



carbonenergy

Carbon Energy Limited | ABN 56 057 552 137

ASX Announcement

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Carbon Energy (Operations) Pty Ltd

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Response to Queensland Government's announcement on UCG industry

Carbon Energy (ASX:CNX OTC:CNXAY) advises that it is considering its response to today's media release in relation to the new position taken by the Ministers for Natural Resources and Mining (DNRM) and Environment and Heritage Protection (DEHP) to place a complete ban on underground coal gasification (UCG) in Queensland. This new position has come as a surprise to the Company who only recently had discussions with several Ministerial Staff including staff from the DNRM regarding the next steps in relation to the successful completion of the Independent Scientific Panel (ISP) technology process. This decision is also inconsistent with the Mineral Development Licence Renewal granted in December 2015 which was approved following the Company submitted its Decommissioning Report and Rehabilitation Plan.

The Company is currently seeking further information in regard to the announcement made by the Queensland Government before making a formal response.

Carbon Energy remains the only company to successfully complete the rigorous recommendations for the State Government appointed ISP. The Company is aware of a positive report issued by the Government's own consultants regarding the final submission of the Government's sponsored ISP report. The Company has passed every environmental and scientific test put before the Company over the past eight years by three successive Queensland governments and to date has been praised for the quality and diligence of the comprehensive trial undertaken in applying this innovative Australian CSIRO developed technology.

Carbon Energy shareholders have invested over \$150 million in the technology and the Company continues to work tirelessly to achieve a commercial return on their investment.

ENDS

For and on behalf of the Board

Morné Engelbrecht

Managing Director & Chief Executive Officer

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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