



carbonenergy

Carbon Energy Limited | ABN 56 057 552 137

ASX / Media Announcement

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Bridger, Wyoming Maiden Coal JORC Inferred Resource of 910Mt

Carbon Energy (ASX: CNX, OTCQX: CNXAY) today announced a maiden Coal JORC Inferred Resource of 910 Million tonnes (Mt) at the Company's tenements in Bridger, Wyoming in the United States of America (see Annexure A for the Executive Summary of the Competent Person statement). Carbon Energy has the rights to explore these coal tenements, which cover 113km² of land, as part of an agreement with Anadarko Land Corporation.

The Bridger prospect is located in the Green River Basin on the northeast flank of the Rock Springs Uplift. The drill hole data for the project comprised 213 holes and includes rock type and lithological descriptions, and seam correlation.

This initial statement, completed as part of geological and resource modelling for the area. Previous exploration targets had been estimated at 500Mt across all tenements in Wyoming. The Company's, Bridger, Wyoming tenements are ideally located close to existing natural gas and CO₂ infrastructure.

Acting Chief Executive Officer Morné Engelbrecht said that the Bridger, Wyoming Maiden Resource represented a large resource for future Underground Coal Gasification, but that the current challenging gas market in the United States does not support the commercial exploitation of these tenements in the near to medium term.

ENDS

For and on behalf of the Board

Morné Engelbrecht

Acting 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**

Annexure A – Executive Summary – Competent Person statement:

BRIDGER PROJECT, WYOMING (T22N98W)

Carbon Energy Geological and Modelling Report

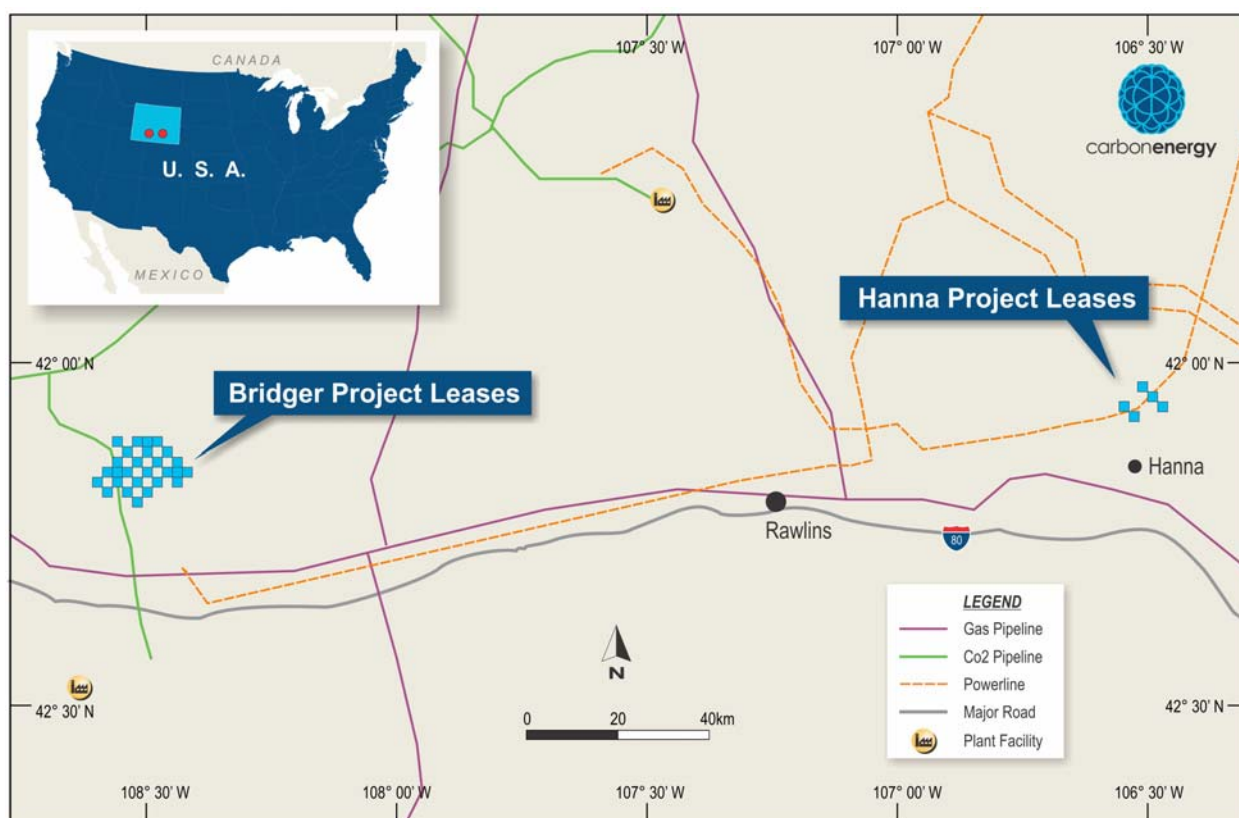
January 2013

Executive Summary

Carbon Energy (CNX) commissioned GeoConsult Pty Ltd in October 2012 to develop a geological model and conduct a UCG Resource Estimation for the Bridger Project, Wyoming.

The Project is located 50km northeast of the township of Rock Springs in southern Wyoming, USA and comprises 27 blocks within 21/22 north and 98/99 west township regions. Carbon Energy acquired coal rights through an agreement with Anadarko Land Corporation. This agreement means that Carbon Energy has the rights to explore over 113km² of land owned by Anadarko.

The Bridger Prospect is located in the Green River Basin on the northeast flank of the Rock Springs Uplift. Sub bituminous coal within the Paleocene Fort Union Formation makes up much of the surface bedrock over the eastern flank of the uplift. The Coaly interval within the Fort Union Formation is more than 60m thick with the main seams averaging 4-6m. The coal seams have been grouped into seven seam packages within the project area named, in stratigraphically descending order; O, M, B, G, H, K and L. Some of these packages split into two or more plies (Sliwa, R., 2012).



Wyoming Exploration Leases Location

The drillhole data for the project comprised 213 holes and includes rock type and lithological descriptions, and seam correlations. The coal and sandstone intervals for the wells have been picked from wireline geophysics. Work on the data up to 2011 was initially conducted by Norwest Corporation. In 2012 Renate Sliwa refined the seam coding in Kingdom and included additional hole data available since 2011. GeoConsult then continued work on the dataset in a Vulcan resource model. Wireline geophysical logs were present for most holes and comprised 19 holes with density logs, 30 holes with sonic, 58 holes with gamma logs, 95 holes with SP logs and 100 holes with resistivity.

Geology maps of the Bridger project show numerous faults associated with the Rock Springs Uplift. It is interpreted that it appears likely these could continue into the south of the project area with greater than 30m throw (Sliwa,

2012 and McCord, 1984). The current spacing of drillholes has not allowed for mapping of any faults within the Bridger Project Area. Seismic data in the area was reviewed by Zapata with no significant faulting identified.

Coal quality was sourced from the Norwest Report which utilised coal quality information from McCord in Rightmire et al 1984. The coal quality from the Fort Union Coal at Bridger Mine (target for the Bridger Project) was reported as; 20.5% moisture, 9.7% ash, 29.1% volatile matter, 40.7% fixed carbon, 0.47% Sulphur and 21,700 kJ/kg heating value (Norwest Report, 2011). The current dataset is insufficient for mine planning purposes but does allow an estimation of the deposits coal quality to a low level of confidence.

A coal resource estimation has been carried out over the Bridger Project Area in accordance with the JORC code. A Resource checklist, specifying the status of the geological data, geological database and model, resource limits and limitations and estimation procedures is attached in Appendix A. Inferred Resources were based on points of observation less than 4km apart and not exceeding 1km past the last data point, constrained by a depth range of between 200m to 1000m, and a minimum seam thickness of 4m.

910Mt of Inferred Resources were established in the Bridger Project over 4 coal seams (O, BU, GU, L). The results of the resource estimation are summarised in the table below.

Estimate	Polygon	Seam	Project	Thickness (m)	Depth (m)	Area (km2)	Volume (m3)	Tonnage (Mt)
Inferred Resource	POLY_O_4M_INF	O	2298	4.59	420-606	33.3	153,000,000	229
Inferred Resource	POLY_BU_4M_INF	BU	2298	4.36	565-813	35.0	152,000,000	229
Inferred Resource	POLY_GU_4M_INF	GU	2298	6.75	587-879	34.2	230,000,000	346
Inferred Resource	POLY_L_4M_INF	L	2298	6.19	822-968	11.4	70,700,000	106
Total Inferred Resources								910
Exploration Target*	POLY_O_4M_TAR	O	2298	4.62	438-564	13.7	64,200,000	96
Exploration Target*	POLY_BU_4M_TAR	BU	2298	4.48	584-784	19.9	89,500,000	134
Exploration Target*	POLY_GU_4M_TAR	GU	2298	6.79	620-836	15.5	105,000,000	158
Exploration Target*	POLY_L_4M_TAR	L	2298	6.78	822-935	3.5	23,400,000	35
Total Exploration Target								423

Table - Coal Resource Estimation Table – 4m Minimum Thickness

*Nb. Exploration Targets met all requirements for an Inferred Resource, however; includes blocks not held by Carbon Energy at the time of reporting. To include a block within the Exploration Target it had to be fully enclosed on all sides by blocks held by Carbon Energy. Targets are conceptual in nature.

The information in this statement that relates to in situ coal resources potential is based on information compiled by GeoConsult Pty Ltd and Adrian Buck and reviewed by Warwick Smyth, who is a member of the Australasian Institute of Mining and Metallurgy (CP) Geology; and the Australian Institute of Geoscientists.

Warwick Smyth is a qualified geologist (BSc Geol, Grad Dip AF&I, MAusIMM (CP), MGSA, MAIG), and a Principal Consultant for GeoConsult Pty. Ltd. and has over 20 years experience which is relevant to the style of mineralisation, the type of deposit under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined by the 2004 edition of the Australian Code for Reporting of Coal Resources. Warwick Smyth of GeoConsult Pty Ltd has no material interest or entitlement, direct or indirect, in the securities of Carbon Energy or the Projects. GeoConsult has been commissioned to provide geological services to Carbon Energy since early 2012. Fees for the preparation of this report are on a time and materials basis.

Warwick Smyth and GeoConsult Pty Ltd consent to the use of this statement and references to it and extracts from it, in the form and context in which they are included. Apart from the above, neither the whole nor any part of the statement document, nor references thereto, may be included in, or with, or attached to any document, circular, resolution, letter or statement without the prior written consent of Warwick Smyth or GeoConsult Pty Ltd.

Dated this 22nd day of January, 2013



Signature of Qualified Person

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 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 \$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 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 minimising surface disturbance and preserving groundwater quality.

Carbon Energy also has previously announced two wholly-owned assets in southeast Queensland's Surat Basin:

- 1.4 billion tonnes¹ of coal JORC Inferred Resource which is part of a 4 to 8 billion tonnes of coal Exploration target; and
- 743PJ² of Certified 2P syngas reserves.

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 10 September 2012. 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.