

**AFC Energy Plc**  
("AFC Energy" or the "Company")

**Order and exclusivity agreement with Linc Energy**

AFC Energy (AIM: AFC), the developer of low cost alkaline fuel cells that generates clean electricity from by-product hydrogen, is delighted to announce that it has signed a binding Heads of Agreement with Linc Energy Limited ("Linc Energy"), and with B9 Coal Limited. Linc Energy (ASX: LNC, Market Cap: cA\$717m) is Australia's leader in clean coal technology, and intends to integrate the AFC Fuel Cell System for use in Linc Energy's Underground Coal Gasification ("UCG") projects.

The combination of cheap and easy to produce synthetic hydrogen from UCG will make an ideal feed source for AFC Energy's fuel cell systems. Linc Energy will utilise a simple membrane gas separation process on the UCG gases to ensure a satisfactory rich hydrogen mix is available for feed-in to the fuel cell system.

Linc Energy has an operating UCG plant in Chinchilla, Australia where it is intended to initially install AFC Energy's Alpha fuel cell system for demonstration and then, once developed, install the larger c.50 kilowatt AFC fuel cell system. All parties anticipate multiple installations of AFC Energy's 50kW system for full scale commercialisation. Key terms of the agreement are as follows:

- AFC Energy has granted to Linc Energy worldwide exclusive rights to utilise and operate AFC Fuel Cells in conjunction with any UCG application for a period of 24 months
- Linc Energy will purchase the first Alpha fuel cell system for £200,000, payable in instalments, with delivery anticipated within the next five months
- Linc Energy will have the option for 24 months to extend the exclusivity period in perpetuity. To exercise this option Linc must invest £2.3 million in AFC Energy at a price determined in reference to the market price at the time of exercise
- For Linc Energy-owned sites, Linc Energy will pay to AFC Energy an upfront payment calculated on the cost of delivery of fuel cell systems, and a royalty based on profits generated from the use of AFC Energy fuel cells
- For Linc Energy-owned sites Linc Energy will pay to B9 Coal Limited, as introducer and broker to the transaction, a royalty equal to two percent of the net profits generated from the use of AFC Energy fuel cells

The operational system will permit the optimal usage of coal with minimal environmental damage. The project capital expenditure for power stations using AFC Energy's low cost fuel cell system is forecast to be less than that of conventional coal/IGCC power stations.

**B9 Coal Limited**

B9 Coal Limited ([www.b9coal.com](http://www.b9coal.com)) was established to formulate, integrate and obtain exclusive rights for technologies involved in generating, highly efficient low carbon electricity from Underground Coal Gasification opportunities and carbon capture and storage ("CCS") technologies.

Josh White, a director of B9 Coal Limited is the brother of Ben White – the beneficiary of the Age of Reason Foundation, a substantial shareholder in AFC Energy. The agreement is therefore deemed to be a related party transaction pursuant to Rule 13 of the AIM Rules.

The Directors of AFC Energy, having consulted with their nominated adviser, Astaire Securities Plc, consider the terms of the agreement to be fair and reasonable insofar as its shareholders are concerned.

Ian Balchin, CEO of AFC said:

“Whilst our primary focus remains firmly on the chlor-alkali market, we now have access through B9 Coal to the rapidly emerging market for power generation from underground coal. This opportunity is by far the largest potential market for AFC Energy that we identified and is operational practically anywhere in the world where there are deep coal deposits. The implementation of this programme can create a ‘Holy Grail’ for future coal utilisation with low-cost, highly efficient conversion of coal into power and through the process of CCS it can turn the dirtiest fossil fuel into the cleanest.

We are very excited about working with Linc Energy and locking into the dynamism that has made Linc Energy one of the fastest growing companies in Australia over the past few years. In parallel with our chlor-alkali opportunity this programme enables AFC to demonstrate the increasingly wide application potential of its low-cost fuel cell technology”.

Mr Peter Bond the CEO of Linc energy said;

“It makes infinite sense to marry the cleanest power generation technology with the cleanest gasification technology. The picture of success is that you have a UCG field producing cheap and efficient UCG gas, subsequently this UCG gas is piped above ground a short distance upon the same gas field, adjacent to the fuel cell installation. There the gas is cleaned and put through a membrane to enhance the hydrogen percentage that is fed into a smart and compact Fuel Cell power-generation facility that produces virtually no CO2 emissions. In fact the by-product that this power generation plant does produce is in high demand, and that is clean distilled water.

The green power produced will then be fed into the local transmission grid. The future of this concept is simply staggering. It could easily be the ultimate answer for clean coal power many of us are looking for, and it’s only one to two years away from reality.”

Linc Energy will make a separate announcement to ASX, which, when published, will be found at [www.lincenergy.com.au](http://www.lincenergy.com.au)

For further information please visit [www.afcenergy.com](http://www.afcenergy.com) or contact:

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Notes to Editors:

### About Linc Energy

Linc Energy (ASX: LNC, Market Cap: cA\$717m) is an innovative, forward thinking energy company and Australia's leader in clean coal technology. The company's vision is to become a dominant player in the supply of more environmentally friendly power, diesel and jet fuel.

Linc Energy aims to achieve this vision by bringing together, for the first time anywhere in the world, two proven production processes known as Underground Coal Gasification (UCG) clean coal technology and Gas to Liquids (GTL).

These processes will economically convert vast "stranded" coal deposits into ultra clean liquid fuels. Linc Energy will also use the Syngas produced from UCG clean coal technology as feedstock for gas turbines to generate much needed environmentally friendly electricity.

The company has a unique leading edge capacity to provide a viable, more sustainable and smart alternative source of liquid fuels and power generation well into the foreseeable future.

Linc Energy represents a new future for liquid fuels production and power generation.