



carbonenergy

Carbon Energy Limited | ABN 56 057 552 137

ASX Announcement

22 July 2013

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Carbon Energy Limited
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Carbon Energy (Operations) Pty Ltd
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Agreed Outcome reached over DEHP matter

Carbon Energy (ASX: CNX, OTCQX: CNXAY) advises that an agreed outcome has been reached with the Department of Environment and Heritage Protection (DEHP) over nine summary charges brought in the Emerald Magistrates Court associated with the transportation and disposal of waste water in June 2011. Three of these charges were withdrawn.

A summary of the outcome is provided below:

- The first three charges relate to an inadvertent contravention of its Environmental Authority under section 430(3) of the Environmental Protection Act 1994 (EPA) for allowing 3 loads of process water to be transported to an unauthorised disposal facility.

The Company, acted solely upon advice of the waste disposal transport company who was familiar with and had commercial connections to the company operating the disposal facility.

In addition, the Company provided the chemical composition of the process water to the company operating the disposal facility and they advised the Company that the water was of acceptable quality to be disposed at their facility.

- The remaining three charges relate to the provision of false and misleading documentation in relation to the transportation of the 3 loads of process water under section 480 of the EPA.

Again, the Company relied upon written advice from the waste disposal transport company which stated that the documentation should be completed in a prescribed manner to enable the process water to be disposed at the waste disposal facility.

Carbon Energy has pleaded guilty to six charges despite the fact that there was no environmental harm, which was accepted by the DEHP.

In a sentencing hearing in the Brisbane Magistrates Court on 22 July 2013, the Deputy Chief Magistrate accepted the unintentional nature of the Company's breaches and this was reflected in the total fine of \$90,000 for all six charges, which was at the lower end of the penalty spectrum. No conviction was recorded.

In addition, the Company agreed to pay DEHP's investigation costs of \$6,100 and legal costs of \$18,000.

ENDS

For and on behalf of the Board

Morné Engelbrecht

Chief Executive Officer

**For more information please contact Morné Engelbrecht on +61 7 3156 7711
or refer to our website at www.carbonenergy.com.au**

About Carbon Energy

Carbon Energy specialises in underground coal gasification (UCG). Our proprietary keyseam® technology is the key to unlocking new energy sources, transforming stranded, deep or otherwise uneconomic coal resources into high-value fuels with lower carbon emissions.

Carbon Energy delivers end-to-end UCG services from initial project assessment through to commercial project development, operations, site decommissioning and rehabilitation.

Carbon Energy achieved Proof of Concept of its keyseam technology following 10 years of research by Australia's premier scientific research agency, the Commonwealth Scientific and Industrial Research organisation (CSIRO), 5 years of in-field trials and over \$100 million investment in technology development.

By successfully proving our keyseam technology, we have earned a reputation for delivering consistent, high quality product gas which can be used for many purposes including power generation, fertilisers and production of pipeline quality gas. keyseam maximises resource efficiency, whilst minimising surface disturbance and preserving groundwater quality.

Carbon Energy also has previously announced the following assets:

- 2.0 Billion tonnes¹ of coal JORC Inferred Resource in southeast Queensland's Surat Basin; and
- 743PJ² of Certified 2P syngas reserves in southeast Queensland's Surat Basin.

The Company is headquartered in Brisbane, Australia, listed on the Australian securities Exchange (ASX) as CNX and is quoted on the OTCQX International Exchange as CNXAY in the United States. Carbon Energy has UCG projects in Australia, China and Chile.

¹ See CNX ASX/Media Announcement 2 April 2013. CNX is not aware of any new information that would materially affect the Resources stated.

² See CNX ASX/Media Announcement 8 December 2009. CNX is not aware of any new information that would materially affect the Reserves stated.