



carbonenergy

Carbon Energy Limited | ABN 56 057 552 137

5 February 2013

Ms Shannon Hong
Advisor, Listings (Sydney)
ASX Compliance Pty Ltd
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Dear Shannon

Carbon Energy Limited (Carbon Energy) - response to ASX query

We refer to your letter dated 31 January 2013 relating to the Appendix 3Z Final Director Interest Notice lodged by Carbon Energy on 28 January 2013 for Mr Andrew Dash who ceased to be a director of the Company on 21 December 2012. Our response to the questions set out in your letter (following your numbering) are as follows:

1. *Please explain why the Appendix was lodged late.*

The Appendix 3Z was not lodged with the ASX within the required timeframe due to an administrative oversight by Carbon Energy.

Carbon Energy notified the ASX of the resignation of Andrew Dash on 10 September 2012 and confirmed his resignation on 17 December 2012.

Carbon Energy had also provided notification of Mr Dash ceasing as a director to the Australian Securities and Investments Commission.

In addition, we confirm that at all times the market was fully informed as to the notifiable interests of Mr Dash. There were no further changes to Mr Dash's notifiable interest between the time of lodgement of his last Appendix 3Y on 4 June 2012 and the time of Mr Dash ceasing to be a Director of Carbon Energy on 21 December 2012.

2. *What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under Listing Rule 3.19A?*

The Company reviews share movements and transactions on its share register on a regular basis and would note any movements in director's interests.

The Directors are all aware that they are required to advise Carbon Energy of any changes in their shareholding or other interest in the Company.

The Directors are also aware that under the Company's Securities Trading Policy, they are required to provide written notification of any intention to trade and comply with any conditions imposed in respect of such trade.

Directors are also required to provide confirmation of any trade in the Company's securities and in certain circumstance they must obtain approval before they trade in the Company's securities. Directors are required to disclose details of changes in securities held in the

Company (directly or indirectly) as soon as reasonably practical but in any event within 3 business days after the date of the contract to buy or sell, or if they have or cease to have a substantial shareholding or there is a change in their substantial holding, within 1 business day after the date of the contract to buy or sell.

It is noted that the oversight with respect to timing of the lodgement of the Appendix 3Z, did not relate to any change in the interest of a Director in the Company.

3. *If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with Listing Rule 3.19B?*

The Company considers that its current arrangements are adequate to ensure compliance with Listing Rule 3.19B. The Company sees no reason why such an error will be made in the future, however, in order to avoid this situation arising again, it intends to add this filing requirement to its checklist and reminder system to be referenced whenever a director resigns.

It is also noted that there are now additional resources within the Company that will assist in monitoring compliance with such requirements and this should assist in avoiding any further administrative oversight with respect to the timing of notification of directors' interests.

Yours sincerely,

Morné Engelbrecht
Acting Chief Executive Officer



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31 January 2013

Morné Engelbrecht
CFO & Company Secretary
Carbon Energy Limited
Level 12, 301 Coronation Drive
Milton QLD 4064

By email: mengelbrecht@carbonenergy.com.au

Dear Morné,

Carbon Energy Limited (the "Company")

We refer to the following;

1. Announcements lodged with ASX Limited ("ASX"):
 - a. The Appendix 3Z lodged by the Company with ASX on 28 January 2013 for Mr Andrew Dash.
2. Listing rule 3.19A which requires an entity to tell ASX the following:
 - 3.19A.1 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.
 - On the date that the entity is admitted to the official list.
 - On the date that a director is appointed.The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.
 - 3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.
 - 3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.
3. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed

Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

The announcement made by the Company on 28 January 2013 indicates that the Mr Andrew Dash ceased to be director of the Company on 21 December 2012. It appears that an Appendix 3Z should have been lodged with ASX by 2 January 2013. As the Appendix 3Y for Mr Andrew Dash was lodged on 28 January 2013, the Company may be in breach of listing rules 3.19A and/or 3.19B. It also appears the director concerned may have also breached section 205G of the Corporations Act. Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions .

1. Please explain why the Appendix was lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by e-mail at Shannon.Hong@asx.com.au or by facsimile on facsimile number (02) 9241 7620. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e. before 9.30 a.m. E.D.S.T.) on Tuesday, 5 February 2013.

Yours sincerely,

Shannon Hong

Adviser, Listings