



carbonenergy

Carbon Energy Limited | ABN 56 057 552 137

## ASX Announcement

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## Summa Resources Dispute Update

**Carbon Energy** (ASX:CNX, OTCQX: CNXAY) has previously announced to the market information regarding a dispute with Summa Resource Holdings LLC (**Summa**) in respect of a Share Sale Agreement entered between Carbon Energy and Summa (**Agreement**) (refer to ASX Announcement on 23 February 2011, 25 March 2013, 30 May 2013, 5 July 2013 and 2 September 2013).

Carbon Energy has received correspondence from a USA based law firm acting for Summa. The correspondence received contains various allegations of wrongdoing by Carbon Energy and associated persons which are insufficiently particularised and extremely broad-ranging in nature, relating to:

- alleged representations said to have been made to Summa at the time of entering into the Agreement;
- alleged misrepresentations said to have been made to the market regarding Carbon Energy's intended presence in the USA and its business strategies more generally after the Agreement and non disclosure of unspecified matters;
- alleged breaches of the Agreement;
- an alleged preference being given to other matters over the US projects; and
- various unspecified conflicts of interest which are said to "may be" present.

The correspondence asserts that Summa asserts rights to recover \$17,000,000 in "lost and unpaid transaction value" and \$100,000,000 in "lost value of opportunities and stock value for projects sold to Carbon Energy". It foreshadows legal proceedings being commenced in the United States District Court for the Northern District of California and the United States Federal Court, rather than in Australia, as provided by the Agreement. At this time, no formal proceedings have been commenced.

Carbon Energy is unable to verify the basis of these allegations and cannot ascertain the basis of the quantum claimed by Summa. Carbon Energy is investigating the basis for the various allegations made and will vigorously defend any claims made in respect of those allegations in the event that formal proceedings are commenced.

### ENDS

For and on behalf of the Board

Morné Engelbrecht

Managing Director & Chief Executive Officer