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# ASX Announcement

14 August 2009

## Sale of Laverton gold assets and Spin-off and listing of uranium interests

- **Carbon Energy will sell its gold interests in the Laverton area of Western Australia to Crescent Gold Limited for $2.5 million in cash plus $1.5 million deferred consideration.**
- **The company intends to proceed with an IPO listing of its uranium interests.**

As previously announced, the Company`s primary focus is to produce clean energy and chemicals feedstock from Underground Coal Gasification (UCG) and consequently is undertaking the divestment of its mineral assets.

### Sale of Gold Interests in Western Australia

**Carbon Energy Limited (ASX: CNX)** announced it has reached agreement with **Crescent Gold Limited (ASX: CRE)** to sell all of its gold interests in the Laverton area of Western Australia. These include:

- CNX's 50% interest in the Laverton Exploration Joint Venture (LEJV) with Barrick (GSM) Ltd, a wholly owned subsidiary of Barrick Gold Corporation,
- CNX's 100% interest in the historic Lancefield Mine (M38/37) and
- CNX's 100% interest in various exploration tenements in the Burtville area southeast of Laverton.

**The total consideration is $2.5 million in cash. A further payment of $1.5 million will be made once gold production has exceeded 75,000 ounces. The size of the gold resource includes measured, indicated and inferred attributable to Carbon Energy is approximately 850,000 ounces (refer to attached Appendix 1).**

### Spin off and separate listing of Carbon Energy's Uranium Interests

**In addition to the sale of its gold assets, the Carbon Energy Board has decided to spin off its uranium interests into a separate listed entity, thereby realising the potential underlying value of these assets. Carbon Energy shareholders will be eligible to participate in the IPO via a priority entitlement. The IPO is expected to be completed by the end of 2009 calendar year.**

Carbon Energy is expected to retain a significant shareholding in the new company in much the same way that it retains a significant shareholding in its most recent spinoff, **Magma Metals Ltd (ASX: MMB**).

## Carbon Energy's Uranium Exploration Activities

Carbon Energy has been involved in uranium exploration since 2006, both in Australia and overseas. In Australia its tenements cover a total area of 5089 $km^2$ in Western Australia, South Australia, Queensland and the Northern Territory.

In **Western Australia,** Carbon Energy holds three exploration licences in the Carnarvon Basin covering an area of approximately 1209 $km^2$. At the Nyang Project, exploration carried out in 2007 and 2008 returned a number of high grade results, including:

- **16m @ 530ppm $U_3O_8$ between 40-56m in LYAC001 (7400040N 294800E),**
- **15m @ 840ppm $U_3O_8$ between 60-75m in LYAC003 (7400040N 295300E), and**
- **9m @ 635ppm $U_3O_8$ between 49-58m in LYAC072 (7400200N 295300E).**

The mineralisation has been delineated over a strike length exceeding 3km, and remains open along strike to the south and northeast. A detailed ground gravity survey shows that the mineralisation is associated with a paleochannel of more than 11km length, and all within granted tenements.

In **South Australia,** a total of eight exploration licences have been granted covering 1800 $km^2$. Detailed gravity surveys were completed on four of these tenements during 2008.

In **Queensland,** two applications covering 480 $km^2$ are awaiting grant at Westmoreland – an area immediately east of significant uranium resources (48.5 million lbs $U_3O_8$) discovered in the 1970's and now owned by Laramide Resources Ltd.

In the **Northern Territory,** four applications are awaiting grant in the Amadeus and Ngalia Basins.

In N**orthern Italy,** the Company continues to progress applications over polymetalic environments prospective for base metals and uranium in the Lombardia Region. These include the uranium project at Novazza where work completed during the early 1980's is of a very high standard and includes more than 100 diamond drillholes and more than 6000m of underground development.

For and on behalf of the Board

**Andrew Dash**
**Managing Director**

**Competent Person Statement**

*The information in this report that relates to Exploration Results, Mineral Resources is based on information compiled by Mr I.W. Walker, Director, Carbon Energy Ltd, who is a member of the Australian Institute of Geoscientists. Mr Walker has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Walker consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.*

**About Carbon Energy**

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, an alternative to oil-based fuel, agribusiness products (fertilisers and 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.

**For Further information please contact:**

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CarbonEnergy

## APPENDIX 1 LAVERTON PROJECTS - GOLD RESOURCE SUMMARY

### GEOLOGICAL RESOURCE SUMMARY AS AT 31 JULY 2009[1]

| | Lower Cut g/t | Upper Cut g/t | MEASURED Tonnes | g/t Au | INDICATED Tonnes | g/t Au | INFERRED Tonnes | g/t Au | TOTAL Tonnes | g/t Au | Ounces |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **M38/37 - LANCEFIELD RESOURCE[2] [CEL 100%]** | | | | | | | | | | | |
| **DEEPS** | 4 | - | | | 603,000 | 6.2 | 120,000 | 7 | 723,000 | 6.3 | 147,200 |
| **NML** | 4 | - | | | 126,000 | 7.9 | 440,000 | 7 | 566,000 | 7.2 | 131,000 |
| **SPO** | 4 | - | | | 114,000 | 6.8 | 54,000 | 8 | 168,000 | 7.2 | 38,800 |
| **WMC[3]** | 3 | - | 1,036,000 | 6.8 | 158,000 | 4.7 | | | 1,194,000 | 6.5 | 250,400 |
| **TELEGRAPH[4]** | 4 | 20 | | | | | 91,000 | 6 | 91,000 | 6.0 | 17,600 |
| **TOTAL TONNES** | | | **1,036,000** | **6.8** | **1,001,000** | **6.2** | **705,000** | **7** | **2,742,000** | **6.6** | |
| **TOTAL OUNCES** | | | **226,495** | | **201,000** | | **157,000** | | | | 585,000 |
| **STH L'FIELD OXIDE** | 1 | 15 | | | 72,000 | 4.0 | 3,000 | 5 | **75,000** | **4.0** | 9,700 |
| **TOTAL M38/37 TONNES** | | | **1,036,000** | **6.8** | **1,073,000** | **6.1** | **708,000** | **6.9** | **2,817,000** | **6.6** | |
| **TOTAL M38/37 OUNCES** | | | **226,495** | | **210,259** | | **157,957** | | | | **594,700** |

**LAVERTON EXPLORATION JOINT VENTURE [CEL 50%]**

**VARIOUS OXIDE RESOURCES**

| | Lower Cut g/t | Upper Cut g/t | MEASURED Tonnes | g/t Au | INDICATED Tonnes | g/t Au | INFERRED Tonnes | g/t Au | TOTAL Tonnes | g/t Au | Ounces |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **BEASLEY CREEK (M38/49)** | 1 | IDS | 270,000 | 2.0 | 527,000 | 2.1 | 833,000 | 2.0 | 1,630,000 | 2.0 | 106,900 |
| **BEASLEY CREEK STH (M38/49)** | 1 | IDS | 147,000 | 3.1 | 161,000 | 2.5 | 111,000 | 1.7 | 419,000 | 2.5 | 33,700 |
| **GLADIATOR NORTH[5] (M38/49)** | 1 | 5 | 7,000 | 1.7 | 41,000 | 1.7 | 123,000 | 1.6 | 171,000 | 1.6 | 9,000 |
| **INNUENDO (M38/101)** | 1 | IDS | | | 180,000 | 2.9 | 380,000 | 2.3 | 560,000 | 2.5 | 44,900 |
| **WHISPER[6] (M38/535)** | 1 | IDS | | | | | 1,408,000 | 2.4 | 1,408,000 | 2.4 | 108,600 |
| **RUMOUR (M38/535)** | 1 | IDS | | | 1,590,000 | 2.1 | 1,060,000 | 2.1 | 2,650,000 | 2.1 | 178,900 |
| **GARDEN WELL[5] (M38/101)** | 1 | 12 | 90,000 | 3.3 | 110,000 | 2.6 | 150,000 | 2 | 350,000 | 2.5 | 28,400 |
| **TOTAL OXIDE TONNES - LEJV** | | | **514,000** | **2.5** | **2,609,000** | **2.2** | **4,065,000** | **2.2** | **7,188,000** | **2.2** | |
| **TOTAL OXIDE OUNCES - LEJV** | | | **41,692** | | **183,922** | | **284,717** | | | | **510,400** |
| **OVERALL TONNES** | | | **1,550,000** | **5.4** | **3,682,000** | **3.3** | **4,773,000** | **2.9** | **10,005,000** | **3.4** | |
| **OVERALL OUNCES** | | | **268,188** | | **394,182** | | **442,673** | | | | **1,105,100** |
| **ATTRIBUTABLE OUNCES - CARBON ENERGY LIMITED** | | | | | | | | | | | **849,900** |

**Notes**

**1 Tonnes, grade and ounces have been rounded to the appropriate levels of precision, and may not balance exactly**

**2 M38/37 only, predominantly sulphide resource, Telegraph free-milling West Lode, WMC includes minor West Lode**

**3 WMC data as per WMC Mineral Resources Report Dec 1994**

**4 Telegraph resource calculated on basis of weighted average grade over minimum downhole width of 1m**

**5 Resources calculated by Micromine OBM as diluted geological resource, all others using IDS methodology. Based on 1g/t model within 0.5g/t outline. Reference March 99 Pre-feasibility Report.**

**6 Whisper resource recalculated May 05.**