



**carbonenergy**

Carbon Energy Limited | ABN 56 057 552 137

## **ASX / Media Announcement**

7 July 2014

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## **Update: Progress at Bloodwood Creek & Inner Mongolia**

- **In-principle agreement reached with Queensland Government**
- **BWC Decommissioning Report to be lodged by 31 July 2014 & Rehabilitation Plan to be lodged by 30 September 2014**
- **Surat Basin gas project off-take discussions continuing**
- **Inner Mongolia Project enters next phase**

### **Queensland, Bloodwood Creek ('BWC') Commercialisation Update**

**Carbon Energy** (ASX:CNX, OTCQX:CNXAY) today announced it is progressing toward approvals for commencement of commercial scale operations in Queensland.

The Company has reached in-principle agreement with both the Department of Environment and Heritage Protection and the Department of Natural Resources and Mines. The agreement covers a process and timetable for the Company to present the Decommissioning Report and Rehabilitation Plan, and for the Departments to make an assessment of the documentation and to provide associated recommendations to Government.

The schedule proposed by Carbon Energy to Government includes submission of the Decommissioning Report in July 2014 followed by the Rehabilitation Plan by the end of September 2014. Although it is acknowledged by all parties that the proposed timeline is tight it should facilitate a decision on the commercial future of keyseam® before the end of the year.

In parallel, the Company is working to establish partnerships and secure long term off-take arrangements for a commercial-scale gas project in the Surat Basin

producing at least 25PJ of pipeline quality gas, and has commenced the pre-feasibility study for the project.

CEO Morné Engelbrecht said, “We have been working very closely with Government to progress a decision on the future of UCG and have reached in-principle agreement with Government on the process and timetable. At the same time, we are preparing for the rapid commercialisation of the Surat Basin gas project to become a major gas producer for Queensland.”

### **Inner Mongolia Project Update**

Carbon Energy has now also reached substantial completion on 4 of the 8 work packages for Stage 1 of the Inner Mongolia UCG Project. As a result, the company will be transitioning to a different project team with the skill set required to complete the final 4 packages. No further payments have been received from the client (Haoqin Mining). The Company is in discussions with Haoqin Mining to clarify the timing of appointment of the local procurement and construction management (PCM) company which is critical to final completion and delivery of packages 4 & 5 as well as to obtaining signoff for the first 3 packages already delivered and the associated milestone payment. PCM appointment will also trigger the milestone payment for commencement of the final two work packages.

### **ENDS**

For and on behalf of the Board

Morné Engelbrecht

Managing Director & Chief Executive Officer

**For more information please contact Marina Cid on +61 3156 7777.**

## **About Carbon Energy**

Carbon Energy is an emerging global energy technology provider and services company with expertise in unconventional syngas extraction through utilising its proprietary keyseam® underground coal gasification (UCG) technology.

Carbon Energy works with international partners to unlock new energy sources by converting deep, stranded, or otherwise uneconomical coal into a high-value gas, known as syngas, while it is still in-situ underground. Carbon Energy's market advantage lies in its proprietary keyseam UCG technology and its UCG technical and UCG engineering expertise.

The Company's keyseam UCG technology reached a proof of concept stage following 10 years of research by Australia's premier scientific research agency the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and more than 5 years of in-field trials.

keyseam produces a high-quality syngas which can be used for many purposes including power generation, fertilisers, and production of pipeline-quality gas. keyseam also maximises resource efficiency, while minimising surface disturbance and preserving groundwater quality.

Carbon Energy's three pillar growth strategy positions the Company to take advantage of a rising interest in UCG as a cleaner alternative to satisfy the world's growing energy needs; as well as optimising its Australian assets. The Company's core business strategy is to seek global opportunities to license its keyseam technology. Additionally, the Company holds significant coal and gas assets in Australia which offer the potential of long-term financial growth through commercialisation strategies.

The Company delivers end-to-end UCG services from initial project assessment through to commercial project development, operations, site decommissioning and rehabilitation. Carbon Energy is headquartered in Brisbane, Australia, is listed on the Australian Securities Exchange (ASX) as CNX and is quoted on the OTCQX International Exchange as CNXAY in the United States.

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