

21 September 2018

Gladstone Energy and Ammonia Project

Australian Future Energy Pty Ltd ("AFE") today announces that its proposed Gladstone Energy and Ammonia Project ("GEAP") has been declared by the Queensland Co-Ordinator General as a Co-Ordinated Project.

This was formally announced today in Queensland Parliament by Minister for State Development, Manufacturing, Innovation and Planning, Mr Cameron Dick.

"The Coordinator-General's decision to declare this project a Co-Ordinated Project will help streamline approvals and fast-track delivery of this significant project," Minister Dick said.

A coordinated project approach also means that all the potential impacts and benefits of the project are considered in an integrated and comprehensive manner.

The GEAP is an above-ground coal-gasification facility that will be located in the State Development Area in Gladstone, Queensland.

The proposed project will process 1.5 million tonnes per annum of low-quality coal, to produce up to 330,000 tonnes per annum of ammonia product, and up to 8 PJ of pipeline quality gas for the east coast domestic gas market. In addition, the proposed project will generate approximately 90 MW of electrical power, with approximately 25 MW of this being available for export to the local domestic grid.

The ammonia and gas produced will then be used by major industrial users, including those focusing on agriculture, the mining industry and advanced manufacturing.

While ammonia is produced elsewhere in Australia, this is the first time that the proposed coal gasification technology will be used to produce ammonia in Australia.

The coal gasification technology to be utilised on the project has been developed over the last approximately 20 years by Synthesis Energy Systems ("SES") a Nasdaq listed company, who holds approximately 40% of the issued capital in AFE.

The coal gasification technology to be utilised is commercially proven and is operating at 5 commercial operations with 13 gasifiers in Asia. The largest of those operations is currently producing 300,000 tpa methanol and is in the process of expanding that operation to 1 million tonnes per annum methanol based on the SES technology.

The project will make a significant contribution to the regional economy requiring a peak workforce of 800-1,000 jobs during the two-year construction period and up to 250 full-time equivalent jobs for the 30-year operational period.

It is estimated that a further 1,280 indirect jobs will be also be created during the operational phase, generating significant additional jobs for regional suppliers and contractors as well as increased employment opportunities for local communities.

The next step is preparation of draft terms of reference by the Coordinator-General who will then invite community comment on the matters to be investigated in the EIS.

The project is estimated to commence construction by mid-2020, with the first ammonia and gas production proposed in mid-2022.

For further information:

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