



**CarbonEnergy**

Carbon Energy Limited

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**3 February 2009**

**ASX Announcement**

**ASX: CNX**

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**Carbon Energy Completes 100 Day UCG - Trial**

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Carbon Energy (ASX:CNX) announced today that it has completed the 100 day Underground Coal Gasification (UCG) trial at its Bloodwood Creek site, near Dalby in South East Queensland.

Carbon Energy has clearly demonstrated that its UCG module can deliver commercial scale syngas production of 1 peta joule (PJ) per annum of syngas, with the following key outcomes:

- Demonstration of sustained production of air injected syngas suitable for low cost generation of power (achieved in November 2008);
- Demonstration of production of high value oxygen injected syngas suitable for the production of low emission electricity, chemicals and liquid fuels;
- The conversion of unmineable coal in-situ to gas energy at an average rate of 20PJ per million tonnes in the Surat basin;
- Validation of Carbon Energy's proprietary design and economic models which can be applied to any suitable coal seam anywhere in the world; and
- Consistently achieving, and exceeding, target energy content and flow rates.

Carbon Energy's Managing Director Andrew Dash said the Company will be completing its analysis of the data obtained during the trial phase prior to providing the results to its two main commercial partners; Incitec Pivot and LyondellBasell, for their assessment. It is anticipated that once approved, further pre-feasibility studies will then be undertaken to confirm syngas's suitability for power generation, ammonia manufacture and methanol production.

In the meantime, the UCG syngas reactor at Bloodwood Creek will continue to operate on air injection, with ongoing monitoring and verification of results, while plans for commercialization are initiated.

***For and on behalf of the Board***

**Andrew Dash  
Managing Director**

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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 CO<sub>2</sub> 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 & 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.