



ASX ANNOUNCEMENT - 11 June 2009

\$12M CAPITAL RAISING TO PROGRESS COAL PROJECTS TOWARD DEVELOPMENT

Key Points:

- **\$8 million placement of ordinary shares at \$0.35 per share in two tranches**
- **\$4 million underwritten Share Purchase Plan at \$0.35 per share to eligible shareholders**
- **Proceeds to fund ongoing project appraisal, evaluation and feasibility work on the Company's portfolio of coal projects**

Northern Energy Corporation Limited (ASX Code: NEC) today announced it has received firm commitments for a placement of 22,857,143 ordinary shares at \$0.35 per share to raise gross proceeds of \$8,000,000 ("Placement"). NEC also intends to offer a Share Purchase Plan ("SPP") to eligible shareholders to raise proceeds of \$4 million.

Use of Funds

Net proceeds from the capital raising will be used to fund ongoing project appraisal, evaluation and feasibility work as follows:

- **Maryborough Hard Coking Coal Project** - infill drilling, including large diameter core for metallurgical testing;
- **Elimatta Project** - Environmental Impact Statement and associated community consultation work, mine optimisation studies and final feasibility studies for coal washing and infrastructure services for the proposed 5Mtpa open cut, export thermal coal mine;
- **Infrastructure** - providing further cash backing for bank guarantees required to underwrite feasibility, engineering and design studies for proposed port and rail expansions at Wiggins Island, Gladstone, and parts of the QR rail network; and
- **Working capital.**

The Placement, lead-managed by Austock Corporate Finance and co-managed by Cygnet Capital, attracted strong demand from existing and new investors from both Australia and abroad.

NEC's Managing Director Keith Barker welcomed the strong response as a reflection of rising investor confidence in the Company's future and market recognition of the progress being achieved within its portfolio of coal projects.

"That progress has been marked by the achievement of a number of milestones, including the recent announcement of a 54% increase in the marketable reserve at Elimatta," Mr Barker said. "This capital raising will allow NEC to further progress its portfolio toward

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development and create the opportunity to meet expected increases in coal demand as the global economy returns to health and growth.”

Mr Barker said discussions with various parties interested in investing directly in the Company’s projects were continuing.

“These parties include end-users keen to secure long term security of coal supply, trading and investment houses and mining companies looking to broaden their portfolio,” Mr Barker said. “We intend to continue evaluating strategic investment relationships with these parties while using the funds raised to further increase the value of our projects during the process.”

Placement

The Placement has been made to institutional and sophisticated investors and will be completed in two tranches:

- Tranche 1 – comprising 6.6 million shares using the Company’s 15% placement capacity under Listing Rule 7.1, raising approximately A\$2.3 million; and
- Tranche 2 – comprising 16.3 million shares that will be placed subject to shareholder approval to raise approximately A\$5.7 million.

Tranche 2 includes 585,715 shares at the same price allotted to NEC Directors. These shares are also subject to shareholder approval, at a General Meeting to be held next month. The Notice of Meeting will be dispatched to shareholders shortly.

Share Purchase Plan

In recognition of NEC’s supportive shareholder base and to provide other existing shareholders with an opportunity to participate in the capital raising, the Company will also offer a Share Purchase Plan to raise up to \$4 million (which will involve the issue of approximately 11.4 million shares). It is proposed that Austock Corporate Finance and Cygnet Capital will jointly underwrite the SPP on usual commercial terms.

Under the SPP each eligible shareholder will be entitled to apply for up to \$10,000 worth of NEC ordinary shares at a price of \$0.35 each¹. The price represents a discount of approximately 22% to the 5-day volume weighted average price. The proposed record date for the SPP will be 18 June 2009. Documentation on the SPP will be sent to shareholders shortly after that time.

On completion of the Placement and SPP, NEC will have approximately 112,106,000 ordinary shares on issue.

For and on behalf of the Board
Paul Marshall
Company Secretary

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¹ At the date of this announcement, NEC has received in principle relief from ASIC to offer the SPP for up to \$10,000. However, the SPP offer is subject to receiving the necessary waiver from ASX.