



carbonenergy

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Carbon Energy Limited
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ASX Announcement

1 October 2014

Significant Milestone – Lodgement of Rehabilitation Plan to State Government

- **Completion of final requirement set by Queensland Government**
- **First gas from Blue Gum Gas Project expected in 2017, subject to approvals and financing**

Carbon Energy (ASX: CNX, OTCQX: CNXAY) has this morning submitted to the Queensland Government a Rehabilitation Plan for the Company's Bloodwood Creek underground coal gasification (UCG) pilot plant near Dalby, in South East Queensland. This signals the pivotal final step in the process set out by the Queensland Government to satisfy the recommendations of the Independent Scientific Panel (ISP) appointed to assess the UCG pilot trials in Queensland.

Together with the Decommissioning Report lodged last month, the Rehabilitation Plan demonstrates that Carbon Energy can operate its keyseam UCG technology with minimal impact on the environment and also decommission and rehabilitate the completed panels.

Carbon Energy is hopeful that a decision will be made by the Queensland Government to allow the Company to commence the approvals process for its first commercial scale project in Queensland, the Blue Gum Gas Project.

CEO Morné Engelbrecht said, "The lodgement of the Rehabilitation Plan is the final step in the rigorous assessment process undertaken to demonstrate to the Queensland Government that Carbon Energy has been able to operate a UCG pilot plant in the Surat Basin to the highest environmental standards."

"This is the culmination of years of hard work originating from CSIRO technology. The practical operating demonstration of UCG has been realised through a dedicated and hard working team and over \$100 million of investment. The Company has proven that it can not only produce gas, but also decommission and rehabilitate in an environmentally responsible manner. We believe that we have now

met all of the Government's requirements and are excited by the prospects of bringing a new gas resource onto the local market."

Mr Engelbrecht further added, "the Queensland Government's decision to allow the Company to move into an approvals process with the Blue Gum Gas Project will establish Carbon Energy as a world leader in UCG gas extraction technology."

The Blue Gum Gas Project is planned for development on MDL374 and land owned by the Company in the Surat Basin. The project plans to initially deliver 25PJ per annum of pipeline quality gas once State Government approvals are finalised and investment partners are secured. It is anticipated that the project would create in excess of 1,000 jobs during the construction phase and approximately 150 sustained direct jobs in the region over 25 years.

The Blue Gum Gas Project will be further supported by the Company's upgraded gas Reserves as announced to the market on 22 September 2014.

ENDS

For and on behalf of the Board

Morné Engelbrecht
Managing Director & Chief Executive Officer

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About Carbon Energy

Carbon Energy (ASX: CNX) (OTCQX: CNXAY) is building a Queensland gas business.

The Company is committed to providing Australian industrial gas users with an affordable and secure source of high quality gas, as gas prices continue to rise with increased overseas demand.

Carbon Energy is developing a new Queensland-based energy portfolio. Subject to government approvals, the Company is currently developing its first commercial project, the Blue Gum Gas Project, near Dalby in Queensland. This plant will supply 25PJ of natural gas per annum and is located within easy access to markets, and close to existing infrastructure.

Additionally, Carbon Energy has the potential to supply the growing overseas markets.

A key competitive advantage for Carbon Energy has been the development of its unique keyseam technology. This proven and highly controlled technology enables access to productive gas resources that were previously considered too deep or uneconomic.

keyseam maximises resource efficiency, while minimising surface disturbance and preserving groundwater quality. Originally developed by the Commonwealth Scientific and Industrial Research Organisation (CSIRO) it has been proven through six years of field trials.

Alongside its local operations, Carbon Energy works with international partners to unlock new energy resources offshore. The Company delivers end-to-end services from initial project assessment through to commercial project development, operations, site decommissioning and rehabilitation. It also has an established project in Inner Mongolia, China.

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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