



CarbonEnergy

ASX Announcement

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Expiry of Heads of Agreement with Eneabba Gas Limited

The Heads of Agreement between Carbon Energy Ltd (ASX: CNX) and Eneabba Gas Limited (ENB), executed between the parties on 1 April 2009 will expire in accordance with its terms on 18 December 2009.

Under the Heads of Agreement (HoA), ENB was to conduct exploration drilling, at ENB's cost, to identify a coal resource of at least 300 Mt (JORC inferred), suitable for UCG.

The drilling program was initially targeted to be completed by mid 2009, but was continued up until recently. However, it has become clear that there was insufficient coal to meet Carbon Energy's technical and commercial criteria for Underground Coal Gasification, as required under the Heads of Agreement.

Carbon Energy will continue to seek opportunities to grow its resource base not only in Western Australia but nationally and internationally, consistent with its strategy. In doing so, Carbon Energy will remain diligent and rigorous in its technical assessment of the UCG potential of prospective deposits.

For and on behalf of the Board

Andrew Dash, Managing Director
Carbon Energy
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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 modeling capabilities.

Carbon Energy is building an international portfolio of coal assets, suitable for UCG with close proximity to markets.