



carbonenergy

Carbon Energy Limited | ABN 56 057 552 137

## ASX Announcement

16 October 2013

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Carbon Energy Limited

ABN 56 057 552 137

Carbon Energy (Operations) Pty Ltd

ABN 61 105 176 967

## Form 603 – Notice of Initial Substantial Shareholder

The Company hereby attaches a completed Form 603 arising from the Voluntary Restriction Deed relating to shares in the Company issued to Kam Lung Investment Development Company Limited (see *Announcements 11 October 2013 and 15 October 2013*).

For and on behalf of the Board.

**Tracy Bragg**  
Company Secretary

**Form 603**  
Corporations Act 2001  
Section 671B

## Notice of initial substantial holder

To Company Name/Scheme Carbon Energy Limited

ACN/ARSN 057 552 137

### 1. Details of substantial holder (1)

Name Carbon Energy Limited

ACN/ARSN (if applicable) 057 552 137

The holder became a substantial holder on 15/10/2013

### 2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary fully paid shares	171,818,615	171,818,615	14.93%

### 3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Carbon Energy Limited	Carbon Energy Limited has a relevant interest in its own securities as a result of a voluntary restriction agreement entered into with Kam Lung Investment Development Company which gives it the power to control the exercise of a power to dispose of those securities for the purposes of section 608(1) (See Annexure)	171,818,615 Ordinary fully paid shares

### 4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Carbon Energy Limited	Kam Lung Investment Development Company	Kam Lung Investment Development Company	171,818,615 Ordinary fully paid shares

### 5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Carbon Energy Ltd	15/10/2013	N/A	N/A	171,818,615 ordinary fully paid shares.

## 6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Not applicable	Not applicable

## 7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Carbon Energy Limited	Level 9, 301 Coronation Drive, Milton QLD 4064
Kam Lung Investment Development Company	Flat/rm 7, block 1 4/F, Kwan Yick Building, 430-440A Des Voeux Road West, Hong Kong Special Administrative Region

## Signature

print name	Tracy Elaine Bragg	capacity	Company Secretary
sign here		date	16/10/2013

### DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
  - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
  - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

**Annexure**

This is the Annexure of 13 pages referred to in the Form 603 prepared by Carbon Energy Limited and contains a true and correct copy of the Voluntary Restriction Deed entered into by Carbon Energy Limited and Kam Lung Investment Development Company Limited on 10 October 2013.



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Tracy Elaine Bragg  
Carbon Energy Limited  
16 October 2013



HopgoodGanim

## Voluntary Restriction Deed

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Carbon Energy Limited ACN 057 552 137 (**Entity**)

Kam Lung Investment Development Company Limited (金麟投資發展有限公司)(**Holder**)

Contact - Michelle Eastwell, Partner, [m.eastwell@hopgoodganim.com.au](mailto:m.eastwell@hopgoodganim.com.au)

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Box Z 5312, St Georges Terrace, Perth WA 6831 Australia

[www.hopgoodganim.com.au](http://www.hopgoodganim.com.au)

# Voluntary Restriction Deed



Date 10 October 2013

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## Parties

Carbon Energy Limited 057 552 137 of Level 9, 301 Coronation Drive, Milton, Qld (Entity)

Kam Lung Investment Development Company Limited (金麟投資發展有限公司) of flat/rm 7, block 1 4/F, Kwan Yick Building, 430-440A Des Voeux Road West, Hong Kong Special Administrative Region (Holder)

## Background

- A. The Entity issued the Restricted Securities to the Holder.
- B. The Holder will hold the Restricted Securities as set out in this deed.
- C. The Holder will only deal with the Restricted Securities on the terms set out in this deed.

## It is agreed

### 1. Definitions and interpretation

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#### 1.1 Definitions

In this deed:

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**Authorised Officer** means, in relation to a corporation which is a party:

- (a) an employee of the party whose title contains either of the words Director or Manager;
- (b) a person performing the function of any of them;
- (c) a solicitor acting on behalf of the party; or
- (d) a person appointed by the party to act as an Authorised Officer for the purposes of this deed and notified to the others.

**Business Day** means:

- (a) if determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and
- (b) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Brisbane.

**Corporations Act** means the *Corporations Act 2001* (Cth).

# Voluntary Restriction Deed



**Dispose** has the meaning given to it in the Listing Rules.

**Escrow Period** means the period commencing on the Escrow Commencement Date and ending on the Escrow Release Date.

**Escrow Commencement Date** means the date of allotment and issue of the Tranche 1 Securities as defined in the Subscription Agreement to the Holder.

**Escrow Release Date** means:

- (a) in respect of the Restricted Shares and any Shares issued pursuant to the exercise of a Restricted Option, three months after the Escrow Commencement Date; and
- (b) in respect of the Restricted Options:
  - (1) in the event that the Restricted Options are issued on or before 26 November 2013, the earlier of:
    - (A) three months after the Escrow Commencement Date; and
    - (B) 10 Business Days after the Entity lodges a prospectus with ASIC for the offer of the Restricted Options;
  - (2) in the event that the Restricted Options are issued after 26 November 2013, the earlier of:
    - (A) two months after the date of issue of the Restricted Options;
    - (B) 10 Business Days after the Entity lodges a prospectus with ASIC for the offer of the Restricted Options;
    - (C) if the provisions of section 708A(5)(a) to (d) are otherwise satisfied, the Business Day after the Entity issues a cleansing notice in respect of such issue of the Restricted Options that complies in all respects with section 708A(5)(e) of the Corporations Act.

**Listing Rules** means the Listing Rules of the ASX as amended from time to time.

**Obligation** means any commitment, covenant, duty, obligation or undertaking whether arising by operation of law, in equity or by statute and whether expressed or implied.

**Option** means an option to subscribe for a Share.

**PPS Act** means the *Personal Property Securities Act 2009* (Cth).

**Restricted Options** means 171,818,645 Options exercisable at \$0.06 each and expiring on 31 July 2016 to be issued to the Holder pursuant to the Subscription Agreement.

**Restricted Securities** means the Restricted Shares and the Restricted Options.

**Restricted Shares** means 171,818,645 Shares to be issued to the Holder pursuant to the Subscription Agreement.

**Security** has the meaning given to it in the Listing Rules.

# Voluntary Restriction Deed



**Security Interest** means:

- (a) an interest in or right:
  - (1) reserved over property (including any retention of title to property or any right to set off or withhold payment of any deposit or other money);
  - (2) created or otherwise arising over property under a mortgage, charge, bill of sale (as defined in any relevant statute), lien, pledge, trust or right; or
  - (3) by way of security for the payment of a debt or other monetary Obligation or the performance of or compliance with any other Obligation;
- (b) any instrument or transaction which reserves, constitutes or evidences the interests and rights referred to in clause (a); and
- (c) any other interest which constitutes a security interest as that term is defined in the PPS Act.

**Shares** means fully paid ordinary shares in the Entity.

**Subscription Agreement** means the subscription agreement entered into between the parties on or about the date of this deed.

## 1.2 Interpretation

- (a) Unless the contrary intention appears, a reference in this deed to:
  - (1) this deed or another document includes any variation or replacement of it despite any change in the identity of the parties;
  - (2) the singular includes the plural and the plural includes the singular;
  - (3) a person, partnership, corporation, trust, association, joint venture, unincorporated body, Government Body or other entity includes any other of them;
  - (4) a party includes the party's executors, administrators, successors, substitutes (including a person who becomes a party by novation) and permitted assigns;
  - (5) any statute, ordinance, code or other law includes regulations and other instruments under any of them and consolidations, amendments, re-enactments or replacements of any of them;
  - (6) a time is a reference to Brisbane time unless otherwise specified.
- (b) The words include, including, such as, for example and similar expressions are not to be construed as words of limitation.
- (c) Where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.
- (d) Headings and any table of contents or index are for convenience only and do not affect the interpretation of this deed.
- (e) A provision of this deed must not be construed to the disadvantage of a party merely because that party or its advisers were responsible for the preparation of this deed or the inclusion of the provision in this deed.



# Voluntary Restriction Deed



## 2. Escrow restrictions

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### 2.1 Holder

During the Escrow Period, the Holder will not do any of the following:

- (a) directly or indirectly Dispose of, or agree or offer to Dispose of, the Restricted Securities;
- (b) directly or indirectly create, or agree or offer to create, any Security Interest in the Restricted Securities; or
- (c) do, or omit to do, any act if the act or omission would have the effect of transferring effective ownership or control of the Restricted Securities,

without the prior written consent of the Entity.

### 2.2 Holding Lock

The Holder and the Entity:

- (a) agree that the Entity will provide a copy of this deed to the share registrars of the Entity and agrees that the share registrars will apply a holding lock over the Restricted Options and the Restricted Shares during their respective Escrow Periods and instruct the share registrars of the Entity to release the holding lock on the first Business Day after the respective Escrow Release Dates applicable to the Restricted Shares and the Restricted Options; and
- (b) acknowledge that the share registrar will apply a holding lock over any Shares issued on exercise of the Restricted Options during the Escrow Period until the Escrow Release Date in respect of the Restricted Options.

### 2.3 Restricted Options Escrow Release Date

- (a) In the event that the Restricted Options are issued on or before 26 November 2013, the Entity shall do all things necessary to ensure that, within three months of the Escrow Commencement Date, either a prospectus has been lodged which satisfies the requirements of section 708A(11) of the Corporations Act or other steps have been taken by the Entity such that the Restricted Options will not be subject to the on sale restrictions pursuant to section 707 of the Corporations Act after the date which is 3 months after the Escrow Commencement Date.
- (b) In the event that the Restricted Options are issued after 26 November 2013, the Entity shall do all things necessary to ensure that, within two months of the issue of the Restricted Options, either a prospectus has been lodged which satisfies the requirements of section 708A(11) of the Corporations Act or other steps have been taken by the Entity such that the Restricted Options will not be subject to the on sale restrictions pursuant to section 707 of the Corporations Act after the date which is 3 months after the issue of the Restricted Options.

## 3. Warranties

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### 3.1 Warranties by Holder

The Holder represents and warrants (at the date of this deed and throughout the Escrow Period) to the Entity that no Security Interests have been created, or are agreed or offered to be created, over the Restricted Securities.

# Voluntary Restriction Deed



## 3.2 Breach of warranty

A breach of any of these warranties, for the avoidance of doubt, is a breach of this deed.

## 4. Consequences of breaching this deed

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### 4.1 Entity may prevent breach or enforce deed

If it appears to the Entity that the Holder may breach this deed, the Entity is entitled, but not obliged, to take the steps necessary to prevent the breach, or to enforce this deed.

### 4.2 Entity's remedies

If the Holder breaches this deed, each of the following applies:

- (a) the Entity may:
  - (1) take the steps necessary to enforce this deed, or to rectify the breach;
  - (2) to the extent permitted by law, the Corporations Act and the Listing Rules, refuse to acknowledge, deal with, accept or register any sale, assignment, transfer or conversion or other Disposal of any of the Restricted Securities;
  - (3) sue the Holder for breach of contract; and
  - (4) do all or any of the above things at its option.
- (b) to the extent permitted by law, the Corporations Act and the Listing Rules, the Holder of the Restricted Securities ceases to be entitled to any dividends, distributions or voting rights while the breach continues.

### 4.3 Other rights of Entity preserved

The rights and remedies of the Entity referred to in this clause 4 are in addition to and do not derogate from any other rights and remedies that the Entity may have at law as a result of the Holder breaching this deed.

## 5. Amendment

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### 5.1 Requirements for amendment

An amendment or variation to this deed is not effective unless it is in writing and signed by the parties.

### 5.2 ASX requirements

- (a) The parties agree that, this deed may be varied in such manner and form as the ASX may require as a condition of the continued listing of the Entity on the ASX.
- (b) The parties agree to do all acts and things and execute all such documents as may be required to give effect to subclause 5.2(a).



## 6. Notices

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### 6.1 Form

Any notice or other communication to or by any party must be:

- (a) in writing and in the English language;
- (b) addressed to the address of the recipient in clause 6.4 or to any other address as the recipient may have notified the sender; and
- (c) be signed by the party or by an Authorised Officer of the sender.

### 6.2 Manner

In addition to any other method of service authorised by law, the notice may be:

- (a) personally served on a party;
- (b) left at the party's current address for service;
- (c) sent to the party's current address for service by prepaid ordinary mail or if the address is outside Australia by prepaid airmail;
- (d) sent by facsimile to the party's current numbers for service; or
- (e) sent by electronic mail to the party's electronic mail address.

### 6.3 Time

If a notice is sent or delivered in the manner provided in clause 6.2 it must be treated as given to or received by the addressee in the case of:

- (a) delivery in person, when delivered;
- (b) delivery by post:
  - (1) in Australia to an Australian address, the second Business Day after posting; or
  - (2) in any other case, on the tenth Business Day after posting;
- (c) facsimile, when a transmission report being printed by the sender's facsimile machine stating that the document has been sent to the recipient's facsimile number; or
- (d) electronic mail, when the sender's computer reports that the message has been delivered to the electronic mail address of the addressee,

but if delivery is made after 5.00pm on a Business Day it must be treated as received on the next Business Day in that place.

# Voluntary Restriction Deed



## 6.4 Initial details

The addresses and numbers for service are initially:

### Holder

Address: Flat/rm 7, block 1 4/F, Kwan Yick Building, 430-440A Des Voeux Road West, Hong Kong Special Administrative Region  
Email: '何焕学' hehx@jhid.com.cn; and 13661371371@163.com  
Facsimile: 8610-52816088

Attention: Mr He

### Entity

Address: Level 9, 301 Coronation Drive, Milton, Qld  
Facsimile: +61 7 3156 7776  
Email: mengelbrecht@carbonenergy.com.au  
Attention: Morné Engelbrecht

With a copy to:

HopgoodGanim  
Level 8, Waterfront Place  
1 Eagle Street  
BRISBANE QLD 4000

Attention: Michelle Eastwell

## 6.5 Changes

A party may from time to time change its address or numbers for service by notice to each other party.

## 7. Governing law and jurisdiction

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### 7.1 Governing law

This deed is governed by and construed in accordance with the laws of Queensland.

### 7.2 Jurisdiction

Each party irrevocably:

- (a) submits to the non-exclusive jurisdiction of the courts of Queensland and the courts competent to determine appeals from those courts, with respect to any proceedings which may be brought at any time relating to this deed; and
- (b) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within paragraph 7.2(a).

# Voluntary Restriction Deed



## 8. Miscellaneous

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### 8.1 Exercise rights

A single or partial exercise or waiver by a party of any right under or relating to this deed will not prevent any other exercise of that right or the exercise of any other right.

### 8.2 Legal effect

Each party acknowledges and agrees for the benefit of each other party that this document is intended to take effect as a deed. Each party executes this document with the intention that it will be immediately legally bound by this document.

### 8.3 Merger

If the liability of a party to pay money under this deed becomes merged in any deed, judgment, order or other thing, the party liable must pay interest on the amount owing from time to time under that deed, judgment, order or other thing at the higher of the rate payable under this deed and that fixed by or payable under that deed, judgment, order or other thing.

### 8.4 Moratorium legislation

Any law which varies prevents or prejudicially affects the exercise by a party of any right, power or remedy conferred on it under this deed is excluded to the extent permitted by law.

### 8.5 No assignment

A party must not assign, transfer or novate all or any part of its rights or obligations under or relating to this deed or grant, declare, create or dispose of any right or interest in it, without the prior written consent of each other party.

### 8.6 Remedies cumulative

The rights and remedies under this deed are cumulative and not exclusive of any rights or remedies provided by law.

### 8.7 Severability

If a provision of this deed is illegal, invalid, unenforceable or void in a jurisdiction it is severed for that jurisdiction and the remainder of this deed has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This clause has no effect if the severance alters the basic nature of this agreement or is contrary to public policy.

### 8.8 Further assurance

Each party must promptly at its own cost do all things (including executing and delivering all documents) necessary or desirable to give full effect to this deed and the transactions contemplated by it.

### 8.9 Waiver

- (a) A party's waiver of a right under or relating to this deed, whether prospectively or retrospectively, is not effective unless it is in writing and signed by that party.
- (b) No other act, omission or delay by a party will constitute a waiver of a right.

## Voluntary Restriction Deed



### 8.10 Counterparts

This deed may be executed in any number of counterparts each of which will be considered an original but all of which will constitute one and the same instrument. A party who has executed a counterpart of this deed may deliver it to, or exchange it with, another party by:

- (a) faxing; or
- (b) emailing a pdf (portable document format) copy of,  
the executed counterpart to that other party.

### 8.11 Whole agreement

This deed:

- (a) is the entire agreement and understanding between the parties relating to the subject matter of this deed; and
- (b) supersedes any prior agreement, representation (written or oral) or understanding on anything connected with that subject matter.

# Voluntary Restriction Deed



## Signing page

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Executed as a deed by Carbon Energy Limited  
057 552 137

*C.D. Rawlings*

Director

CHRISTOPHER DAVID RAWLINGS

Print full name of Director

*Mok Wai Jeng*

Director/Secretary

MOK WAI JENG

Print full name of Director/Secretary

Executed as a deed by Kam Lung Investment  
Development Company Limited  
(金麟投資發展有限公司)

Sole Director

ZHUANG Hui Hai

Print full name of Director

Company Seal

# Voluntary Restriction Deed



## Signing page

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**Executed as a deed** by Carbon Energy Limited  
057 552 137

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Director

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Director/Secretary

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Print full name of Director

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Print full name of Director/Secretary

**Executed as a deed** by Kam Lung Investment  
Development Company Limited  
(金麟投資發展有限公司)



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Sole Director

---

Company Seal

ZHUANG Hui Hai

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Print full name of Sole Director