



carbonenergy

Carbon Energy Limited | ABN 56 057 552 137

ASX Announcement

25 March 2013

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Ltd
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Summa Resources Share Sale Agreement Update

Carbon Energy Limited (ASX:CNX; OTCQX:CNXAY) advises that it has received a dispute notice from Summa Resource Holdings LLC (Summa) pursuant to the Share Sale Agreement entered between Carbon Energy and Summa (Agreement) (refer to ASX Announcement on 23 February 2011), pursuant to which it acquired two companies which held rights to projects in Wyoming (USA), North Dakota/Montana (USA) and Amasra (Turkey).

Summa is claiming that it is entitled to two further tranches of US\$4.5 million of CNX shares each, a total of US\$9 million (based on a specified 30 day VWAP) which the Agreement provided were to be issued subject to meeting key development milestones.

As previously announced by Carbon Energy (refer to ASX Announcement on 5 March 2013), the relevant milestones under the Agreement have not been met, notwithstanding Carbon Energy having taken all required steps and having used its best endeavours.

Carbon Energy considers that it has no obligation to issue the claimed shares under the Agreement.

The Agreement requires the claim to go through a dispute resolution process prescribed by the Agreement.

Carbon Energy will vigorously defend the claim by Summa.

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For and on behalf of the Board

Morne Engelbrecht

Acting Chief Executive Officer

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 inaccessible coal resources into high-value fuels with lower carbon emissions.

Carbon Energy's complete end-to-end UCG services deliver world-class gas projects from initial project assessment through to commercial project development, operations, site decommissioning and rehabilitation.

Carbon Energy achieved Proof of Concept of its technology following 10 years of research with Australia's premier scientific research agency, the Commonwealth Scientific and Industrial Research organisation (CSIRO), 5 years of in-field trials and over \$150 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 to produce power, fertilisers and pipeline quality gas. keyseam maximises resource efficiency, extracting up to 20 times more energy from the same resource than coal seam gas (CSG), whilst preserving groundwater quality.

Carbon Energy also has previously announced three wholly-owned assets available for development:

- 1.4 billion tonnes¹ of JORC Inferred Coal Resource in southeast Queensland's Surat Basin which is part of a 4 to 8 billion tonnes of Exploration target for coal;
- 910 million tonnes² of JORC Inferred Coal Resource in Wyoming USA plus an additional 423 million tonnes exploration potential; and
- 743PJ of Certified 2P syngas reserves³ 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 is developing potential UCG projects in Australia, China, Chile and the United States.

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1. See CNX ASX/Media Announcement 10 September 2012. CNX is not aware of any new information that would materially affect the Resources stated.
 2. See CNX ASX/Media Announcement 23 January 2013. CNX is not aware of any new information that would materially affect the Resources stated.
 3. See CNX ASX/Media Announcement 8 December 2009. CNX is not aware of any new information that would materially affect the Reserves stated.

keyseam® is a registered Trademark of Carbon Energy Ltd