

CLAYTON UTZ

Sydney Melbourne Brisbane Perth Canberra Darwin Hong Kong

Fax

17 October 2013

Companies Announcement Office
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

No of pages 10
(including this
cover page)

1300 135 638

Our ref 14258/80067669

Dear Sir/Madam

Notice of initial substantial holder - Carbon Energy Limited (ASX: CNX)

We act for:

- Pacific Road Capital Management ACN 117 934 586,
- Pacific Road Capital A Pty Limited ACN 123 091 976,
- Pacific Road Capital B Pty Limited ACN 123 091 930,
- Pacific Road Capital Management G.P. Limited, and
- their related bodies corporate.

On behalf of those companies, we enclose and lodge three ASIC Forms 604 ("Notice of change in interests of substantial holder") in relation to Carbon Energy Limited.

Yours sincerely



David Stammers, Partner
+61 2 9353 4180
dstammers@claytonutz.com

Enc

Form 604
Corporations Act 2001
Section 671B

Notice of change of interests of substantial holder

To Company Name/Scheme Carbon Energy Limited

ACN/ARSN ACN 057 552 137

1. Details of substantial holder (1)

Name Pacific Road Capital Management Pty Ltd
ACN/ARSN (if applicable) ACN 117 934 588

There was a change in the interests of the substantial holder on

15/10/2013

The previous notice was given to the company on

11/3/2013

The previous notice was dated

8/3/2013

2. Previous and present 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 when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (5)
Ordinary Shares	73,544,888	9.4%	84,029,591	7.3%

3. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (6)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
30/5/2013	Pacific Road Capital Management G.P. Limited	Issue of shares in lieu of interest on Convertible Note	n/a	3,370,169	3,370,169
2/9/2013	Pacific Road Capital Management G.P. Limited	Issue of shares in lieu of interest on Convertible Note	n/a	5,032,275	5,032,275
30/5/2013	Pacific Road Capital A Pty Limited	Issue of shares in lieu of interest on Convertible Note	n/a	417,591	417,591
2/9/2013	Pacific Road Capital A Pty Limited	Issue of shares in lieu of interest on Convertible Note	n/a	623,539	623,539
30/5/2013	Pacific Road Capital B Pty Limited	Issue of shares in lieu of interest on Convertible Note	n/a	417,591	417,591
2/9/2013	Pacific Road Capital B Pty Limited	Issue of shares in lieu of interest on Convertible Note	n/a	623,539	623,539
Various dates between 8/3/2013 and 15/10/2013	Pacific Road Capital Management G.P. Limited	Allotment of shares by the company	n/a	-	-
	Pacific Road Capital A Pty Limited			-	-
	Pacific Road Capital B Pty Limited			-	-
	Pacific Road Capital Management Pty Ltd			-	-

4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (8)	Class and number of securities	Person's votes
Pacific Road Capital Management Pty Ltd	Pacific Road Capital Management Pty Ltd ACN 117 834 586	Pacific Road Capital Management Pty Ltd ACN 117 834 586	Relevant interest in ordinary shares in Carbon Energy Limited under s608(3) Corporations Act 2001 (Cth)	4,166,666 ordinary shares in Carbon Energy Limited	4,166,666
Pacific Road Capital Management G.P. Limited	Pacific Road Carbon Energy NV	Pacific Road Carbon Energy NV	Relevant interest in ordinary shares in Carbon Energy Limited under s608(3) Corporations Act 2001 (Cth)	64,002,153 ordinary shares in Carbon Energy Limited	64,002,153
Pacific Road Capital A Pty Limited	PRCM Nominees Pty Limited ACN 123 215 68	PRCM Nominees Pty Limited ACN 123 215 68	Relevant interest in ordinary shares in Carbon Energy Limited under s608(3) Corporations Act 2001 (Cth)	7,930,386 ordinary shares in Carbon Energy Limited	7,930,386
Pacific Road Capital B Pty Limited	PRCM Nominees Pty Limited ACN 123 215 68	PRCM Nominees Pty Limited ACN 123 215 68	Relevant interest in ordinary shares in Carbon Energy Limited under s608(3) Corporations Act	7,930,386 ordinary shares in Carbon Energy Limited	7,930,386

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5. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the substantial holder in relation to voting interests in the company or scheme are as follows:


Name and ACN/ARSN (if applicable)	Nature of association
Pacific Road Capital Management G.P. Limited	Associates of each other by virtue of s12(2) of the Corporations Act.
Pacific Road Capital A Pty Limited	
Pacific Road Capital B Pty Limited	
PRCM Nominees Pty Limited ACN 123 215 681	
Pacific Road Capital Management Pty Ltd	
Pacific Road Carbon Energy NV	

6. Addresses

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

Name	Address
Pacific Road Capital Management G.P. Limited	69 Nexus Way, German Bay, Grand Cayman KY1, Cayman Islands
Pacific Road Capital A Pty Limited	Level 23, Gold Fields House, 1 Alfred Street, Sydney NSW 2000
Pacific Road Capital B Pty Limited	Level 23, Gold Fields House, 1 Alfred Street, Sydney NSW 2000
PRCM Nominees Pty Limited	Level 23, Gold Fields House, 1 Alfred Street, Sydney NSW 2000
Pacific Road Capital Management Pty Ltd	Level 23, Gold Fields House, 1 Alfred Street, Sydney NSW 2000
Pacific Road Carbon Energy NV	Avenue Louise 331-333, 1050 Brussels, Belgium

Signature

print name	Greg Dick	Capacity	Secretary, Pacific Road Capital Management Pty Ltd
sign here		date	18/10/2013

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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 6 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 person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (6) Include details of:
 - (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. 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.
- (7) Details of the consideration must include any and all benefits, money 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 on 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.
- (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) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.

Form 604
Corporations Act 2001
Section 671B

Notice of change of interests of substantial holder

To Company Name/Scheme Carbon Energy Limited

ACN/ARSN ACN 057 652 137

1. Details of substantial holder (1)

Name Pacific Road Capital A Pty Limited ACN 123 091 976 and Pacific Road Capital B Pty Limited

ACN/ARSN (if applicable) ACN 123 091 930 (and their related bodies corporate)

There was a change in the interests of the substantial holder on

15/10/2013

The previous notice was given to the company on

11/3/2013

The previous notice was dated

8/3/2013

2. Previous and present 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 when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (5)
Ordinary Shares	73,644,888	9.4%	84,029,591	7.3%

3. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (6)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
30/5/2013	Pacific Road Capital Management G.P. Limited	Issue of shares in lieu of interest on Convertible Note	n/a	3,370,169	3,370,169
2/9/2013	Pacific Road Capital Management G.P. Limited	Issue of shares in lieu of interest on Convertible Note	n/a	5,032,276	5,032,276
30/5/2013	Pacific Road Capital A Pty Limited	Issue of shares in lieu of interest on Convertible Note	n/a	417,591	417,591
2/9/2013	Pacific Road Capital A Pty Limited	Issue of shares in lieu of interest on Convertible Note	n/a	623,539	623,539
30/5/2013	Pacific Road Capital B Pty Limited	Issue of shares in lieu of interest on Convertible Note	n/a	417,591	417,591
2/9/2013	Pacific Road Capital B Pty Limited	Issue of shares in lieu of interest on Convertible Note	n/a	623,539	623,539
Various dates between 8/3/2013 and 15/10/2013	Pacific Road Capital Management G.P. Limited	Allotment of shares by the company	n/a	-	-
	Pacific Road Capital A Pty Limited			-	-
	Pacific Road Capital B Pty Limited			-	-
	Pacific Road Capital Management Pty Ltd			-	-

4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (8)	Class and number of securities	Person's votes
Pacific Road Capital Management Pty Ltd	Pacific Road Capital Management Pty Ltd ACN 117 934 686	Pacific Road Capital Management Pty Ltd ACN 117 934 686	Relevant interest in ordinary shares in Carbon Energy Limited under s608(3) Corporations Act 2001 (Cth)	4,166,666 ordinary shares in Carbon Energy Limited	4,166,666
Pacific Road Capital Management G.P. Limited	Pacific Road Carbon Energy NV	Pacific Road Carbon Energy NV	Relevant interest in ordinary shares in Carbon Energy Limited under s608(3) Corporations Act 2001 (Cth)	64,002,153 ordinary shares in Carbon Energy Limited	64,002,153
Pacific Road Capital A Pty Limited	PRCM Nominees Pty Limited ACN 123 216 68	PRCM Nominees Pty Limited ACN 123 216 68	Relevant interest in ordinary shares in Carbon Energy Limited under s608(3) Corporations Act 2001 (Cth)	7,930,386 ordinary shares in Carbon Energy Limited	7,930,386
Pacific Road Capital B Pty Limited	PRCM Nominees Pty Limited ACN 123 216 68	PRCM Nominees Pty Limited ACN 123 216 68	Relevant interest in ordinary shares in Carbon Energy Limited under s608(3) Corporations Act	7,930,386 ordinary shares in Carbon Energy Limited	7,930,386

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5. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (8) with, the substantial holder in relation to voting interests in the company or scheme are as follows:


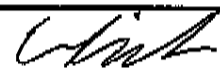
Name and ACN/ARSN (if applicable)	Nature of association
Pacific Road Capital Management G.P. Limited	Associates of each other by virtue of s12(2) of the Corporations Act.
Pacific Road Capital A Pty Limited	
Pacific Road Capital B Pty Limited	
PRCM Nominees Pty Limited ACN 123 216 681	
Pacific Road Capital Management Pty Ltd	
Pacific Road Carbon Energy NV	

6. Addresses

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

Name	Address
Pacific Road Capital Management G.P. Limited	89 Nexus Way, Camana Bay, Grand Cayman KY1, Cayman Islands
Pacific Road Capital A Pty Limited	Level 23, Gold Fields House, 1 Alfred Street, Sydney NSW 2000
Pacific Road Capital B Pty Limited	Level 23, Gold Fields House, 1 Alfred Street, Sydney NSW 2000
PRCM Nominees Pty Limited	Level 23, Gold Fields House, 1 Alfred Street, Sydney NSW 2000
Pacific Road Capital Management Pty Ltd	Level 23, Gold Fields House, 1 Alfred Street, Sydney NSW 2000
Pacific Road Carbon Energy NV	Avenue Louise 331-333, 1060 Brussels, Belgium

Signature

print name	Greg Dick	capacity	Secretary, Pacific Road Capital Management Pty Ltd
sign here		date	16/10/2013
print name	Greg Dick	capacity	Secretary, Pacific Road Capital B Pty Limited
sign here		date	16/10/2013

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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 6 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 person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (6) Include details of:
 - (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. 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.
- (7) Details of the consideration must include any and all benefits, money 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 on 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.
- (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) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.

Form 604
Corporations Act 2001
Section 671B

Notice of change of interests of substantial holder

To Company Name/Scheme Carbon Energy Limited

ACN/ARSN ACN 067 552 167

1. Details of substantial holder (1)

Name Pacific Road Capital Management G.P. Limited (and related bodies corporate)
ACN/ARSN (if applicable) N/A

There was a change in the interests of the substantial holder on 15/10/2013
The previous notice was given to the company on 11/3/2013
The previous notice was dated 9/3/2013

2. Previous and present 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 when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (6)
Ordinary Shares	73,644,888	8.4%	84,028,691	7.9%

3. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (8)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
30/5/2013	Pacific Road Capital Management G.P. Limited	Issue of shares in lieu of interest on Convertible Note	n/a	3,370,169	3,370,169
2/9/2013	Pacific Road Capital Management G.P. Limited	Issue of shares in lieu of interest on Convertible Note	n/a	5,032,275	5,032,275
30/5/2013	Pacific Road Capital A Pty Limited	Issue of shares in lieu of interest on Convertible Note	n/a	417,591	417,591
2/9/2013	Pacific Road Capital A Pty Limited	Issue of shares in lieu of interest on Convertible Note	n/a	623,539	623,539
30/5/2013	Pacific Road Capital B Pty Limited	Issue of shares in lieu of interest on Convertible Note	n/a	417,591	417,591
2/9/2013	Pacific Road Capital B Pty Limited	Issue of shares in lieu of interest on Convertible Note	n/a	623,539	623,539
Various dates between 8/3/2013 and 15/10/2013	Pacific Road Capital Management G.P. Limited	Allotment of shares by the company	n/a	-	-
	Pacific Road Capital A Pty Limited			-	-
	Pacific Road Capital B Pty Limited			-	-
	Pacific Road Capital Management Pty Ltd			-	-

4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (a)	Nature of relevant interest (b)	Class and number of securities	Person's votes
Pacific Road Capital Management Pty Ltd	Pacific Road Capital Management Pty Ltd ACN 117 934 886	Pacific Road Capital Management Pty Ltd ACN 117 934 888	Relevant interest in ordinary shares in Carbon Energy Limited under s608(3) Corporations Act 2001 (Cth)	4,166,666 ordinary shares in Carbon Energy Limited	4,166,666
Pacific Road Capital Management G.P. Limited	Pacific Road Carbon Energy NV	Pacific Road Carbon Energy NV	Relevant interest in ordinary shares in Carbon Energy Limited under s608(3) Corporations Act 2001 (Cth)	64,002,153 ordinary shares in Carbon Energy Limited	64,002,153
Pacific Road Capital A Pty Limited	PRCM Nominees Pty Limited ACN 123 216 68	PRCM Nominees Pty Limited ACN 123 216 68	Relevant interest in ordinary shares in Carbon Energy Limited under s608(3) Corporations Act 2001 (Cth)	7,930,386 ordinary shares in Carbon Energy Limited	7,930,386
Pacific Road Capital B Pty Limited	PRCM Nominees Pty Limited ACN 123 216 68	PRCM Nominees Pty Limited ACN 123 216 68	Relevant interest in ordinary shares in Carbon Energy Limited under s608(3) Corporations Act	7,930,386 ordinary shares in Carbon Energy Limited	7,930,386

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5. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (3) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

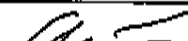
Name and ACN/ARBN (if applicable)	Nature of association
Pacific Road Capital Management G.P. Limited	Associates of each other by virtue of s12(2) of the Corporations Act.
Pacific Road Capital A Pty Limited	
Pacific Road Capital B Pty Limited	
PRCM Nominees Pty Limited ACN 123 216 681	
Pacific Road Capital Management Pty Ltd	
Pacific Road Carbon Energy NV	

6. Addresses

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

Name	Address
Pacific Road Capital Management G.P. Limited	89 Nexus Way, Camana Bay, Grand Cayman KY1, Cayman Islands
Pacific Road Capital A Pty Limited	Level 23, Gold Fields House, 1 Alfred Street, Sydney NSW 2000
Pacific Road Capital B Pty Limited	Level 23, Gold Fields House, 1 Alfred Street, Sydney NSW 2000
PRCM Nominees Pty Limited	Level 23, Gold Fields House, 1 Alfred Street, Sydney NSW 2000
Pacific Road Capital Management Pty Ltd	Level 23, Gold Fields House, 1 Alfred Street, Sydney NSW 2000
Pacific Road Carbon Energy NV	Avenue Louise 331-333, 1050 Brussels, Belgium


 Signature

print name	<u>E.C. BURTON</u>	capacity	Director, Pacific Road Capital Management G.P. Limited
sign here		date	16/10/2013

03

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 6 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 person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (6) Include details of:
 - (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. 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
 - (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.
- (7) Details of the consideration must include any and all benefits, money 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 on 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.
- (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) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.