



carbonenergy

Carbon Energy Limited | ABN 56 057 552 137

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ABN 56 057 552 137

Carbon Energy (Operations) Pty Ltd

ABN 61 105 176 967

2017 Annual General Meeting Chairman's Address

Carbon Energy Limited (ASX: CNX) will present the attached Chairman's Address at the Annual General Meeting of Shareholders being held Wednesday 29 November 2017 at McCullough Robertson Lawyers, Level 11, Central Plaza Two, 66 Eagle Street, Brisbane, Queensland.

The meeting will commence at 10.00am AEST.

ENDS



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Carbon Energy 2017 AGM Chairman's address to shareholders

Ladies and gentlemen, fellow shareholders:

Good morning and welcome to the 2017 Annual General Meeting of Carbon Energy.

My name is Peter Hogan and as your Chairman, I would like to address you this morning on the strategy your company has been pursuing and its future plans.

As a quorum is present, I now declare the meeting open. The Notice of Meeting was distributed to members on 27 October 2017 and is taken as read.

The Agenda for this meeting will commence with my opening address. We will then proceed with the formal business of the meeting.

I would firstly like to introduce to you the other Directors of your Board; to my left Mr George Su, and Mr Zhuang.

Also joining us today are joint Company Secretaries Ye-Fei Guo and Ian Morgan and Ye-Fei is also the Company's Chief Financial Officer. The other member of the Executive team is Dr. Cliff Mallett – Technical Director.

Mr. Cameron Smith, representing our auditor Grant Thornton, is here today to answer questions relating to the conduct of the Annual Audit. Mr Aaron Dahl is also here today on behalf of McCulloch Robertson Lawyers, the Company's corporate lawyers who also graciously provided us with the conference facilities we are using today. Thank you.

Focusing on Delivering

The past year has been one of putting ourselves back on our feet. Following the Company entering into voluntary administration in October 2016, Carbon Energy's 2016 AGM was only 4 months ago on the 18 July 2017. Since then your board and Carbon Energy's team have been focused more than ever on delivering results with the aim to achieve the first successful commercial demonstration project of underground coal gasification using keyseam technology in China.

The quest for cleaner more effective energy production is still a priority for China. The focus on improving air quality remains paramount. China is currently offering a supportive regulatory framework for UCG and is actively pursuing UCG technologies to promote cleaner coal technologies in its current Five Year Plan, which began last in March last year.

China's support of keyseam UCG recognises the significance coal continues to play in providing low cost energy and at the same time matches China's strategic imperative to look for cleaner alternatives to traditional coal mining and consumption.

The quality of our keyseam UCG remains unrivalled being the only form of UCG that has undergone extreme testing by a government, including rehabilitation. On the 25 July 2016 the Queensland Government provided formal confirmation that Carbon Energy met the key recommendations of the government appointed Independent Scientific Panel into UCG.

We have proven our technology is safe, robust, grounded in science and suitable for cleaner, high quality, wide scale energy production. Today we are a step closer to delivering a commercially viable project in China – an achievement we have been focused on delivering for shareholders.

Carbon Energy's keyseam has never been more relevant. While consumers around the globe are concerned about increasing energy prices and the balance of expensive innovative energy's versus cheaper, traditional coal fired power stations, keyseam remains positioned to offer a bridge to sustainability. – It is cleaner in its production than traditional coal fired processes and also delivers high quality low cost energy, making it an affordable alternative in any market.

keyseam which has been developed here in Queensland, in conjunction with Australia's leading research agency the CSIRO, is completely unique in its process and methodology

Carbon Energy maintains its pilot project at Bloodwood Creek, near Dalby in south east Queensland. As part of the recommendations of the Queensland government appointed Independent Scientific Panel (ISP) the site remains in a state of rehabilitation, where we continue groundwater monitoring. The independently prescribed rehabilitation plan requires natural attenuation (in other words the site will return to base levels organically without the requirement for active remediation) and this remains on track. This process of monitoring our site, now three years on from decommissioning, demonstrates the quality of keyseam technology and maintains

our status of being the most advanced, having proven keyseam's entire lifecycle process from design through to rehabilitation.

The Board is thankful for the small hard working, tenacious team that continue to have faith to drive the commercialisation of keyseam. On behalf of the Board and Management team, we would like to sincerely thank all our employees and contractors for their hard work.

I'd like to take a moment to reiterate our commitment to the protection of the environment and our people. We are proud to say that over the last year, we recorded no environmental incidents.

The safety of our employees, contractors and all those involved in our business is also of paramount importance. During the year, we experienced no lost-time injuries or reportable incidents.

Finally, I would like to thank you, our shareholders, for your continued support and ongoing faith in the business. keyseam remains a relevant and proven technology for our time and your Board and Company are intent on making major in roads into further proving keyseam's viability as soon as we possibly can.

We are well into the recruitment process for a suitable Chief Executive Officer with experience dealing in China and delivering on resources projects and hope to announce and introduce this appointment in the short term.

On behalf of the Board and Company, we are sincerely grateful for your ongoing support.

We are excited about the future and working successfully in China. I look forward to delivering you real value in the years ahead by further developing Carbon Energy into a strong company on your behalf.

Peter Hogan
Chairman