

ALTERA RESOURCES LTD TO ACQUIRE
100% OF CLEAN GLOBAL ENERGY

Altera Resources Limited (“Altera”) is pleased to announce that it has entered into an Implementation Agreement (“Agreement”) to acquire 100% of Clean Global Energy Pty Ltd (“CGE”).

The acquisition is subject to, amongst other things, all necessary approvals of Altera’s shareholders.

CGE - Technology Partnership Agreement

CGE is a party to a Technology Partnership Agreement (“TPA”) with Dr Michael Green an underground coal gasification (“UCG”) specialist who has developed intellectual property, technical skills, knowledge and know how in relation to all aspects of UCG.

UCG is a process whereby coal is converted to gas in-situ and brought to the surface for further use.

Under the TPA Dr Green agrees, amongst other things, to provide future services involving provision of his technical skills, knowledge and know how in relation to all aspects of UCG to CGE.

CGE’s rights in respect of UCG being provided by Dr Green under the TPA are exclusive for the territories of Australia, China and Africa for a period of at least 6 months subject to a number of conditions and payments as described below.

The UCG Process

CGE intends to become a significant energy company specialising in the development of UCG as a significant source of economic quantities of Syngas suitable for power generation and coal to liquids (“CTL”) opportunities.

The UCG process has significant advantages over other methods of extracting energy from coal in that it allows coal to be processed below ground, thus eliminating expensive mining operations, in order to produce a low cost industrial gas. The gas can then be used in either electricity generation or in the further production of liquid petroleum products.

The UCG process allows economic use of coal reserves that would otherwise be un-competitive in today’s economy, with minimal ground disturbance and has potential scale advantages compared to other coal based fuel methodologies, which may allow economically efficient distributed power generation. Distributed power generation requires electricity to be produced closer to its ultimate customers through the use of smaller generating plants situated throughout an electricity distribution network.

Coal Lease Applications

CGE has four coal leases in Queensland under application (“Tenement Applications”) covering an area of approximately 1500 square kilometres. The Tenement Applications are located near Biloela in Central Queensland and Millmerran and Maryvale in South East Queensland.

CGE’s Biloela lease (under application) adjoins Anglo Coal’s Callide Mine to the south, south-west and Linc Energy’s coal lease to the west. The Biloela lease application is in close proximity to CS Energy’s Callide Power Station and Gladstone’s export port facilities.

CGE’s leases near Millmerran and Maryvale adjoin New Hope’s and Ambre Energy’s leases. In May 2008 it was reported that Ambre Energy’s core drilling program on its EPC 1076 resulted in a 400mt coal deposit being identified. Ambre Energy’s EPC 1076 adjoins CGE’s EPC 1508 application near Millmerran. In addition, CGE’s Millmerran lease application is in close proximity to Interger’s Millmerran power station.

UCG produces a low cost syngas that is ideal for feedstock in power generation as well as Gas to Liquids technology that produces a low sulphur, clean diesel, a main focus of CGE. These leases have been identified for their proximity to infrastructure such as power stations, road, rail and export facilities as well as their potential for production of UCG Syngas.

Dr Michael Green

Dr Michael Green has 32 years experience in energy related engineering research, and holds a PhD in Chemical Engineering from Imperial College, London.

Dr Green will become a director of Altera from completion of the acquisition of CGE (“Completion”).

Dr Green was the director of a successful European trial of proven technology in respect of underground in-seam gasification in Spain (1992-1999) and has 32 years experience in energy related engineering and research.

The technology proven in the Spanish trials from 1992 to 1999 included:-

- ❖ Proven directional drilling techniques
- ❖ Controlled retractable injection points
- ❖ Developed CO₂ management techniques
- ❖ Successful gasification of coal at depths greater than 500m
- ❖ Production of a quality syngas suitable for energy, fuels and fertilizers.

The success of the UCG trials in Europe by Dr Green has been acknowledged by the following authorities:-

- **“The Spanish trial was completed successfully... It demonstrated the feasibility of gasification at depth, the viability of directional drilling for well construction and intersection, and the benefits of a controllable injection and ignition point.”**

“Best practice in UCG” (2006) Burton, Elizabeth; Friedman, Julio & Upadhye, Ravi. Lawrence Livermore National Laboratory. *This work was performed under the auspices of the US Department of Energy by the University of California under Contract No. W-7405-Eng-48.*

- **“The European trial (1992-1998) and the subsequent UK initiative on UCG (1999 to present)... have been the most comprehensive investigation of UCG in deeper coal seams in the world to date. The trial has demonstrated the use of oil and gas technology to achieve high-pressure UCG in deep seams, and has also examined control and site selection for minimum environmental impact: essential stages in the development of an acceptable UCG operation.”**

“Review of the Feasibility of Underground Coal Gasification in the UK” (2004) Page 13 *Department of Business Enterprise & Regulatory Reform (UK)*

New Directors

At Completion the existing directors of Altera will resign and appoint CGE’s nominees as directors. Apart from Dr Green, the other proposed directors of Altera from Completion who will drive CGE’s development include:-

Mr John Harkins (Proposed Chairman) – Senior Vice President of US gasification company, former Executive Director / General Manager of Linc Energy, former CEO of Care Super (\$1.6 billion super fund).

Immanuel Mensik BSc. MBA. (Proposed CEO) – former senior executive at Air Liquide subsidiary. CEO of Xcelerator & WorldMedicus. Marketing executive at Johnson & Johnson. Chemist at Pfizer & Australian Mine Management. Young Australian of the Year – Regional Development 1999.

Domenic Martino Former CEO in Australia of international accounting firm Deloitte from 2001 to 2003. He is a former founding director and chairman of coal bed methane companies Sydney Gas Ltd and Blue Energy Ltd. He is currently chairman of Australian Resources Ltd an emerging iron ore producer and Computercorp Ltd an ICT services company.

Alison Coutts

Ms Coutts has a degree in Chemical Engineering & a Masters degree in Business Administration. She also heads the Securities Institute's Masters Degree course in Biotechnology.

Ms Coutts has over 25 years' experience in international engineering project management, strategy consulting and executive search. Since the mid 1990's, Ms Coutts has been involved in the financial markets in venture capital, stockbroking and investment banking.

Paul Hubbard

Mr Hubbard holds a Bachelor of Arts and a Bachelor of Education with experience in the teaching, training human resources and motivational sectors.

Other ASX Listed Companies with UCG Interests

As far as Altera is aware the following are the ASX listed companies who have interests in UCG:

Linc Energy Ltd (ASX Code – LNC) – undiluted market capitalisation at 27 August 2008 of approximately \$1.4 billion;

Carbon Energy Ltd (ASX Code – CNX) – undiluted market capitalisation at 27 August 2008 of approximately \$192 million;

Cougar Energy Ltd (ASX Code – CXY) – undiluted market capitalisation at 27 August 2008 of approximately \$58 million.

At Completion the undiluted market capitalisation of Altera at a price of 20 cents will be \$24.6 million or \$33.6 million if the additional 45 million shares are issued by reason of the 4 Tenement Applications having been granted pre Completion.

Agreement Terms

The key terms of the Agreement are as follows:-

- Altera will issue at Completion 12.5 million shares at \$0.20 (“Capital Raising”) to raise \$2.5 million before costs. If CGE raises up to \$700,000 pre Completion and either retains the cash at Completion or has spent the monies raised on exploration of the 4 tenement applications or in making payments due under the TPA as described hereunder then up to 3.5 million of the Capital Raising shares (at 20 cents per share) will be issued to the parties who contributed such monies to CGE;
- Altera will issue at Completion 90 million ordinary fully paid shares to CGE shareholders;
- Altera will issue at or after Completion an additional 45 million ordinary fully paid shares to CGE shareholders once the 4 Tenement Applications described above are granted (or tenements of equivalent status are transferred to Altera);
- Altera holding \$1.44 million in net cash at Completion (excluding liabilities relating to this transaction);
- Altera will issue at Completion 24 million options to CGE vendors/incoming directors with a strike price of \$0.25 and expiring on 1 August 2013. 6 million of these options to be issued to Mr Domenic Martino will be performance based with performance based criteria to be determined by CGE and Mr Martino prior to the despatch of the notice of meeting to Altera shareholders described below.

Other terms of the TPA

Under the TPA CGE agrees to pay Dr Green US\$2m in staged payments in consideration for Dr Green’s future services involving the provision of his technical skills, knowledge and know how in relation to all aspects of UCG as follows:

- (a) US\$50,000 sign-on fee which has been paid;

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- (b) US\$200,000 by September 15;
 - (c) US\$50,000 per month for 5 months commencing on 30 September
 - (d) US\$250,000 on completion of UCG field design;
 - (e) US\$250,000 on practical completion of a UCG plant;
 - (f) US\$1,000,000 30 days after Syngas is produced in quantities and calorific value comparable with other tests such as the Spanish or Chinchilla trials.

The 6 month exclusivity under the TPA as described above is conditional on the above payments being paid as they fall due and on Dr Green remaining reasonably satisfied that CGE is progressing towards raising at least \$20m by 31 March 2009.

If A\$20 m has not been raised by CGE/Altera by 31 March 2009, Dr Green can terminate the exclusivity. Subject thereto the TPA rights are non-exclusive worldwide. If the \$20 m condition is fulfilled the exclusivity becomes unconditional subject to the ongoing payments being made under the TPA.

Conditions of Agreement

The Agreement is conditional upon:-

- The \$2.5m Capital Raising being completed;
- Necessary Altera shareholder approval being obtained at a general meeting;
- Completion Date of 30 October 2008;
- No breach of relevant warranties, no prescribed occurrences, no material adverse changes to Altera or CGE;
- Reinstatement to quotation of Altera securities by ASX.

Capital Structure

At Completion the capital structure of Altera will be as follows:

122,953,348 * ordinary fully paid shares

2,100,000 options exercisable at 10 cents expiring 8 August 2011

4,000,000 options exercisable at 20 cents expiring 31 December 2012

24,000,000 options exercisable at 25 cents expiring 1 August 2013

* An additional 45 million ordinary fully paid shares will be issued at Completion if all of the Tenement Applications are granted pre Completion

Further Requirements

As the acquisition of CGE constitutes a change of the nature contemplated by Chapter 11 of the ASX Listing Rules, Altera requested a trading halt of its shares on the ASX prior to this market release. However, the Company's shares will be reinstated for trading on the ASX on Thursday 28 August.

Altera will be required to comply with Chapters 1 and 2 of the ASX Listing rules if the proposed acquisition is approved by shareholders at a general meeting to be called to consider the proposal. Various aspects of the Agreement will meet certain of the requirements of Chapters 1 and 2 of the Listing Rules. If the proposed transaction is approved by shareholders the Company's shares will be suspended following shareholder approval until the requirements of Chapters 1 and 2 of the Listing Rules have been satisfied.

Timetable

It is anticipated that the acquisition of CGE will follow the following timetable:

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| • Trading Halt in Altera securities | 26 August 2008 |
| • Comprehensive ASX announcement to enable Altera securities to recommence trading on ASX | 27 August 2008 |
| • Commission and commence preparation of necessary experts reports | 27 August 2008 |
| • Commence preparation of notice of meeting, as necessary, prospectus | 27 August 2008 |
| • Commence Altera prospectus due diligence process | 28 August 2008 |
| • Finalise and despatch notice of meeting including any necessary experts report | End September 2008 |
| • Lodge prospectus | End September 2008 |
| • EGM Altera | End October 2008 |
| • Close \$2.5m Capital Raising | End October 2008 |
| • Completion – issue Altera shares, complete transfer of CGE Shares | End October 2008 |
| • Reinstatement of Quotation of Altera securities | By 7 November 2008 |

The above anticipated timetable is subject to variation. Any material changes will be notified by Altera to ASX.

Proposed Financial Position of Altera and Use of Funds

Under the Agreement Altera undertakes to have net cash reserves (excluding the liabilities it incurs in meeting its obligations under the Agreement) of at least \$1.44 m at Completion and CGE is required to have no liabilities at Completion (actual or contingent) other than the payments it may be required to make thereafter under the TPA.

At Completion Altera will have approximately \$3.9 million in cash (less costs associated with the Agreement and all transactions and requirements thereunder and the Capital Raising and less any of the Capital Raising funds that are raised by CGE pre Completion and have been

expended as outlined above) which will be utilised for exploration on CGE's coal leases, development of its UCG rights under the TPA and for working capital.

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