



carbonenergy

Carbon Energy Limited | ABN 56 057 552 137

ASX Announcement

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Carbon Energy Appoints PCF Capital Group to Monetise Surat Basin Coal Assets

- **Investment banking firm PCF Capital Group appointed as marketing agent to monetise Carbon Energy's thermal coal assets**
- **PCF Capital Group have considerable experience in executing strategic sales in the mining sector**
- **The marketing, due diligence and negotiations are expected to be finalised within the next 16-20 weeks**

Carbon Energy (ASX:CNX, OTCQX:CNXAY) is pleased to announce the appointment of PCF Capital Group as the exclusive marketing agent for the monetisation of the Company's 2 billion tonne¹ thermal coal assets in the Surat Basin.

PCF Capital Group is a leading Australian corporate advisory and investment banking firm with considerable experience in executing strategic sales and advisory services in the mining sector. Carbon Energy selected PCF Capital Group because of their connections in both China and India and their strong relationships with bulk commodity end users, especially those active in the coal industry.

Carbon Energy is seeking a strategic partner to acquire or invest in the Company's thermal coal assets. In preparation for this process, Carbon Energy has successfully completed a number of steps including completion of a concept study.

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

The study, completed and announced to the market on 23 November 2012, identified at least three longwall mining areas each with the potential of mining 5 million product tonnes per annum of thermal coal.

This strategic divestment process of the Company's Surat Basin Coal assets will be managed by PCF Capital Group over 16 to 20 weeks.

Phase 1 of the process is expected to take approximately 8 to 10 weeks with minimal expenditure commitment needed from Carbon Energy. Phase 1 will culminate in the receipt of expressions of interest and indicative offers from interested parties. At this point in the process the Company will have the opportunity to stop and assess the level of interest in the assets before any decision is made to proceed to the next Phase and commit further expenditure.

Carbon Energy MD & CEO Morné Engelbrecht said, "PCF Capital Group's extensive experience and business connections in key coal markets gives the Company confidence that the value within our thermal coal assets can be realised despite the challenging economic climate".

"Any proceeds from the sale or investment in the Surat Basin coal asset will support the expansion of our global business of licensing our keyseam® UCG technology and providing associated technical services", Mr Engelbrecht said.

Carbon Energy's thermal coal assets are well placed in the Surat Basin with immediate access to existing infrastructure including power and water supplies, roads, personnel and civil amenities and discussions are underway in terms of gaining access to future railway and port infrastructure.

The tenements are unconstrained by environment or social factors as they are not located on Strategic Cropping Land. They are typically grazing land, are not located within 2km of residential areas and are proposed underground mining developments, minimising surface disruption.

ENDS

For and on behalf of the Board

Morné Engelbrecht
Managing Director & Chief Executive Officer

**For more information please contact Jodie Springer on +61 7 3156 7712
or refer to our website at www.carbonenergy.com.au**

About Carbon Energy

Carbon Energy is an emerging global energy technology provider and services company with expertise in unconventional syngas extraction through utilising its proprietary underground coal gasification (UCG) technology.

Carbon Energy works with international partners to unlock new energy sources by converting deep, stranded, or otherwise uneconomical coal into a high-value gas, known as syngas, while it is still in-situ underground. Carbon Energy's market advantage lies in its proprietary keyseam UCG technology and its UCG technical and UCG engineering expertise.

The Company's keyseam UCG technology reached a proof of concept stage following 10 years of research by Australia's premier scientific research agency the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and more than 5 years of in-field trials.

keyseam produces a high-quality syngas which can be used for many purposes including power generation, fertilisers and production of pipeline-quality gas. keyseam also maximises resource efficiency, while minimising surface disturbance and preserving groundwater regime.

Carbon Energy's three pillar growth strategy positions the Company to take advantage of a rising interest in UCG as a cleaner alternative to satisfy the world's growing energy needs; as well as optimising its Australian assets. The company's core business strategy is to seek global opportunities to license its keyseam technology. Additionally, the company holds significant coal and gas assets in Australia which offer the potential of long-term financial growth through commercialisation strategies.

The company delivers end-to-end UCG services from initial project assessment through to commercial project development, operations, site decommissioning and rehabilitation. The company is headquartered in Brisbane, Australia, is listed on the Australian Securities Exchange (ASX) as CNX and is quoted on the OTCQX International Exchange as CNXAY in the United States.

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