



CarbonEnergy

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

ASX Announcement

20 September 2010

Bloodwood Creek Environmental Update

Carbon Energy (ASX: CNX) advises that the Queensland Department of Environment and Resource Management (DERM) have advised the Company that they have extended the decision time, and will request additional information in relation to the Company's Environmental Evaluation submitted 20th August (ASX announcement 23rd August 2010).

Based on discussions held to date regarding the additional information required, the Company anticipates that it will be able to submit a response to DERM within the next 1-2 weeks.

The Company continues to engage regularly with DERM in an effort to have this matter resolved to the satisfaction of all parties and anticipates a final response from DERM within a short time of submitting the additional information required.

Carbon Energy is confident that the evaluation will confirm that the Company's environmental practices and performance are of the highest order and based on sound principles.

As previously advised, Carbon Energy has completed drilling activities for its UCG Panel 2 and has now completed all above ground facilities and is in a position to commence commissioning of Panel 2. Commissioning is subject to DERM's satisfactory review of Carbon Energy's Environmental Evaluation and the additional information to be provided.

Immediately upon approval, Panel 2 will be initiated. Once consistent gas production is established the progressive commissioning of the four reciprocating gas engines for Company's 5 MW power station will commence.

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 creating 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.