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MEDIA RELEASE

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World-first clean coal project a step closer

ZeroGen's world-first demonstration of clean coal technologies has taken a major step forward with the signing of an agreement with Shell Development (Australia) Ltd to provide technical support services and the declaration of the project as 'significant' by the Co-ordinator-General of Queensland.

Shell, a leader in CO₂ sequestration, will assist Stanwell Corporation Limited (a Queensland Government-owned corporation) and ZeroGen Pty Ltd (a subsidiary of Stanwell) in its investigations into a world-first demonstration project to generate low emission baseload electricity through integrating coal gasification and the capture and safe storage of CO₂.

ZeroGen Director and Stanwell Acting Chief Executive Officer Gary Humphrys said Shell would assist the ZeroGen project during the phased test drilling program which is currently being undertaken in the northern Denison Trough in Central Queensland.

"The signing of this landmark agreement will provide ZeroGen with access to the full range of Shell's intellectual property in the area of carbon capture and storage and the support services necessary to undertake our test drilling program," Mr Humphrys said.

"Shell is a leader in carbon capture and storage and, as such, this agreement marks a significant step forward for the project. We will also be offering Shell an option to take up to a 10% equity position in this 100MW project.

"The ZeroGen project is an important step in continuing to meet the growing demand for baseload electricity while also achieving significant reductions in greenhouse gas emissions.

"Both coal-based gasification and carbon capture and storage are available technologies currently applied in the petrochemical and petroleum extraction industries but ZeroGen will be the first project in the world to integrate these technologies to demonstrate low emissions baseload power generation.

Enquiries

Rebecca Kelly
Corporate Communications
Stanwell Corporation Limited
W: 07 3335 3836
M: 0418 870 414
Email: rebecca.kelly@stanwell.com

"I also welcome the decision by the Co-ordinator-General to declare ZeroGen a 'significant project'.

"The declaration of ZeroGen as a significant project triggers the development of a comprehensive Environmental Impact Statement (EIS) process for the project. This will ensure we explore all of the potential environmental, cultural, social and economic impacts likely to be associated with the project.

"Key to this will be an extensive consultation program with all stakeholders, including the local community, to ensure we identify approaches to managing any impacts.

"We have already commenced discussions with some of the local governments, affected landholders and traditional owners to gain the necessary approvals for the drilling activities. We actively encourage the participation of all affected stakeholders in the EIS process over the next 12 to 18 months."

Following an agreement with Sunshine Gas to undertake the test drilling program on one of its tenements, ZeroGen commenced drilling in June 2006. The objective is to determine the geological suitability of the northern Denison Trough to safely and securely store CO₂ in deep saline aquifers.

"Two wells are being drilled to depths to conduct a range of scientific tests in which water and possibly small quantities of CO₂ will be injected into the deep underlying sandstone to determine the quality of the reservoir," Mr Humphrys said.

"The first well has been successfully drilled to a depth of approximately 1,500 metres and work has commenced on the second well."

It is proposed that the purpose built ZeroGen coal-gasification power plant will be located at Stanwell Energy Park near Rockhampton in Central Queensland. CO₂ would be captured at the site and transported by pipeline for safe storage in deep saline aquifers in the Denison Trough, approximately 220 kilometres west near Emerald.

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