



carbonenergy

resource. technology. markets.

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ASX/Media Announcement

29 March 2012

Carbon Energy's keyseam® Technology Proven Announcement 1 of 4

Carbon Energy (ASX:CNX, OTCQX: CNXAY) is pleased to announce it has successfully met its targets to confirm its 'Proof of Concept', of its proprietary keyseam® UCG Technology through operational lifecycle, from panel construction and gasification through to the export of electricity. The Company is now well placed to realise value through commercialising the technology after having invested approximately \$100 million and 5 years developing the technology, in addition to 10 years of research by the CSIRO.

In achieving Proof of Concept the Company has demonstrated the following key elements:

- Drilling and construction of Carbon Energy's unique panel design
- Ignition and commissioning of two UCG panels
- Over 3 years of in-field UCG demonstration and operation
- 12 months continuous syngas production from UCG Panel 2
- Consistent production of high quality syngas
- Reliable operation of internal-combustion-engine driven electricity generators
- Reliable export of electricity to the local electricity grid
- Validation of gasification prediction models with operational data
- Validated that panels adjacent to each other can operate independently
- Management of ground water during operations
- Panel shutdown and progressive rehabilitation is underway

ENDS

For and on behalf of the Board

Andrew Dash
Managing Director

For more information please contact Andrew Crook on +61 419 788 431 or refer to our website at www.carbonenergy.com.au

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, 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 and the United States.