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Company Announcements Office
Australian Stock Exchange
Level 10, 20 Bond Street
Sydney NSW 2000

AUSTRALIAN DEVELOPMENT CAPITAL COMMITS TO NEW TECHNOLOGY

Listed investment company Australian Development Capital Ltd (ASX:ADK) announced today that it has invested in gas technology company Cool Energy Pty Ltd acquiring rights to a 23% equity interest. ADK director Ms Claire Poll will join the Cool Energy Board.

The Company said it was very excited by the investment and opportunity to participate in a technology that has the potential to commercialise previously uneconomic gas fields throughout the world. In addition, it was pleased to participate in a new technology in the oil and gas sector that was environmentally friendly.

Cool Energy is a WA-developed technology that removes CO₂ in liquid form from gas feedstocks, potentially solving a significant environmental problem facing the gas industry worldwide. With the depletion of oil stocks and the new focus on gas production, the environmentally friendly removal of CO₂ is a hurdle to development for many known gasfields.

Cool Energy holds world-wide intellectual property for a new cryogenic gas processing technology developed at Curtin University's Woodside Hydrocarbon Research Foundation with considerable support from Shell Global Solutions. Design and fabrication of a 2MMscfd pilot plant of the process will be field tested at an ARC Energy's Perth Basin gas field during the year. Results from the pilot plant will be available by the end of 2005.

Already proven in laboratory tests, the benefits of the Cool Energy technology include:

- Removal of contaminants, particularly CO₂, in liquid form from gas feedstocks
- Efficiently sequestering CO₂ or making it suitable for other purposes
- Unlocking gas reserves currently stranded because of remoteness, size or level of contaminants
- Economically harnessing flared gas and coal bed methane
- Lower operational costs (up to 25% less) than traditional CO₂ removal methods with costs reducing further as the amount of CO₂ increases
- Further cost savings for companies under emission compliance pressure

An A\$1.9 million Start Grant from the Commonwealth Government has been approved for Cool Energy. Together with A\$3 million in private investment commitments the company has sufficient funding to complete the pilot plant and, subject to achieving milestones, the first year of commercialisation activities thereafter.

Cool Energy Managing Director Ms Jessie Inman has 20 years experience in international marketing and business development and Technical Development Manager Mr Allan Hart has more than 20 years international experience in the development of gas assets.

ADK is co-investing in Cool Energy with Nido Petroleum (ASX listed:NDO). It is likely the technology will open up further investment opportunities directly into gasfields that wish to use the technology to assist commercialisation. These opportunities will be investigated by Cool Energy and its key investors with particular assistance from Nido with its oil and gas sector knowledge and experience. Nido Managing Director Mr David Whitby will be appointed as its representative on the Cool Energy Board.

Details of the Acquisition

ADK will initially subscribe for 2.5 million redeemable convertible preference (RCP) shares in Cool Energy Pty Ltd for a consideration of A\$625,000. Subject to milestones including completion and successful operation of the pilot plant, ADK will in 12 months time subscribe for a further 1.2 million RCP shares for A\$300,000. In addition, ADK has an option to acquire a further 1.8 million ordinary shares for A\$450,000. After acquisition of all such shares, ADK will hold 23% of Cool Energy on a fully diluted basis, assuming all other Cool Energy shareholders take up all their equity rights.

ADK may at any time convert the RCP shares to ordinary shares on a one for one basis. If prior to conversion Cool Energy issues any shares for less than 25 cents then the RCP shares convert to 25 cents worth of ordinary shares at such lower issue price.

Capital Raising by ADK

ADK will proceed with the placement of up to 40 million shares at a price of 5 cents each to raise up to \$2 million. A shareholders meeting to approve such a raising is already convened for 17 February 2005 and a prospectus will be issued shortly. This raising will fund the initial investment of \$625,000 in Cool Energy and provide additional working capital for further investment opportunities.

For further information, contact:

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