



carbonenergy

Carbon Energy Limited | ABN 56 057 552 137

## ASX / Media Announcement

20 June, 2013

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](http://www.carbonenergy.com.au)

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

### **Carbon Energy Confirms Three Suitable UCG sites At Inner Mongolia Project**

- **Two month long study identifies three areas potentially suitable for UCG within available data.**
- **The three identified areas contain suitable coal characteristics and groundwater regime for keyseam® UCG operations.**
- **The Process Characterisation Panel (PCP) site has been identified.**
- **Initial assessment indicates sufficient resources to power a 1,000MW power station or produce 50 PJ/annum Synthetic Natural Gas (SNG) over 30 years.**

Carbon Energy (ASX: CNX, OTCQX: CNXAY) is pleased to announce a site characterisation study assessing the geology, hydrogeology and geotechnical information of the Haoqin Coalfield in Inner Mongolia confirms favourable conditions for keyseam® UCG and three possible project areas.

The release of the study results follows a preliminary two month study commenced prior to completion of the agreement announced in Carbon Energy's 17 June 2013 announcement of the execution of the agreement with Zhengzhou Group to become the exclusive UCG technology provider at its Haoqin Coalfield commercial scale project in China.

Haoqin Mining provided a large amount of geological, hydrogeological, drilling and geotechnical data, reports and plans from which this evaluation was made. The data was noted to be of very high quality and comprehensively covered the requirements for Carbon Energy to make an informed initial assessment.

A review of the data has indicated the presence of three areas potentially suitable for keyseam UCG with additional tonnages available in extension areas.

The three identified areas appear to contain coal with suitable quality, thickness and structure and within a suitable groundwater regime for keyseam UCG operations.

The study also estimates sufficient resources to support the potential to power a 1,000MW power station or produce 50 PJ/annum SNG plant for over 30 years.

Carbon Energy has identified an area best suited to conduct a Process Characterisation Panel (PCP) in the southern section of the UCG1 area, within Haoqin Coalfield Block II (see Map 1). A PCP is required at each potential UCG site to confirm the modelled process variables prior to the design and construction of the commercial UCG facility.

Zhengzhou is preparing to undertake site specific characterisation drilling and analysis at the preferred PCP site.

Carbon Energy's technical team will be travelling to Inner Mongolia to meet with Zhengzhou Group's project team to commence the project. Initial works will include the development of a project plan and agreement on project timings, scope of work and design implementation.

The Chairman of Zhengzhou Coal Industry Group Mr. Zhongze Meng said "Zhengzhou Group is pleased to be involved with Carbon Energy and we are looking forward to the successful completion of the first commercial scale UCG project in China".

Carbon Energy CEO Morné Engelbrecht said "the confirmation of favourable site conditions and the identification of three possible project areas at the Inner Mongolian project is an important milestone and that the project should quickly move on to the next stage of development."

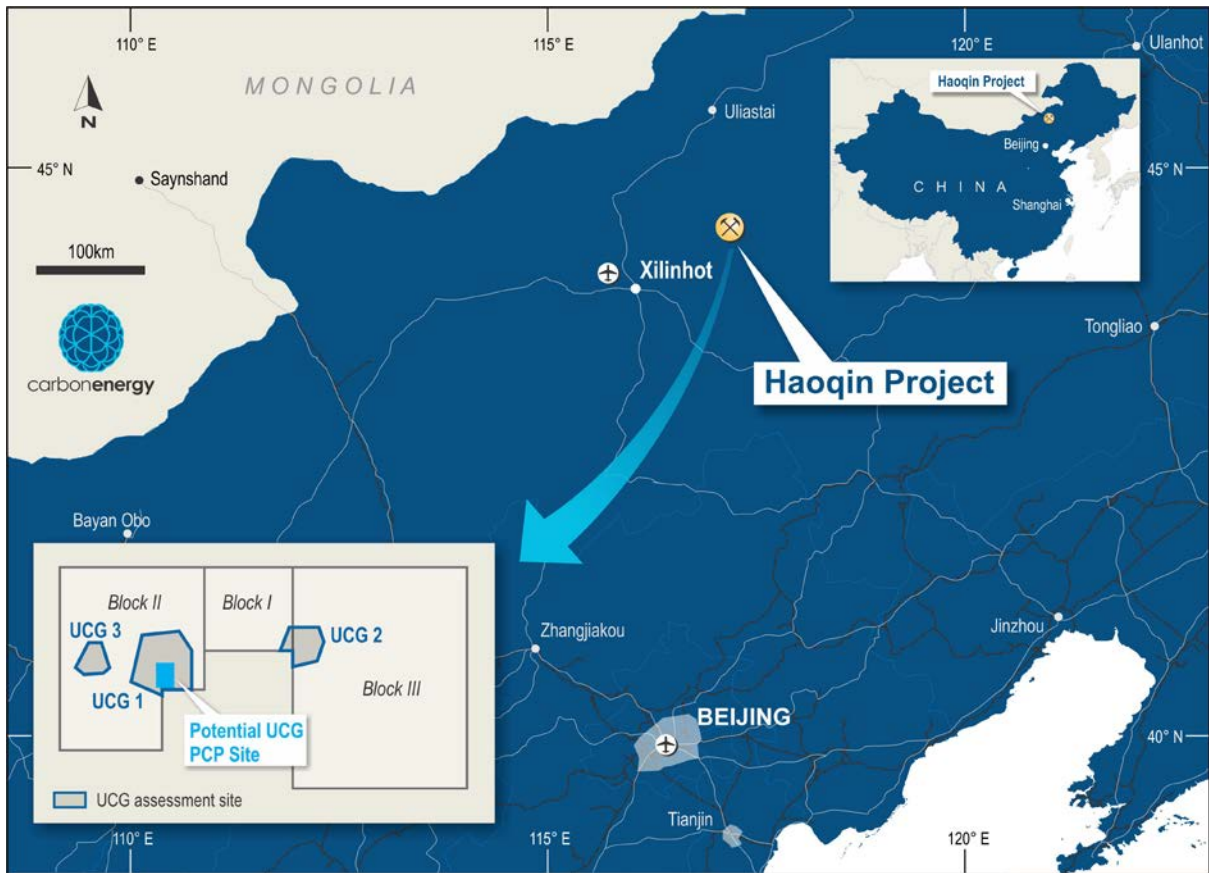
## **ENDS**

For and on behalf of the Board

Morné Engelbrecht  
Chief Executive Officer

**For more information please contact Andrew Crook on +61 419 788 431  
or refer to our website at [www.carbonenergy.com.au](http://www.carbonenergy.com.au)**

**Map 1 – Identified UCG Sites:**



## **About Carbon Energy**

Carbon Energy specialises in underground coal gasification (UCG). Our proprietary keyseam® UCG 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 tonnes<sup>1</sup> of coal JORC Inferred Resource in southeast Queensland's Surat Basin;
- 743PJ<sup>2</sup> of Certified 2P syngas reserves in southeast Queensland's Surat Basin; and,
- 910 Million tonnes<sup>3</sup> 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.

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

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

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