



carbonenergy

Carbon Energy Limited | ABN 56 057 552 137

Level 9, 301 Coronation Drive,
Milton QLD 4064 Australia
PO Box 2118, Toowong DC
QLD 4066 Australia
phone + 61 (0) 7 3156 7777
fax + 61 (0) 7 3156 7776

www.carbonenergy.com.au

Carbon Energy Limited
ABN 56 057 552 137
Carbon Energy (Operations) Pty Ltd
ABN 61 105 176 967

ASX Announcement

22 November 2016

Appointment of Voluntary Administrators

Carbon Energy Limited (ASX: CNX; “Carbon Energy”; “Company”) today announces the appointment of Voluntary Administrators to the Company and its Australian based subsidiaries.

Mr Tim Michael and Mr Will Colwell of Ferrier Hodgson have been appointed as Voluntary Administrators to the following group entities:

Carbon Energy Limited	ACN 057 552 137
Carbon Energy (Holdings) Pty Ltd	ACN 120 429 209
Carbon Energy (Operations) Pty Ltd	ACN 105 176 967

As announced to ASX on 25 October 2016, the Company had obtained the support of its cornerstone investor, Kam Lung Investment Development Corporation Limited (“Kam Lung”), for a refinancing of the Company through the purchase of the Company’s \$10 million Convertible Note Facility (“Convertible Facility”) from the Pacific Road Group (“Pacific Road”), and through the underwriting of a rights issue capital raising to raise an amount of \$5 million.

Since the time of that announcement, the Company, Kam Lung and Pacific Road have been working diligently on the finalisation of the numerous agreements required to assign the Convertible Facility from Pacific Road to Kam Lung, and to provide the underwriting support to the rights issue capital raising.

However, during the process of finalising the required documents for the transaction, various irregularities were discovered with regard to an internal restructuring of the Pacific Road Group that occurred in May 2016, specifically with regard to the liquidation of the Belgium based Pacific Road financing entity that was a party to the Convertible Facility. Despite efforts by both the Company and Kam Lung to clarify the potential effect of these irregularities on the Convertible Facility, and determine how the transaction should deal with these unforeseen matters, the Company and Kam Lung have been unable to reach agreement with Pacific Road on how to finalise the terms of the transaction, and the required documents to give effect to it, in view of these complications.

Given the resulting uncertainty as to whether the transaction can be completed as announced on 25 October 2016 and the expectation that the Company is likely to become insolvent in the future, the Company’s directors, and the directors of the Company’s Australian subsidiaries, have resolved to appoint Mr Michael and Mr Colwell as Voluntary Administrators with immediate effect.

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