



ASX Announcement

April 28, 2010

Maryborough Hard Coking Coal Resources Increased by 46% Further Substantial Upside Identified – Potential For More Than 200 Million Tonnes

Key Points

- **Indicated and Inferred Resources now total 83Mt – 9.5Mt Indicated Resource and 73.5Mt Inferred Resource;**
- **Further resource upside potential identified with a 105-137Mt Exploration Target;¹**
- **Modelling of drill hole and quality database continuing with further upgrades to resource anticipated;**
- **Mine planning over Colton Mine Area utilising the revised resource base and geological model is continuing.**

Northern Energy Corporation Limited (NEC) is pleased to announce an increase in the hard coking coal resources at its Maryborough Project to **83 Million tonnes** (Mt) comprising an initial **Indicated Resource of 9.5Mt** and an **Inferred Resource of 73.5Mt** (previously 57Mt Inferred Resource). In addition the potential of this area to host a more substantial open cut resource has been further quantified through the identification of an **Exploration Target¹ of 105-137Mt** to a depth of 250m.

"The establishment of an Indicated Resource over the Colton Mine Area is a further step towards establishment of a mining operation within the Maryborough Project area" said NEC's Managing Director Keith Barker. "These resources have resulted from detailed modelling of the extensive data base generated by the Company's geological team comprising data from both NEC drilling and historical drilling dating back to 1910".

"Conceptual mine plans drawn up outside of the initial mining area have demonstrated the potential for substantially larger open cut resources at depths beyond that originally identified based on the historical data available at the time. This earlier assessment dictated the exploration approach adopted by NEC to date. It is considered that this area of the basin has been under explored both by historical and recent drilling and further drilling is required to address this. The exploration target quantifies the potential and further drilling is planned to delineate additional resources." Mr Barker commented. "The ongoing exploration and evaluation work to define the extent of the resource and the potential for increasing

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 it is uncertain if further exploration will result in the determination of a Mineral Resource in this area.*

production rates from the project will be conducted in parallel with the development of the Colton Mine”.

“Together with last week’s announcement of the off take and capital injection agreement with Xinyang Iron & Steel this substantial uplift in the Project’s resources and ongoing potential for further increases establishes Northern Energy as an emerging coking coal player. This is at a time when the industry is consolidating and as a result the number of opportunities for investors seeking exposure to the coal market in general and coking coal in particular are diminishing.”

JORC Statement Summary

A coal resource is defined and estimated in Cretaceous Burrum Coal Measures on the eastern and western limbs of the Burrum Syncline, within and near NEC’s proposed mining lease application area. Resources occur in open cut extraction areas in a multiple ply/seam sequence with over 20 plies reporting resources in the current statement. Seams dip to the east and west towards the centre of the synclinal axis. The mineralisation is open along strike to the north on both the eastern and western limbs of the syncline.

An estimate of **9.5 Mt of Indicated Resource** and **73.5 Mt of Inferred Resource** within EPC923 and EPC1082 is reported to JORC classification. This represents a total of **83 Mt of Indicated and Inferred Resource for the Maryborough Project**.

Table 1.1 below summarises the Total Coal Resources of the Maryborough Project.

Table 1.1 Total Resources of the Maryborough Coal Project

Indicated and Inferred Coal Resources													
EPC923 + EPC 1082 Less than 150m Depth			Raw								CF1.4 ²		
Resource	Seam	Mass (in-situ) Million Tonnes Mt	ASH %ad	IM %ad	RD g/cc	RDIS g/cc	CSN	TS %ad	VM %ad	SE MJ/kg	ASH %ad	CSN	YLD %
Indicated	Ellangowan	0.5	15.63	1.85	1.41	1.38	6.5	1.81	27.69	29.34	7.48	8.5	77.02
Indicated	Jubilee	0.8	17.84	1.88	1.43	1.40	7.0	0.87	28.74	28.14	6.95	8.5	70.43
Indicated	A1	1.8	20.04	1.84	1.44	1.41	7.0	1.38	27.90	27.25	7.46	8.5	65.32
Indicated	A2	3.5	26.41	2.00	1.51	1.48	6.5	1.27	25.14	25.01	8.48	8.5	57.38
Indicated	A3	3.0	21.97	1.77	1.45	1.43	6.5	1.08	25.97	26.78	7.27	8.5	62.00
Total Indicated		9.5	22.55	1.88	1.47	1.44	6.5	1.23	26.34	26.47	7.74	8.5	62.44

Mt		
Inferred	Churchill	10.0
Inferred	Globe	18.0
Inferred	Ellangowan	12.9
Inferred	E1	0.3
Inferred	E2	1.0
Inferred	E3	0.5
Inferred	Jubilee	10.4
Inferred	A1	2.9
Inferred	A2	5.9
Inferred	A3	5.4
Inferred	B	6.2
Total Inferred Mt		73.5
Total Indicated + Inferred Mt		83.0

The contents of Table 1.1 above have been rounded to reflect resource confidence and may not total.

² Note the CF1.4 results are included here for indicative purposes only. Further washability tests at different cut points have been conducted for each seam and ply and will be used for determination of process design and product quality.

Only coal with less than 150m of cover has been included in the Indicated and Inferred Resource, and a minimum thickness of 0.1m has been applied to all seams. A minimum parting limit of 0m has been applied to the Inferred Resource, therefore all non-coal material (i.e. internal parting) within the designated seam has been **excluded** from the Inferred Resource.

The structural and coal quality model associated with the Indicated Resource is based upon the sampled intervals, which includes both coal and internal parting. The affect of the parting is therefore reflected in the resulting coal quality model (eg density and yield). The coal is a high quality coking coal with low product ash and excellent coking properties.

In addition to the Indicated and Inferred Coal Resources, an **Exploration Target³ of between 105Mt and 137Mt** is estimated at depths between 0m and 250m. This target is based upon extrapolation of the current model down dip towards the centre of the basin. It is felt that this area of the basin has been under explored both by historical and recent drilling. Table 1.2 below shows the exploration target broken down by depth of cover increments.

Table 1.2 Exploration Target broken down by Depth of Cover.

Exploration Target	Depth Range
0 - 100m	5 – 7Mt
100-150m	20 – 30Mt
150-200m	40 – 50Mt
200-250m	40 – 50Mt
Total	105 -137Mt

A structural model has been built using a subset of the current geological database. Only drill holes which have been deemed to have reliable survey and seam correlations have been included in the model. A total of 370 drillholes have been used in the model, of which 136 holes have been drilled recently by Northern Energy, and 234 holes have been sourced from historical reports.

Data recently released by Queensland Department of Mines and Energy has allowed NEC to acquire all the historical drilling data relating to the Maryborough Basin. This data set included 351 drill holes and associated geological reports completed from 1910 to 1952; other geological reports from 1963 to 1993 were also utilized.

Northern Energy's 2009 drilling program included a number of holes designed to twin historical drillholes (ie drilled at the same location) in order to validate the historical data recently released. The results of these twinned holes has confirmed that coal is present at similar depths and thicknesses to those indicated by the historical data. In addition to the twinned holes, a ground truthing program has been carried out whereby accurate differential GPS survey of historical drillhole locations has been acquired.

The Maryborough Project and Colton Mine

The Maryborough project currently comprises EPC 923 and EPC 1082 within which the Colton Mine area has been identified.

The Colton Mine (MLAs 50273, 50274) is planned to produce 0.5Mtpa of hard coking coal and offers the opportunity for relatively early production in mid-2011, subject to statutory approvals and final project design and commitment. In parallel with this development NEC plans further exploration and evaluation within the Maryborough Project area with the aim of extending the resource of hard coking coal and increasing the size of the mine development. Significant expansion of output from the Maryborough Project will require additional mining

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lease areas which will be subject to an approval process separate to that currently applying to the Colton Mine Project.

Statement of Compliance

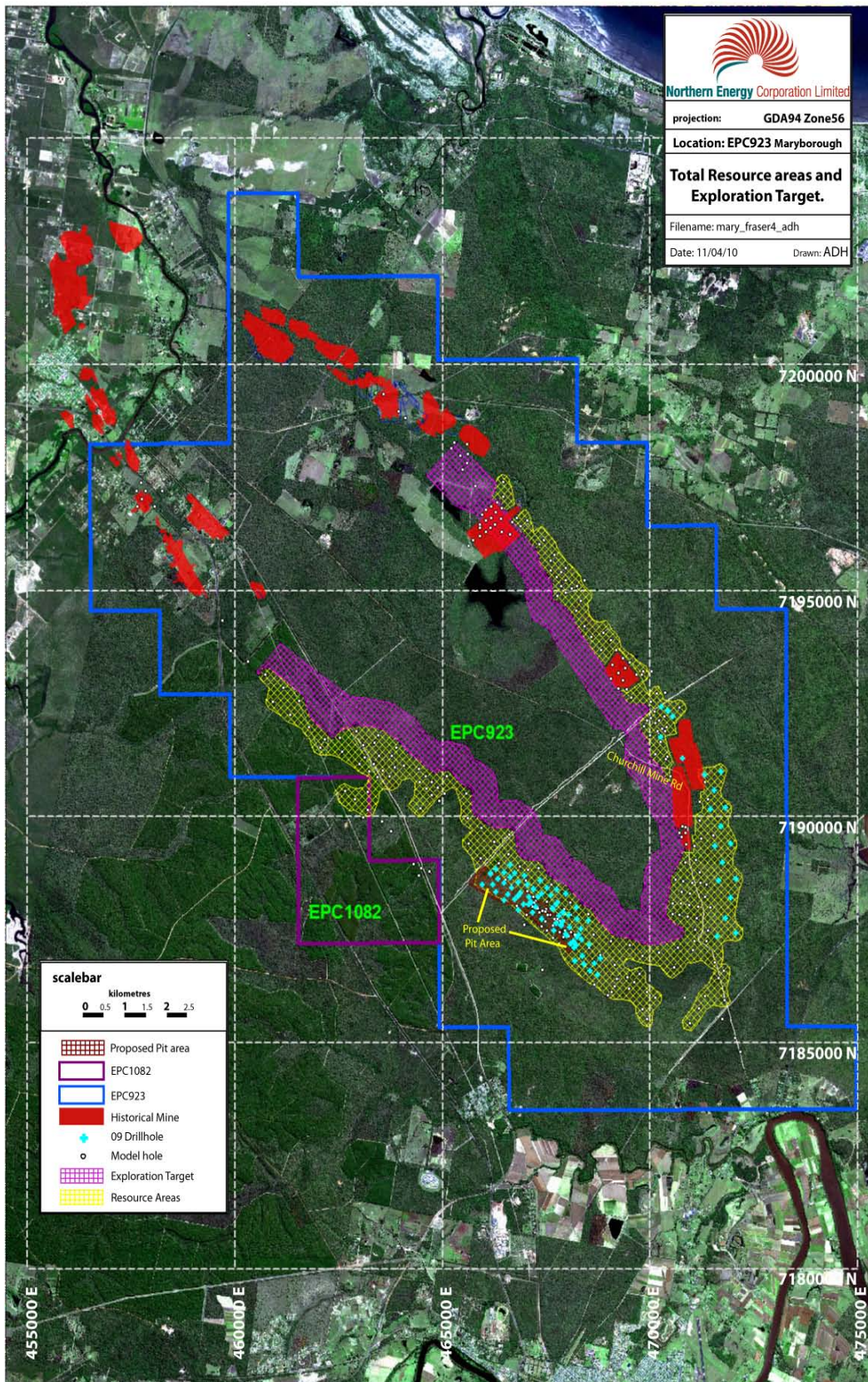
The estimate of Coal Resources for the Maryborough Project (EPCs 923 & 1082) as presented in this report has been carried out in accordance with the Guidelines of the "Australian Code for Reporting of Mineral Resources and Ore Reserves" prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Minerals Council of Australia, December 2004.

The information in this report to which this statement is attached that relates to the Maryborough Coal resources is based on information provided by Northern Energy Corporation and reviewed and validated by Mr Lyon Barrett. Mr Barrett is a full time employee of Salva Resources and is a member of the Australasian Institute of Mining and Metallurgy. Mr Barrett has reviewed the geological data, constructed the geological model and estimated the coal resources.

Mr Barrett 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 Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves. Mr Barrett is signing off as a Competent Person for this statement. He consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

For and on behalf of the Board
Paul Marshall
Company Secretary

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Plan showing Maryborough Resource and Exploration Target Areas