



**CarbonEnergy**

Level 12, 301 Coronation Drive,  
Milton QLD 4064 Australia  
PO Box 2118, Toowong DC  
QLD 4066 Australia  
**phone** +61 (0) 7 3337 9944  
**fax** +61 (0) 7 3337 9945  
**[www.carbonenergy.com.au](http://www.carbonenergy.com.au)**

Carbon Energy Limited  
ABN 56 057 552 137

Carbon Energy (Operations) Pty Ltd  
ABN 61 105 176 967

# ASX Announcement

30<sup>th</sup> July 2010

## STATEMENT - MISLEADING MEDIA COMMENTARY

Carbon Energy Limited (ASX : CNX) has noted recent media commentary that could lead some observers to infer that water runoff from the Company's Underground Coal Gasification (UCG) facility at Bloodwood Creek near Dalby could be linked to non-hazardous levels of petroleum hydrocarbons and mercury allegedly found in Kogan Creek during testing by the Department of Environment and Resource Management (DERM).

Carbon Energy completely rejects any such implication. Dr Cliff Mallett, the Company's Technical Director, made the following points in response:

- Mercury is not present in any of the plant's process water samples so there can be no link between Carbon Energy's plant and any levels of mercury allegedly detected in Kogan Creek
- While a small amount of process water was released into a dry creek bed late in August 2009, this was immediately contained and cleaned up and no process water was transmitted off the site. There has been no further release and subsequent soil test have shown no evidence of benzene or toluene.
- DERM director-general John Bradley has indicated that further tests will be carried out today with results due back early next week. Importantly he noted that "the latest samples taken by DERM did not detect the presence of mercury and identified that the levels of heavy metals such as iron and aluminum and hydrocarbons including benzene and toluene did not exceed stock watering standards (ANZECC Guidelines). Biosecurity Queensland has advised that the hydrocarbon results at Kogan Creek are 2000 times lower than the acceptable standard for stock water."

Dr Mallett reaffirmed Carbon Energy's commitment to superior environmental management practices and expressed confidence in the integrity of the environmental systems and processes that the Company has instituted. He noted that the processes are the outcome of over ten years of scientific research by the CSIRO benchmarked to global best practice.

As previously advised Carbon Energy has recently met with Stephen Robertson, Minister for Natural Resources Mines and Energy and indicated that the Company would cooperate fully with the Department in conducting an Environmental Evaluation of its Bloodwood Creek facility. While the Environmental Evaluation is being conducted, the Company will continue to operate the current UCG Panel, which is currently in idle mode.

Carbon Energy takes its responsibilities in relation to environmental management very seriously and will use this opportunity to re-affirm the integrity of the environmental systems and process employed.

For and on behalf of the Board



Andrew Dash  
Managing Director

### **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 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, 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.