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## ASX Announcement

17th November 2010

### Bloodwood Creek Environmental Update

Carbon Energy (ASX: CNX) advises that the Queensland Government Department of Environment and Resource Management (DERM) last night informed Carbon Energy that it has accepted the Company's environmental report as addressing the requirements of the Environmental Evaluation notice issued on 21 July 2010 and additional information notice issued on 21 September 2010.

The evaluation related specifically to containment of surface water on site, a common situation faced by many industries and not specifically Underground Coal Gasification (UCG), and at no time were underground activities or groundwater impacted by the incident.

As part of the evaluation, a comprehensive soil testing program was undertaken and has been independently assessed by a tier 1 Environmental Consultancy which confirmed that there was no ongoing effects or environmental harm.

As part of its report, the Company detailed the engineering and operating changes it has established on site to ensure that any reoccurrence is mitigated and has already put in place additional environmental controls.

DERM has further advised that, prior to gasification commencing for the Company's UCG Panel 2, it intends to amend some of the environmental conditions for the site to reflect the outcome of the environmental report and the Company's proposed mitigation measures.

The Company will hold meetings with DERM representatives in Brisbane today and onsite later this week to finalise these conditions and establish a date for commissioning of UCG Panel 2.

The Company welcomes the news that its environmental report has been accepted and will work cooperatively with DERM to expedite any changes to environmental conditions arising from the report to ensure that commissioning of UCG Panel 2 can proceed as soon as possible.

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 carbon dioxide making it a leader in clean coal technology.

Carbon Energy's ambition is for syngas to become the preferred feedstock for fuelling 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.

