



ASX Announcement

17 July 2008

Maryborough Hard Coking Coal Project Update

Highlights

- **EOI impute substantial value for Maryborough project**
- **Process moving to short list stage**
- **Environmental Management Plan approach confirmed and progressing**
- **Exploration has continued within EPC923, near Maryborough**

Northern Energy Corporation Limited (ASX Code: NEC) has concluded the Expressions of Interest (EOI) process regarding joint venture opportunities in its Maryborough hard coking coal project. The Company is preparing a short list of potential JV partners for its 200,000 tonnes per annum mine and exploration project in the coming weeks.

NEC Managing Director Keith Barker said the Company is currently assessing the offers and will prepare a short list of investors with the expectation of moving to a final binding stage by the end of August.

"The company was pleased with the level of interest from a range of internationally-based coal industry participants," Mr Barker said.

"The level of interest reinforces our belief that the project has not been appreciated by market as yet," he said.

NEC previously disclosed its intention to offer an interest in its Maryborough hard coking coal project through non-binding EOI. The opportunity to acquire a joint venture interest in its project was open to a targeted group of potential investors. NEC is considering selling up to a 49% interest in the project under this structure.

The proposed structure of the project would see the incoming party funding the initial mining project and entering into a long term off-take agreement for the output of the mine. The potential partner would also fund ongoing exploration expenditure covering the Maryborough exploration permits for coal (EPC). In addition, investors would pay an up-front fee to NEC to participate in the project.

Maryborough Project

NEC is currently progressing plans for the production of 200,000 tonnes per annum coking coal mine near Maryborough, Queensland. Plans for the development of an initial mining project within its 100% owned EPC 923 are underway. The Company continues to explore within EPC923. Previous drilling has confirmed the presence of high quality coking coal amenable to open cut mining at these locations.

Mr Barker said NEC has aspirations to expand production from the exploration area beyond this level but this is subject to further exploration success.

NEC's proposed approach to make an Application for a Mining Lease and a Non-Standard Environmental Authority accompanied by an Environmental Management Plan (EMP) has been accepted by Queensland's Environmental Protection Agency. An Environmental Impact Statement (EIS) will not be required for the mine project as currently planned.

Technical studies are being conducted in the proposed mining area to support the EMP and provide input to the mine planning and coal quality assessment. Exploration within the proposed mine area and elsewhere in EPC923 has been continuing although progress has been disrupted by ongoing rainfall.

Studies in relation to transport to market are continuing with the potential to use the Port of Bundaberg being closely investigated. Both the Port of Brisbane Authority (managers of Bundaberg Port) and Queensland Sugar Limited have indicated a keen interest in the Maryborough Project using the current infrastructure at Bundaberg.

Keith Barker said NEC believes Bundaberg presents an opportunity for coal purchasers to decrease their reliance on the congested coal chains elsewhere on the east coast and add a sweet coal to their current coking coal mix.

“We have further work to do but we are targeting production towards the end of 2009, subject to approvals,” Mr Barker said.

“This is an exciting project for NEC as it will move us from our current status of explorer to that of a coal producer,” he said.

NEC intends to provide further updates both on the negotiation progress and the exploration and mine planning when information comes to hand.

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For further details of the NEC portfolio please visit the website at www.northernenergy.com.au.