



carbonenergy

Carbon Energy Limited | ABN 56 057 552 137

ASX Announcement

26 February 2016

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ABN 56 057 552 137

Carbon Energy (Operations) Pty Ltd

ABN 61 105 176 967

PACIFIC ROAD CONSENT UPDATE

Carbon Energy (ASX:CNX, OTCQX:CNXAY) has previously advised the market it was required to obtain consent from long term shareholder, Pacific Road Group to confirm the formation of the JinHong Joint Venture (JV).

The Company has in place a five year \$10 million Convertible Loan Facility with Pacific Road Resources Fund entities managed or advised by Pacific Road Capital Management Pty Ltd (on terms and conditions announced to the ASX on 6 October 2011) (**Facility**). The Facility has been fully drawn down. Under the terms of the Facility, the Company must obtain the consent of the Facility Providers where granting an exclusive right to licence the technology secured against the Facility.

At the AGM Pacific Road Group voted to support the establishment of the JV Agreements and has now formally provided its consent for the grant of licenses to the JV. The Pacific Road Group and the Company have agreed that the terms of the security against the Facility be varied to allow the Company to enter into this agreement to use the technology secured by the Facility and in consideration the Pacific Road Group has been granted additional security over other assets of the company, being 100% of the shares in Carbon Energy (Operations) Pty Limited, the subsidiary that owns the UCG technology and software transferred from CSIRO and secured by the Facility.

The formation of the JinHong JV represents an exciting opportunity for Carbon Energy to realise its strategic priorities and develop its first commercial demonstration project outside Australia.

ENDS

For and on behalf of the Board

Catherine Costello
Chief Financial Officer and Company Secretary

For more information please visit our website www.carbonenergy.com.au

About Carbon Energy

Carbon Energy (ASX: CNX) is building a gas business, utilising its unique keyseam technology.

The Company is committed to providing industrial gas users with an affordable and secure source of high quality feedstock, as gas prices remain strong, through increased demand across our key markets.

Carbon Energy is the only company to complete a full-lifecycle, commercial scalable underground gasification trial. The Company's keyseam technology has successfully accomplished all the recommendations outlined by the Queensland government's Independent Scientific Panel (ISP) which included intense, independent environmental scrutiny.

This highly controlled, proven technology enables access to gas resources that were previously considered too deep or uneconomic to reach.

keyseam maximises resource efficiency while minimising surface disturbance and preserving regional groundwater use. Originally developed by Australia's leading research and scientific body, the Commonwealth Scientific and Industrial Research Organisation (CSIRO) it has been operationally proven through six years of field trials.

Alongside its Australian operations, Carbon Energy is working with international partners to unlock new energy resources offshore. The Company can deliver end-to-end services from initial project assessment through to commercial project development, operations, site decommissioning and rehabilitation.

Carbon Energy is headquartered in Brisbane, Australia and is listed on the Australian Securities Exchange (ASX).

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