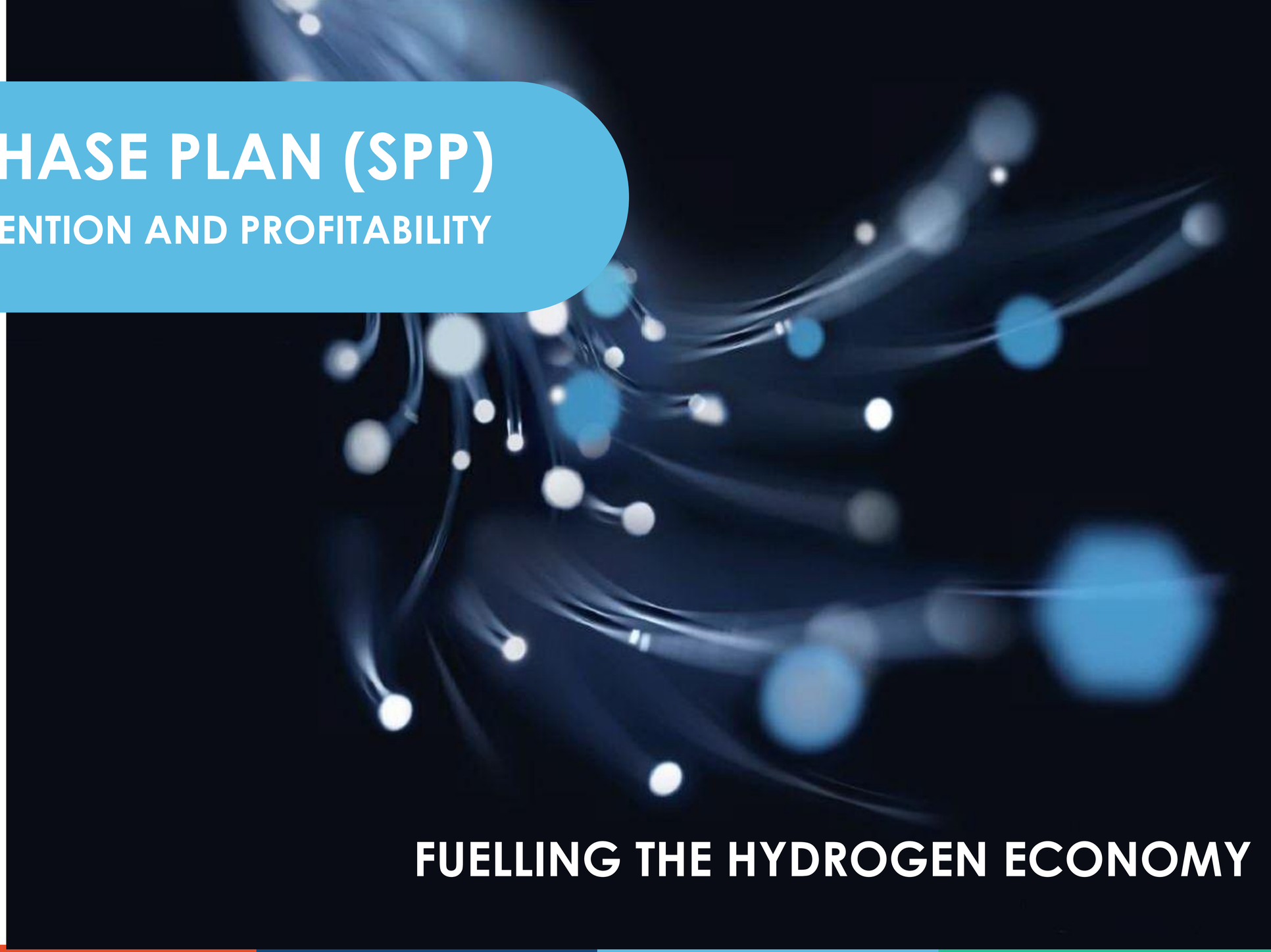
SHARE PURCHASE PLAN (SPP)

ROADMAP TO REINVENTION AND PROFITABILITY



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FUELLING THE HYDROGEN ECONOMY

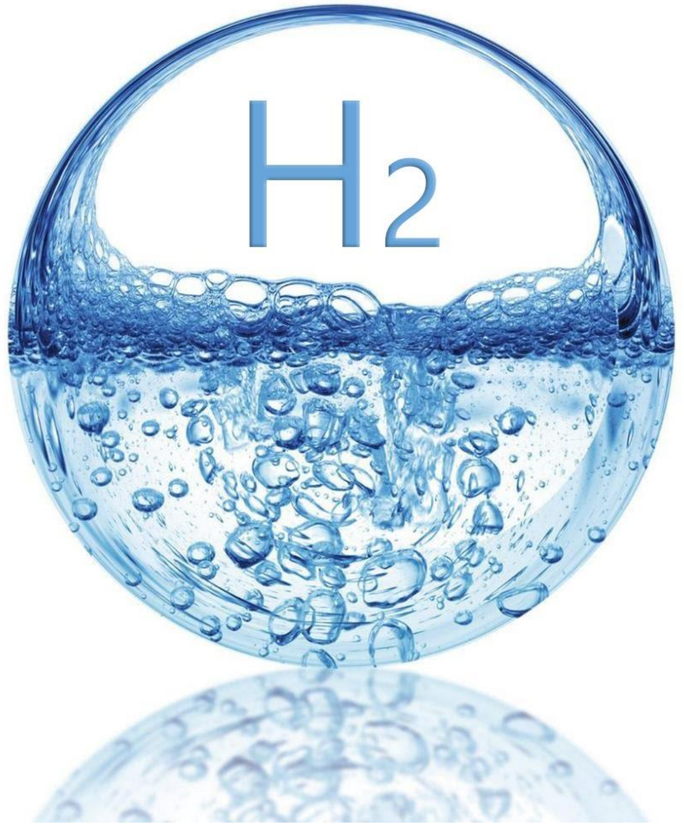
HYDROGEN IS PLACED TO BE THE FUEL OF THE FUTURE

Demand for hydrogen is on the increase. A growing global market is realising the benefits of a fuel with **zero emissions**, which can be produced CO_2 free.

For the past year Carbon Energy has focused on adapting the use of its proven **key**seam® **technology** by utilising existing oil & gas technology.

Increased understanding, research and engineering have uncovered greater capability in the area of hydrogen production and given rise to a shift in the Company's focus.

keyseam® **technology** is perfectly suited to produce high quality low cost hydrogen. With relatively simple advancements Carbon Energy is set on being one of the key players with 98%[1] CO_2 free hydrogen production.



[1] Based on average results from concept studies.

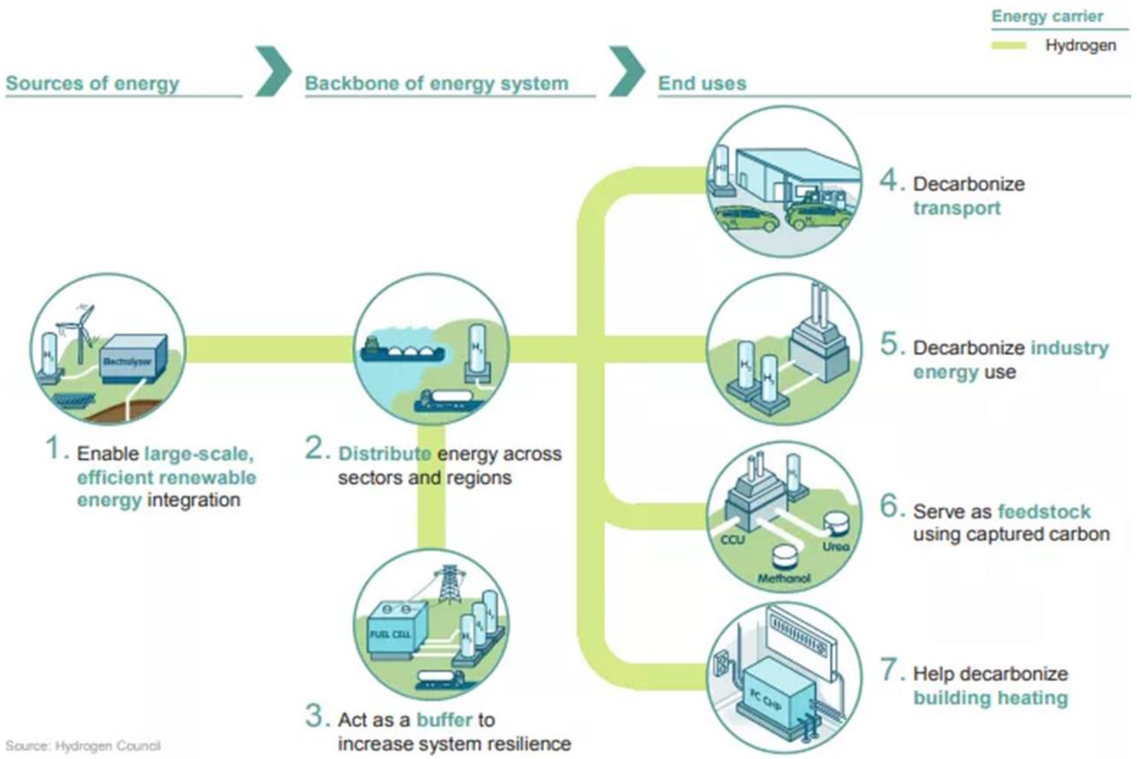
SHAREHOLDER SUPPORT CRITICAL FOR HYDROGEN PRODUCTION

Carbon Energy needs your support to fund a genuine opportunity to become a major Australian hydrogen producer.

1. We need all our shareholders to support the SPP to enable progress on the development of 98%[1] CO_2 free hydrogen in South Australia and projects in South Africa.

2. Without strong individual shareholder support the unique and proven keyseam® technology and the 98%[1] CO_2 free hydrogen IP currently under development could be lost from Australia

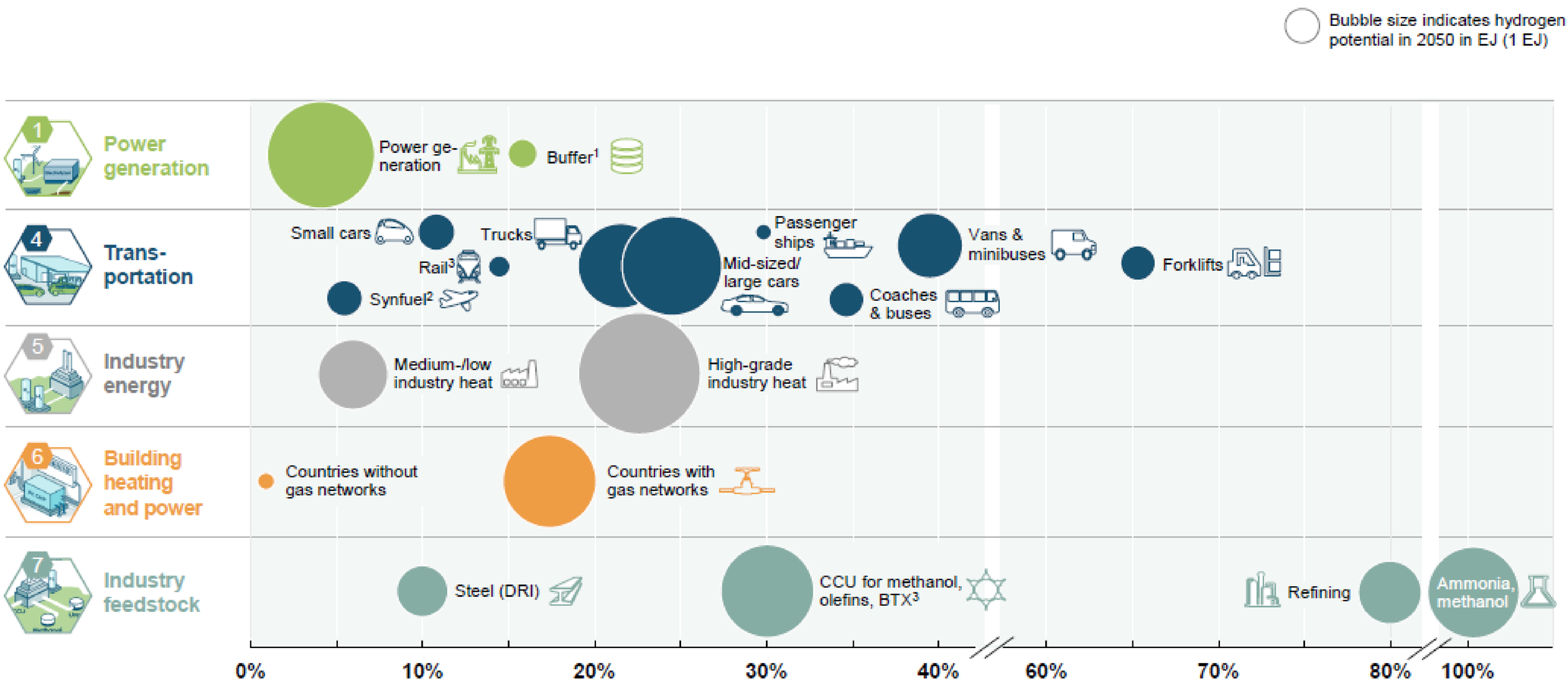
3. South Australia presents great opportunity as there are suitable tenements available and approvals for a 3 month trial of Leigh Creek Energy's Deep Coal Gasification (DCG) project are already in place to start production in Sept/Oct 2018.



Source: Hydrogen Council

[1] Based on average results from concept studies.

HYDROGEN CAN BE USED ACROSS ALL ENERGY SECTORS (CO_2 FREE)



1 Percent of total annual growth in hydrogen and variable revewable power demand
2 For aviation and freight ships
3 Trains and tramways
3 Percent of total methanol, olefin, BTX production using olefins and captured carbon

SOURCE: Hydrogen Council

Source: Hydrogen Council

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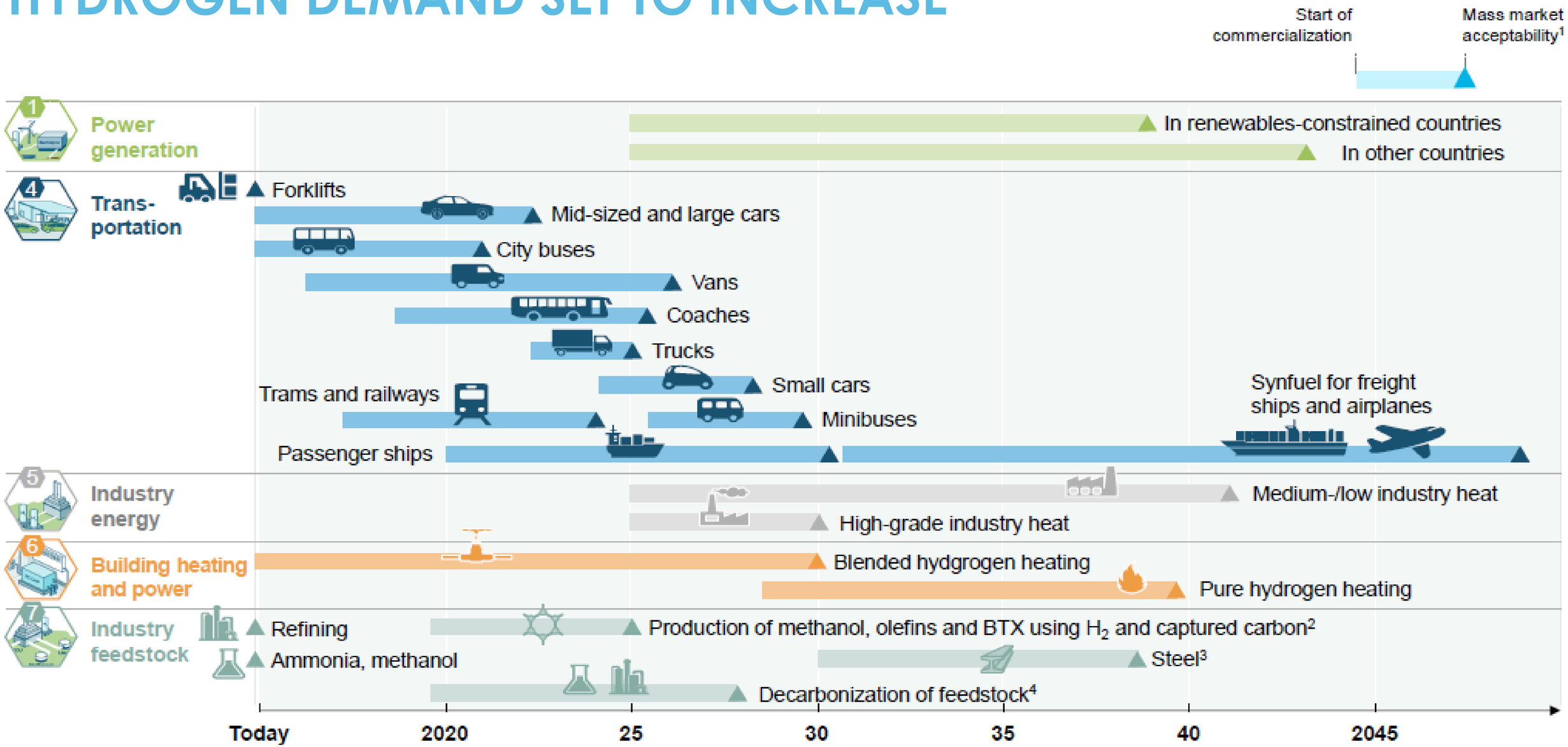
HYDROGEN DEMAND SET TO INCREASE



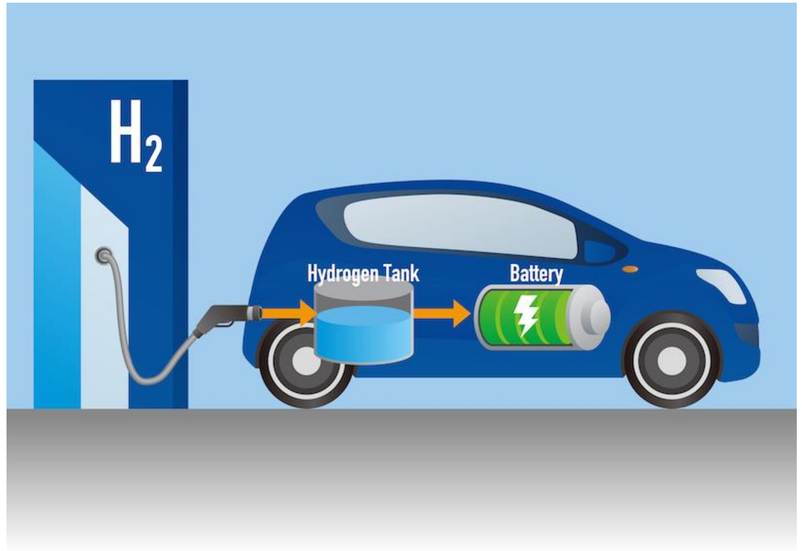
1 Mass market acceptability defined as sales >1% within segment in priority markets
2 Market share refers to the amount of production that uses hydrogen and captured carbon to replace feedstock
3 DRI with green H_2, iron reduction in blast furnaces and other low-carbon steel making processes using H2
4 Market share refers to the amount of feedstock that is produced from low-carbon sources

SOURCE: Hydrogen Council

LOW COST 98%[1] CO_2 FREE HYDROGEN PRODUCTION

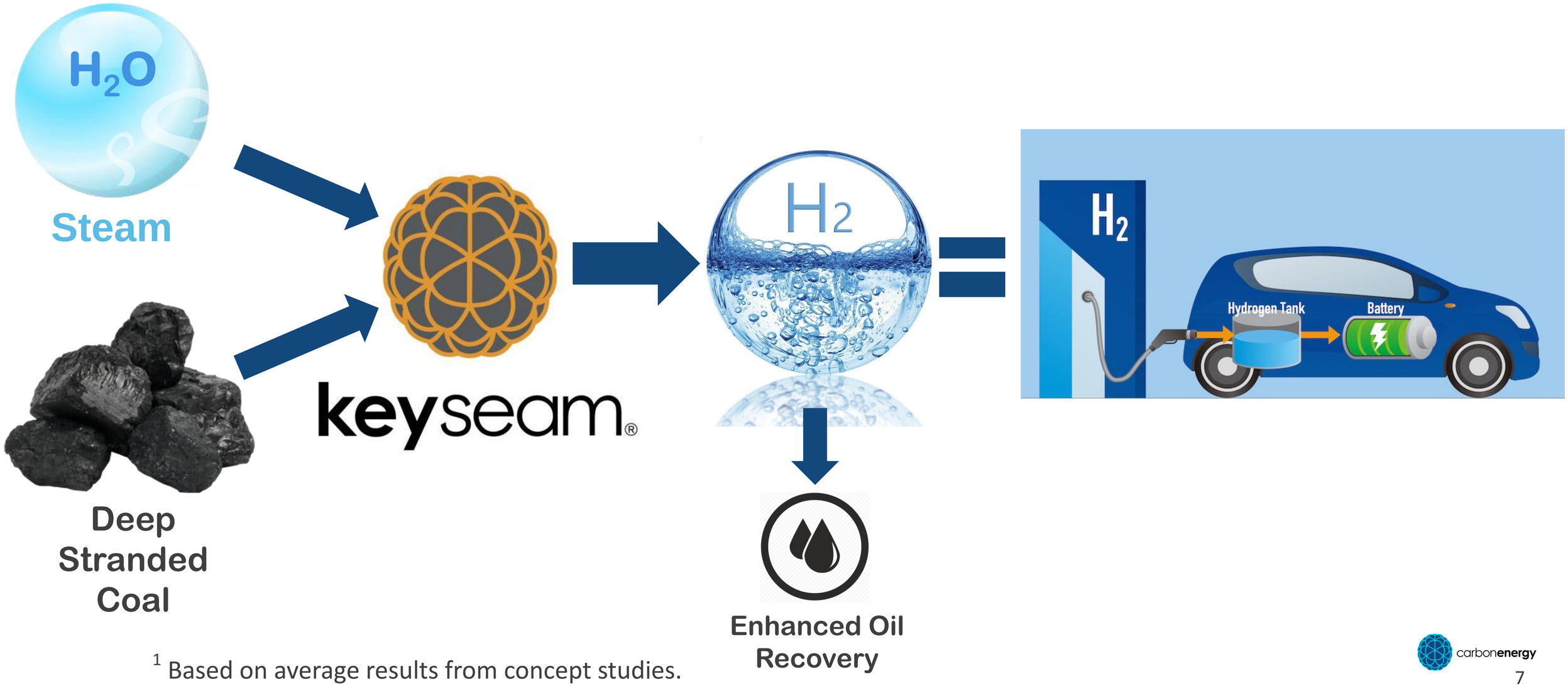
Low Cost Hydrogen for the transition to the new Hydrogen Fuel Economy

- Carbon Energy has **identified a low cost hydrogen production** opportunity utilising deep stranded coal for steam reforming.
- Carbon Energy's **unique and proven keyseam® technology can be combined with proven oil & gas technology** to produce gas with up to 68.6% H_2 (MOL% dry gas).
- This high quality H_2 rich gas production can then be refined into either streams of pure H_2 and/or ammonia.
- Headline estimated production costs:
  - Hydrogen production cost **< A$1.80/kg (market A$16-20/kg)**
  - Ammonia production cost **< A$190/t (market A$650-700/t)**
- Attractive project economics - **payback period of 4 years and IRR of 37%.**
- Resource **tenure** has been investigated and **identified** in the Cooper Basin in South Australia.
- Gas exploration production is targeted to **commence from 2020.**



[1] Based on average results from concept studies.

CARBON ENERGY 98%[1] CO_2 FREE H_2 PROCESS



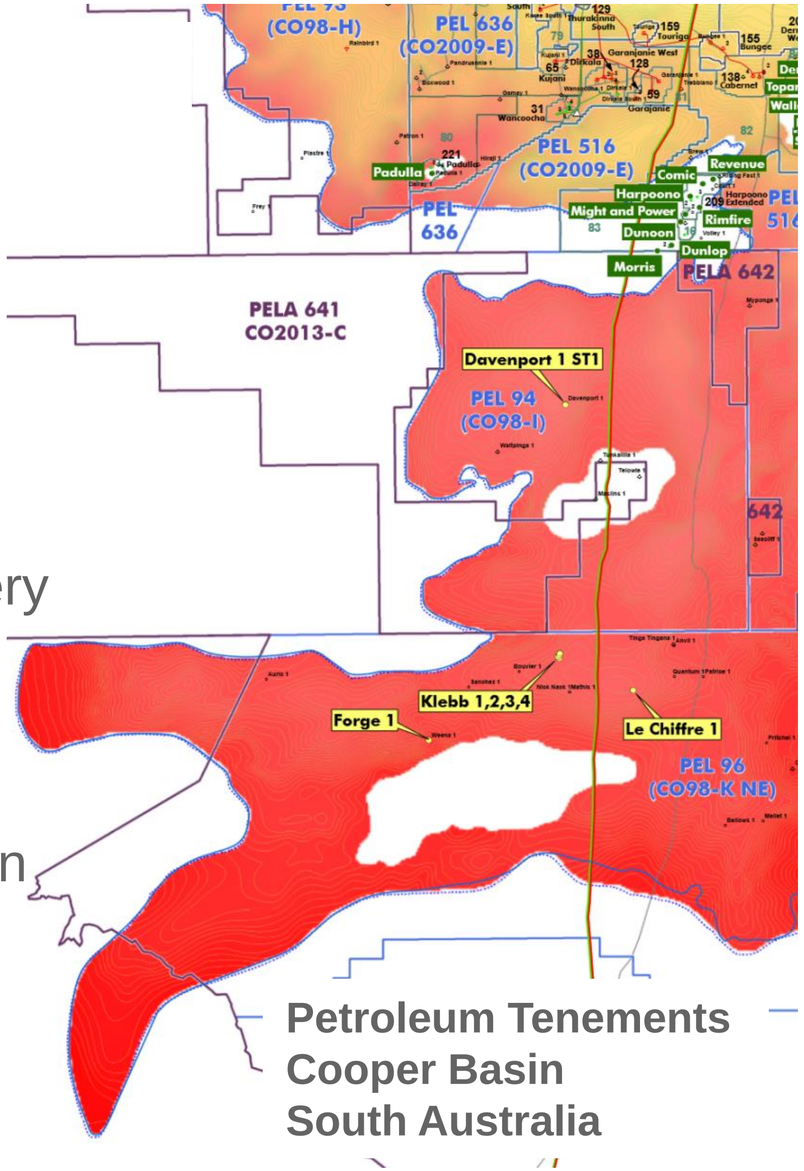
[1] Based on average results from concept studies.

LOW COST 98%[1] CO_2 FREE HYDROGEN PRODUCTION

Deep Coal Hydrogen Production (Coal Steam reforming)

- **Low cost 98%[1] CO_2 Free Hydrogen Production**
  - Lower production cost than Methane Steam Reforming
  - Production cost of < $1.80/kg (market rate of $A16-20/kg)
  - Cost effective production prior to green hydrogen scaling up
  - Utilisation of stranded uneconomic deep coal resource
  - Readily transported in the form of ammonia
  - CO_2 production is planned to be utilised for Enhanced Oil Recovery (EOR)
- **Cooper Basin deep coal resource**
  - Hydrogen production of up to 20 MT H_2 pa for over 50 years
  - South Australia is positioned to be a global leader in H_2 production
- Carbon Energy plans to provide cash flow and infrastructure for the scaling up of Green Hydrogen Production at the same location

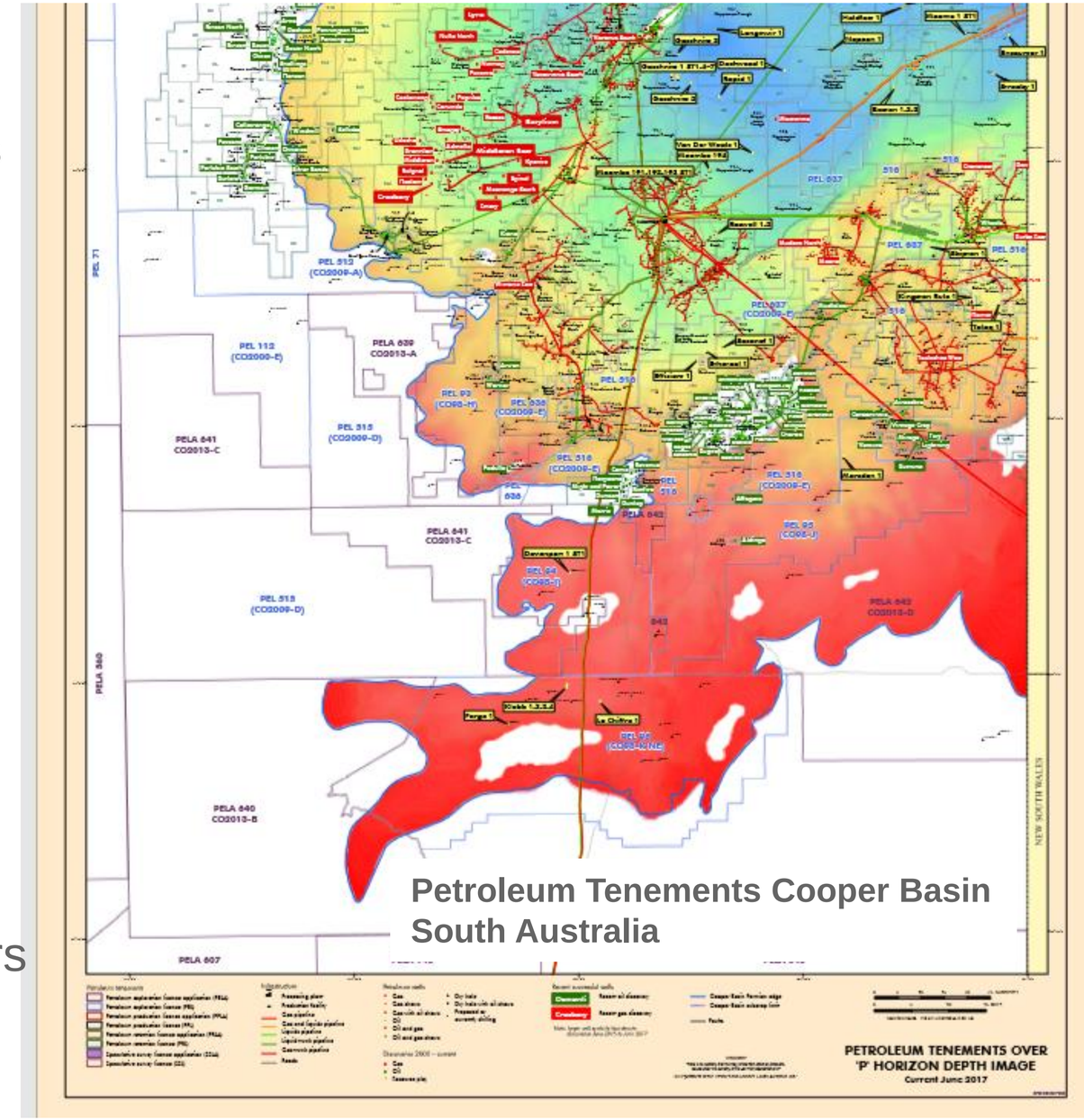
Carbon Energy's keyseam® technology can produce low cost H_2



[1] Based on average results from concept studies.

WHY COOPER BASIN DEEP COAL?

- **South Australia's regulatory environment provides support for in-situ coal gasification and energy innovation**
- **Identified available low cost, stranded deep coal resource**
  - Resource lease cost equates to < $0.01/GJ
  - VM3 seam is 1500-1800m deep
  - VU Upper seam is 1800-2000m deep
  - Suitable deep coal resource of over 25,000 MT coal
  - Access to 780 MT coal identified
- **CO_2 sequestration into existing reservoirs**
  - Cooper Basin is ideal for CO_2 sequestration utilising existing depleted deep oil & gas reservoirs
  - Deep coal seams present future storage for CO_2 sequestration
- **Native Title framework in place with other operators in the Cooper Basin**



Petroleum Tenements Cooper Basin South Australia

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HYDROGEN PRODUCTION PLANT CONCEPT STUDY

keyseam

HYDROGEN PLANT CONCEPT STUDY BLOCK FLOW DIAGRAM

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LOW COST 98%[1] CO_2 FREE HYDROGEN PRODUCTION

Project Road Map

2018 Completed ✓

Hydrogen Production Concept Study completed July 2018

- ✓ Cooper Basin geological assessment by Carbon Energy
- ✓ **key**seam® panel CAPEX estimatiion for 1600-1800m deep coal
- ✓ **key**seam® panel gas production simulation by Carbon Energy
- ✓ Hydrogen Production Facility – Concept Study by thyssenkrupp

Q4 2018

Capital raising for Hydrogen Production Project Q4 2018

- To fund Hydrogen Project FEED Study starting Q4 2018
- Capital Raising via SPP and other funding options

Q1 2019

Acquisition of Cooper Basin PEL in Q1 2019

2019 - 2022

- Exploration drilling Q2-Q3 2019
- Exploration production testing 2020
- PL approval for hydrogen production 2020
- Hydrogen project FID 2020
- Commercial hydrogen production 2022

2030

Full scale commercial production of green H_2

[1] Based on average results from concept studies.

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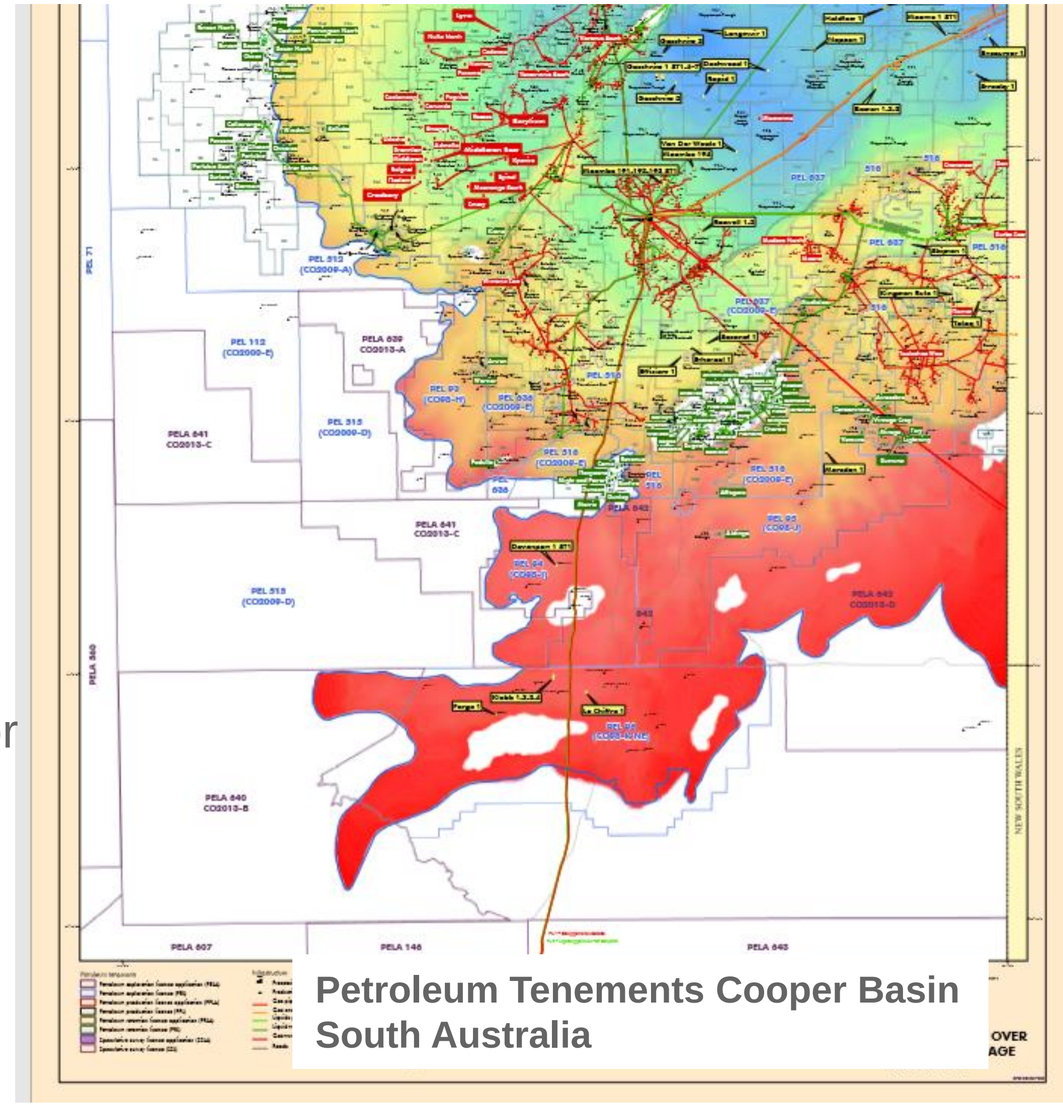
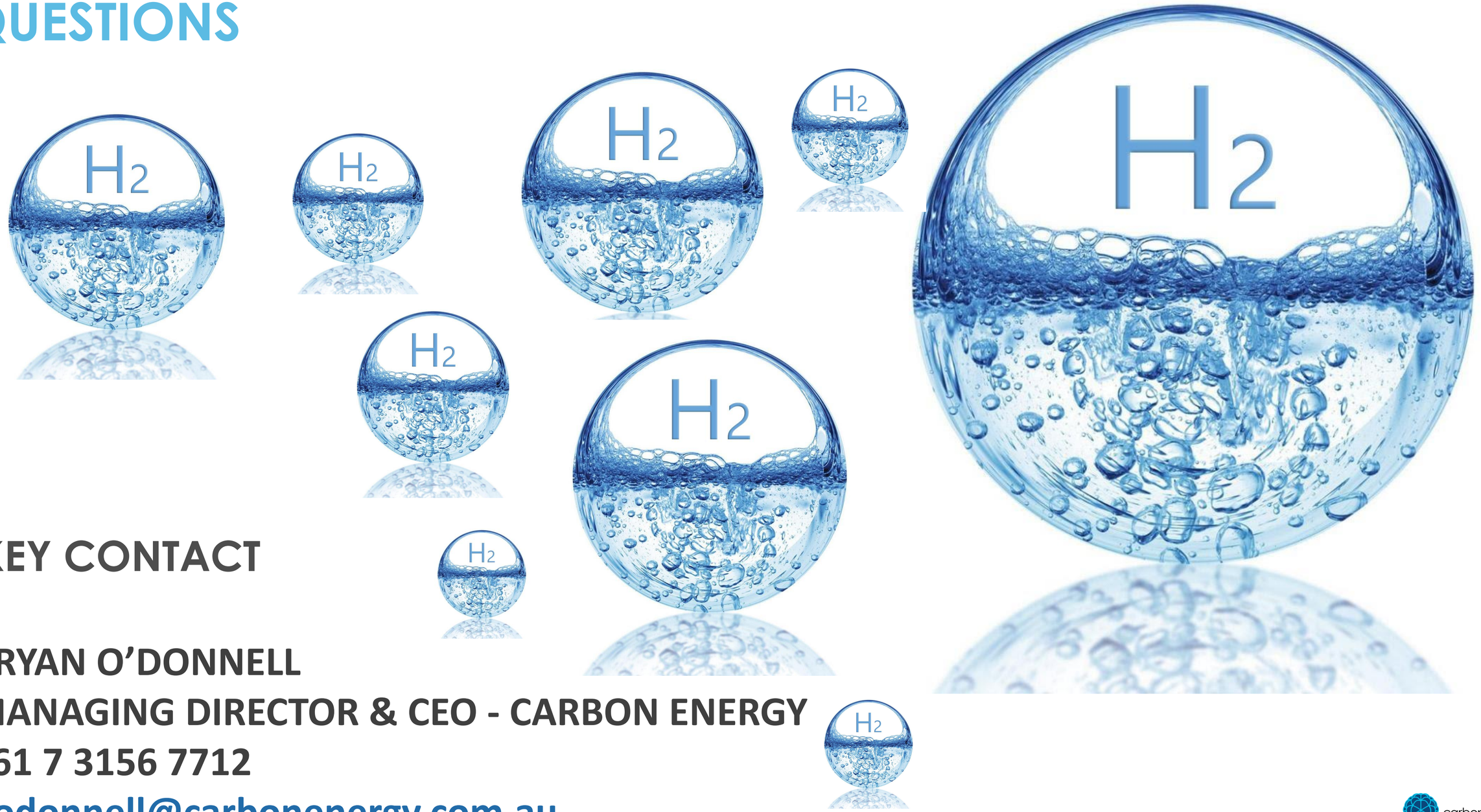
LOW COST 98%[1] CO_2 FREE HYDROGEN PRODUCTION - SUMMARY

- **Hydrogen Production Group Pty Ltd**
  - Wholly owned subsidiary of Carbon Energy Ltd
  - Will own IP for **key**seam® technology and all patents for Australia
- **Carbon Energy's keyseam® technology**
  - Unique IP and technology to produce high hydrogen content gas at typically 58-68.6% (MOL% dry gas)
  - Patents in place for Australia
- **Hydrogen production project in Cooper Basin, South Australia**
  - Access to extremely low cost coal
  - 98%[1] of CO_2 produced during coal steam reforming can be captured and sequestrated into existing oil & gas reservoirs for Enhanced Oil Production resulting in being virtually CO_2 free
  - Native Title framework in place with other operators in the Cooper Basin
- **Attractive economics**
  - Gas production cost $0.60-$1.00/GJ
  - Hydrogen production cost of < $1.80/kg
- **Carbon Energy's keyseam® technology has been demonstrated to be Environmentally responsible**



[1] Based on average results from concept studies.

QUESTIONS



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This presentation features information on a proposal by Carbon Energy to undertake activities which, if successfully implemented, could result in the Company using a modified version of its existing **key**seam® technology to produce hydrogen via coal steam reformation initially in the Cooper Basin of South Australia (the **proposed project**). The information in this presentation has not been independently verified by Carbon Energy. Carbon Energy disclaims any responsibility for any errors or omissions in such information, including the financial calculations, projections, timelines for the proposed project (including key milestones), funding requirements, and forecasts and indications of, and guidance on, future earnings and performance and financial position set forth herein. This presentation contains certain "forward-looking statements". Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors and are subject to significant business, project, technical, economic, regulatory and competitive uncertainties and contingencies associated with resource development and production, many of which are beyond the control of Carbon Energy, that may cause actual results to differ materially from those predicted or implied by any forward-looking statements. No representation or warranty is made by or on behalf of Carbon Energy that any projection, forecast, calculation, forward-looking statement, assumption or estimate contained in this presentation should or will be achieved.

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Carbon Energy presently does not have sufficient funds to undertake activities beyond the activities necessary to initiate the proposed project. The Company will require significant additional funding (beyond its current financial resources including the funds raised under the SPP) to progress the proposed project including acquiring tenure and approvals, undertaking exploration drilling and exploration production testing, obtaining production licence approvals, undertaking hydrogen production financial investment decisions and ultimately commercialising hydrogen production.

As Carbon Energy has not completed any studies beyond a initial concept studies, assessments and simulations, there can be no assurances that the proposed project will successfully demonstrate that hydrogen production using Carbon Energy's **key**seam® technology is commercially viable even if the proposed project is fully funded, tenure and all approvals are obtained, and the technology is successfully refined, and implemented. Please note that, in providing this presentation, Carbon Energy has not considered the objectives, financial position or needs of the recipient. The recipient should obtain and rely on its own professional advice from its tax, legal, accounting and other professional advisers in respect of the addressee's objectives, financial position or needs.

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This presentation should be read in conjunction with SPP offer documents, which includes details surrounding the intended use of funds, the funding for Carbon Energy's commercial strategy and risks.