CarbonEnergy Limited
ABN 56 057 552 137

MARCH 2009 QUARTERLY REPORT

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HIGHLIGHTS FOR THE QUARTER

ENERGY – UNDERGROUND COAL GASIFICATION (UCG)

- *Carbon Energy completed its 100 day UCG trial, demonstrating that its world leading UCG design can deliver commercial scale UCG syngas production.*

- *The Queensland Government announced a new policy in relation to overlapping tenure between UCG and Coal Seam Gas producers that provides priority and certainty of tenure for Carbon Energy's existing Mineral Development Licence area (MDL 374).*

- *A coal resource upgrade was achieved increasing Carbon Energy's resource in Queensland from 296.9 million tonnes to 668 million tonnes (JORC compliant indicated and inferred), an increase of 125% significantly exceeding the company's target to achieve 500 million tonnes by the end of the year. 364 Million tonnes of this resource is in coal seams greater than 5 metres thick which are an optimal target for underground coal gasification.*

- *Initial analysis of the results from the 100 day trial show a high methane and ethane content (the key components of synthetic natural gas) within the product gas, providing significant potential for Carbon Energy to be a major localised supplier of synthetic natural gas on the East Coast of Australia*

- *On 1 April Carbon Energy announced that it had entered into a Heads of Agreement with Eneabba Gas Limited to acquire a coal resource in WA and supply syngas to Eneabba's planned Centauri 1 power station.*

- *Commercialisation Options are being developed at BWC for initial power generation utilising UCG syngas.*

MINERALS (Carbon Energy 100%)

- *The Company has significant projects in both Uranium and gold, the latter held partly in Joint Venture. Efforts are currently under way to realise value in these projects for shareholders.*

CARBON ENERGY LIMITED

Following the change of the Company's name to Carbon Energy Limited (previously Metex Resources Limited), and the ASX code to CNX, the Board and Executive Management completed the Carbon Energy Strategic Plan to guide and assist the Company over the next three years. The Board has approved the Plan that defines the key strategies that will underpin Carbon Energy's ongoing development and success.

Carbon Energy Ltd (CNX) is an emerging energy Company whose purpose is to produce clean energy (power and synthetic natural gas) and chemical feedstock from Underground Coal Gasification (UCG) syngas. It aims to do this by pursuing the following key areas of focus:

1. ***Continuous improvement of UCG technology*** and the development of complementary technologies that will ensure CNX will develop a superior technical capability in the UCG syngas industry that will differentiate the Company from all other energy companies.

2. ***Identify and develop commercial opportunities*** using syngas derived from Carbon Energy's superior UCG technology. for the production of power, synthetic natural gas, chemicals and gas to liquids (GTL) either in the Company's own right or by way of strategic partnerships.

3. ***Expand its coal resource inventory*** by exploration within its current tenements or through identification of suitable joint venture opportunities leveraged off CNX's ability to successfully undertake UCG Syngas production in Australia and globally.

Progress in each of these key areas is as follows:

1. <u>Continuous Improvement of UCG Technology (Bloodwood Creek UCG Trial)</u>

Carbon Energy has completed its 100 day trial on the Bloodwood Creek coal resource demonstrating that its UCG module can deliver commercial scale syngas production of 1 peta joule (1 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.

Initial analysis of the trial data produced the following results:

- The average in-situ energy on an air dried basis is 20.11 GJ/tonne of coal;
- The key energy components in the gas are:
    - Methane & Ethane (components of natural gas): 68%
    - Hydrogen and Carbon Monoxide: 32%
- Table 1 Average Gas energy contribution is as follows:

Gas	Energy (%)
Methane	58
Ethane	10
Carbon Monoxide	6
Hydrogen	26

Note – This table does not include carbon dioxide or other inert gases that are present in the gas stream but do not contribute any energy content.

While the formal 100 day trial period is now complete, Carbon Energy is continuing to gasify coal on its first commercial panel and continues to increase the production data and history for UCG while it completes contractual arrangements for the first commercial development on the site.

2. Expand Coal Resource

The March quarter yielded some very significant achievements for Carbon Energy with respect to its coal inventory and tenure security. Firstly, the Queensland Government announced a new policy in relation to overlapping tenements between UCG and Coal Seam Gas producers. The key outcome for Carbon Energy is that the policy provides priority and certainty of tenure for the resource contained within its existing Mineral Development Licence area MDL 374 (see Figures 1 and 3).

Secondly, Carbon Energy's drilling program resulted in a significant increase in coal resource in its Queensland tenements from 296.9 million tonnes to 668 million tonnes, an increase of 125%. The majority of which is contained within MDL 374. 364 Million tonnes of this resource is in coal seams greater than 5 metres thick which are an optimal target for underground coal gasification. Carbon Energy has also proceeded to apply for a Mining Lease (MLA50253) over the Southern half of MDL 374 which, once granted, will allow Carbon Energy to move to full scale production of UCG syngas (see Figure 3). In addition, during the quarter, Carbon Energy acquired a 517 Ha block of land immediately adjacent to MDL 374 which provides an ideal location for the construction of major energy production facilities (such as power stations and synthetic natural gas plants) as well as industrial processing facilities, such as an ammonia manufacturing facility (see green polygon in Figure 3).

Thirdly, Carbon Energy has entered into a Heads of Agreement with Eneabba Gas Limited which, once conditions have been met will result in Carbon Energy acquiring a 300 million tonne JORC inferred resource near Dongara in Western Australia. This is consistent with Carbon Energy's strategy to transfer its UCG capability to any suitable coal seam anywhere in the world.

Further details are contained in the following sections.

3. Development of Commercial Opportunities

The results from the 100 day trial, in particular the potential to produce significant quantities of synthetic natural gas, have expanded the commercial opportunities for Carbon Energy. These results, combined with our increasing resources in both Queensland and Western Australia provide significant potential for the development of commercial projects. Our current plans are as follows:

Queensland

- Construction of a 5 MW power station based on the gas produced from the existing panel to provide electricity into the local distribution grid. Project commitment is targeted for mid 2009 with first generation to be achieved in the second half of 2009.
- Construction of an additional 20 MW of power generation on MDL 374. Project commitment is targeted for the second half of 2009, with first generation approximately 12 months later.
- Development of a UCG syngas supply for a large scale power station (approximately 300 MW) and a synthetic natural gas production facility to be located on Carbon Energy's property adjacent to MDL 374. Discussions are currently underway with prospective partners for this development.
- Feasibility studies into the development of major chemical facilities (ammonia and methanol) to be located on Carbon Energy's property adjacent to MDL 374 with existing commercial partners, Lyondellbasell and Incitec Pivot Limited.

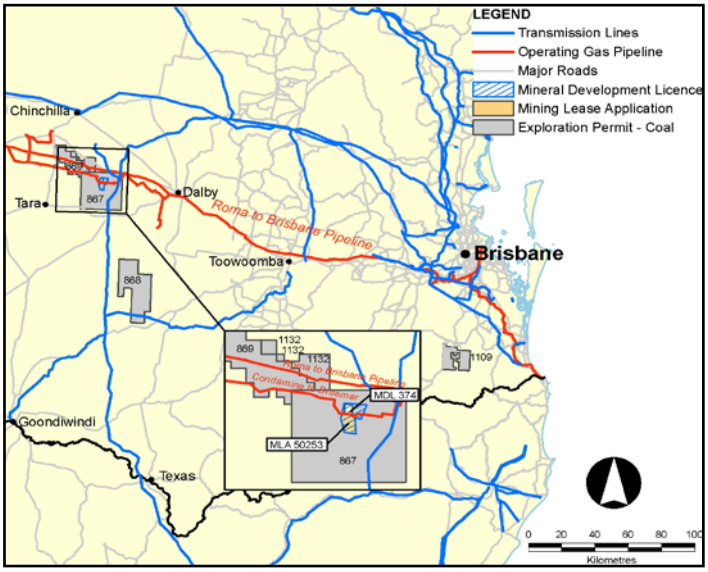

Figure 1 Location of Company's Coal tenements in South East Queensland

Western Australia

- Pursuant to our Heads of Agreement with Eneabba Gas Limited (ENB), Carbon Energy will, subject to the completion of conditions precedent, negotiate a Gas Sales Agreement to provide UCG syngas to Eneabba's planned 168 MW power station at Dongara in Western Australia and proceed to acquire a minimum 300MT Coal resource from ENB upon the issue of 30 million CNX shares.
- Carbon Energy will also pursue other commercial opportunities for the WA resource including synthetic natural gas production, particularly given the proximity of the resource to the two major natural gas pipelines servicing the Perth region.

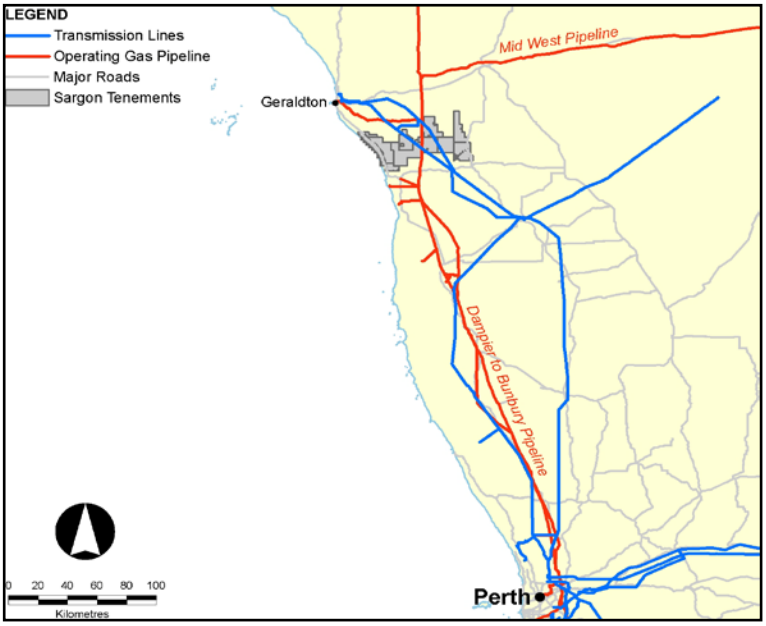

Figure 2 Location of Coal tenements in Western Australia subject ENB Heads of Agreement

International

- Carbon Energy is currently in discussions with a number of parties regarding commercial development opportunities overseas. The Company is currently assessing which of these suits its ambitions best at this time.

Tenure Queensland

The issuing by the Queensland Government of the Underground Coal Gasification Policy (18 February 2009) has provided resolution with regard to rights of tenure over resources between the CSG and UCG industries within Queensland. This confirms Carbon Energy's right to exploit the coal reserves within MDL 374 (covering 28.6 sq km) and as a consequence a Mining Lease Application 50253 has been submitted for the extraction of resources in the southern half of the MDL (see Figure 3).

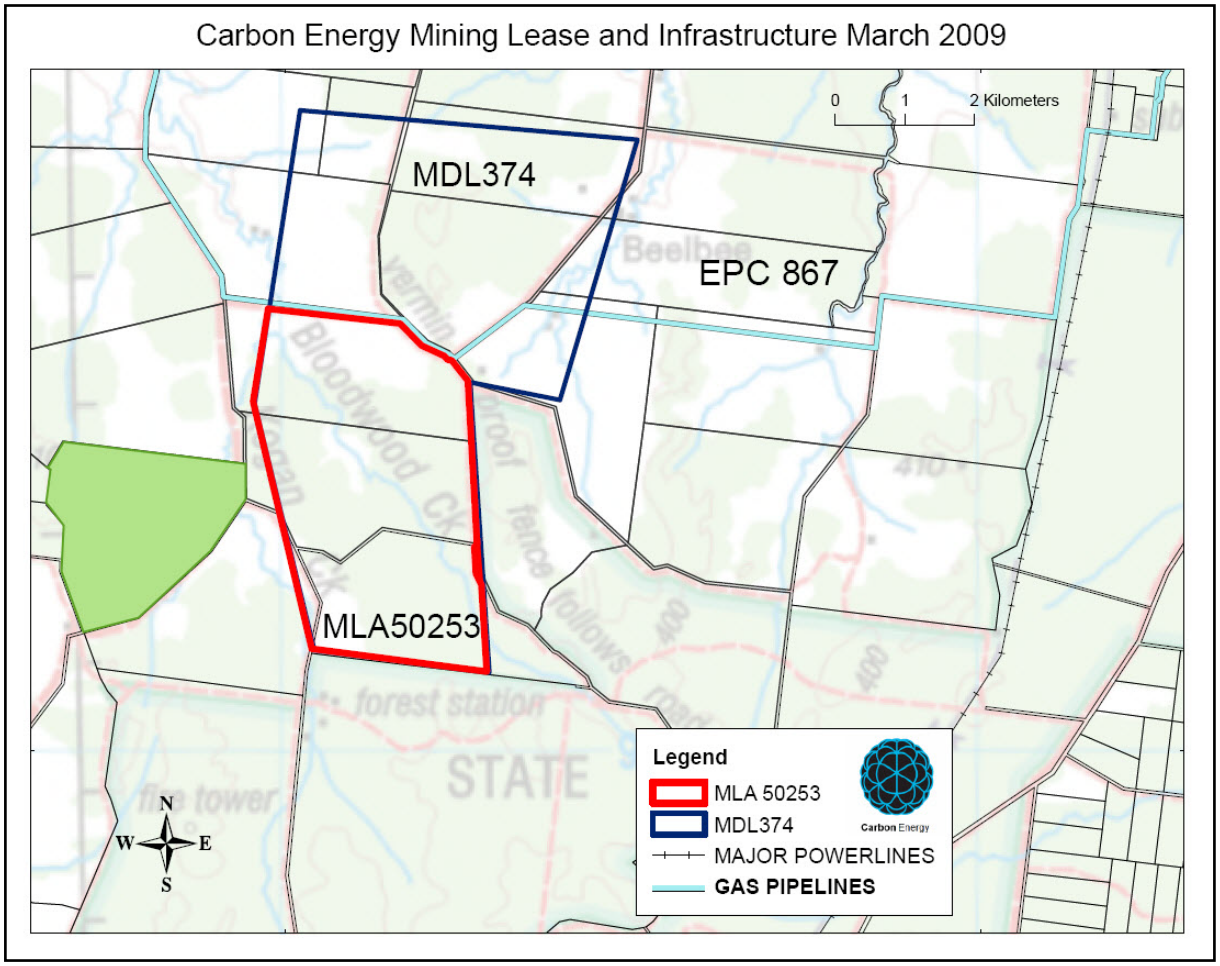

Figure 3 Shows the Mining Lease Application MLA50253 and property purchased by Carbon Energy (green)

Resources - Carbon Energy has successfully expanded its Coal Resource Inventory

Coal resources in Carbon Energy's lease in the Bloodwood Creek and Kogan area (EPC867 and EPC869) suitable for UCG syngas extraction have been increased following recent exploration, and the update of industry standard Minescape (MINCOM) geological model and resource calculation.

The total resource reported in the last quarter has increased from 297MT to 668MT for seams greater than 2m thick. In the Bloodwood Creek area the total resource increased from 297MT to 498MT. A new inferred resource in EPC869 near Kogan of 170MT has been reported this Quarter bringing the total resource up to 668MT (see Table 2 for Resource breakdown by area and different seam thickness cut-offs). 364 Million tonnes of this resource is in coal seams greater than 5 metres thick which are an optimal target for underground coal gasification.

Location	Seam Thickness Cut-off	Indicated (Mt)	Inferred (Mt)	TOTAL (Mt)
Bloodwood Creek	2	218	280	498
	5	158	57	215
Kogan	2		170	170
	5		149	149
Total Resource	2			668
	5			364

Table 2 - Shows the Resource reported during the December-March Quarter using a 2m and 5m seam thickness cut-off.

Coal Exploration - Drilling Update

The increase in resource figures are based on 15 exploration drill holes completed in the previous Quarter, 12 open holes in the Bloodwood Creek area (see Figure 4) with a total of 3594m drilled and all successfully logged geophysically and geologically and 3 open holes in the Kogan area (see Figure 5) with a total of 822m drilled and all successfully logged.

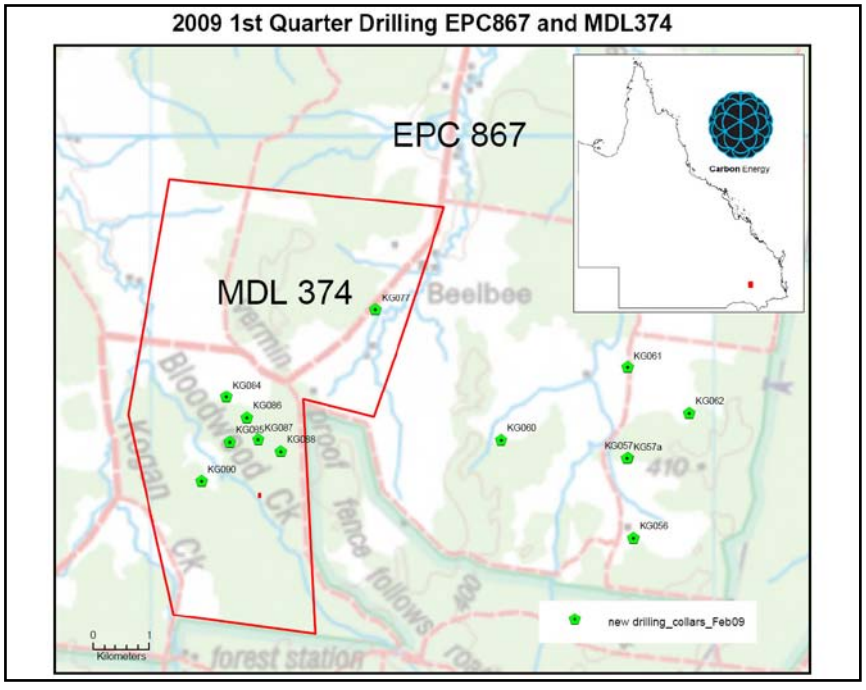

Figure 4 Showing the two areas of drilling within EPC867 and MDL374 within the March Quarter

In the Bloodwood Creek area two drilling zones were targeted, the first within the MDL to further define the indicated resource around the trial area and the second to explore other prospective areas within EPC867. Holes were drilled to around 250m in the MDL area and to 350m in the eastern part of EPC867. All holes intersected the Macalister seam with various thickness and splits resulting.

Three new holes drilled during the Quarter in the Kogan area (see Figure 5) has resulted in good coal intersections at a depth of over 300m. These new holes and existing exploration drillholes have been modelled using industry standard software (MINESCAPE) to JORC standards producing the 170MT inferred resource at a 2m cut-off which reduces to 149MT when a 5m cut-off is applied.

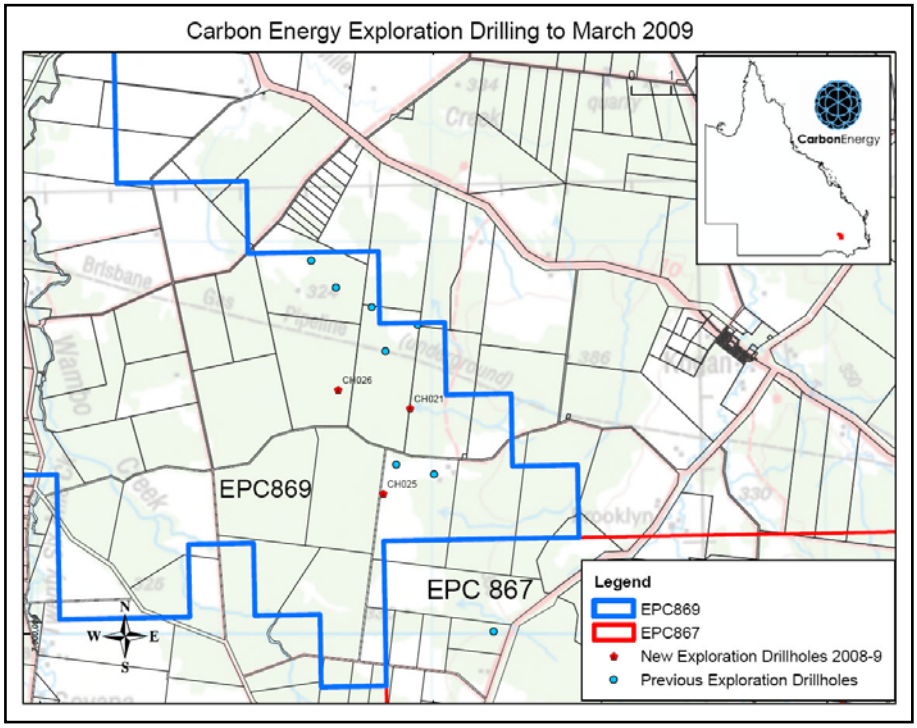

Figure 5 New and Existing Exploration Drilling within EPC869 near Kogan

Three exploration holes were completed in the Millmerran area EPC868 to meet exploration permit requirements and a total of 1193 meters were drilled (see Figure 6). All holes intersected coal with seam thickness of 2-4m from depths of 150m to 360m.

A total of 5609 meters were drilled since the last Quarterly report. Refer to Appendix B for coal drilling data and statistics.

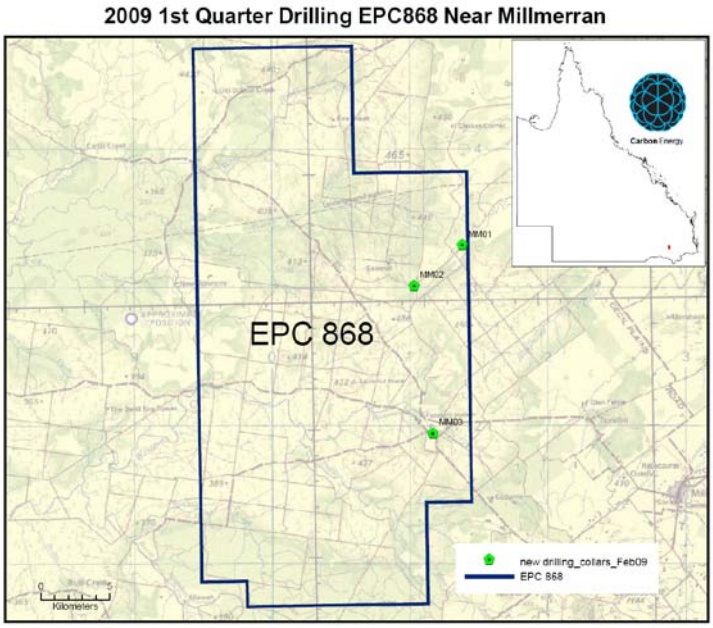

Figure 6 Location of Exploration open holes drilled in EPC868 during the March 09 Quarter

Coal Exploration and Mining Tenure

At the end of the March Quarter 2009 Carbon Energy had four granted exploration permits along the eastern edge of the Surat Basin and one in the Moreton Basin (EPC 1109) south of Beaudesert between Brisbane and the Gold

Coast (see Figure 1). Carbon Energy has a granted Mineral Development Licence between Dalby and Chinchilla named 'Bloodwood Creek' and has an application for a portion of the same to be transferred into a mining lease, MLA 50253.

Tenement	Status	Sub-blocks as at December 2008	Sub-blocks as at March 2009
MLA 50253	Application	1342 ha	1342 ha
MDL 374	Granted	2867 ha	2867 ha
867	Granted	300	191
869	Granted	99	64
868	Granted	229	177
1132	Granted	23	23
1109	Granted	76	65

Table 3 – Tenement Status as at the end of March 2009

A number of Carbon Energy's coal exploration permits required partial relinquishment according to the permit conditions. A relinquishment less than the prescribed number of sub-blocks was applied for and obtained for EPC 867, 868 and 1109.

OTHER MINERALS

The Company has significant projects in both Uranium and gold, the latter held partly in Joint Venture. Efforts are currently under way to realize value for shareholders in these projects, possibly by divestment. Further details of the projects are given below.

URANIUM EXPLORATION (Carbon Energy 100%)

The Company is undertaking uranium exploration in Western Australia, South Australia, Queensland and the Northern Territory (Figure 7).

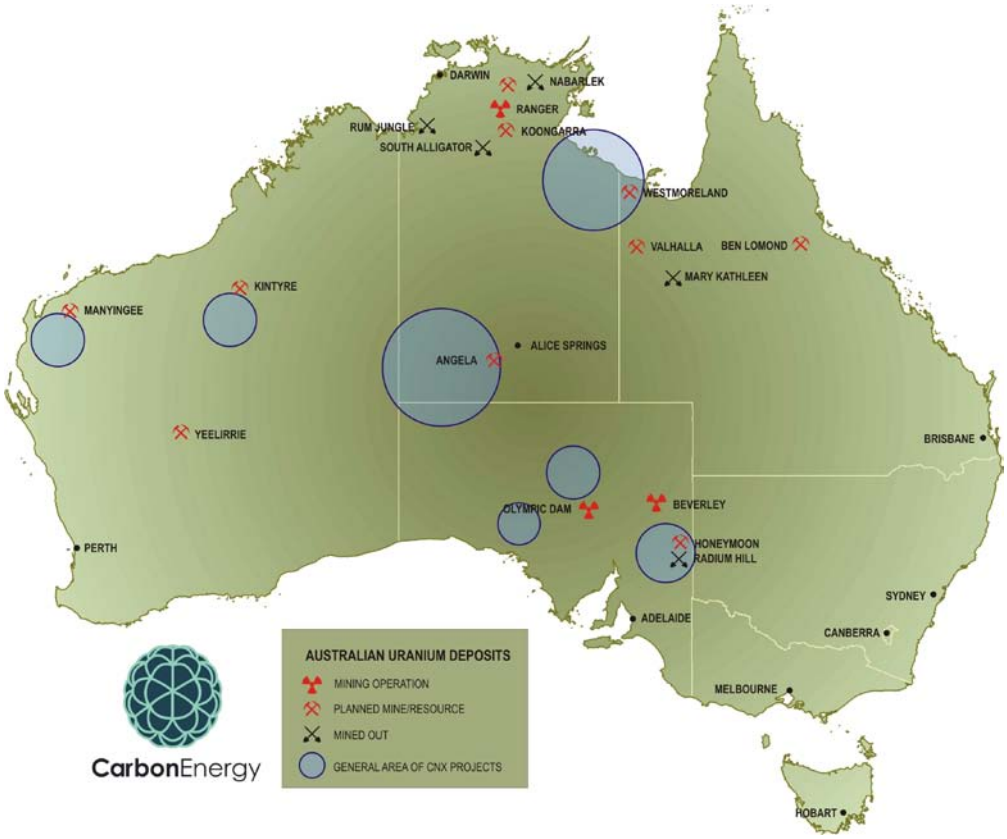

Figure 7: Location of Areas of Specific Uranium Interest – Australia.

In Western Australia, a total area of 1968 km^2 is held in 5 exploration licences and applications (Table 4). ***At the Nyang Project in the Carnarvon basin (E08/1644, 45 and 46), mineralisation has been delineated over a strike length exceeding 3km, and includes results from Aircore drilling up to 8m @ 0.13% U_3O_8.***

State	Tenement No	Location	Status	Area (sq.km)
Western Australia	E 08/1644	Yannarie South	Granted	470
	E 08/1645	Pleiades	Granted	475
	E 08/1646	Pleiades South	Granted	264
	E08/1801	Marilla Hill	Application	589
	E45/2886	Table Top	Application	170

Table 4 Western Australia – Tenements under Grant or Application for Uranium Exploration

In South Australia 8 exploration licences have been granted (Table 5) for a total area of 1809 km^2. The main target is "IOCG" deposits of the Olympic Dam type, but there is also potential for palaeochannel-hosted roll-front deposits in several tenements. Geophysical modeling is under way on four magnetic and gravity anomalies to determine if drilling is warranted.

State	Tenement No	Location	Status	Area (sq.km)
South Australia	EL3650	Lake Eyre	Granted	324
	EL3651	Coombs Springs	Granted	52
	EL3680	Blyth Creek	Granted	368
	EL3682	Balta Baltana Creek	Granted	348
	EL3683	Hidden Swamp	Granted	145
	EL3957	Curdimurka	Granted	294
	EL3958	Strangeway Springs	Granted	126
	EL4035	Lake Millyera	Granted	152

Table 5 South Australia – Tenements granted for Uranium Exploration

Two applications in north-western Queensland and four applications in the Northern Territory are awaiting grant.

REGIONAL GOLD EXPLORATION – WESTERN AUSTRALIA

Laverton Exploration Joint Venture – Carbon Energy 50%

The Laverton Exploration Joint Venture (LEJV) is a 50:50 joint venture between Carbon Energy and Barrick (GSM) Ltd, a wholly owned subsidiary of Barrick Gold of Australia Limited. Barrick is the owner of the Granny Smith Mine, located approximately 20km south of Laverton.

A summary of gold resources delineated to date in the Laverton area is attached as Appendix C, whereby Carbon Energy retains approximately 850,000 attributable in-ground ounces of gold.

Magma Metals Limited has the right under a Concurrent Rights Agreement to earn 100% interest in Ni-Cu-PGM mineralization associated with ultramafic rocks over various LEJV and 100% Carbon Energy Laverton tenements.

CORPORATE

ISSUED CAPITAL

- The total issued capital at the end of the Quarter was 497,296,637 fully paid ordinary shares quoted on the Australian Stock Exchange. 6,000,000 employee options were exercised during the period providing the Company with $900,000. A total of 69,451,000 unlisted options with exercise prices between 15c and $1.60 (with vesting dates ranging between 31 March 2009 and 10 December 2014, with the majority also subject to meeting of annual key performance indicators (KPIs) and performance hurdles being met) are on issue.
- A total of 7,407,408 shares remain to be issued to Dr Cliff Mallett and Mr Rusty Mark upon the successful completion of the Bloodwood Creek Trial and analysis of trial results. In addition, up to 15 million shares remain to be issued to Constellation Energy, subject to completion of documentation.
- The Company retains cash reserves of $5.0 million as at 31 March 2009.

LISTED INVESTMENTS

- Carbon Energy holds 10 million shares in ASX listed nickel-copper-platinum group metals (PGE) explorer ***Magma Metals Limited.*** Magma is actively exploring in Canada and Western Australia.

For and on behalf of the Board

Andrew Dash
Managing Director

30 April 2009

Competent Person *Statement – Coal*

The information in this release that relates to resources is based on information compiled by Dr C.W. Mallett, Executive Director Carbon Energy Limited who is a member of the Australian Institute of Mining and Metallurgy. Dr Mallett has sufficient experience which is relevant to the style of mineralization 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". Dr Mallett consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

Competent Person Statement – Gold and Uranium

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr I.W. Walker, Non-Executive Director of Carbon Energy Limited 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.

QUEENSLAND COAL RESOURCE SUMMARY AS AT 31 MARCH 2009 – APPENDIX A

December 2008 Quarter Resource Statement

Location	Seam Thickness Cut-off	Indicated (Mt)	Inferred (Mt)	TOTAL (Mt)
Bloodwood Creek	2	211.7	85.2	296.9
	5	109.7	35.2	144.9

March 2009 Quarter Resource Statement

Location	Seam Thickness Cut-off	Indicated (Mt)	Inferred (Mt)	TOTAL (Mt)
Bloodwood Creek	2	218	280	498
	5	158	57	215
Kogan	2		170	170
	5		149	149
Total Resource	2			668
	5			364

MARCH 2009 QUARTER QLD COAL DRILLING SUMMARY- APPENDIX B

Drilling Statistics for EPC867 to March 2009

Type	Hole	amgE GDA94	amgN GDA94	RL	Dat	TD	Date Start	Date Finish	Geophysics										Casing (m)
									Co	G	N	L	B	P	R	V	C	S	D	
R	KG086	281654	6994984	364	AHD	251	28-Oct-08	30-Oct-08	Coal Seam WLS	X		X	X					X		47
R	KG085	281359	6994549	368	AHD	219	30-Oct-08	31-Oct-08	Coal Seam WLS	X		X	X					X		41
R	KG061	288424	6995878	347	AHD	353	04-Nov-08	06-Nov-08	Coal Seam WLS	X		X	X					X		73
R	KG057a	288417	6994255	357	AHD	354	12-Nov-08	24-Nov-08	Geoscience	X		X	X					X		93
R	KG056	288530	6992837	371	AHD	336	25-Nov-08	27-Nov-08	Geoscience	X		X	X					X		104
R	KG060	286178	6994588	369	AHD	341	28-Nov-08	02-Dec-08	Geoscience	X		X	X					X		76
R	KG062	289526	6995068	373	AHD	355	03-Dec-08	10-Dec-08	Geoscience	X		X	X					X		92
R	KG084	281296	6995350	360	AHD	228	10-Dec-08	12-Dec-08	Geoscience	X		X	X					X		37
R	KG087	281861	6994592	376	AHD	250	15-Dec-08	18-Feb-09	Geoscience	X		X	X					X		49
R	KG090	280850	6993853	358	AHD	268	18-Feb-09	19-Feb-09	Geoscience	X		X	X					X		48
R	KG077	283947	6996908	359	AHD	366	18-Feb-09	20-Feb-09	Geoscience	X		X	X					X		36
R	KG088	282257	6994386	388	AHD	275	19-Feb-09	23-Feb-09	Geoscience	X		X	X					X		78
TOTALS						3594														773

Drilling Statistics for EPC869 to March 2009

Type	Hole	amgE GDA94	amgN GDA94	RL	Dat	TD	Date Start	Date Finish	Geophysics										Casing (m)
									Co	G	N	L	B	P	R	V	C	S	D	
R	CH021	269403	7005750	340	AHD	251	04-Feb-09	06-Feb-09	Geoscience	X		X	X					X		48
R	CH026	267580	7006219	326	AHD	219	06-Feb-09	09-Feb-09	Geoscience	X		X	X					X		42
R	CH025	268720	7003572	337	AHD	353	10-Feb-09	12-Feb-09	Geoscience	X		X	X					X		43
TOTALS						822														133

Drilling Statistics for EPC868 to March 2009

Type	Hole	amgE GDA94	amgN GDA94	RL	Dat	TD	Date Start	Date Finish	Geophysics										Casing (m)
									Co	G	N	L	B	P	R	V	C	S	D	
R	MM01	314029	6933158	394	AHD	369	22-Jan-09	28-Jan-09	Geoscience	X		X	X					X		67
R	MM02	310530	6930199	412	AHD	403	29-Jan-09	12-Feb-09	Geoscience	X		X	X					X		98
R	MM03	311911	6919458	384	AHD	421	03-Feb-09	10-Feb-09	Geoscience	X		X	X					X		48
TOTALS						1193														213

Drilling Results used in Resource upgrade to March 2009

Hole No.	Easting	Northing	RL	Macalister Upper (UPMA)			Macalister Middle (MIMA)			Macalister Lower (LOMA			Macalister Lower (LMAC)			
				Top	Base	Total Net Coal	Top	Base	Total Net Coal	Top	Base	Total Net Coal	Top	Base	Total Interval	Total Net Coal
KG086	281654.0	6994984.0	364.0	198.3	203.2	4.9	203.5	205.1	1.6	205.9	208.1	2.2	217.9	220.0	2.1	8.7
KG085	281359.0	6994549.0	368.0	197.0	202.0	5.0	202.0	204.4	2.4			0.0			0.0	7.4
KG061	288424.0	6995878.0	347.0	306.0	308.5	2.5	308.8	309.5	0.7	311.0	312.0	1.0	338.5	340.5	2.0	4.2
KG057a	288417.0	6994255.0	357.0	307.0	309.5	2.5	309.5	312.2	2.7	315.5	320.8	5.3	321.8	323.5	1.7	10.5
KG056	288530.0	6992837.0	371.0	293.5	296.8	3.3	309.7	311.6	1.9	313.0	314.0	1.0			0.0	6.2
KG060	286178.0	6994588.0	369.0	311.5	316.5	5.0	317.2	320.7	3.5	321.2	323.0	1.8			0.0	10.3
KG062	289526.0	6995068.0	373.0	273.0	276.0	3.0	303.1	307.6	4.5	312.6	315.2	2.6	339.0	340.0	1.0	10.1
KG084	281296.0	6995350.0	360.0	187.4	191.6	4.2	191.6	193.1	1.5	199.5	200.0	0.5	221.5	223.6	2.1	6.2
KG087	281861.0	6994592.0	376.0	214.5	219.0	4.5	219.0	223.2	4.2	223.5	226.0	2.5	237.2	238.5	1.3	11.2
KG090	280850.0	6993853.0	358.0	225.4	227.0	1.6	227.2	231.8	4.6	234.5	237.5	3.0	258.0	259.7	1.7	9.2
KG077	283947.0	6996908.0	359.0	142.6	143.8	1.2	144.0	146.7	2.7	173.0	174.0	1.0	190.5	191.5	1.0	4.9
KG088	282257.0	6994386.0	388.0	243.9	250.3	6.4	250.5	255.0	4.5	255.5	258.4	2.9	264.0	266.8	2.8	13.8
CH021	269403.0	7005750.0	340.0	321.0	322.4	1.4	322.6	327.4	4.8	345.6	347.8	2.2	350.0	352.4	2.4	8.4
CH026	267580.0	7006219.0	326.0	308.3	311.6	3.3	311.6	313.5	1.9	313.5	317.0	3.5	331.0	332.3	1.3	8.7
CH025	268720.0	7003572.0	337.0	365.5	366.7	1.2	371.2	374.8	3.6	393.0	395.7	2.7	411.0	413.5	2.5	7.5

LAVERTON PROJECTS RESOURCE SUMMARY - APPENDIX C

GEOLOGICAL RESOURCE SUMMARY AS AT 31 MARCH 2009

	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] [Carbon Energy 100%]											
DEEPS	4	-			603,000	6.2	120,000	7	723,000	6.3	147,000
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	39,000
WMC[3]	3	-	1,036,000	6.8	158,000	4.7			1,194,000	6.5	250,000
TELEGRAPH[4]	4	20					91,000	6	91,000	6.0	18,000
TOTAL TONNES			**1,036,000**	**6.8**	**1,001,000**	**6.2**	**705,000**	**7**	**2,742,000**	**6.6**	
TOTAL OUNCES			**226,000**		**201,000**		**157,000**				585,000
STH L'FIELD OXIDE	1	15			72,000	4.0	3,000	5	**75,000**	**4.0**	**10,000**
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			**226,000**		**210,000**		**158,000**				**595,000**
LAVERTON EXPLORATION JOINT VENTURE [Carbon Energy 50%]											
VARIOUS OXIDE RESOURCES											
BEASLEY CREEK	1	IDS	420,000	2.4	690,000	2.2	940,000	2	2,050,000	2.1	140,600
INNUENDO	1	IDS			180,000	2.9	380,000	2.3	560,000	2.5	45,100
WHISPER[6]	1	IDS					1,408,000	2.4	1,408,000	2.4	110,000
RUMOUR	1	IDS			1,590,000	2.1	1,060,000	2.1	2,650,000	2.1	179,300
NTH GLADIATOR[5]	1	5	10,000	1.7	40,000	1.8	120,000	2	170,000	1.9	10,500
GARDEN WELL[5]	1	12	90,000	3.3	110,000	2.6	150,000	2	350,000	2.3	29,200
TOTAL OXIDE TONNES			**520,000**	**2.5**	**2,610,000**	**2.2**	**4,058,000**	**2.2**	**7,188,000**	**2.2**	
TOTAL OXIDE OUNCES			**42,100**		**184,600**		**287,200**				**514,700**
OVERALL TONNES			**1,556,000**	**5.4**	**3,683,000**	**3.3**	**4,766,000**	**2.9**	**10,005,000**	**3.4**	
OVERALL OUNCES			**268,100**		**394,600**		**445,200**				**1,109,700**
CARBON ENERGY ATTRIBUTABLE OUNCES											**852,350**

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 outl Reference March 99 Pre-feasibility Report.

6 Whisper resource recalculated May05.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

CARBON ENERGY LIMITED

ABN

ABN 56 057 552 137

Quarter ended ("current quarter")

31 MARCH 2008

Consolidated statement of cash flows

		Current quarter $A'000	Year to Date (9 months) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation (net)	(2,047)	(5,186)
	(b) development – Bloodwood Creek - UCG	(2,693)	(16,103)
	(c) production	-	-
	(d) administration (net)	(387)	(1,033)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	65	704
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes benefit received	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	**(5,062)**	**(21,618)**
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(460)	(575)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	3
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material) - Bonds	(3)	(51)
	Net investing cash flows	**(463)**	**(623)**
1.13	Total operating and investing cash flows (carried forward)	(5,525)	(22,241)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(5,525)	(22,241)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	900	884
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Trade Creditors/Debtors	266	722
	Net financing cash flows	**1,166**	**1,606**
	Net increase (decrease) in cash held	**(4,359)**	**(20,635)**
1.20	Cash at beginning of quarter/year to date	9,376	25,652
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	**5,017**	**5,017**

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current Quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	1,187
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Costs included in item 1.23 above covers Executive Directors' expenses who were made redundant in Perth, salaries for the Brisbane based executive Directors plus Non-Executive Director's fees and superannuation. The redundancy costs included Holiday Pay, LSL and redundancy after 15 years service.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

-

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Barrick Granny Smith Mines is contributing 50% to the LEJV.

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements/bonds	**390**	**390**

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	471
4.2	Development	1,619
	Total	**2,090**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	937	1,488
5.2	Deposits at call	3,690	7,500
5.3	Bank overdraft	-	-
5.4	Other (Deposit Bonds)	390	388
	Total: cash at end of quarter (item 1.22)	**5,017**	**9,376**

Changes in interests in mining tenements

		Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed		Refer Covering Quarterly Activity Report attached hereto		
6.2	Interests in mining tenements acquired or increased		Refer Covering Quarterly Activity Report attached hereto		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1	**Preference +securities** *(description)*	Nil	Nil	-	-
7.2	Changes during quarter (a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	**497,296,637**	**497,296,637**	Various	Fully Paid
7.4	Changes during quarter (a) Increases Carbon Energy Ltd Exercise of Employee Options to Shares	6,000,000	6,000,000	15c	Fully Paid
	(b) Decreases through return of capital, buy-backs	-	-	-	-
7.5	**+Convertible debt securities** (*description)*	Nil	Nil	-	-
7.6	Changes during quarter (a) Increases through issues	-	-	-	-
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	**Options**			*Exercise price*	*Expiry date*
	Unlisted Options 15c	**250,000**	-	15c	31/10/2009
	Unlisted Options 15c	**5,000,000**	-	15c	31/12/2009
	Unlisted Options 15c	**125,000**	-	15c	01/01/2010
	Unlisted Options 20c	**9,000,000**	-	20c	31/03/2010
	Unlisted Options 20c	**250,000**	-	20c	31/10/2010
	Unlisted Options 20c	**125,000**	-	20c	01/01/2011
	Unlisted Options 30c	**500,000**	-	30c	30/06/2011
	Unlisted Options 60c	**2,000,000**	-	60c	30/06/2011
	Unlisted Options 25c	**100,000**	-	25c	01/04/2012
	Unlisted Options 40c	**351,000**	-	40c	01/04/2012
	Unlisted Options 25c	**5,000,000**	-	25c	10/12/2013
	Unlisted Options 35c	**7,000,000**	-	35c	10/12/2013
	Unlisted Options 70c	**8,000,000**	-	70c	10/12/2013
	Unlisted Options 80c	**7,250,000**	-	80c	10/12/2013
	Unlisted Options $1.00	**10,000,000**	-	$1.00	10/12/2014
	Unlisted Options $1.20	**7,250,000**	-	$1.20	10/12/2013
	Unlisted Options $1.60	**7,250,000**	-	$1.60	10/12/2013
7.8	**Options** *Issued during quarter*			*Exercise price*	*Expiry date*
	Unlisted Options 25c	**100,000**	-	25c	01/04/2012
	Unlisted Options 40c	**351,000**	-	40c	01/04/2012
7.9	Exercised during quarter Unlisted Employee Options	6,000,000	6,000,000	15c	31/03/2009

+ See chapter 19 for defined terms.

7.10	Expired during quarter Unlisted Employee Options	-	-	-	-
7.11	**Debentures** *(totals only)*	Nil	Nil		
7.12	**Unsecured notes** *(totals only)*	Nil	Nil		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: ….....30 April 2009……...

Print name: **Prem Nair**
Title: ***Chief Financial Officer & Company Secretary***

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+ See chapter 19 for defined terms.