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ASX Announcement

12th August 2010

Kogan Creek Water Tests All Clear

Carbon Energy welcomes the Queensland Department of Environment & Resource Management's (DERM) announcement that recent comprehensive testing of water quality in Kogan Creek found no concerns.

In a media release DERM Director General John Bradley said "The results of water quality tests from Kogan Creek near Carbon Energy's Underground Coal Gasification plant near Dalby has not detected any contamination which could cause a risk to humans, plants or animal."

"There was no evidence at the concerned landholder's property neither of benzene, toluene, ethylbenzene and xylene, nor of any polycyclic aromatic hydrocarbons (PAHs) associated with coal or petroleum products."

"There was no detection of mercury in water column or creek bed samples undertaken at 12 locations along Kogan Creek."

"Tests were carried out for 67 types of hydrocarbons, and compared with samples taken further upstream of the Carbon Energy Underground Coal Gasification plant."

"The very low concentrations of hydrocarbons seen in the testing results are what you would expect to find naturally in the environment" Mr. Bradley said.

Andrew Dash, Carbon Energy's Managing Director said "These results clearly show that there are no contaminants in Kogan Creek, which should be of comfort to local landowners. We have consistently stated that there are no surface water emissions from our site that could impact local waterways."

"This process demonstrates the importance of obtaining all the facts and not jumping to conclusions based upon supposition or idle speculation."

It should be noted that Carbon Energy undertakes comprehensive and regular testing of water quality, groundwater pressure, well gas composition, micro seismic noise and temperature through monitoring wells around its UCG trial site, and that the Company adheres to stringent evaluation of any impact its operations may have on the environment.

Carbon Energy is committed to establishing a cost effective and environmentally sustainable energy business based on Underground Coal Gasification (UCG). The technology employed by Carbon Energy is based on over 10 years of scientific research by the CSIRO and represents a step change in how UCG is conducted anywhere around the world.

“Carbon Energy has identified a significant coal resource suitable for UCG in the Kogan area that do not impact on high value farming or useful groundwater. It has the potential to sustain the development of a major energy and industrial processing hub in regional Queensland that can produce electricity, fertiliser for local agricultural applications, industrial explosives for Queensland mines as well as liquid fuels for the local transport industry.”

“In contrast to many extractive processes whose raw materials are exported overseas, UCG represents a significant opportunity to bring valued added industries and significant employment opportunities to regional Queensland. Carbon Energy will continue to work with all stakeholders to ensure this important emerging energy resource is made available to local industries and for the benefit of local communities” Mr. Dash said.

For and 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 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 modelling capabilities.

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