



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

Carbon Energy Limited

ABN 56 057 552 137

Carbon Energy (Operations) Pty Ltd

ABN 61 105 176 967

ASX RELEASE

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Bloodwood Creek – Operations Update

Carbon Energy Limited (ASX:CNX) (OTCQX:CNXAY) today announced that excellent progress continues to be made at its Underground Coal Gasification (UCG) project at Bloodwood Creek, near Dalby in Queensland.

The Company recorded an Australian first in power generation in August when it produced electricity from syngas using its proprietary technology. The Company has achieved seven months of continuous syngas production delivering consistent, high quality gas, and remains on track to complete construction of powerlines, direct from the Company's power station to Ergon Energy's distribution system by the end of the month.

Ergon Energy has mobilised its crews and the Company anticipates completion of the powerline connection to the grid, testing and commissioning work in November.

Carbon Energy has pioneered new techniques in underground coal gasification and developed world leading, proprietary technology to help Queensland tap into vast energy resources. The technology, developed in Queensland, could unlock previously inaccessible coal deposits to produce electricity for supply to the local electricity market.

Work continues to progress with the Department of Environment and Resource Management (DERM) on amendments to the Company's existing environmental approvals to ramp up to 5MW of electricity generation for export to the local grid.

ENDS

For and on behalf of the Board



Andrew Dash

Managing Director



About Carbon Energy

Carbon Energy is a world leader in advanced coal technology. Our business is transforming stranded coal resources into high-value fuels with lower carbon emissions to meet the increasing global demand for new, low cost, alternative energy sources.

Carbon Energy is headquartered in Brisbane, Australia and listed on the Australian Securities Exchange (ASX). The Company also has an office in New York and is quoted on the OTCQX International.

The Company's proprietary technology, keyseam® is an innovation in underground coal gasification (UCG), incorporating a unique site selection methodology and advanced geological and hydrological modelling. Keyseam maximises resource efficiency, extracting up to 20 times more energy from the same resource than coal seam gas (coal bed methane), whilst minimising surface disturbance and preserving groundwater quality.

Carbon Energy's technological advantage comes from its association with Australia's premier research agency, CSIRO, which includes world-class geotechnical, hydrological and gasification modelling capabilities.

Carbon Energy is building an international portfolio of coal assets suitable for keyseam and accessible to high-value markets. The Company has resources and rights to coal assets in projects across Australia, Chile, United States and Turkey.