



CarbonEnergy

Carbon Energy Limited
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ASX Announcement

18 June 2009

Clarification of Australian Financial Review Article - Regarding Capital Raising

Today the Australian Financial Review (AFR) reported that Incitec Pivot Limited's (IPL) stake in Carbon Energy has been diluted following Carbon Energy's recently announced \$32 million capital raising. This is not completely accurate.

As announced on 5 June 2009, IPL participated for approximately 10% of the placement of shares and will maintain their interest in Carbon Energy at approximately the same level as their pre-placement interest.

The placement of the shares has been conducted in two tranches: 50 million shares have been placed in the 1st tranche which occurred on 15 June, with the balance of approximately 24.4 million shares being placed subject to shareholder approval at General Meeting of shareholders to be held on 20 July 2009.

Incitec Pivot Limited participated for approximately 10% of the placement with all of its allocation to be issued in the second tranche. Therefore the dilution reported in the AFR is temporary only, with IPL's interest to increase following the completion of the second tranche subject to shareholder approval.

Separately, the CSIRO's holding in the Company has reduced due to dilution (a result of the first tranche Placement) as well as the sale of 4 million CNX Shares. The CSIRO have provided a statement to Carbon Energy as follows: "CSIRO have no intention to sell any more of its stake in CNX this year and remains a long term supporter of the Company".

For and on behalf of the Board

Andrew Dash
Managing Director

For Further information please contact:

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COMPANY PROFILE

Carbon Energy's purpose is to produce clean energy and chemicals feedstock from Underground Coal Gasification (UCG) syngas.

Carbon Energy's unique approach to UCG and syngas production produces a low cost option for capturing CO₂ making it a leader in clean coal technology.

Carbon Energy's ambition is for syngas to become the preferred feedstock for producing clean coal power stations, and the production of synthetic natural gas, an alternative to oil-based fuel, agribusiness products (fertilisers & explosives), polyolefin products (such as plastics) and allowing for economic carbon capture.

Carbon Energy's technological advantage comes from its association with CSIRO including world class geotechnical, hydrological and gasification modelling capabilities.

Located at the hub of the Surat Basin's energy infrastructure, Carbon Energy's energy resources are perfectly positioned to provide the basis for future energy, industrial and agricultural chemicals, and liquid fuels for export and to the growing local industrial hub.