



carbonenergy

Carbon Energy Limited | ABN 56 057 552 137

ASX Announcement

5 December 2012

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Agreed Outcome reached over DEHP allegations

Carbon Energy (ASX: CNX, OTCQX: CNXAY) advises that an agreed outcome has been reached with the Department of Environment and Heritage Protection (DEHP) (formerly Department of Environment and Resource Management (DERM)) over three summary charges brought in the Brisbane Magistrates Court associated with the alleged release of process water in August 2009.

Carbon Energy has pleaded guilty to three charges despite the fact there was no environmental harm:

- The first relates to a release of process water to Bloodwood Creek, which was contained in a ponded section of the creek, in contravention of an environmental authority. There was no environmental harm as the creek was not flowing at the time. No process water reached past the isolated ponded areas.
- The second relates to the irrigation of process water within the flare compound in contravention of an environmental authority, where it was accepted that a junior employee acted inappropriately and without the knowledge or authority of the Company or its directors or executives,
- The third relates to the failure to give written notification to DEHP of the event. It was accepted by the Court that the Company relied upon advice from the then General Manager Operations that DEHP had been notified, only to later discover this was incorrect.

A fourth charge was dismissed.

The Company has been ordered to pay a total fine of \$60,000 as well as investigation costs of \$12,000 and legal costs of \$28,000. No conviction was recorded.

The Managing Director, Andrew Dash, also pleaded guilty to failure to ensure written notification was given to DEHP and was fined \$2,000, with no conviction recorded. It was accepted by the Court that the Managing Director had relied upon advice from the then General Manager Operations that suitable notifications had been administered, which was later found to be incorrect.

As previously advised, the affected area was remediated immediately by the Company in 2009 and a subsequent environmental evaluation conducted by the Company demonstrated that there was no environmental harm.

The Department accepted the Company's report at that time, including that there was no environmental harm.

It is anticipated that this agreed outcome will not have any impact on Carbon Energy's continuing operations.

ENDS

For and on behalf of the Board

A handwritten signature in black ink, appearing to read 'Andrew Dash', is positioned above the printed name.

Andrew Dash
Managing Director