



carbonenergy

resource. technology. markets.

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Carbon Energy Limited
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ASX/Media Announcement

29 March 2012

Bloodwood Creek Actions

Announcement 3 of 4

Carbon Energy today announced, as an outcome of its strategic review, that costs at the project site will be reduced until a commercial agreement with a partner is reached and regulatory certainty is achieved. The Company will work with the newly formed Queensland Government to obtain approvals required to develop Bloodwood Creek to a commercial scale project. Carbon Energy is currently seeking partners to help realise value from its existing gas assets at its South West Queensland project site.

It is intended that the cost reduction activities at Bloodwood Creek will include:

- Suspension of the 1.5MW power station trial
- Panel 2 will be shut-in, and maintained in a state from which it can be re-commissioned
- Staffing requirements will be revised to meet the above activities

In addition:

- Rehabilitation of Panel 1 will continue, in order to demonstrate the completion of the full life cycle of a UCG panel
- Environmental monitoring will continue
- Above ground facilities will remain in place and continue to be maintained All environmental and regulatory conditions will continue to be met or exceeded.

This decision enables the Company to reduce costs while still achieving technical outcomes and increasing its UCG intellectual property.

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.