



ASX Announcement

April 22 2008

Infrastructure milestones advance Elimatta and Yamala Coal Projects

Highlights

- **Federal Government sign off on Wiggins Island Coal Terminal Environmental Impact Statement**
- **Queensland Government release of draft Terms of Reference for Surat Basin Rail's Southern Missing Link**
- **Drilling and other exploration work has continued at both Elimatta (NEC 100%) and Yamala (NEC 92%) coal projects over recent weeks as both projects move closer to development, encouraged by progress on the above infrastructure projects.**
- **NEC seeking combined rail and port capacity of 9mtpa.**

Summary

Northern Energy Corporation (NEC) has welcomed Federal Environment Minister Peter Garrett's sign off on the Environmental Impact Statement (EIS) for the Wiggins Island Coal Terminal expansion at the Port of Gladstone.

This follows the Queensland Government's release last week of the Terms of Reference for Surat Basin Rail's EIS for the Southern Missing Link between Wandoan and Banana (see attached statement).

NEC's Managing Director Keith Barker said both infrastructure projects were pivotal for the development of the Company's Yamala and Elimatta coal projects.

Both the Yamala project, located east of Emerald in the Bowen Basin and the Elimatta project near Wandoan in the Surat Basin, will require port capacity and the Federal Government's environmental approval of Wiggins Island follows earlier State Government approval, giving the green light to proceed with the final feasibility study and engineering design of the terminal.

"We are currently seeking rail and port capacity for 9 million tonnes per annum for the two projects each of which has the potential to become a substantial mining operation," Mr Barker said.

"These announcements provide great encouragement for the Company as it strives towards making the transition from explorer to project developer."

Mr Barker said Northern Energy had been a party to the discussions between coal shippers and the Gladstone Ports Corporation in regard to development of the Wiggins Island project and intended to be a participant in the proposed funding arrangements.

"Both our Yamala and Elimatta projects are being progressed to a timetable to coincide with the availability of new coal port capacity," Mr Barker said.

"NEC is investing in exploration at both the Yamala and Elimatta projects to increase confidence in the deposits already delineated, increase tonnage in the higher resource categories and ultimately reserves and support the mining and other engineering studies being undertaken."

The Elimatta open cut export thermal coal project is dependent on the development of the Southern Missing Link between Wandoan and Banana and the release of the draft TOR brings the availability of rail haulage capacity one step closer.

“This rail link is being planned as a first-class heavy haul railway and NEC is also in consultation with the Surat Basin Rail consortium with regard to obtaining capacity for the Elimatta project in line with capacity at Wiggins Island,” Mr Barker said.

“We have seen substantial increases in coal prices in recent weeks and ongoing corporate interest in the coal sector from existing producers, end users and the investment market generally.”

Mr Barker said coal remained a competitive and reliable source of energy for the world.

“Queensland has the opportunity to continue to increase its share of a growing world market provided our current infrastructure constraints are removed,” he said.

“These announcements of support for two of Queensland’s major coal infrastructure projects demonstrates Queensland remains open for business and NEC intends to participate in the growth that will follow.”

For further details of the Yamala and Elimatta projects and the rest of NEC’s portfolio please visit our website at www.northernenergy.com.au .

For further information please contact

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Attachment: Announcements by Premier Anna Bligh and Deputy Premier Paul Lucas

Joint Statement:
Premier
The Honourable Anna Bligh
Deputy Premier and Minister for Infrastructure and Planning
The Honourable Paul Lucas
Monday, April 21, 2008

GLADSTONE PORT EXPANSION PASSES CRITICAL ENVIRONMENTAL MILESTONE

Gladstone Ports Corporation has been given the final tick of approval from the Federal Government Department of the Environment, Heritage and the Arts to proceed with the development of one of Australia's largest coal port terminals.

Premier Anna Bligh said this is an important milestone in the process to enable the State to develop a world leading coal port critical to the future of the State's coal industry.

Federal Minister Peter Garrett signed off on the Environmental Impact Study (EIS) after the Corporation satisfied all of his department's stringent requirements.

This follows Queensland Government approval of the EIS earlier this year.

The approval allows GPC to move to full feasibility and detailed engineering for the terminal to meet its target to start operations in 2012/2013.

"When completed, Wiggins Island Coal Terminal will incorporate the most technologically advanced design capability for a coal blending facility to mitigate both dust generation and emissions into the environment," she said.

"This is an extremely economically viable project with Corporation having expressions of interest from sixteen (16) resource companies to take up capacity at the terminal," she said.

"The economic multiplier is important for both the region and the State as it will generate further development in support services and infrastructure for Gladstone.

"It is estimated that another 500 jobs will be created in the building stage with 130 jobs at the terminal when fully operational," Ms Bligh said.

Deputy Premier and Infrastructure Minister Paul Lucas said on completion, the terminal will have capacity to handle 75 million tonnes a year.

In addition, and as part of the design, it can be connected to the existing RG Tanna Coal Terminal thus adding another 15 million tonne throughput for Gladstone.

This will mean that on completion Gladstone's total capacity will be more than 162 million tonnes.

Wiggins Island will be built in stages. The first, valued at about \$1.3 billion is expected to be completed by 2012. It has the potential to boost Gladstone's coal exports by up to a third, or 25 million tonnes, and generate up to \$1.8 billion in annual export earnings.

Wiggins Island will greatly enhance Queensland's ability to get our number one export across the seas to 33 potential markets.

Associated with this, there will be a \$500 million rail upgrade -- the Moura Link-Aldoga Rail Project -- to transport coal to the new Wiggins Island Coal Terminal.

This is another part of the Bligh Government's strategic plan for the coal industry which connects Gladstone to the Surat Basin Railway (Southern Missing Link) and key mining proposals like the Wandoan Coal Project.

Deputy Premier and Minister for Infrastructure and Planning
The Honourable Paul Lucas - 17/04/2008

Southern Missing Link a Step Closer

The proposed billion-dollar Southern Missing Link railway has moved a step closer, with the draft Terms of Reference for the Environmental Impact Statement now open to public comment.

Deputy Premier and Minister for Infrastructure and Planning Paul Lucas today told Parliament the rail project will link the Surat Basin's vast coal reserves with Gladstone's port facilities.

"The State Government is determined to see the Southern Missing Link built, it is a vital project that will help secure Queensland's economic future," said Mr Lucas.

"This 207 kilometre link in the rail network will connect the Surat Basin's 6.3 billion tonnes of coal reserves to the Port of Gladstone.

"It will open up the economy of the Surat Basin region in the south-western part of Queensland to become a future powerhouse.

"The Southern Missing Link will mean this region can fulfill its export potential for coal and other possible future mineral and agricultural products.

"A number of large-scale mining and energy projects are proposed over the coming years which could create significant new employment and business opportunities for local communities such as Chinchilla, Miles and Wandoan.

"This new link will do for Southern Inland Queensland what the Blackwater, Goonyella and Newlands systems have done for the Bowen Basin.

"If it proceeds, construction on this billion dollar railway will employ up to 600 workers for 30 months."

The Coordinator-General is overseeing a whole of Government response to this key piece of infrastructure, to ensure the project's assessment is both thorough and timely.

"Coordinator-General Colin Jensen has advised that public submissions can now be lodged on the draft Terms of Reference for the Environmental Impact Statement," Mr Lucas said.

"I encourage the community to have their say on the environmental, social and economic issues that should be investigated for this important railway.

"In 2006 the State Government granted an exclusive mandate to a consortium to develop the Surat Basin Railway through to financial close by mid 2010.

"The Surat Basin Rail Consortium includes the Australian Transport and Energy Corridor, Industry Funds Managements, Queensland Rail, Xstrata Coal and Anglo Coal.

"This EIS process will require the consortium to outline the area's existing state, identify any potential impacts and strategies to minimise them.

"The proposed rail corridor largely follows existing road reserves, most notably the Leichhardt Highway, Nathan Road and Cracow-Theodore Road, to join existing Queensland Rail lines at Wandoan and Banana."

Public consultation will occur until May 16. For information on the draft Terms of Reference and advice on how to make a submission, visit the Department of Infrastructure and Planning's website www.dip.qld.gov.au/eis