ASX Announcement



7 December 2012

LINC ENERGY AND DTEK OIL AND GAS SIGN A UCG AGREEMENT FOR THE UKRAINE

Linc Energy Ltd (ASX:LNC) (OTCQX:LNCGY) is pleased to announce it has entered into an agreement to collaborate with DTEK Oil and Gas for the purpose of evaluating underground coal gasification (UCG) potential in the Ukraine on DTEK's local coal resources. DTEK Holdings, the parent company of DTEK Oil and Gas, is the largest privately owned, vertically integrated energy company in Ukraine with interests in coal mining, power generation and electricity distribution companies.

As an entrepreneurial company, DTEK Oil and Gas is seeking to assess the opportunity to utilise UCG to help address Ukraine's growing reliance on imported, expensive and often unreliable natural gas and to fill their capacity gap at DTEK's existing gas-fired power plants.

Linc Energy was selected by DTEK as its preferred strategic partner following a thorough review of the current UCG market and the unique world leading experience offered by Linc Energy as demonstrated through the visit of DTEK management to the Chinchilla UCG to GTL Demonstration Facility on two separate occasions over the past 6 months.

DTEK has agreed to pay Linc Energy for an initial resource assessment, adding further validation of Linc Energy's Clean Energy Division and the intrinsic value within Linc Energy's technical and commercial capability.

If a coal resource suitable for UCG commercialisation is identified, the parties intend to cooperate to bring a UCG gas project to commercial fruition in the Ukraine over the next few years. Linc Energy, on initial review so far, is confident that it will locate a suitable UCG coal resource as part of the study that is about to be undertaken in the Ukraine.

Linc Energy's President of Clean Energy, Mr Adam Bond, said, "As Linc Energy continues to grow its presence in the European energy market, we are pleased to be working with one of the Ukraine's major energy stakeholders in DTEK Oil and Gas to make the assessment of UCG's potential in the Ukraine."

Mr Bond further noted, "The energy market in the Ukraine signifies a number of the key attributes as to why Linc Energy made the strategic commitment to expand its operations into Europe. DTEK is an obvious partner for Linc Energy in this region of Eastern Europe and we are very proud to be working with the company going forward."

Maxim Timchenko, Chief Executive Officer of DTEK, said, "Cooperation with Linc Energy allows for a new way of looking at the issue of efficiently and safely utilizing Ukraine's proven coal reserves. Environmentally friendly production of syngas will enable us to exploit coal reserves that cannot be developed by traditional mining methods. In addition, UCG gives new life to gas-based electricity generation projects. All of this will help to reduce the energy dependence of Ukraine. The Company continues its policy of utilizing domestic coal and alternative energy sources. We expect syngas production will start in 2014."

A copy of DTEK's media release follows:

ASX Announcement continued...



OTCQX Code: LNCGY

Company Profile

Linc Energy is a globally focused, diversified energy company with a strong portfolio of coal, oil and gas deposits. It is Linc Energy's purpose to unlock the value of its resources to produce energy to fuel the future.

A publicly listed company, Linc Energy is the global leader in Underground Coal Gasification (UCG), which delivers a synthesis gas feedstock to supply commercially viable energy solutions – such as electricity, transport fuels and oil production – through gas turbine combined cycle power generation, Gas to Liquids (GTL) Fischer-Tropsch processing and Enhanced Oil Recovery.

Linc Energy has constructed and commissioned the world's only UCG to GTL demonstration facility located in Queensland, Australia. This facility produces the world's only UCG to GTL synthetic diesel fuel. Linc Energy also owns the world's only commercial UCG operation, Yerostigaz, located in Uzbekistan. Yerostigaz has produced commercial UCG synthesis for power generation for over 50 years.

Linc Energy is on a rapid global expansion path to commercialise its portfolio of resources, with established offices across three continents in the United States, the United Kingdom and Australia.

Linc Energy is listed on the Australian Securities Exchange (LNC) and can also be traded in the United States via the OTCQX (LNCGY).





search	0.

	< Назад	Меню
--	---------	------

DTEK and Linc Energy Agree to Cooperate in Syngas Production

06.12.2012



Sergey Bublikov Appointed the General Director of



DTEK Dniprooblenergo

Kyiv, December 06, 2012. DTEK and Linc Energy (Australia) agreed to cooperate on the application of underground coal gasification (UCG) technology in Ukraine for the production of synthesis gas that can replace expensive natural gas imported from abroad. The two parties signed a Memorandum of Understanding and an agreement for the development of a provisional feasibility study for the project in November.

Maxim Timchenko, DTEK's CEO, and Adam Bond, Clean Energy's President (Clean Energy is Linc Energy's business division dealing with UCG technology) discussed project milestones and prospects for developing the technology today at a meeting in Donetsk.

"Cooperation with Linc Energy allows for a new way of looking at the issue of efficiently and safely utilizing Ukraine's proven coal reserves," said Timchenko. "Environmentally friendly production of syngas will enable us to exploit coal reserves that cannot be developed by traditional mining methods. In addition, UCG gives new life to gas-based electricity generation projects. All of this will help to reduce the energy dependence of Ukraine. The Company continues its policy of utilizing domestic coal and alternative energy sources. We expect syngas production will start in 2014."

"Linc Energy has invested heavily into the development of UCG technology, said Clean Energy's Bond. "The company has been producing syngas from its Australian facility at Chinchilla for 12 years. Linc Energy was also the first in the world to implement integrated cycle syngas production in 2009, with further gas transformation into liquid hydrocarbons with Gas-to-Liquids (GTL) technology – producing synthetic oil and subsequently synthetic diesel. With oil and natural gas becoming increasingly more expensive today, more countries and companies are beginning to show interest in UCG. DTEK has become a pioneer in this field in Ukraine."

DTEK has been studying options for applying UCG technology at its coal enterprises for several years now. Following this review, Linc Energy was selected as the market leader in UCG technology and as D.TEK's partner of choice. Experts from the Dnipropetrovsk National Mining University were involved in the study. Preliminary results and calculations indicated promise in terms of viability of the technology. According to expert estimates, the production cost of syngas is lower than that of shale gas and is closer to that of natural gas produced in Ukraine.

The uses for syngas are not limited to the power industry; it can be used for the production of motor fuel, oils, fertilizers, and pharmaceutical components.

DTEK's subsidiary DTEK Oil & Gas will be in charge of the UCG project.

Reference:

UCG technology (Underground Coal Gasification) is:

- gas production as a result of underground (in-situ) coal combustion. The resulting feedstock is similar to natural gas in terms of quality (1.5 times less calorific value). It is synthesis gas with the opportunity for further technological development to GTL (Gas-to-Liquid)
- a synthetic gas stream mainly saturated with hydrogen (H2) and carbon monoxide (CO), an environmentally friendly technology



- the possibility to develop difficult to recover and unprofitable coal reserves
- excludes cleaning/preparation circuits and ore heaps
- an alternative to natural gas
- a high efficiency process when using a cogeneration cycle (up to 80-90%) combined generation of electricity and heating, as well as zero rates for emissions ("green tariff")

GTL technology (Gas-to-Liquids) is:

- an industrial process to chemically convert syngas (hydrogen and carbon monoxide) into liquid hydrocarbons (synthetic oil) by means of special synthesis (Fischer-Tropsch processing using catalysts). The source can be coal, natural gas and associated petroleum gas
- synthetic oil can be processed into the finished oil products: diesel fuel (up to 70%), SRG (straight run gasoline) (up to 20%) and lubricants (up to 10%). In addition, it serves as feedstock for chemicals (methanol, ethanol), agricultural products (fertilizers), pharmaceutical and cosmetic goods (waxes, lubricants, nonorganic bases)
- products generated as a result of the chemical process differ from traditional ones (processing at oil refineries) in terms of their high chemical purity (quality)
- a flexible process to meet market demands (the possibility of production for various sectors of the economy), new niches for business development via diversification (mitigation of risks associated with product demand)

DTEK is the largest energy company in Ukraine. The Company is the energy division of System Capital Management (SCM). DTEK's enterprises operate effectively in coal mining and preparation, and electricity generation, distribution, and sales.

DTEK's portfolio of coal assets includes 31 mines and 12 coal preparation plants in Donetsk, Dnipropetrovsk and Luhansk regions of Ukraine and in Rostov region of the Russian Federation. In 2011, DTEK's Ukrainian mines produced more than 37 million tons of coal.

The generation segment is represented by 10 thermal power plants and two combined heating and power plants with more than 18 GW of total installed capacity. DTEK's generation enterprises are located in seven regions of Ukraine and the capital (Kyivenergo generates and supplies electricity and heating to Kyiv). DTEK's electricity distribution and sales segment includes five enterprises that collectively supply power to approximately 4.5 million customers – both individuals and legal entities.

DTEK Trading sells energy products in domestic and international markets. Coal exported by DTEK Trading is consumed by power plants, coking plants and iron and steel works in Ukraine as well as power plants and industrial facilities in Europe, Asia, North and South America and Africa. The Company also exports energy to Hungary, Slovakia, Romania, Poland, Moldova, and Belarus.

DTEK's consolidated revenues in 2011 amounted to UAH 39.6 billion; the Company's net profit totaled UAH 3.5 billion. DTEK paid UAH 5.6 billion in taxes in 2011.

For more information, please visit www.dtek.com.

Contacts:

Alyona Semykina Head of IR DTEK direct +38 (044) 581 45 22 SemykinaAG@dtek.com

This document may contain forward-looking statements related to the planned measures or future financial indicators of DTEK. Words such as "anticipate," "believe," "estimate," "expect," "forecast," "intend," "may," "plan," "project," "predict," "should" and "will" or the negatives of these terms or variations of them and similar expressions are intended to identify such forward-looking statements. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. We undertake no obligation and do not intend to update these forward-looking statements to reflect events or circumstances occurring after this press release. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Such risks include concerns over the general economic status, environment and risks associated with the doing business in Ukraine, significant technological and environmental changes in our sector, as well as many other risks specifically applicable to DTEK and its business.

Main > Media centre > Press releases > DTEK and Linc Energy Agree to Cooperate in Syngas Production