



JATENERGY LIMITED

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ASX ANNOUNCEMENT

18 July 2012

Jatenergy secures licence to Coal Plus technology

HIGHLIGHTS

- Jatenergy secures a licence to the proven coal upgrading technology, Coal Plus.
- Coal Plus can significantly reduce carbon emissions from burning of brown coal.
- Reduces energy use through the use of patented energy efficient heat exchanger.

Energy company Jatenergy Limited (ASX code **JAT**) is pleased to announce that it has secured a licence to the proven coal upgrading technology, Coal Plus.

About Coal Plus

Coal Plus is owned by the Chinese technology company Zhengzhou Zhongneng Metallurgy Co Ltd (ZMZ), through Engineer Mr Li Lai Guang. The technology is currently used in three operating facilities in China with a combined throughput of 2.2 million tonnes per annum. Two more facilities using the technology are under construction, with a combined planned throughput of 8 million tonnes per annum.

Coal Plus uses a standard pyrolysis technology, long used in coal processing around the world, coupled with a proprietary heat exchange technology that makes the process much more efficient. As illustrated, the process has three main outputs:

- Low Volatile Solid Fuel (LVSF), potentially suitable as a semi-soft coking coal or as a feedstock for various products;
- pyrolytic oil (Pyroil), a high value liquid that can be refined and used as a chemical feedstock for a range of products, and
- coal gas, some of which is used to fuel the process, with the remainder used to generate electricity.



(a)



(b)

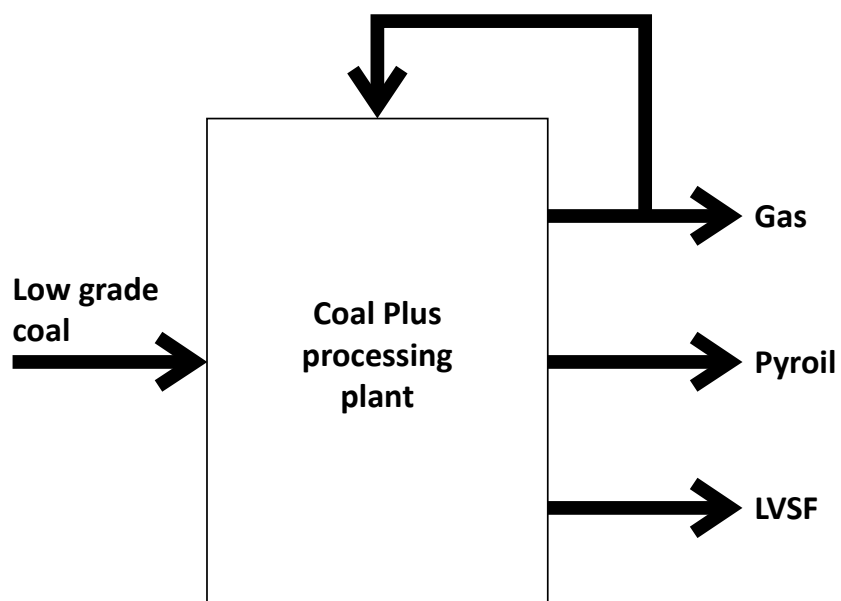


(c)



(d)

Existing coal processing plants employing the Coal Plus technology in Shaanxi (a, b and c) and Inner Mongolia (d).



Simplified schematic of Coal Plus process.



Most existing coal upgrading technologies remain at the pilot plant stage, with their commercial value unproven. They also produce only a single product and are difficult to scale up for use in large plants. Coal Plus, however, is already in commercial use, with three existing plants established and more under construction. The process produces a high value finished product in the form of LVSF, as well as valuable Pyroil and gas. Furthermore, by upgrading brown coal into a product with a high calorific value, Coal Plus can reduce carbon emissions from burning of brown coal. By using a highly efficient heat exchanger, its energy usage for production is reduced significantly.

Processing plants employing the Coal Plus technology are modular and can be partially pre-fabricated in China before being transported and assembled at project sites in Indonesia and elsewhere. The expected capital cost of a plant with an output of two million tonnes per year is about US\$50 million.

Summary of the licence agreement

Jatenergy's licence covers an initial three year mandate period for use of the Coal Plus technology in Indonesia, Southeast Asia and Oceania. The mandate period is divided into three stages:

- Stage 1: Jatenergy will have an initial one year period to find and secure a suitable coal resource for application of the technology.
- Stage 2: Upon successful completion of Stage 1, the licence will be extended for two years to enable Jatenergy to develop a full feasibility study in collaboration with ZZM. The feasibility study will include the necessary contacts and commitments to commence a pilot or full-scale project using Coal Plus.
- Stage 3: Upon successful completion of Stage 2, the licence will be novated into an irrevocable and exclusive contract, allowing construction, start up and commissioning of the Coal Plus plant.

Jatenergy will, via its joint venture partners, source financing and bear financial responsibility to conduct the full feasibility study and construct and commission the Coal Plus plant.

As consideration for providing its technology, ZZM will be issued with shares in Jatenergy. The number of shares to be issued will be determined upon completion of Due Diligence within the next 60 days. It is expected that the first tranche of shares will be below the 15% of the issued capital of the company. If it is above this amount then shareholder approval will be sought at each stage of the agreement.

Strategy

With its existing operations and substantial coal assets in Indonesia, the world's largest thermal coal exporter, Jatenergy's licensing of the Coal Plus technology provides the company with several key strategic benefits. Coal Plus has the potential to unlock large, low grade coal assets that are otherwise uneconomic to mine. Such technology is particularly important in Indonesia, which has numerous large deposits of low grade coal.

The Indonesian government has recently implemented an export ban on certain unprocessed metals and non-metallic minerals, and has also indicated it may ban exports of low grade coal. Such an export restriction is intended to foster the use of value adding technologies such as Coal Plus, which would be essential in allowing miners of low grade coal to access export markets. As well as adding value, Coal Plus can provide local employment opportunities within Indonesia and generate much needed electricity.



Jatenergy's licensing of Coal Plus sees a realignment of the Company's existing coal exploration and mining operations to include a value adding process technology. This realignment is an important step in Jatenergy achieving its goal of being a major player in the lucrative Indonesian coal industry.

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About Jatenergy

Jatenergy is a diversified energy company operating in Australia and Asia. It owns the rights to four coal projects in Indonesia's Kalimantan coal region, as well as eight coal exploration permits and permit applications in Queensland's Bowen and Galilee Basins. It also produces high quality crude jatropha oil from plantation operations in Central Java, Indonesia, for power production and the airline industry.

Directors

Tony Crimmins
Executive Chairman

Richard Pritchard
Non-Executive Director

Mr Xipeng Li
Non-Executive Director

Mr Wilton Yao
Alternate Director

Jatenergy Limited

ABN 31 122 826 242

ASX code
JAT

Ordinary fully paid shares
79,290,568

Listed options
31,898,547