



12 November 2010

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Carbon Energy Limited
ABN 56 057 552 137
Carbon Energy (Operations) Pty Ltd
ABN 61 105 176 967

Dear Shareholder

Nomination of Deloitte Touche Tohmatsu to continue as auditor of Carbon Energy Limited

You will have recently received your notice of annual general meeting (**AGM**) of Carbon Energy Limited (**Company**), to be held on 25 November 2010 at 9.30am at the Avro Room, Royal on the Park Hotel, 152 Alice Street, Brisbane.

The business of the meeting includes a proposal to appoint Deloitte Touche Tohmatsu (**Deloitte**) as the Company's auditor.

Deloitte was appointed as Company auditor in early 2010 to fill a casual vacancy left by Price Waterhouse Coopers resigned due to potential independence issues. The Corporations Act states that an auditor appointed to fill a casual vacancy may only hold office until the Company's next AGM.

Lomacott Pty Ltd, being a member of the Company, has nominated Deloitte for appointment as auditor at this year's AGM. Deloitte consented to the appointment subject to shareholder approval at the AGM. When the appointment of an auditor is to be considered at an AGM, the Corporations Act requires the Company to send a copy of the notice of nomination of the auditor to shareholders before the meeting.

On the reverse side of this letter is a copy of the notice nominating Deloitte for appointment as Company auditor.

We look forward to your presence at the Company's 2010 AGM and encourage holders of ordinary shares to vote. If you have sent in your proxy form, the person you have appointed will be able to vote your shares on the resolution to appoint the auditor. The Chairman will vote all undirected proxies in favour of the resolution to appoint Deloitte as the auditor.

Yours faithfully



Prem Nair
CFO & Company Secretary



David Keogh
level 32, 88 Phillips Street
Sydney NSW 2000

12 November 2010

The Secretary
Carbon Energy Limited
Level 12, 301 Coronation Drive
Milton QLD 4064

Attention: Prem Nair

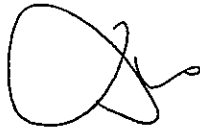
Dear Prem

Nomination of company auditor

I, David Keogh, as director of Lomacott Pty Ltd, being a member of Carbon Energy Limited (**Company**), hereby nominate Deloitte Touche Tohmatsu of Level 25, 123 Eagle Street, Brisbane in the state of Queensland, for appointment as auditor at the annual general meeting convened for 25 November 2010.

Please distribute copies of this notice of nomination as required by s328(3) of the Corporations Act.

Yours faithfully



David Keogh
For Lomocott Pty Ltd

