



carbonenergy

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## ASX/Media Announcement

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## CHINA JINHONG JV REGISTERED

### Highlights:

- **Registration of CNX's China Joint Venture (JV) Company granted by the corporate registry body in China**
- **Triggers execution of Technology Licencing and Technical Services Agreements**
- **CNX to earn profit share from 30% interest in JV**

Carbon Energy Limited (ASX:CNX, OTCQX:CNXAY) announces a key milestone in the development of its China Joint Venture with Beijing JinHong Investment Co. Ltd (JinHong) having achieved formal registration of the joint venture company in China by the Chinese corporate registry.

The JV is the foundation of Carbon Energy's strategy to commercialise its UCG technology globally with a particular focus on the China market. The vast Chinese market is a logical target for Carbon Energy as China is estimated to consume approximately half of global coal consumption. The size of the market together with a strong demand for lower emission coal technologies, makes China a compelling opportunity for Carbon Energy's keyseam™ technology.

The achievement of registration triggers the formal signing of the Technology Licensing and Technical Services Agreements. Under the JV Agreement JinHong will contribute US\$30 million towards developing a commercial demonstration project upon the JV meeting certain milestones.

The JV will have a non-exclusive license to use Carbon Energy's keyseam technology up until the successful commissioning of the Demonstration Project but can sub-license keyseam technology in China during the non-exclusive period. The license will become exclusive (within the People's Republic of China) after the successful commissioning of the Demonstration Project.

Carbon Energy will provide technical and design services support, supervision and training for all JV projects under the Technical Services Agreement.

Commenting, the Chairman of Carbon Energy, Dr Chris Rawlings, said: "The registration is a significant step forward for Carbon Energy, and represents a key milestone in our ambitions to commercialise the Company's keyseam technology in China and ultimately create a vertically integrated gas business within China, resulting in the development of a portfolio of projects".

This follows the announcement in April 2016 of Carbon Energy's participation in the formation of a UCG research centre in conjunction with one of the world's largest mining universities, the China University of Mining and Technology. This places Carbon Energy at the forefront of the development of this exciting industry in China and the capacity to play a significant role in policy formulation while also positioning the Company well to interact with potential collaborators in the industry.

"China offers a compelling opportunity for our keyseam technology; the registration of the Joint Venture represents an important step in Carbon Energy's diversification, and tangible progress in our China ambitions," Dr Rawlings says.

**ENDS**

### **About Carbon Energy**

Carbon Energy (ASX: CNX) is building a technology licensing 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.

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 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.

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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