



Drilling to Commence on Ashford Project **Hard Coking Coal Resource Target**

Overview

- First drilling program scheduled to commence at Ashford in May 2005 targeting a hard coking coal resource
- Immediate focus on verification of earlier exploration data to enable estimation of a JORC compliant resource in the vicinity of previous mining area as first step in the delineation of the overall resource at Ashford
- Subsequent focus on areas prospective for open cut extraction followed by wider spaced drilling assessment of resource potential of Ashford Projects.

Proposed Drilling program

Following its successful relisting on the Australian Stock Exchange in February 2005, Northern Energy Corporation is set to commence an initial exploration drilling program to progress its flagship hard coking coal project at Ashford in Northern NSW in May 2005.

A drilling contractor has been engaged to undertake an initial program of approximately 4000m of reverse circulation and 800m of HQ triple tube core drilling and is scheduled to commence work in early May on Exploration Licence (EL) 6234. The drill programme is expected to progress to the adjacent area currently under application (ELA2451).

Drilling will commence in the vicinity of the previous open cut operations of the old Ashford mine within an area that has been explored by previous tenement holders. The immediate objective will be to verify the existing data which precedes the Joint Ore Reserves Committee (JORC) code. Verification of this historical data will enable its incorporation in resource estimation and it is intended to define a JORC compliant resource within the previously explored area as an initial step in a broader drilling and resource evaluation program at Ashford.

Incorporated in the program will be full coal quality testing designed to confirm the hard coking coal qualities of the Ashford seam which are recorded in historical exploration and production records. Previous exploration reports indicate that the Ashford seam has characteristics which would offer a highly marketable export hard coking coal product. NEC's coring and quality testing program will be designed to confirm these characteristics and demonstrate the consistency of the seam over a larger area.

Following verification of earlier data, the program is planned to extend the known resource within EL6234 to the north, west and south of the historical open cut. These areas are assessed to be the most prospective areas for the delineation of relatively shallow resources amenable to extraction by open cut mining methods.

The final stage of this first drilling program will involve a wider spaced series of holes towards the western boundary of the licence area. This will involve more than 2000m of reverse circulation and 200m of HQ triple tube core drilling and is designed to obtain an understanding of the total resource potential of the Ashford Project area. This area has not been explored by previous tenement holders.

Drilling is expected to commence in May with the evaluation program expected to be completed by the end of 2005. The program will be continually reviewed and reworked if necessary in response to the information obtained as drilling progresses.

The Ashford Projects

Northern Energy Corporation (NEC) acquired a 50% interest in the Ashford Projects from Renison Bell Holdings in February 2005. The projects are located approximately 10km north of the Ashford township in Northern NSW and comprises Exploration Licence 6234 and the adjacent Exploration Licence Application 2451. Under the purchase agreement NEC has the right to purchase a further 25% of the projects for 5 million shares following expenditure of a minimum of \$1,000,000 and completion of a Bankable Feasibility study within 3 years. Previous exploration at Ashford was principally driven by the requirement to supply coal from shallow sources at fixed prices to a local power station. NEC believes there is a reasonable possibility that the Ashford projects contain a resource of high quality coking coal suitable for the global market and this is the primary target for the announced exploration program.

For further information contact

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