



carbonenergy

Carbon Energy Limited | ABN 56 057 552 137

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

ASX / Media Announcement

29 August 2014

Carbon Energy Lodges Decommissioning Report with Queensland Government

- **Lodgement major step on pathway to commercialisation**
- **Meets decommissioning criteria set by DEHP**
- **Rehabilitation Plan to be lodged by end of September 2014**

Carbon Energy (ASX: CNX, OTCQX: CNXAY) is pleased to announce that it has today submitted its Decommissioning Report to the Queensland Government.

The Decommissioning Report comprehensively demonstrates the safe and effective decommissioning of the UCG gasifiers at the Company's Bloodwood Creek site, and that decommissioning has occurred in an environmentally responsible manner and meets the strict criteria set by the Department of Environment and Heritage Protection (DEHP).

Further to the Decommissioning Report, Carbon Energy is also currently working towards completion of its Rehabilitation Plan for Bloodwood Creek, which is expected to be lodged with the Government by the end of September 2014.

Demonstrating the ability to both decommission and rehabilitate the Bloodwood Creek project appropriately are key steps on the path to seeking approval from the Queensland Government to proceed with the next activities on the Company's planned Surat Basin gas project.

Carbon Energy is hopeful that it will receive a decision from Government shortly following submission of the Rehabilitation Plan for a commercial scale gas project, utilising its advanced keyseam technology, within the State's existing approvals framework.

DEHP has confirmed that it is using external environmental consultants to assist in

meeting the Company's proposed timelines to which it has agreed in-principle.

CEO Morné Engelbrecht said "We continue to work collaboratively with the Queensland Government and have been impressed with its commitment to our proposed gas project. One keyseam project of ten square kilometres would produce enough gas to supply Queensland's requirements for 25 years, which would position Carbon Energy as a major gas provider for Queensland, presuming a positive outcome from this process."

ENDS

For and on behalf of the Board

Morné Engelbrecht

Managing Director & Chief Executive Officer

Company	Investor relations
Marina Cid Corporate Affairs Manager Tel: +61 7 3156 7739 Email: mcid@carbonenergy.com.au	Jane Lowe Buchan Consulting Tel: +61 (2) 9237 2807 Email: jlowe@buchanwe.com.au

About Carbon Energy

Carbon Energy is an energy innovator, and leading coal-to-gas company.

Our unique proprietary underground coal gasification technology keyseam, delivers low cost and environmentally responsible energy which can be used for power generation, chemical production and pipeline quality gas.

Initially developed by the CSIRO, Carbon Energy's keyseam has the capacity to deliver a new generation of energy following over \$100 million investment and five years of in-field research and development. Our proven high quality and consistent syngas production has been developed at our Bloodwood Creek demonstration site in South East Queensland.

keyseam unlocks new energy sources by converting deep, previously inaccessible or uneconomical coal into a high-value gas, while it is still underground. The result is more sustainable, affordable, and safer, energy.

Carbon Energy is based in Brisbane, Australia.

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