



carbonenergy

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Carbon Energy (Operations) Pty Ltd
ABN 61 105 176 967

17 November 2014

Shannon Hong
Senior Adviser, Listings Compliance
ASX Compliance Pty Limited

BY EMAIL: shannon.hong@asx.com.au

ASX Price Query

Dear Shannon

In response to your query of 17 November 2014 in relation to a decrease in the price of the Company's securities on the same date, and an increase in the trading volume of the Company's securities, we advise as follows (adopting your numbering):

1. No.
2. Not applicable given the response to question 1.
3. The Company continues its dialogue with the Queensland Government in relation to the conditions precedent to commercialisation of its keyseam[®] underground coal gasification (UCG) technology and the commencement of the Blue Gum Gas Project in Queensland. It is understood that the Government's review of the Company's submissions is well progressed. The Company notes that whilst the Government has agreed in-principle to the timetable proposed by the Company, the outcome of this process and the timing of a decision remain within the discretion of Government. Notwithstanding this, the Company intends to complete an Advanced Conceptual Study and Initial Advice Statement for the Blue Gum Gas Project, and is continuing efforts to secure project investment and foundation customers, all in contemplation of a favourable decision from Government.

The Company recognises that trading volumes have increased since the release of the Company's upgraded reserves statement on 22 September 2014 and details of its proposed Blue Gum Gas Project which generated substantial publicity for the

Company both locally and internationally. The Company also embarked on an investor roadshow across Australia, Hong Kong and Singapore in September and October 2014 (consistent with investor updates released to the market on 22 and 30 September 2014 and 14 October 2014), and announced on 16 October 2014 that an independent expert gave a fully-risked preferred valuation of the Company's assets of more than three times the Company's market capitalisation (see ASX Announcement dated 16 October 2014 for disclosure details). The Company is of the view that these events combined may have contributed to a sustained increase in trading volumes.

4. The Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Yours sincerely,

TRACY BRAGG
General Counsel & Company Secretary



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17 November 2014

Tracy Bragg
Company Secretary
Carbon Energy Limited
Level 9, 301 Coronation Drive
Milton QLD 4064

Dear Tracy,

Carbon Energy Limited (the "Entity"): ASX price query

We have noted a change in the price of the Entity's securities from \$0.048 to \$0.038 today, Monday 17 November 2014.

We also note an increase in the trading volume of the Entity's securities.

In light of the price fall and volume increase, ASX asks you to respond separately to each of the following questions:

1. Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is "yes":
 - a) Is the Entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in the Entity's securities would suggest to ASX that such information may have ceased to be confidential and therefore the Entity may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
 - b) Can an announcement be made immediately?

Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
 - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is "no", is there any other explanation that the Entity may have for the recent trading in its securities?
4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **02:40 p.m. AEDT on Monday, 17 November 2014**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at shannon.hong@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Shannon Hong
Senior Adviser, Listings Compliance