



carbonenergy

Carbon Energy Limited | ABN 56 057 552 137

ASX / Media Announcement

18 June 2013

Carbon Energy announces CEO appointment

Level 9, 301 Coronation Drive,
Milton QLD 4064 Australia
PO Box 2118, Toowong DC
QLD 4066 Australia
phone + 61 (0) 7 3156 7777
fax + 61 (0) 7 3156 7776

www.carbonenergy.com.au

Carbon Energy Limited
ABN 56 057 552 137
Carbon Energy (Operations) Pty Ltd
ABN 61 105 176 967

The Board of Carbon Energy Limited (ASX: CNX, OTCQX: CNXAY) is pleased to announce the appointment of Mr Morné Engelbrecht to the position of Chief Executive Officer & Managing Director.

Offering more than 13 years extensive international oil & gas and resources industry experience, Mr Engelbrecht has been acting in the role of CEO since December 2012. Mr Engelbrecht joined Carbon Energy in October 2011, as the Company's Chief Financial Officer & Company Secretary.

Prior to joining Carbon Energy, he held senior financial and commercial management positions.

The Chairman of Carbon Energy, Dr Chris Rawlings, said "The Board is delighted that Morné has agreed to take on the role and to deliver on the Company's growth strategies. The appointment followed an extensive local and international recruitment process with a strong field of candidates."

"Morné's contributions as acting CEO, during the past six months, have been significant to the development path of Carbon Energy. His practical implementation of the corporate strategy is establishing new, and, where appropriate, strengthening existing, commercial relationships."

"In a short time, Morné has demonstrated the capacity to develop and structure commercial relationships with international counterparties. He is achieving practical commercial transactions, which are appropriate for a Company at Carbon Energy's stage of development."

"Morné most recently secured a Technology Licensing and Services Agreement with the Zhengzhou Coal Industry Group, in China" he said. "This transaction establishes a strong commercial relationship with a large and respected company."

"Morné is well respected by Carbon Energy employees and has demonstrated positive leadership qualities in the short time he has been in the acting CEO's position."

Mr Engelbrecht said he was delighted to be appointed Chief Executive Officer and Managing Director of Carbon Energy.

"I believe the Company has an exciting future ahead of it and I am committed to delivering the Company's growth strategies to generate value for shareholders," he said

"I look forward to leading Carbon Energy into the next stage of its development and growth through the use of our proprietary keyseam UCG technology, securing partnerships to monetise our coal assets and commercialising our gas Reserves in Queensland.

"Carbon Energy faces a range of exciting opportunities as we experience growth in UCG-related enquiries. The maturity of our technology puts us in a strong position to capitalise on the growth in global demand," Mr Engelbrecht said.

The appointment becomes effective as of 18 June 2013.

ENDS

For and on behalf of the Board

A handwritten signature in black ink, appearing to read "C. D. Rawlings". The signature is fluid and cursive, with a prominent loop at the end.

Dr Chris Rawlings
Chairman of the Board

**For more information please contact Andrew Crook on +61 419 788 431
or refer to our website at www.carbonenergy.com.au**

Summary of key terms:

Appointment:

The appointment is to the position of Chief Executive Officer and Managing Director of Carbon Energy Limited. He will be appointed to the board of directors of Carbon Energy Limited.

Term:

Mr Engelbrecht will commence in the position on 18 June 2013 and is appointed for an initial term of 3 years including a 2 year extension option and subject to termination by either party (see below).

Remuneration:

- **Total Fixed Remuneration:** Mr Engelbrecht will be paid a fixed cash remuneration in the form of a Total Fixed Remuneration (TFR) package (inclusive of super) subject to annual review. His TFR will initially be \$398,000.
- **Short Term Incentive:** Mr Engelbrecht will be entitled to a maximum potential short-term incentive of 30% of his base salary per annum. Payout of any performance bonus is at the discretion of the Board and meeting performance targets and priorities set by the Board in consultation with Mr Engelbrecht.
- **Long Term Incentive:** Mr Engelbrecht will be entitled to participate in the Carbon Energy executive option-based long-term incentive scheme in accordance with the rules of the schemes and any applicable Carbon Energy policy. Mr Engelbrecht will be entitled to a total long-term incentive grant.
- **Subject to Shareholder approval at the next AGM, options in Carbon Energy will be issued to Mr Engelbrecht. The options terms are as follows:**
 - 33,333,333, 6 cent options with vesting date of 30 June 2014 (subject to the achievement of share price and performance target hurdles) expiring 30 June 2017.
 - 33,333,333, 6 cent options with vesting date of 30 June 2015 (subject to the achievement of share price and performance target hurdles) expiring 30 June 2018.
 - 33,333,333, 6 cent options with vesting date of 30 June 2016 (subject to the achievement of share price and performance target hurdles) expiring 30 June 2019.

Termination:

The employment agreement may be terminated as described below:

- Resignation by Mr Engelbrecht with six months notice.
- Termination by Carbon Energy Limited with 6 months notice. In addition to accrued legal entitlements (such as accrued salary and annual leave up to termination), a severance payment of all accrued short and long term incentive payments.

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;
- 743PJ² of Certified 2P syngas reserves in southeast Queensland's Surat Basin; and,
- 910 Million tonnes³ of coal JORC Inferred Resource at its Bridger, Wyoming USA farm-in area.

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, Chile, Turkey and the United States.

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.

³ See ASX/Media Announcement 23 January 2013. CNX is not aware of any new information that would materially affect the Resources stated.