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ASX Announcement

18 April 2011

Carbon Energy - Successful Commissioning of UCG Panel 2 Progressing

Carbon Energy Limited (ASX: CNX) is pleased to advise that commissioning of Underground Coal Gasification (UCG) Panel 2 is proceeding as planned at the Company's Bloodwood Creek facility, located in the Surat Basin, south-east Queensland.

Following successful commissioning of the horizontal product well and main flare on 4th April, the panel continues to perform consistently and according to expectations. Gas quality continues to build and commissioning of the surface gas processing facilities is progressing as planned.

Introduction of syngas to the power station's first gas engine and subsequent commissioning is anticipated to commence prior to the end of this month in accordance with the Company's schedule.

Further project updates will be provided over the coming months as key milestones are achieved.

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.

The Company's unique approach to UCG and syngas production increases the efficiency of capturing carbon dioxide making it a leader in clean coal technology.

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

Carbon Energy is building an international portfolio of coal assets suitable for UCG and accessible to high-value markets.

