

Appendix 3Y

Change of Director's Interest Notice

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/09/01 Amended 01/01/11

Name of entity Carbon Energy Limited
ABN 56 057 552 137

We (the entity) give ASX the following information under listing rule 3.19A.2 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of Director	Huihai Zhuang
Date of last notice	2 August 2016

Part 1 - Change of director's relevant interests in securities

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Direct or indirect interest	Indirect
Nature of indirect interest (including registered holder) <small>Note: Provide details of the circumstances giving rise to the relevant interest.</small>	Kam Lung Investment Development Company Limited (Mr Zhuang controls and is the sole owner of this company)
Date of change	19 July 2017
No. of securities held prior to change	514,760,847 Ordinary Shares
Class	Ordinary
Number acquired	4,679,911,281 Ordinary Shares 9,200 Convertible Notes
Number disposed	Nil
Value/Consideration <small>Note: If consideration is non-cash, provide details and estimated valuation</small>	\$3,850,000 for the Ordinary Shares \$9,200,000 (including \$900,000 as amount capitalised in respect of costs and expenses in accordance with the facility agreement dated 19 July 2017) for the Convertible Notes
No. of securities held after change	5,194,672,128 Ordinary Shares (4,679,911,281 Ordinary Shares held in escrow until 19 July 2018) (on a pre-consolidation basis)* 9,200 Convertible Notes

+ See chapter 19 for defined terms.

<p>Nature of change Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back</p>	<p>Transactions in connection with the completion of the deed of company arrangement dated 9 March 2017 (as amended on 26 May 2017) as approved by shareholders on 18 July 2017. Further details of which are contained in Carbon Energy Limited's notice of meeting and explanatory memorandum dated 15 June 2017.</p>
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**As set out in Carbon Energy Limited's notice of meeting and explanatory memorandum dated 15 June 2017, the shares will be consolidated at a ratio of 100:1 (with consolidation expected to be completed on or around 24 July 2017). Accordingly, Mr Zhuang will indirectly hold 51,946,721 shares post-consolidation.*

Part 2 – Change of director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

Detail of contract	Not applicable
Nature of interest	Not applicable
Name of registered holder (if issued securities)	Not applicable
Date of change	Not applicable
No. and class of securities to which interest related prior to change <small>Note: Details are only required for a contract in relation to which the interest has changed</small>	Not applicable
Interest acquired	Not applicable
Interest disposed	Not applicable
Value/Consideration <small>Note: If consideration is non-cash, provide details and an estimated valuation</small>	Not applicable
Interest after change	Not applicable

Part 3 – ⁺Closed period

Were the interests in the securities or contracts detailed above traded during a ⁺closed period where prior written clearance was required?	No
If so, was prior written clearance provided to allow the trade to proceed during this period?	Not applicable
If prior written clearance was provided, on what date was this provided?	Not applicable

20 July 2017

⁺ See chapter 19 for defined terms.