

Northern Energy Corporation

2008 Annual General Meeting

Managing Director's Address - (Revised with Competent Person Sign Off Added)

Thanks Chris and welcome ladies and gentleman and thank you for attending. While the recent change in the financial markets environment has understandably been the focus of attention for all in recent weeks it is important to reflect on the progress achieved during the year and establish our intentions for the coming 12 months.

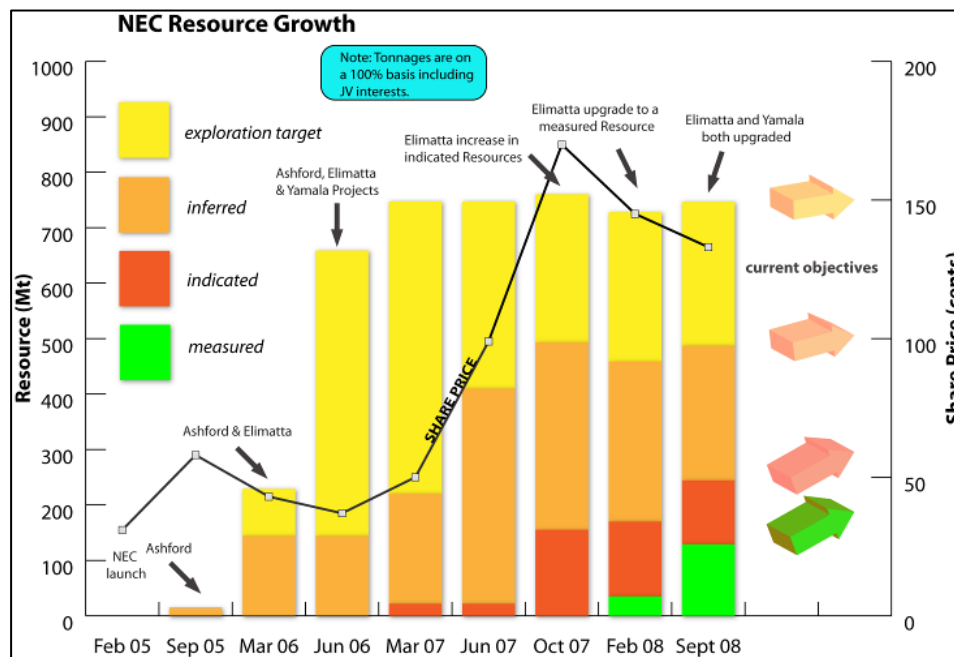
The last twelve months was more focussed on improving the quality of our resource portfolio and establish a path towards development rather than increasing the quantity of resources. During the past twelve months we have established measured resources at Elimatta and Indicated resources at Yamala. Further coal quality analysis also resulted in an indicative specification for the Burrum Hard Coking Coal brand at our Maryborough project.

Your company now manages a diverse portfolio of reserves and resources comprising:-

Project	Resources			Exp.Target ¹
	Measured	Indicated	Inferred	
Elimatta	129	75	40	30-50
Yamala (NEC 83%)		40	180	190-220
Ashford (NEC 50%)			18	
Total	129	115	238	
	Total Resources		582	

¹ The potential quality and quantity shown within is conceptual in nature and there has been insufficient work done at present to define a Mineral Resource in this area under the JORC (2004) Code. The nature of an Exploration Target is such that is uncertain if further exploration will result in the determination of a Mineral Resource in this area.

Chart showing portfolio development since inception

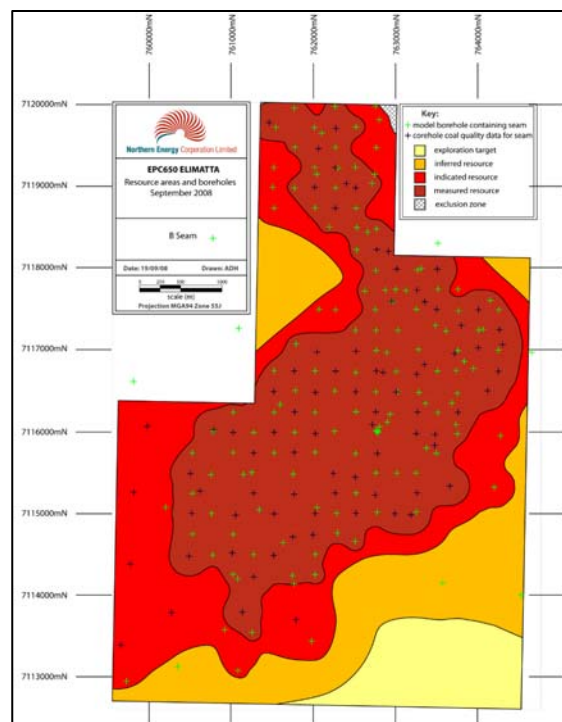


A summary of the activities over the last twelve months follows

Elimatta

- During the year two extensive drilling programmes comprising cored and open holes; coal quality testing; washability tests and geotechnical testing were completed.
- Conceptual / Prefeasibility Mining and CHPP studies were completed.
- As shown in the table above a measured and indicated resource of in excess of 200Mt has been identified;
- Elimatta will provide the global power generation market with a low ash high volatile; low sulphur; low nitrogen thermal coal with excellent combustion characteristics.
- With the exception of groundwater studies, environmental assessment required for the Environmental Impact Statement are either complete or well progressed;
- An Initial Advice Statement has been prepared for the EIS and is pending further assessment of the mode of transport and final route to link the mine with the Surat Basin Rail before submission.

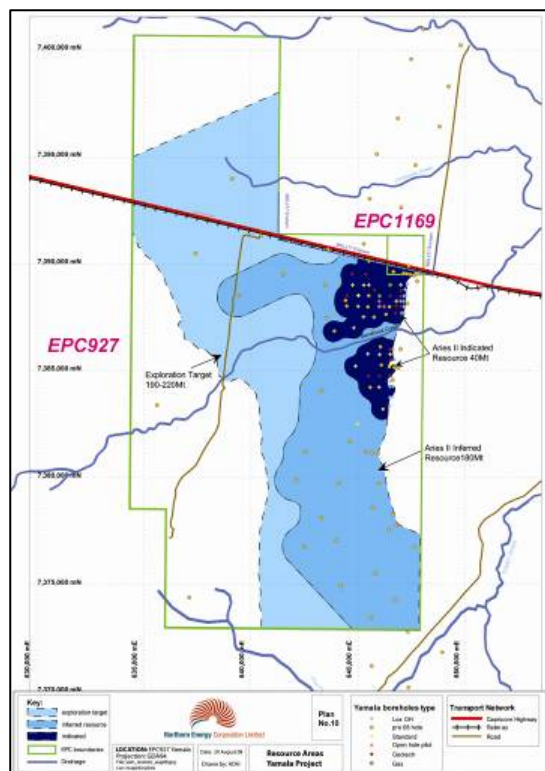
Figure showing B seam resource area in EPC 650



Yamala

- Within the initial target mining area a core drilling programme providing resource definition plus data for coal quality, geotechnical analysis and seam gas quantification was completed;
- Seismic surveys traversing the initial mining area were also completed
- Following this programme the resource model was upgraded resulting in an initial Indicated resource thus upgrading the previously announced Inferred resource;
- Coal quality and washability studies to investigate the potential product mix options ranging from unwashed thermal coal to washed thermal / PCI product blends have continued.
- A conceptual / prefeasibility development study covering the initial mining area has commenced and is due to be completed shortly.
- Following completion of Stage two of the Joint Venture Farm In agreement CHR Emerald (a subsidiary of Sojitz Corporation) has earned a 17% interest in the Yamala Project

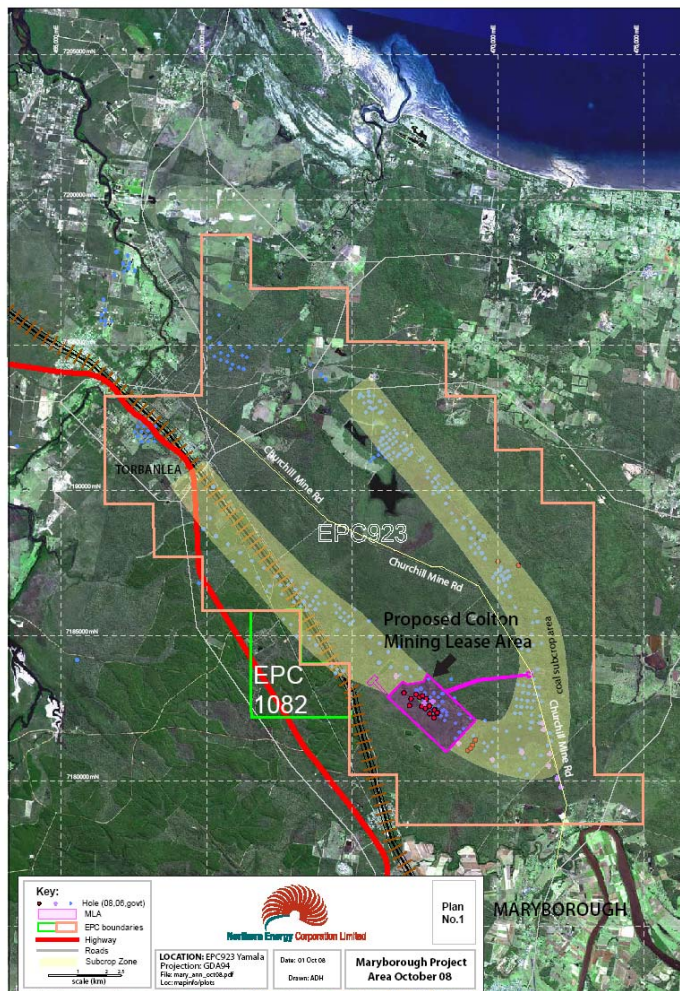
Figure showing Yamala resources within EPC927



Maryborough Project

- The exploration programme for the Maryborough project was disrupted as a result of persistent rainfall throughout the year.
- Further assessment of available exploration and historical mining information identified the Colton Mine area as offering potential for expediting a mine development.
- Further coal quality testing and review of historical information identified indicative product specification of the Burrum hard Coking Coal
- The concept for the Colton mine producing 200,000tpa of hard coking coal over five years was identified for commencement 09/10.
- Preparation of Environmental Management Plan for the Colton mine is now almost completed pending a groundwater management plan.

Figure showing Maryborough exploration area and location of proposed Colton Mine



Ashford

- 200kg drum sample subject to coke test, confirms a mid volatile coking coal specification;

Regional exploration

- A grassroots drilling programme resulted in a new discovery of shallow high volatile thermal coal at Yetman East

INFRASTRUCTURE

The lack of available transport and port infrastructure capacity on the Australian East coast continues to constrain development of the coal industry. To address this issue during the year Northern Energy:-

- Participated in the Wiggins Island Feasibility Funding Agreement committing to underwrite a share of the final study and design of this new coal terminal at Gladstone
- This provides both the Elimatta and Yamala projects certain priority rights over non-participants to enter into port capacity agreements in the future;
- Expressed an interest in rail capacity on the Surat Basin Rail project, which is scheduled for completion prior to completion of the Wiggins Island Project.
- Expressed an interest in rail capacity for the Yamala project on the Blackwater rail system which is being progressively upgraded to provide additional haulage capacity;
- Commenced an engineering study for the provision of a stockpile facility and out load system at the Port of Bundaberg to support the Colton mine and any subsequent mine expansion at the Maryborough project.

CORPORATE DEVELOPMENTS

The last twelve months saw Northern Energy shareholders endure a period of volatility due to both issues impacting directly on NEC shares but also broader market concerns impacting on all equity markets;

- During the year the collapse of Opes Prime and Primebroker securities affected a number of this company's shareholders and resulted in significant turnover in this company's shares, which also resulted in a number of new shareholders arriving on the register. I welcome those shareholders;
- In August the company raised approximately \$8M in a placement and Share Purchase Plan. I appreciate the support of all the shareholders who participated
- It was particularly pleasing to see strong support for the SPP from our smaller shareholders in what was our first approach to this group since our initial offer almost four years ago.
- The funds raised were earmarked to progress our projects towards development while also providing the cash backing required for security as part of the Wiggins Island FFFA arrangements.

Outlook for the next twelve months

- The current global economic environment points to a slowing in growth generally and softer markets for most commodities.
- Coal is unlikely to be immune from these conditions but this company's projects are being positioned to satisfy medium term demand not current demand.
- As the Chairman foreshadowed we have reviewed our expenditure requirements in the light of current market circumstances.
- We will continue to invest in our Maryborough project and Colton mine with the intention of expediting a mine development as early as practicable. We believe that high quality coking coal will continue to be in demand and the market will welcome a new independent source of supply.
- Completion of the environmental management plan and submission of a mining lease application is the immediate priority. Further drilling to extend the proposed mine life and to support expansion is also planned;
- At Yamala a further drilling programme will commence next month following the recommendations of the initial mine development study. It is anticipated that further drilling and seismic exploration will take place in early 2009 to support more detailed mine and related studies.
- Elimatta activity will focus on further iterations of mine development studies and commencement of the formal EIS process.
- The availability of transport infrastructure will determine the timing of the development of both Elimatta and Yamala. At this point in time capacity is not expected to be available for either project before mid 2012.
- Both mine projects could be developed within this time frame and are therefore not on the critical path of the development time line. It is nevertheless important to continue to progress these projects through both in fill exploration and technical and economic evaluation. We do not wish the mine development to fall onto the critical path and it is intended that the projects will continue to be advanced to enable commitment to infrastructure providers and thus secure long term infrastructure capacity.
- Following completion of the current Yamala studies, ongoing work will seek to identify opportunities to expedite a development prior to the Wiggins Island terminal completion given the Yamala project is already serviced by the existing Blackwater → Gladstone rail service.

The activities outlined above will be progressed in parallel with the ongoing negotiations to introduce JV partner to both Elimatta and Maryborough which is our preferred approach to the next phase of capital management required to make that transition from explorer to developer to mine operator. We have engaged financial advisers Investec as an adviser in the search for an investor for the Elimatta project.

We are confident that the medium term outlook for both coking and thermal coals are positive and that our projects will be sufficiently competitive to participate in this growth in demand.

Our longer term grassroots exploration projects will have secondary priority at least until stability has returned to the financial markets and exploration investment is more strongly supported than it currently is.

Your company has a diverse portfolio of coking and thermal coals. There remains significant interest from a range of groups – from end users; traders financial investors and other mining

companies interested in securing access to coal resources being primed for development. Such interest makes me confident on two fronts, firstly that we will be successful in attracting investors into our projects and secondly that the long term outlook for coal remains positive. The IEA report that the Chairman referred to identifies the need for ongoing increases in coal developments and we expect to part of this.

I would like to thank our staff, contractors and consultants for their part in the progress made on each of our projects.

I thank our shareholders for their support for the year and look forward to your ongoing support to continue our progress as outlined.

Keith Barker

Statement of Compliance

The information in this report that relates to Mineral Resources at Ashford, Elimatta (EPC650) and Yamala (EPC927) is based on information compiled by Mr Andrew McLaughlin, who is a Member of the Australian Institute of Mining and Metallurgy. Mr McLaughlin is a qualified geologist (B.Sc. (Hons) University of Newcastle, 1994) and is a full time employee of Northern Energy Corporation.

Mr McLaughlin has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McLaughlin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.