



NEWS RELEASE

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Ignite Energy Resources and TRUenergy announce a direct coal-to-liquids and coal drying demonstration project in the Latrobe Valley

Ignite Energy Resources (IER) and TRUenergy have entered into a Memorandum of Understanding (MoU) to develop a commercial demonstration plant that will utilise IER's direct coal-to-oil and upgraded dry coal process from the brown coal at TRUenergy's Yallourn mine.

The facility will be developed in three modules to process up to 60,000 tonnes of high moisture content brown coal per annum that will produce up to 60,000 barrels of IER high grade oils and 18,000 tonnes of high-grade dry coal.

IER's proprietary supercritical water technology transforms low ranked coals, including lignite, directly into high-valued oils and cleaner coal products.

IER's operating reactor at Somersby, NSW converts one dry tonne of Gippsland Basin lignite into approximately two barrels of oil and 0.6 tonnes of high ranked coal. Independent expert reports predict that the Company's coal, compared to lignite, will reduce CO₂ emissions by 40% when used for power generation.

Subject to feasibility studies and based on the operating Somersby reactor design, IER will build and operate a commercial-scale reactor at the TRUenergy site.

By converting abundant, low-cost, high-moisture lignite into high-valued oil and coal products, IER hopes to provide a cleaner, secure energy source, while significantly reducing CO₂ emissions.

Work is expected to begin in mid-July with the initial plant operating by the second quarter of 2010. The Company's modular plant design, using multiple reactors, allows for significant expansion beyond the initial 20,000 tonnes per annum scale.

Dr Len Humphreys CEO of IER said: "We are delighted that TRUenergy, who are committed to address climate change, is supporting the development of this plant. In a CO₂ conscious world, we believe IER's technology can fundamentally change the way the world looks at lignite."

Richard McIndoe, MD of TRUenergy said: "TRUenergy's involvement in this demonstration plant and support for Ignite's innovative approach is consistent with our strategy to support new technology initiatives that can help ensure a future for Victoria's brown coal. This is a resource that has a huge potential if solutions to its high carbon intensity can be developed and commercialised. We believe this is an important initiative."

IER is based in Sydney and has patents pending over the supercritical water reactor which is central to the conversion process. Apart from IER's plant in Somersby, it has certain rights to significant, proven reserves of lignite through a Gippsland Basin Exploration Licence.

TRUenergy is one of Australia's largest, integrated energy businesses, providing electricity and gas for approximately 1.3 million residential, small and large business accounts across Victoria, South Australia, New South Wales, the ACT and Queensland.

TRUenergy's generation portfolio spans coal, gas and renewable energy. In addition to the 1480MW Yallourn power station, TRUenergy recently commissioned the 420MW combined cycle gas plant at Tallawarra, NSW, and also owns a 180MW gas-fired power station at Hallett in South Australia. It also manages the CLP Group's 50% interest in the Roaring 40s wind joint venture and has invested in the Paralana geothermal project in South Australia.

For further information
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