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## ASX Announcement

19 July 2017

### Completion of Deed of Company Arrangement

- **Shareholders approve Amended Deed of Company Arrangement**
- **All conditions precedent to DOCA completion satisfied**
- **New Convertible Note Facility in place for \$9.2 million**
- **Creditors Trust of \$300,000 established**
- **Working capital of \$3.5 million available following equity issue to Kam Lung and settlement of agreed costs**

Carbon Energy Limited (**the Company**) (ASX:CNX) today announces that at the 2016 Annual General Meeting held on 18 July 2017, shareholders resolved to approve the transactions contemplated by the Amended Deed of Company Arrangement (**DOCA**).

The DOCA provided for a number of conditions precedent to be satisfied before DOCA completion was achieved. All conditions precedent have now been satisfied.

These conditions precedent included:

- entry into a Convertible Note Facility Agreement for the advance of \$9.2 million;
- advance of a \$1 million unsecured loan facility from the Pacific Road group; and
- the receipt of \$3.85 million consideration from Kam Lung Investment Development Corporation (**Kam Lung**) for the issue of 4,679,911,281 ordinary fully paid shares.

These proceeds have been used to:

- Repay Pacific Road \$6.85 million (net of \$150,000 cost contribution from Pacific Road);
- Repay Kam Lung \$1.94 million for the Short-term Interim Funding and the Administrators Indemnity Amount (as defined in the DOCA);
- Pay \$300,000 into a creditors' trust for the benefit of eligible creditors of the Deed Companies (as defined in the DOCA) whose claims will be released by the DOCA;
- Pay Kam Lung agreed legal fees and costs of \$900,000;
- Pay \$336,716 to the Administrators of the Deed Companies for outstanding fees and costs; and
- Pay \$82,500 to the Deed Administrators for outstanding fees and costs during the DOCA period.

The remaining \$3.5 million has been retained by the Company for general working capital.

Chairman Mr Peter Hogan said "We are pleased for all shareholders that the Company can now focus its resources on progressing the activities of the JinHong Joint Venture and moving forward with its growth aspirations in China. We thank Kam Lung and Mr Zhuang for all the support provided to the Company."

Mr Zhuang commented that "He appreciates and thanks shareholders for their support and looks forward to the ongoing success of the JinHong Joint Venture in China."

**ENDS**