



carbonenergy

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Carbon Energy Limited
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ASX Announcement

5 December 2013

Monetisation of Surat Basin Coal Assets – Marketing Update

Carbon Energy (ASX:CNX, OTCQX: CNXAY) previously announced the appointment PCF Capital Group as marketing agent to monetise the Company's 2 Billion tonne¹ thermal coal assets in the Surat Basin (see ASX announcement 6 August 2013).

Since the sale process commenced in August 2013, numerous parties have indicated an interest in acquiring the assets and PCF Capital and the Company have held a series of discussions with those parties. Although no formal expressions of interest have been submitted to date, indicative offers tabled during this time have not reflected the Company's view of the long term value of these assets.

Carbon Energy has continued confidence in the ability of PCF Capital to identify a strategic partner willing to acquire or invest in the Company's thermal coal assets. PCF Capital has successfully generated interest in the assets throughout the process, and has been retained by the Company to continue its marketing efforts. The Company intends to retain ownership of these assets until such time as the true value achieved.

ENDS

For and on behalf of the Board

Morné Engelbrecht
Managing Director & Chief Executive Officer

**For more information please contact Jodie Springer on +61 7 3156 7712
or refer to our website at www.carbonenergy.com.au**

¹ Refer to ASX Announcement 2 April 2013. Carbon Energy is not aware of any new information that would materially affect the resources stated.

About Carbon Energy

Carbon Energy is an emerging global energy technology provider and services company with expertise in unconventional syngas extraction through utilising its proprietary keyseam® underground coal gasification (UCG) technology.

Carbon Energy works with international partners to unlock new energy sources by converting deep, stranded, or otherwise uneconomical coal into a high-value gas, known as syngas, while it is still in-situ underground. Carbon Energy's market advantage lies in its proprietary keyseam UCG technology and its UCG technical and UCG engineering expertise.

The Company's keyseam UCG technology reached a proof of concept stage following 10 years of research by Australia's premier scientific research agency the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and more than 5 years of in-field trials.

keyseam produces a high-quality syngas which can be used for many purposes including power generation, fertilisers, and production of pipeline-quality gas. keyseam also maximises resource efficiency, while minimising surface disturbance and preserving groundwater quality.

Carbon Energy's three pillar growth strategy positions the Company to take advantage of a rising interest in UCG as a cleaner alternative to satisfy the world's growing energy needs; as well as optimising its Australian assets. The Company's core business strategy is to seek global opportunities to license its keyseam technology. Additionally, the Company holds significant coal and gas assets in Australia which offer the potential of long-term financial growth through commercialisation strategies.

The Company delivers end-to-end UCG services from initial project assessment through to commercial project development, operations, site decommissioning and rehabilitation. Carbon Energy is headquartered in Brisbane, Australia, is listed on the Australian Securities Exchange (ASX) as CNX and is quoted on the OTCQX International Exchange as CNXAY in the United States.

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