



Why Coal To Liquid in South
Australia?

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- Altona Energy Plc (ANR.LN) is an AIM listed Australian based energy company
- Primary asset is a 49% interest in the Arckaringa Project, which has an estimated 7.8 bt coal resource in the Arckaringa Basin of South Australia (1.287 bt JORC) - considered to be one of the world's largest untapped energy banks
- Defined work programme to develop Arckaringa with recognised value trigger points
- Currently conducting a Bankable Feasibility Study ('BFS') with JV partner Chinese energy major CNOOC-NEI (finance rating equivalent to Chinese sovereign rating), which is funding the work amounting to A\$40m
- Base case: Open cut mine up to 15 Mtpa capacity to support integrated coal to liquid ('CTL') and co-generation power plant (10 mbl and 560MW), however multiple project potential through CNOOC-NEI
- Highly experienced management team and partner framework to crystallise project potential

- Why CTL today?
- Overview of Clean Coal Process Technology in 2011
- Why CTL in South Australia
- Overview of the Arckaringa CTL and Power Project
- Issues & Benefits of the Arckaringa Project

Why CTL today?

- Proven global oil reserves are estimated at 54 years of production life with 56% of the oil reserves in the Middle East
- Cost of oil discovery has risen 300% since 2000
- Cost of oil production has increased due the need for deepwater production with breakeven costs as high as US\$50 per barrel in Europe and breakeven costs for new oil discoveries from the Middle East quoted as US\$30 per barrel
- Availability of cheap oil diminishing globally and future areas of discovery are in countries with political issues
- Canada is developing its oil shale reserves for both energy security and economics with production costs of US\$70 per barrel
- South Australia relies on importation of its transportation fuels but now can develop its indigenous coal reserves to be self sufficient
- Using CTL technology, the coal reserves are believed to be sufficient to maintain transportation fuel production of 10 million barrels per year for centuries (This production rate is 90% of South Australia's projected diesel demand up to 2030)
- CTL technology is proven and current plants have been operational in South Africa since the mid 1970's and 1980's – while new plants using the same Fischer Tropsch technology have become operational in the last decade in the Middle East and Asia.

FT Synthetic Fuel Commercial Milestones

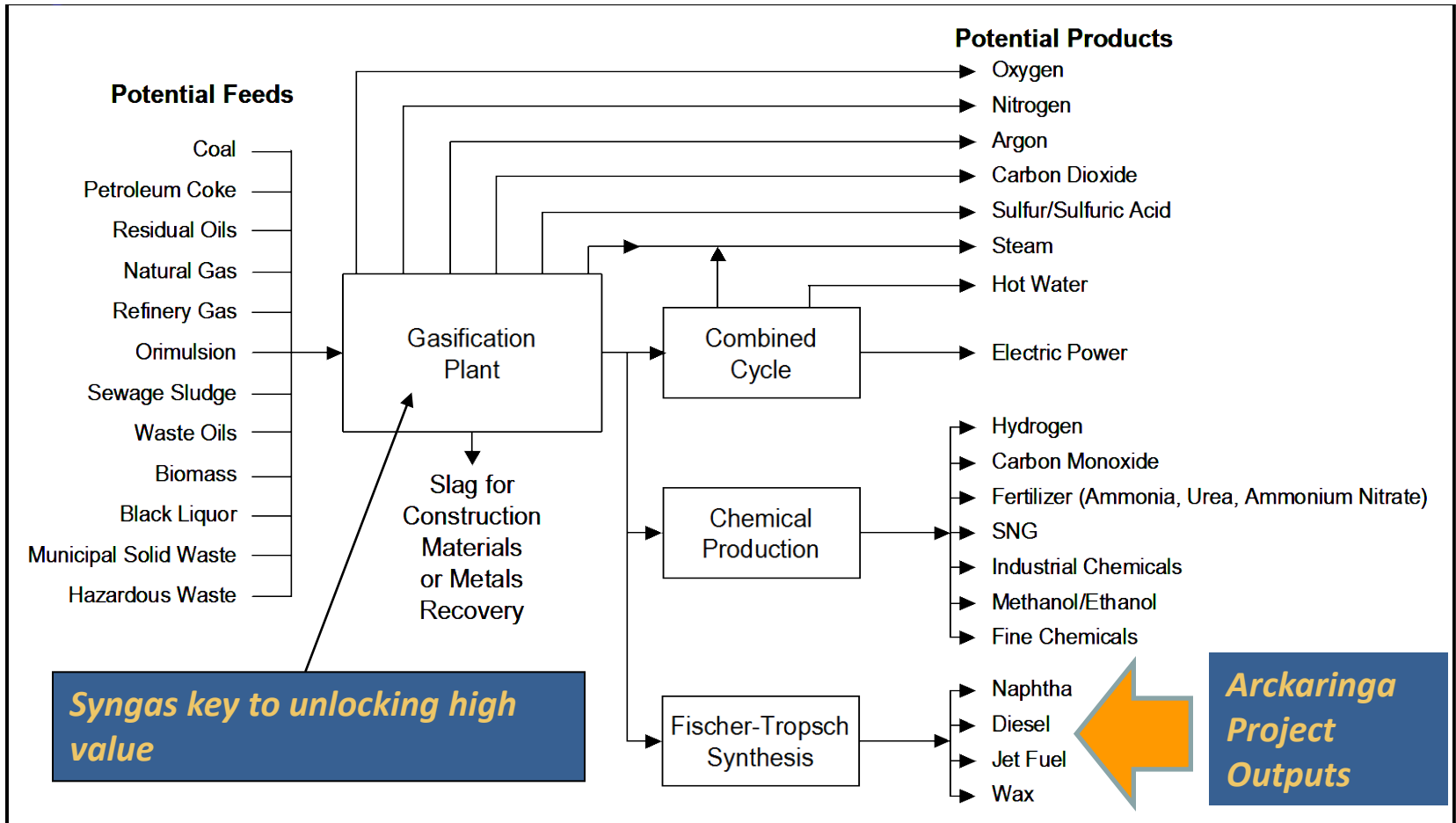
- 1998 – Sasol blended synthetic jet fuel (50:50 mix with kerosene) commercially approved and used by airlines refuelling at Johannesburg & Cape Town International airports.
- 2008 – ASTM/ UK MOD approved 100% synthetic fuel as JETA – 1 fuel for commercial use.
- 2009 – Qatar Airways uses blended synthetic jet fuel in London Doha route.
- 2009 – 13 American/International airlines agree to use Rentech synthetic aviation fuel ('Renjet')
- 2009 – EU & US fuel standards now include synthetic jet and diesel fuel specifications
- 2010 – First passenger airline flown with 100% synthetic jet fuel in South Africa
- 2010 – Qantas & BA airlines evaluating the use of biomass sourced Renjet synthetic aviation fuels
- 2010 – Synthetic fuels plants in operation exceed 330,000 BPD
- 2011 – Additional 270,000 BPD synthetic fuels plants will be operational
- 2011 – US Air force will complete 100% certification of its entire fleet to use synthetic fuels blend
- 2030 – US Department of Energy predicts synthetic fuels domestic consumption from coal & natural gas will reach in excess of 3 million BPD if sour crude oil price is greater than US\$57 per barrel (Today USA spends US\$300 billion on imported oil).

- All major gasification technologies are being deployed in Design – Build contracts in Asia, Europe & North America
- Fischer Tropsch ('FT') transportation fuels are being used in commercial airlines in North America, South Africa & Australasia
- Commercial airlines (such as Qantas and BA) are carrying out Bankable studies to evaluate building their own FT production facilities
- CTL & IGCC projects are being designed for Carbon Capture and Storage (CCS)
- In North America there is extensive use of CO₂ for Enhanced Oil Recovery (EOR) applications
- In UK there are demonstration plants in Design-Build phase for CO₂ capture, transmission and storage in the North Sea

Why CTL in South Australia

- Today SA imports its transportation fuels from outside of the State including bulk fuel shipments arriving every 3 days at Port Adelaide
- Recent political events in the Middle-East & North Africa may result in crude oil prices escalating further and decrease supply
- Environmental issues has resulted in delays in offshore projects and increased costs of exploration and production
- Transportation fuels & SNG produced from indigenous resources provide both economic benefit and homeland security
- Many different energy/chemical products can be produced from SA's coal assets
- The equivalent 'hydrocarbons' of the Arckaringa assets is approximately 2,500 million barrels of diesel plus some 32,000 billion cubic feet of SNG (assuming 50:50 conversion of coal to CTL:SNG)
- This represents 75% & 37% respectively of Australia's proven oil & gas reserves with an approximate value of US\$700 billion expressed as 100% CTL production plus the additional power export revenue

Multiple Product Options



Overview of the Arckaringa CTL Project

Below are many of the questions we frequently get asked by investors, licensors, equipment suppliers etc

- What are the resources of Arckaringa?
- Why develop these resources of Arckaringa?
- What are the financials?

Overleaf we address these questions

7.8 billion tonne of which 1.287 billion tonnes is JORC compliant at Wintinna

Deposit	Million Tonnes			
	Measured ¹	Indicated ¹	Inferred ¹	Total
Wintinna	1,150	750	2,000	3,900
Westfield	100	200	500	800
Murloocoppie	250	300	2,600	3,150
				7,850
Million Tonnes (JORC)				
Wintinna	187	650	450	1,287

Feedstock	Transportation Fuel (Mbl)	Gas (Bcf)
Australian Proven Reserves ²	3,360	88,600
Wintinna JORC	419	5,341
Wintinna Total (non-JORC)	1,268	16,185
Arckaringa Total (non-JORC)	2,535	32,370

Assuming 50:50 ratio of Coal converted to Liquid Fuels and SNG, the Arckaringa coal resources are respectively 75% and 37% of Australian proven reserves

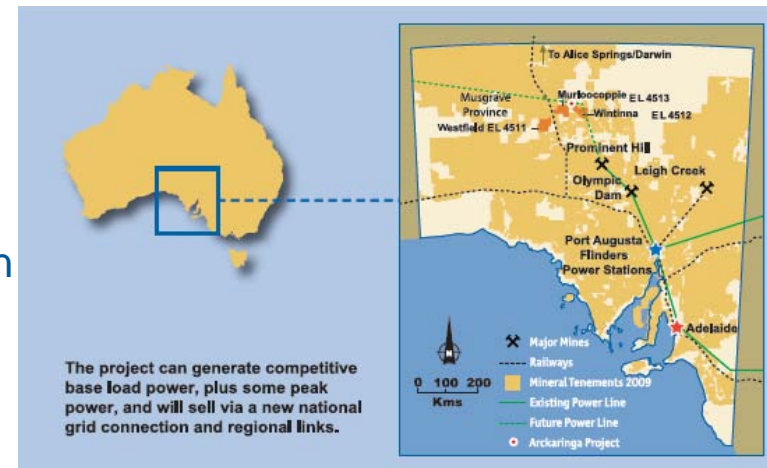
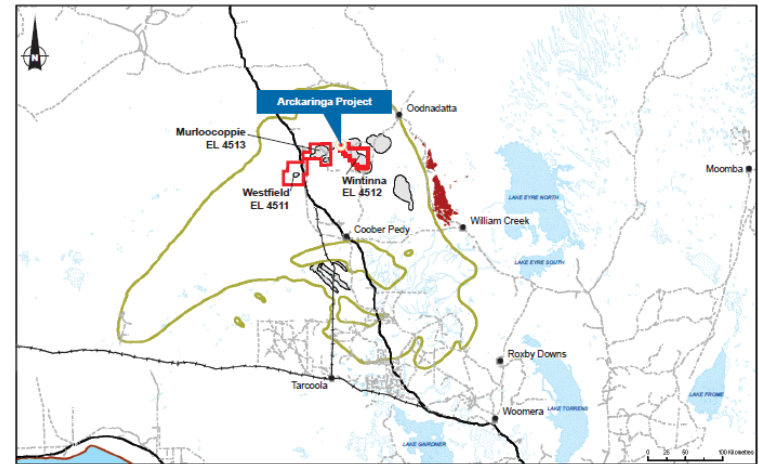
[1] Not current JORC standard, based on SA Dept. of Minerals & Energy standards of the day

² BP Production Statistics for Australian Sector June 2009

Source: Jacobs Engineering Process & Technology, Nov 2009

Arckaringa Project - Rationale

- Coal quality ideal for conversion to syngas using existing commercial technology
 - High value fuels and chemical feedstocks
 - Low cost and low emission power
- Proven technologies for coal conversion to fuels and petrochemicals
- High demand for product
 - South Australia faces a shortage of base load power, needing additional > 1000 MW over the next 10 years
 - South Australia imports its transportation fuels (10 million barrels a year)
 - CNOOC-NEI enables the targeting of coal and liquids exports to China and other Asian destinations
- Financial backing secured through CNOOC JV and FIRB approval for the JV granted



Large Revenues and Low Production Costs

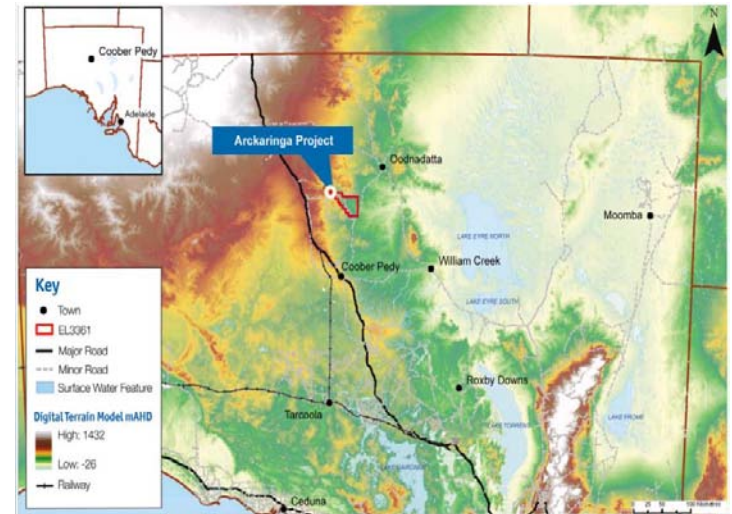
Pre - Feasibility
Study Results
derived from
Royal Bank of
Scotland
Project
Economic Model

CTL, Power and Mine (Cumulative)	Phase 1 and 2 Combined 10 MBPA
Capital (+ / - 30%) <ul style="list-style-type: none"> • CTL and Power • Mine (incl. development opex) 	US\$2,990 m US\$535
Est. Annual Revenue <ul style="list-style-type: none"> - diesel @US\$100/bbl (oil@US\$85/bbl)** - power @US\$30/MWh 	US\$1,000 m US\$150 m
Costs per Barrel, after Power Sales Revenue credit ➤ Opex US\$/bbl	US\$24/bbl
100% Diesel Fuel Output (0% Naptha) diesel @US\$100/bbl (oil@US\$85/bbl)** Power 562 MW Output @ US\$30/MWh	Project Equity NPV @10% US\$2,553 m IRR 22.6%

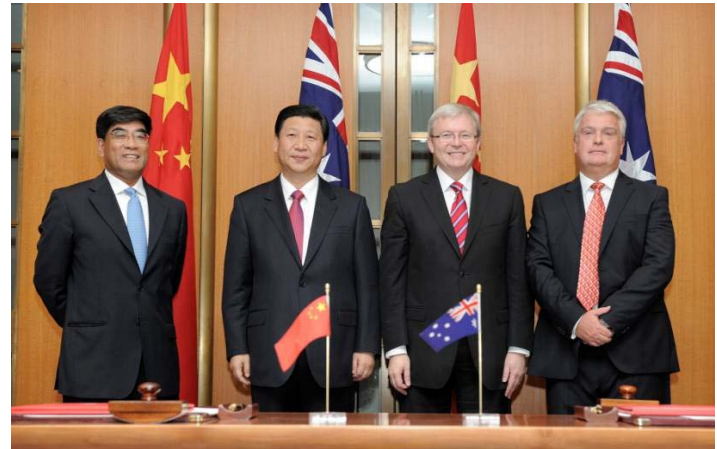
** Diesel price = Crude oil price plus \$15/bbl

Benefits for South Australia

- Employment potential
 - 850 direct jobs - 550 in mining, 300 in the CTL/power plant
- Clean fuel for domestic markets (mines, towns, the railway and SA/NT) and potential exports
- Expanded and upgraded electricity network for the Far North with back up to the national grid
- Increased utilisation of Tarcoola – Darwin railway (60km from Wintinna)
- Create a modular fabrication facility in Adelaide Vicinity
- Water Supply to regional towns, pastoral leases and Mine sites (subject to approvals)



- World class coal asset
- World class JV partner in CNOOC-NEIA
- Proven commercial technologies
- Domestic and export markets
- BFS Funded Work Programme underway
- Project finance pathway secured
- Vast long term development potential
- Multi products potential for Diesel, SNG & Chemicals
- Creation of new green industries & employment
- Carbon Capture & Storage
- Minerals are the largest single contributor to South Australia's exports



Wintinna Mine area landscape