statement, but should not be regarded as having caused or authorised the issue of this Bidder's Statement or any statements made in it or to have been in any way involved in the making of the Offer. To the maximum extent permitted by law, each of Pitt Capital Partners, Blake Dawson, Investec Securities (Australia) Pty Ltd and Computershare Investor Services disclaims and takes no responsibility for this Bidder's Statement (other than references to its respective name) or any part of any statements in or omissions from this Bidder's Statement.

New Hope has consented to be named in this Bidder's Statement in the form and context in which it is named and has not withdrawn its consent as at the date of this Bidder's Statement.

7.4 On-market acquisitions

New Hope Bidco reserves the right, for the purposes of ASIC/ASX Market Integrity Rule 6.2.1 and subject to the requirements of the Corporations Act, to acquire Northern Energy Shares on-market at prices at or below the Offer Price during normal trading on the ASX. These purchases will be disclosed to ASX in substantial shareholder notices which New Hope Bidco is required to lodge pursuant to Part 6C.1 of the Corporations Act.

Northern Energy Shareholders who sell their Northern Energy Shares on ASX will receive payment on a T+3 basis (being three Trading Days after the date of the transaction). Northern Energy Shareholders who sell their Northern Energy Shares on ASX cannot subsequently accept the Offer in respect of Northern Energy Shares sold on ASX. Additionally, Northern Energy Shareholders who sell their Northern Energy Shares on ASX may incur brokerage charges which they would not incur if they accepted the Offer.

7.5 Independent Expert's Report

Under section 640 of the Corporations Act, if a bidder's voting power in the target is 30% or more, or a director of the bidder is also a director of the target, the target's statement must include or be accompanied by a report by an expert that states whether, in the expert's opinion, the takeover offers are fair and reasonable and gives reasons for forming that opinion.

As at the date of this Bidder's Statement, New Hope Bidco, has more than 30% of the voting power in Northern Energy (and several shared directors). Accordingly, the directors of Northern Energy will be required to commission an independent expert's report in relation to the Offer under section 640 of the Corporations Act.

Other material information

7.6 Modifications to and exemptions from the Corporations Act

New Hope Bidco has not obtained from ASIC any modifications of, or exemptions from, the Corporations Act in relation to the Offer. However, ASIC has published various instruments providing for modifications and exemptions that apply generally to all persons, including New Hope Bidco.

7.7 No other material information

Except as set out in this Bidder's Statement, there is no information material to the making of a decision by a Northern Energy Shareholder whether or not to accept the Offer, being information that is known to New Hope Bidco and has not previously been disclosed to the holders of Northern Energy Shares.

The Offer terms

8. THE OFFER TERMS

8.1 The Offer

Offer for your Northern Energy Shares

New Hope Bidco offers to acquire all of your Northern Energy Shares on the terms set out in this Offer.

Offer includes Rights

If New Hope Bidco acquires your Northern Energy Shares under this Offer, New Hope Bidco is also entitled to any Rights attached to those Northern Energy Shares.

Consideration

New Hope Bidco offers \$2.00 cash for each of your Northern Energy Shares.

8.2 Offer Period

Unless withdrawn or extended under section 8 of this Bidder's Statement, this Offer is open during the period that begins on the date of this Offer, being **29 August 2011**, and ends at 7:00pm (Sydney time) on **13 October 2011**.

In accordance with section 650C of the Corporations Act, New Hope Bidco may extend The Offer Period at any time before the end of The Offer Period.

If, within the last 7 days of the Offer Period, any of the following occurs section 624(2) of the Corporations Act will apply to extend the Offer Period so that it ends 14 days after that event:

- (a) New Hope Bidco varies the Offer to improve the consideration offered; or
- (b) the consideration is taken to be increased under section 651A(2) of the Corporations Act because New Hope Bidco purchases Northern Energy Shares outside the Takeover Bid for a cash price higher than the consideration offered.

8.3 How to accept this Offer

Sections 8.3(b) and 8.3(c) of this Bidder's Statement refer, among other things, to the different Acceptance Forms for use to accept this Offer depending on the nature of the Northern Energy shareholding. You will only be sent one type of Acceptance Form with this Bidder's Statement, which will be the Acceptance Form to be used in relation to your Northern Energy Shares.

(a) Accept for all your Northern Energy Shares

You can only accept this Offer during the Offer Period and for all your Northern Energy Shares. You will be taken to have accepted the Offer for all your Northern Energy Shares plus any additional Northern Energy Shares held by you at the date your acceptance is processed (despite any difference between that number and the number of Northern Energy Shares specified on your Acceptance Form when you accept this Offer).

(b) CHESS Holdings

If your Northern Energy Shares are in a CHESS Holding (in which case your holder identification number is prefixed with 'X'), to accept this Offer you must either:

- (i) **complete and sign** the Acceptance Form in accordance with the instructions on it. Once completed and signed, you need to **return** the Acceptance Form together with all other documents required by the instructions on it to the address specified on the form. This will authorise New Hope Bidco to instruct your Controlling Participant (usually your Broker) to

The Offer terms

initiate acceptance of this Offer on your behalf. For return of the Acceptance Form to be an effective acceptance of the Offer, you must ensure it is received by New Hope Bidco in time to give instructions to your Controlling Participant, and for your Controlling Participant to carry out those instructions, before the end of the Offer Period; or

- (ii) **instruct** your Controlling Participant (usually your Broker) to initiate acceptance of this Offer under rule 14.14 of the ASX Settlement Operating Rules, so as to be effective before the end of the Offer Period.

If you are an ASX Settlement Participant, you must yourself initiate acceptance under rule 14.14 of the ASX Settlement Operating Rules so as to be effective before the end of the Offer Period.

(c) **Issuer Sponsored Holdings and other holdings**

If your Northern Energy Shares are held on Northern Energy's issuer sponsored subregister (in which case your securityholder reference number is prefixed with 'I'), or if at the time of your acceptance you are entitled to be (but are not yet) registered as the holder of, or are otherwise able to give good title to, your Northern Energy Shares, to accept this Offer you must:

- (i) **complete and sign** the Acceptance Form in accordance with the instructions on it; and
- (ii) **return** the Acceptance Form together with all other documents required by the instructions on it to one of the addresses specified on the form in the addressed envelope provided so that they are received before the end of the Offer Period.

8.4 Foreign Laws

This Offer is not registered in any jurisdiction outside Australia (unless an applicable Foreign Law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any Foreign Law applicable to you to accept this Offer.

8.5 Effect of Acceptance Form

By signing and returning the Acceptance Form in accordance with section 8.3(b) or section 8.3(c) of this Bidder's Statement as applicable, you:

- (a) will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw your Northern Energy Shares from the Offer or otherwise dispose of your Northern Energy Shares;
- (b) authorise New Hope Bidco and each of its officers and agents to correct any errors in, or omissions from, the Acceptance Form necessary to:
 - (i) make it an effective acceptance of this Offer for your Northern Energy Shares which are not in a CHESS Holding; and
 - (ii) enable the transfer of your Northern Energy Shares to New Hope Bidco; and
- (c) if any of your Northern Energy Shares are in a CHESS Holding, authorise New Hope Bidco and each of its officers and agents to:
 - (i) instruct your Controlling Participant to effect your acceptance of this Offer for those Northern Energy Shares under rule 14.14 of the ASX Settlement Operating Rules; and
 - (ii) give to your Controlling Participant on your behalf any other instructions in relation to those Northern Energy Shares which are contemplated by the sponsorship agreement between you and your Controlling Participant and are necessary or appropriate to facilitate your acceptance of this Offer.

The Offer terms

8.6 Your agreement

By carrying out the instructions in section 8.3 of this Bidder's Statement on how to accept this Offer:

- (a) you accept this Offer in respect of all your Northern Energy Shares registered as held by you at the date your acceptance is processed despite any difference between that number and the number of Northern Energy Shares specified in the Acceptance Form;
- (b) you represent and warrant to New Hope Bidco that all your Northern Energy Shares will at the time of your acceptance of this Offer and of transfer to New Hope Bidco be fully paid up and that New Hope Bidco will acquire good title to and beneficial ownership of them free from Encumbrances;
- (c) you transfer, or consent to the transfer in accordance with the ASX Settlement Operating Rules of, your Northern Energy Shares to New Hope Bidco subject to the conditions of the constitution of Northern Energy on which they were held immediately before your acceptance of this Offer (and New Hope Bidco agrees to take those Northern Energy Shares subject to those conditions);
- (d) even though New Hope Bidco has not yet paid or provided the consideration to you, you irrevocably appoint New Hope Bidco and each director of, and any nominee of, New Hope Bidco as your attorney to:
 - (i) attend and vote in respect of your Northern Energy Shares at all general and class meetings of Northern Energy; and
 - (ii) execute all forms, notices, documents (including a document appointing a director of New Hope Bidco as a proxy for any of your Northern Energy Shares) and resolutions relating to your Northern Energy Shares and generally to exercise all powers and rights which you have as the registered holder of your Northern Energy Shares;
- (e) you agree that in exercising the powers conferred by the power of attorney in section 8.6(d) of this Bidder's Statement, New Hope Bidco and each of its directors and its nominee is entitled to act in the interest of New Hope Bidco;
- (f) even though New Hope Bidco has not yet paid or provided the consideration to you, you agree not to attend or vote in person at any general meeting of Northern Energy or to exercise, or to purport to exercise, (in person, by proxy or otherwise) any of the powers conferred on New Hope Bidco, a director of, and any nominee of New Hope Bidco by section 8.6(d) of this Bidder's Statement;
- (g) even though New Hope Bidco has not yet paid or provided the consideration to you, you authorise New Hope Bidco to transmit a message to ASX Settlement in accordance with rule 14.17.1 of the ASX Settlement Operating Rules so as to enter those of your Northern Energy Shares which are in a CHESS Holding into New Hope Bidco's Takeover Transferee Holding and to enter those of your Northern Energy Shares which are in an Issuer Sponsored Holding into New Hope Bidco's name;
- (h) you agree to indemnify New Hope Bidco and each of its agents in respect of any claim or action against it or any loss, damage or liability incurred by it as a result of you not producing your holder identification number or securityholder reference number or in consequence of the transfer of your Northern Energy Shares being registered by Northern Energy without production of your holder identification number or securityholder reference number; and
- (i) you irrevocably authorise and direct Northern Energy (on receipt of a written request from New Hope Bidco) to pay to New Hope Bidco or to account to New Hope Bidco for all Rights. This is subject to any such Rights received by New Hope Bidco being accounted for by New Hope Bidco to you, in the event that this Offer is withdrawn or avoided.

The Offer terms

8.7 Powers of attorney

If the Acceptance Form is signed under power of attorney, the attorney declares that the attorney has no notice of revocation of the power and is empowered to delegate powers under the power of attorney under section 8.5 and paragraphs (d) and (g) of section 8.6 of this Bidder's Statement.

8.8 Validation of otherwise ineffective acceptances

Except for Northern Energy Shares in a CHESS Holding, New Hope Bidco may treat the receipt by it of a signed Acceptance Form as a valid acceptance of this Offer even though it does not receive the other documents required by the instructions on the Acceptance Form or there is not compliance with any one or more of the other requirements for acceptance. If New Hope Bidco does treat such an Acceptance Form as valid, subject to section 8.9 of this Bidder's Statement, New Hope Bidco will not be obliged to give the consideration to you until New Hope Bidco receives all those documents and all of the requirements for acceptance referred to in section 8.3 of this Bidder's Statement and in the Acceptance Form have been met.

8.9 Payment of consideration

(a) When will New Hope Bidco pay you?

Subject to this section 8.9 of this Bidder's Statement and the Corporations Act, if you accept this Offer New Hope Bidco will pay you the consideration for your Northern Energy Shares to which New Hope Bidco acquires good title, on or before the date which is 10 Business Days after your valid acceptance is received.

(b) Acceptance Form requires additional documents

Where documents are required to be given to New Hope Bidco with your acceptance to enable New Hope Bidco to become the holder of your Northern Energy Shares (such as a power of attorney):

- (i) if the documents are given with your acceptance, New Hope Bidco will pay you in accordance with section 8.9(a) of this Bidder's Statement;
- (ii) if the documents are given after your acceptance and before the end of the Offer Period, New Hope Bidco will pay you the consideration for your Northern Energy Shares to which New Hope Bidco acquires good title, on or before the date which is 10 Business Days after New Hope Bidco is given the documents; and
- (iii) if the documents are given after your acceptance and after the end of the Offer Period, New Hope Bidco will pay you the consideration for your Northern Energy Shares to which New Hope Bidco acquires good title, on or before the date which is 10 Business Days after New Hope Bidco is given the documents.

(c) Delivery of consideration

Subject to the Corporations Act, New Hope Bidco will send a cheque in Australian dollars drawn on an Australian bank for the cash payment due to you at your risk by pre-paid ordinary mail, or in the case of an address outside Australia by airmail, to the address shown in the register supplied and updated from time to time by Northern Energy.

8.10 Return of documents

If any contract arising from this Offer is rescinded by New Hope Bidco on the grounds of a breach of a condition of that contract, New Hope Bidco will, at its election, either return by post to you at the address shown on the Acceptance Form any Acceptance Form and any other documents sent with it by you, or destroy those documents and notify the ASX of this.

The Offer terms

8.11 Rights

If New Hope Bidco becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give to New Hope Bidco all documents necessary to vest title to those Rights in New Hope Bidco. If you do not give those documents to New Hope Bidco, or if you have received or are entitled to receive (or any previous holder of your Northern Energy Shares has received or is entitled to receive) the benefit of those Rights, New Hope Bidco may deduct the amount (or value as reasonably assessed by New Hope Bidco) of such Rights (including the value of any franking credit) from any consideration otherwise payable to you. If New Hope Bidco does not, or cannot, make such a deduction, you must pay that amount to New Hope Bidco.

8.12 Clearances for non-Australian residents and others

If at the time you accept this Offer or at the time the consideration is provided under it:

- (a) any authority or clearance of the Reserve Bank of Australia or the Australian Tax Office is required for you to receive any consideration under this Offer; or
- (b) you are resident in or a resident of a place to which, or you are a person to whom any of the following applies:
 - (i) the *Banking (Foreign Exchange) Regulations 1959* (Cth);
 - (ii) the *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth); or
 - (iii) any other law of Australia or elsewhere that would make it unlawful for New Hope Bidco to provide consideration for your Northern Energy Shares,

then your acceptance of this Offer does not create or transfer to you any right (contractual or contingent) to receive the consideration specified in this Offer unless and until you obtain all requisite authorities or clearances.

8.13 Costs and stamp duty

- (a) New Hope Bidco will pay all costs and expenses of the preparation and circulation of the Offer and any stamp duty payable on the transfer of any Northern Energy Shares to New Hope Bidco.
- (b) If your Northern Energy Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to New Hope Bidco you will not incur any brokerage fees in connection with your acceptance of this Offer.
- (c) If your Northern Energy Shares are in a CHESS Holding or you hold your Northern Energy Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually, your Broker) or the bank, custodian or other nominee whether it will charge any transaction fees or service charges connected with you accepting the Offer.

8.14 Offerees

(a) Registered holders

New Hope Bidco is making an offer in the form of this Offer to each holder of Northern Energy Shares registered in the register of members of Northern Energy at the Register Date.

(b) Transferees

This Offer extends to any person who is able during the Offer Period to give good title to a parcel of your Northern Energy Shares. That person may accept as if an Offer on terms identical to this Offer had been made to them for those Northern Energy Shares.

The Offer terms

(c) **Trustees and nominees**

If during the Offer Period and before you accept this Offer your Northern Energy Shares consist of 2 or more separate parcels within the meaning of section 653B of the Corporations Act (for example, because you are a trustee or nominee for several distinct beneficial owners), section 653B of the Corporations Act will apply so that:

- (i) New Hope Bidco is taken to have made a separate Offer to you for each separate parcel of Northern Energy Shares; and
- (ii) acceptance by you of the Offer for any distinct parcel of Northern Energy Shares is ineffective unless:
 - (A) you give New Hope Bidco notice in accordance with section 8.14(d) of this Bidder's Statement stating that your Northern Energy Shares consist of separate and distinct parcels; and
 - (B) your acceptance specifies the number of Northern Energy Shares in each separate and distinct parcel to which the acceptance relates.

(d) **Notices by Trustees and Nominees**

The notice required under section 8.14(c)(ii)(A) of this Bidder's Statement:

- (i) if it relates to Northern Energy Shares not in a CHESS Holding, must be in writing; or
- (ii) if it relates to Northern Energy Shares in a CHESS Holding, must be in an electronic form approved under the ASX Settlement Operating Rules for the purposes of Part 6.8 of the Corporations Act.

8.15 Variation and withdrawal of Offer

(a) **Variation**

New Hope Bidco may vary this Offer in accordance with the Corporations Act.

(b) **Withdrawal**

In accordance with section 652B of the Corporations Act, New Hope Bidco may withdraw this Offer with the written consent of ASIC and subject to the conditions (if any) which apply to that consent.

8.16 Governing law

This Offer and any contract resulting from acceptance of it are governed by the law in force in Queensland.

Definitions and interpretation

9. DEFINITIONS AND INTERPRETATION

9.1 Definitions

The following definitions apply in interpreting this Bidder's Statement and the Acceptance Form, except where the context makes it clear that a definition is not intended to apply:

Acceptance Form means the form of acceptance that accompanies this Bidder's Statement or, as the context permits, any additional, replacement, substitute or other acceptance form provided by or on behalf of New Hope Bidco in respect of the Offer.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 or, as the context requires, the financial market operated by it.

ASX Listing Rules means the official listing rules of ASX.

ASX Settlement means ASX Settlement Pty Ltd ABN 49 008 504 532.

ASX Settlement Operating Rules means the ASX Settlement Operating Rules made by ASX Settlement.

ASX Settlement Participant means a Participant under the ASX Settlement Operating Rules.

Bidder's Statement means this document, being the statement made by New Hope Bidco under Part 6.5 Division 2 of the Corporations Act relating to the Takeover Bid.

Broker means a person who is a share broker and participant in CHESS.

Business Day means any day which is each of the following:

- (a) a Business Day within the meaning of the ASX Listing Rules; and
- (b) a day on which banks are open for business excluding Saturdays, Sundays and public holidays in Sydney, New South Wales.

CGT means the provisions in relation to the taxation of net gains and losses found in parts 3-1 and 3-3 of the Tax Act and otherwise known as capital gains tax.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement, which provides for the electronic transfer, settlement and registration of securities.

CHESS Holding means a holding of shares on the CHESS Subregister of Northern Energy.

CHESS Subregister has the meaning set out in the ASX Settlement Operating Rules.

Computershare Investor Services means Computershare Investor Services Pty Limited ABN 48 078 279 277.

Controlling Participant means the Broker or ASX Settlement Participant who is designated as the controlling participant for shares in a CHESS Holding in accordance with the ASX Settlement Operating Rules.

Corporations Act means the Corporations Act 2001 (Cth) as modified by any relevant exemption or declaration by ASIC.

Encumbrance means:

- (a) a mortgage, charge, pledge, lien, hypothecation or a title retention arrangement;
- (b) a notice under section 255 of the Income Tax Assessment Act 1936 (Cth), subdivision 260 A in schedule 1 to the Taxation Administration Act 1953 (Cth) or any similar legislation;

Definitions and interpretation

- (c) any other interest in or right over property (including a right to set off or withhold payment of a deposit or other money);
- (d) any other thing that prevents, restricts or delays the exercise of a right over property, the use of property or the registration of an interest in or dealing with property; or
- (e) an agreement to create anything referred to above or to allow any of them to exist.

Foreign Law means a law of a jurisdiction other than an Australian jurisdiction.

GST has the same meaning as in A New Tax System (Goods and Services Tax) Act 1999 (Cth).

Issuer Sponsored Holding means a holding of Northern Energy Shares on Northern Energy's issuer sponsored subregister.

New Hope means New Hope Corporation Limited ABN 38 010 653 844.

New Hope Bidco means Arkdale Pty Ltd ABN 99 118 299 522, a wholly owned subsidiary of New Hope.

New Hope Group means New Hope and its Related Bodies Corporate.

Northern Energy means Northern Energy Corporation Limited ABN 90 081 244 395.

Northern Energy Shareholder means a holder of Northern Energy Shares.

Northern Energy Shares means fully paid ordinary shares in Northern Energy.

Offer or New Hope's Offer means the offer as set out in section 8 of this Bidder's Statement (or, if the context so requires, section 8 of this Bidder's Statement itself) and includes a reference to that offer as varied in accordance with the Corporations Act. Where the context requires it means the Offer and each other Offer made on the same terms.

Offer Period means the period referred to in section 8.2 of this Bidder's Statement.

Offer Price means \$2.00.

Register Date means the date set by New Hope Bidco under section 633(2) of the Corporations Act.

Related Bodies Corporate has the meaning given in the Corporations Act.

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from Northern Energy Shares directly or indirectly at or after the date of this Bidder's Statement, including, but not limited to, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared, paid or made by Northern Energy or any of its subsidiaries).

Takeover Bid means the takeover bid constituted by the Offer.

Takeover Transferee Holding means the CHESS Holding to which Northern Energy Shares are to be transferred after acceptance of the Offer.

Tax Act means the *Income Tax Assessment Act 1997*.

Trading Day has the meaning given in the ASX Listing Rules.

VWAP means the volume weighted average price.

your Northern Energy Shares means, subject to section 8.14 of this Bidder's Statement, the Northern Energy Shares:

- (a) of which you are registered or entitled to be registered as the holder in the register of members of Northern Energy at the Register Date; and
- (b) any other Northern Energy Shares, to which you are able to give good title at the time you accept this Offer during the Offer Period.

Definitions and interpretation

9.2 Interpretation

- (a) Words and phrases which are defined by the Corporations Act have the same meaning in this Bidder's Statement and the Acceptance Form and, if a special meaning is given for the purposes of Chapter 6 or 6A or a provision of Chapter 6 or 6A of the Corporations Act, have that special meaning.
- (b) Headings are for convenience only and do not affect interpretation.
- (c) The following rules also apply in interpreting this Bidder's Statement and the Acceptance Form, except where the context makes it clear that a rule is not intended to apply:
 - (i) a singular word includes the plural, and vice versa;
 - (ii) a word which suggests one gender includes the other genders;
 - (iii) if a word is defined, another part of speech has a corresponding meaning;
 - (iv) unless otherwise stated references in this Bidder's Statement to sections, paragraphs and sub-paragraphs are to sections, paragraphs and sub-paragraphs of this Bidder's Statement;
 - (v) a reference to a person includes a body corporate;
 - (vi) a reference to \$ is to the lawful currency in Australia unless otherwise stated; and
 - (vii) appendices to this Bidder's Statement form part of it.

Dated 29 August 2011

Signed on behalf of Arkdale Pty Ltd by Robert Dobson Millner who is authorised to sign by a resolution passed at a meeting of the directors of Arkdale Pty Ltd.



Director

Annexure A - ASX Announcements by Northern Energy

DATE	ANNOUNCEMENT
25/08/2011	Quarterly Cashflow Report
25/08/2011	Quarterly Activities Report
25/08/2011	Initial Director's Interest Notice
25/08/2011	Director Appointment
21/06/2011	Resignation of CEO
29/04/2011	Change of Quarterly Reporting Dates
21/04/2011	Change of Financial Year End and to Board Committees
21/04/2011	Quarterly Activities Report
21/04/2011	Quarterly Cashflow Report
18/04/2011	Director Resignation
24/03/2011	Distribution Schedule and Twenty Largest Holders
17/03/2011	Resignation of Alternate Director
15/03/2011	Half Year Accounts
10/03/2011	Change in substantial holding from NHC
9/03/2011	Change in substantial holding from NHC
7/03/2011	Change of Director's Interest Notice
7/03/2011	Change in substantial holding from NHC
3/03/2011	Change in substantial holding from NHC
2/03/2011	Appendix 3B
1/03/2011	Appendix 3B
28/02/2011	Appointment of Alternate Director and Appendix 3X
28/02/2011	Appendix 3Z - for Three Former Directors
28/02/2011	Appendix 3X - for Six New Directors
28/02/2011	Director Appointment/Resignation
28/02/2011	Change in substantial holding from NHC
28/02/2011	Ceasing to be a substantial holder
25/02/2011	NHC: Notice of Automatic Extension of Takeover Offer
25/02/2011	Appendix 3Ys for Five Directors
25/02/2011	NHC: Notice of Automatic Extension of Takeover Offer
25/02/2011	Change in substantial holding from NHC
25/02/2011	Becoming a substantial holder
25/02/2011	Ceasing to be a substantial holder
24/02/2011	Appendix 3B
24/02/2011	Ceasing to be a substantial holder
24/02/2011	NHC Change in substantial holding
24/02/2011	Ceasing to be a substantial holder
23/02/2011	Ceasing to be a substantial holder

Annexure A - ASX Announcements by Northern Energy

23/02/2011	Update on NEC Directors' Recommendation re NHC Offer
23/02/2011	Change in substantial holding from NHC
23/02/2011	Change in substantial holding
22/02/2011	Change in substantial holding
22/02/2011	Correction to Appendix 3X
22/02/2011	Appendix 3B
22/02/2011	NHC: Announcement regarding Takeover Offer
22/02/2011	NEC Directors' Recommendation on New Hope's Revised Offer
22/02/2011	Trading Halt
22/02/2011	Change in substantial holding
22/02/2011	Becoming a substantial holder
21/02/2011	NHC: Announcement regarding Takeover Offer
18/02/2011	Becoming a substantial holder
18/02/2011	Takeover Offer Update
17/02/2011	Notice under section 630(3)
11/02/2011	NEC Advises Shareholders to Take No Action re NHC Offer
11/02/2011	Change in substantial holding from NHC
10/02/2011	NHC: Fifth Supplementary Bidder's Statement
10/02/2011	NHC: Notices under sections 650D and 630(2)(b)
10/02/2011	NHC: Notice under section 650F
9/02/2011	Chairman's Letter to Shareholders re Revised Takeover Offer
2/02/2011	Becoming a substantial holder
2/02/2011	NEC Rejects Revised Offer From New Hope
31/01/2011	NEC Receives Revised Takeover Offer from NHC
31/01/2011	Quarterly Cashflow Report
31/01/2011	Quarterly Activities Report
31/01/2011	NHC: Fourth Supplementary Bidder's Statement
31/01/2011	NHC: Notices under sections 650D and 650F
20/01/2011	Supplementary Target's Statement
20/01/2011	Exploration Program Recommences at Colton Coal Mine Project
18/01/2011	Third Supplementary Bidder's Statement from NHC
18/01/2011	NEC Welcomes Takeovers Panel Decision
18/01/2011	TOV: Northern Energy Corporation Limited Panel Decision
30/12/2010	Trading Policy
16/12/2010	Letter to Shareholders - Update on Takeover Offer
13/12/2010	NHC: Notice of variation of T/O - extension of Offer Period
13/12/2010	Progress Update on Colton and Elimatta Projects
10/12/2010	TOV: Northern Energy Corporation Panel Receives Application

Annexure A - ASX Announcements by Northern Energy

9/12/2010	NHC: Second Supplementary Bidder's Statement
1/12/2010	New Hope Investor Presentation
26/11/2010	Appendix 3B
24/11/2010	Results of Meeting
24/11/2010	Managing Director Address to AGM
24/11/2010	Chairman's Address to Shareholders
23/11/2010	NHC: Initial Response to Northern Energy Target's Statement
23/11/2010	NEC Confirms Rejection of New Hope Offer
23/11/2010	Target's Statement
15/11/2010	Confidence Boost for Elimatta Project
9/11/2010	Notice re dispatch of New Hope Bidder's Statement
4/11/2010	Letter to Shareholders - Update on Takeover Offer
29/10/2010	Quarterly Cashflow Report
29/10/2010	Quarterly Activities Report
28/10/2010	CORRECTION Notice re takeover
28/10/2010	Directors' Statement re Takeover
28/10/2010	Investor Presentation
25/10/2010	New Hope Replacement Bidder's Statement
25/10/2010	New Hope Supplementary Bidder's Statement
22/10/2010	NEC Confirms Rejection of New Hopes Takeover Offer
22/10/2010	Becoming a substantial holder from NHC
22/10/2010	New Hope Bidder's Statement
21/10/2010	Annual Report to shareholders
21/10/2010	Notice of Annual General Meeting/Proxy Form
19/10/2010	Elimatta Project - Update on Surat Basin Rail Progress
15/10/2010	Letter to Shareholders re Rejection of New Hope Offer
14/10/2010	NEC Rejects Unsolicited Takeover Offer from New Hope
11/10/2010	Investor Update Presentation
11/10/2010	Colton Coking Coal Project - DSEWPC Environmental Clearance
8/10/2010	Unsolicited Takeover Offer From New Hope
8/10/2010	NHC: New Hope Offer to Acquire Northern Energy
8/10/2010	NHC: New Hope Offer to Acquire Northern Energy
8/10/2010	Notification of Takeover Approach
7/10/2010	Trading Halt
1/10/2010	Wiggins Island Milestone Underpins NEC Development Path



New Hope
Corporation Limited

Arkdale Pty Ltd

ABN 99 118 299 522

(a wholly owned subsidiary of

New Hope Corporation Limited ABN 38 010 653 844)

Computershare**Please return completed form to:**

Computershare Investor Services Pty Limited

GPO Box 2115 Melbourne

Victoria 3001 Australia

Enquiries (within Australia) 1800 838 609

(outside Australia) +61 2 8256 3361

A

000001

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SAM

MR JOHN SMITH 1

FLAT 123

123 SAMPLE STREET

THE SAMPLE HILL

SAMPLE ESTATE

SAMPLEVILLE VIC 3030

Holder Identification Number (HIN)

**X 1234567890****I N D**

Use a **black** pen.
Print in **CAPITAL** letters
inside the grey areas.

A B C**1 2 3**

For your security keep your SRN/HIN confidential.

Acceptance Form - CHESS Holding

This is a personalised form for the sole use of the holder and securityholding recorded below. It is an important document and requires your immediate attention. If you are in doubt about how to deal with it, please consult your financial or other professional adviser.

This form relates to an offer (New Hope's Offer) by Arkdale Pty Ltd (a wholly owned subsidiary of New Hope Corporation Limited) (New Hope Bidco) to acquire all of your Northern Energy Shares in Northern Energy Corporation Limited ABN 90 081 244 395 (Northern Energy) pursuant to a Bidder's Statement dated 29 August 2011 and any replacement or supplementary bidder's statements (the Bidder's Statement). Terms defined in the Bidder's Statement but not in this form have the same meaning as in the Bidder's Statement unless the context requires otherwise.

Use this form to accept New Hope's Offer for your Northern Energy Shares**B Consideration**

The consideration applicable is that set out in the terms of New Hope's Offer.
Please refer to the Bidder's Statement for further information.

C How to accept New Hope's Offer

You will be deemed to have accepted New Hope's Offer in respect of all your Northern Energy Shares if you sign and return this form (even if different from the number of Northern Energy Shares stated on this Acceptance Form).

As you hold your Northern Energy Shares in a CHESS Holding (see "subregister" above), to accept New Hope's Offer you can either:

- Instruct your Controlling Participant directly (normally your stockbroker) to accept New Hope's Offer on your behalf; or
- Authorise New Hope Bidco to contact your Controlling Participant on your behalf to relay your acceptance instructions, which you can do by signing and returning this form to the address shown overleaf. By signing and returning this form you will be deemed to have authorised New Hope Bidco to contact your Controlling Participant directly via the CHESS system.

D Contact details

Please provide your contact details in case we need to speak to you about this form.

Name of contact person

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Contact person's daytime telephone number

(			)																
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E Sign here - this section must be signed before we can process this form.

I/We accept New Hope's Offer in respect of all of the Northern Energy Shares I/we hold and I/we agree to be bound by the terms and conditions of New Hope's Offer (*including the instructions as to acceptance of New Hope's Offer on the back of this form*) and transfer all of my/our Northern Energy Shares to New Hope Bidco for the consideration applicable under New Hope's Offer.

Individual or Securityholder 1

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Sole Director and Sole Company Secretary

Individual or Securityholder 2

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Director

Individual or Securityholder 3

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Director/Company Secretary

New Hope Bidco reserves the right to make amendments to this form as set out in the Offer terms. Please refer to the lodgement instructions overleaf.

See back of form for completion guidelines



How to complete this form

Acceptance of New Hope's Offer

A

Registration Details

The Northern Energy Shares are currently registered in the name(s) printed on this form. Your consideration will be issued in the name(s) which appear(s) on New Hope Bidco's copy of the register.

If you have already sold all your Northern Energy Shares shown overleaf, you need not take any further action. For security reasons we suggest that you destroy this form.

B

Consideration

The consideration payable is that set out in the terms of New Hope's Offer. Please refer to the Bidder's Statement for further information.

C

How to accept New Hope's Offer

As your Northern Energy Shares are in a CHESS Holding, you may **contact your Controlling Participant** directly (normally your stockbroker) with instructions to accept New Hope's Offer. If you do this, you will need to sign and return this Acceptance Form to your Controlling Participant. If you want New Hope Bidco to contact your Controlling Participant on your behalf (via the CHESS system), sign and return this form to the address below so that it is received in sufficient time to allow your instruction to be acted upon no later than 7:00pm (Sydney time) on the last day of the Offer Period (which will authorise New Hope Bidco and Computershare Investor Services Pty Limited (CIS) to instruct your Controlling Participant to initiate acceptance of New Hope's Offer on your behalf).

If you sign and return this Acceptance Form, you represent and warrant to New Hope Bidco that New Hope Bidco will acquire good title to and beneficial ownership of the Northern Energy Shares to which this Acceptance Form relates free from all mortgages, charges, liens, encumbrances (whether legal or equitable), restrictions on transfer of any kind and free from any third party rights.

Neither New Hope Bidco or CIS will be responsible for any delays incurred by this process. You should allow sufficient time for your Controlling Participant or New Hope Bidco to initiate the acceptance of New Hope's Offer on your behalf.

D

Contact details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

E

Signature(s)

You must sign the form as follows in the space provided:

Joint holding: where the holding is in more than one name all of the securityholders must sign.

Power of Attorney: to sign under Power of Attorney, you must attach a certified copy of the Power of Attorney to this form when you return it.

Deceased Estate: all executors must sign and, a certified copy of Probate or Letters of Administration must accompany this form.

Companies: this form must be signed by either 2 directors or a director and a company secretary. Alternatively, where the company has a sole director and pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Delete titles as applicable.

Lodgement of Acceptance Form

This Acceptance Form must be received by CIS Melbourne in sufficient time to allow your instruction to be acted upon by no later than 7:00pm (Sydney time) on the last day of the Offer Period. You should allow sufficient time for this to occur. Return this Acceptance Form to:

Computershare Investor Services Pty Limited
GPO Box 2115
MELBOURNE VIC 3001

Neither CIS nor New Hope Bidco accepts any responsibility if you lodge the Acceptance Form at any other address or by any other means.

Privacy Statement

Information you supply on this Acceptance Form will be used by New Hope Bidco and CIS for the primary purpose of processing your acceptance of New Hope's Offer and to provide you with consideration payable under New Hope's Offer. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by New Hope Bidco in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning New Hope's Offer please contact the New Hope Offer Information Line on 1800 838 609 (for callers within Australia) or +61 2 8256 3361 (for callers outside Australia).

Please note this form may not be used to change your address.

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NEC_TKO

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Please return the completed form in the envelope provided or to the address opposite:

Computershare Investor Services Pty Limited
GPO Box 2115
Melbourne Victoria 3001
Australia



Arkdale Pty Ltd

ABN 99 118 299 522

(a wholly owned subsidiary of

New Hope Corporation Limited ABN 38 010 653 844)

Computershare**Please return completed form to:**

Computershare Investor Services Pty Limited

GPO Box 2115 Melbourne

Victoria 3001 Australia

Enquiries (within Australia) 1800 838 609

(outside Australia) +61 2 8256 3361

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000001

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SAM

MR JOHN SMITH 1

FLAT 123

123 SAMPLE STREET

THE SAMPLE HILL

SAMPLE ESTATE

SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)



I 1234567890

I N D

Use a **black** pen.
Print in **CAPITAL** letters
inside the grey areas.

A B C

1 2 3

For your security keep your SRN/HIN confidential.

Acceptance Form - Issuer Sponsored Holding

This is a personalised form for the sole use of the holder and securityholding recorded below. It is an important document and requires your immediate attention. If you are in doubt about how to deal with it, please consult your financial or other professional adviser.

This form relates to an offer (New Hope's Offer) by Arkdale Pty Ltd (a wholly owned subsidiary of New Hope Corporation Limited) (New Hope Bidco) to acquire all of your Northern Energy Shares in Northern Energy Corporation Limited ABN 90 081 244 395 (Northern Energy) pursuant to a Bidder's Statement dated 29 August 2011 and any replacement or supplementary bidder's statements (the Bidder's Statement). Terms defined in the Bidder's Statement but not in this form have the same meaning as in the Bidder's Statement unless the context requires otherwise.

Use this form to accept New Hope's Offer for your Northern Energy Shares**B Consideration**

The consideration applicable is that set out in the terms of New Hope's Offer.
Please refer to the Bidder's Statement for further information.

Securityholder details

Subregister

Issuer

Your holding in Northern Energy

123456789012

C How to accept New Hope's Offer

You will be deemed to have accepted New Hope's Offer in respect of all your Northern Energy Shares if you sign and return this form to the address shown overleaf (even different from the number of Northern Energy Shares stated on this Acceptance Form).

D Contact details

Please provide your contact details in case we need to speak to you about this form.

Name of contact person

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Contact person's daytime telephone number

(			)																
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E Sign here - this section must be signed before we can process this form.

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Individual or Securityholder 1

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Sole Director and Sole Company Secretary

Individual or Securityholder 2

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Director

Individual or Securityholder 3

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Director/Company Secretary

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See back of form for completion guidelines



How to complete this form

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If you have already sold all your Northern Energy Shares shown overleaf, you need not take any further action. For security reasons we suggest that you destroy this form.

B

Consideration

The consideration payable is that set out in the terms of New Hope's Offer. Please refer to the Bidder's Statement for further information.

C

How to accept New Hope's Offer

As your Northern Energy Shares are held in an Issuer Sponsored Holding, simply complete and return this form to the address below so that it is received by no later than 7:00pm (Sydney time) on the last day of the Offer Period.

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Neither New Hope Bidco or Computershare Investor Services Pty Limited ('CIS') will be responsible for any delays incurred by this process. You should allow sufficient time for New Hope Bidco to initiate the acceptance of New Hope's Offer on your behalf.

D

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Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

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Power of Attorney:	to sign under Power of Attorney, you must attach a certified copy of the Power of Attorney to this form when you return it.
Deceased Estate:	all executors must sign and, if not already noted by New Hope Bidco or CIS, a certified copy of Probate or Letters of Administration must accompany this form.
Companies:	this form must be signed by either 2 directors or a director and a company secretary. Alternatively, where the company has a sole director and pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Delete titles as applicable.

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MELBOURNE VIC 3001

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Privacy Statement

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135606-VI

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Computershare Investor Services Pty Limited
GPO Box 2115
Melbourne Victoria 3001
Australia

