



carbonenergy

resource. technology. markets.

Carbon Energy Limited | ABN 56 057 552 137

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/Media Announcement

16 November 2012

CARBON ENERGY RESOLVES SHORT TERM FUNDING: Credit Suisse - \$10M Senior Secured Funding Facility

Carbon Energy Limited (ASX:CNX; OTCQX:CNXAY) is pleased to announce that Credit Suisse has provided a \$10 million bridging loan facility to assist in funding the Company's short term working capital requirements.

Loan Documentation has been executed and Carbon Energy will proceed to draw down on this loan. The terms of the loan are a 12 month secured term loan facility at an interest rate of 8% per annum with 61,728,395 million Options issued at a strike price of \$0.081 (further details are provided in the attached table).

Carbon Energy is confident that the cash inflows from the recently announced Shanxi Coal Transportation & Sales Group Inc. licencing fee of \$7.5 million and the Australian Tax Office, Research and Development tax incentive cash rebate of \$6.9 million will be received in the near term, however, the precise timing of these cash inflows remain uncertain.

It is anticipated that this Loan will be repaid from these proceeds, within the term of this loan.

For and on behalf of the Board

Mr. Andrew Dash
Managing Director

Key terms Senior Secured Funding Facility:

Facility Amount:	\$10 million
Interest rate:	8% per annum
Maturity date:	12 months from the utilisation date
Options:	
- Issue Date	Date of Facility Agreement (15 November 2012)
- Term	24 months from the Issue Date if the Facility is prepaid in full prior to the date falling 6 months after the Utilisation Date, otherwise 36 months from the Issue Date.
- Exercise period	Options may be exercised at any time during the Term.
- Number of options	61,728,395
- Strike Price	\$0.081 per option
- Method of Exercise	At the election of the Company, cash settlement or physical settlement. Physical Settlement requires the holder to pay to the Company the Strike Price per Option in exchange for which it will be issued one share per exercised Option (such shares ranking pari passu with all other shares on issue). Cash settlement requires the Company to pay to the holder an amount equal to the 5 day VWAP prior to issue of an exercise notice less the Strike Price per Option exercised.
Approval:	Physical settlement is subject to various shareholder approvals being obtained within 3 months of issue and other conditions being satisfied. An extraordinary general meeting of the Company will be convened for this purpose shortly. To enable this approval to be sought, the Option holder has agreed not to exercise the Options within 3 months and 14 days of issue (unless such conditions are satisfied earlier)
Terms & Conditions	Terms & conditions consistent with a facility of this nature

Note:

The grant of Options granted under this Facility triggers certain rights under the existing Pacific Road Capital (PRC) Convertible Note, approved by shareholders in November 2011. Firstly, there is an obligation to issue PRC 9,645,845 options under the same terms and conditions as the Credit Suisse options issued under the Credit Suisse Senior Secured Funding Facility. Secondly, PRC has the right to be issued with additional CNX shares under conditions where the Credit Suisse Options have been exercised and the PRC convertible note is converted into shares, on the terms provided in the PRC convertible note. By way of example, in the event that both of these conditions are satisfied, the PRC loan is fully converted into CNX shares and there are no additional issues of equity in the next 8 months (the remaining term of this right), PRC would have the right to be issued approximately an additional 14,784,078 shares.

About Carbon Energy

Carbon energy specialises in underground coal gasification (UCG). Our proprietary keyseam technology is the key to unlocking new energy sources, transforming stranded, deep coal resources into high-value fuels with lower carbon emissions.

Carbon Energy's complete end-to-end UCG services deliver world-class gas projects from initial project assessment through to commercial project development, operations, site decommissioning and rehabilitation.

Carbon Energy achieved Proof of Concept of its technology following 10 years of research with Australia's premier scientific research agency, the Commonwealth Scientific and Industrial Research organisation (CSIRO), 5 years of in-field trials and over \$100 million investment in technology development.

By successfully proving our keyseam technology, we have earned a reputation for delivering consistent, high quality product gas which can be used to produce power, fertilisers and pipeline quality gas. keyseam maximises resource efficiency, extracting up to 20 times more energy from the same resource than coal seam gas (CSG), whilst minimising surface disturbance and preserving groundwater quality.

Carbon Energy also has two wholly-owned assets in southeast Queensland's Surat Basin:

- 1.4 billion tonnes of coal JORC Inferred Resource which is part of a 4 to 8 billion tonnes of coal Exploration target; and
- 743PJ of Certified 2P syngas reserves.

The Company is headquartered in Brisbane, Australia, listed on the Australian securities Exchange (ASX) as CNX and is quoted on the OTCQX International Exchange as CNXAY in the united states. Carbon Energy has UCG projects in Australia, China, Chile, Turkey and the United States.