



carbonenergy

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Carbon Energy Limited
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Carbon Energy (Operations) Pty Ltd
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ASX Announcement

5 August 2014

Addendum to Carbon Energy 2014 Annual Report

Carbon Energy Limited (ASX:CNX; OTCQX:CNXAY) ("Carbon Energy" or "the Company") provides the following addendum to the 30 June 2014 Annual Report in accordance with ASX Listing Rule 5.21.

Carbon Energy Resources Statement

The Company's Inferred Resources as at 30 June 2014, reported in accordance with Joint Ore Reserves Committee (JORC) guidelines, are:

Tenure	Location	Commodity	JORC Mineral Resource Category	Coal Resource (Mt)
EPC867*	Kogan, QLD	Thermal Coal	Inferred	1,448
EPC868	Millmerran, QLD	Thermal Coal	Not assessed due to insufficient data	-
EPC869	Kogan, QLD	Thermal Coal	Inferred	449
EPC1132	Kogan, QLD	Thermal Coal	Inferred	132
Total:				2,029

*EPC867 excludes resources contained within MDL374

Note: Inferred Resources are conceptual in nature.

Constraints on the Inferred Resources are as follows:

1. Points of observation less than 4km apart and not exceeding 1km past the last data point.
2. Minimum seam thickness of 2m (in aggregate of plies)
3. Maximum stone parting thickness of 0.5m
4. Maximum raw ash of 50%
5. Drill holes classed as valid points of observations were defined as holes where;
 - a. The entire coal seam was cored or, the drillhole contained slimline geophysics,
 - b. Drillhole seam intersection has reasonable stratigraphic correlation

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 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves (JORC Code). 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 late 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.

Carbon Energy Coal Resource Comparison 2013 to 2014

Tenure	Mineral Resource Category	2013 Coal Resource (Mt)	2014 Coal Resource (Mt)	Resource Change (Mt)
EPC867*	Inferred	1,448	1,448	0
EPC868	Not assessed due to insufficient data	-	-	-
EPC869	Inferred	449	449	0
EPC1132	Inferred	132	132	0
Totals:		2,029	2,029	0

The annual review of Inferred Resources concluded that in the absence of any new drill data, no adjustment to the Inferred Resources was necessary.

Carbon Energy Reserves Statement

The Company's syngas Reserves, reported in accordance with Society of Petroleum Engineers (SPE) guidelines, are:

Area	Category	Gross Gas Volumes (PJ)
Bloodwood Creek MDL374, Kogan QLD	1P Reserve (Proven)	11
	2P Reserve (Proven + Probable)	1,362
	3P Reserve (Proven + Probable + Possible)	3,285

These reserve estimates are based on, and fairly represent, information and supporting documentation prepared by Timothy Hower of MHA Petroleum Consultants of Denver, USA. Mr Hower is a member of the Society of Petroleum Engineers and has consented to the use of the reserve estimates and supporting information contained herein, in the form and context in which it appears.

Further, Carbon Energy is not aware of any new information or data that materially affects the reserve information and confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed since reporting that information to the market on 7 November 2013.

Carbon Energy Syngas Reserve comparison 2013 to 2014

Area	Category	2013 Gross Gas Volumes (PJ)	2014 Gross Gas Volumes (PJ)	Gross Gas Volume Change (PJ)
Bloodwood Creek MDL374	1P Reserve (Proven)	11.0	11.0	0
	2P Reserve (Proven + Probable)	743.9	1,362.8	618.9
	3P Reserve (Proven + Probable + Possible)	1042.8	3,285.5	2,242.7

The annual review of syngas Reserve resulted in an updated Reserve statement for Bloodwood Creek MDL374, as disclosed in the ASX release on 7 November 2013. This update resulted in a significant increase in reported 2P Reserves.

Mineral Resource and Syngas Reserves Governance

Mineral Resources are estimated by suitably qualified consultants to Carbon Energy in accordance with the requirements of the JORC Code, using industry standard techniques and consultants' internal guidelines for the estimation and reporting of Mineral Resources.

Syngas Reserves are estimated by suitably qualified consultants to Carbon Energy in accordance with the requirements of the 2007 Petroleum Resources Management System ("PRMS") approved by the Society of Petroleum Engineers, using industry standard techniques and consultants' internal guidelines for the estimation and reporting of Syngas Reserves.

The Mineral Resource and Syngas Reserve Statements included in the 2014 Annual Report are reviewed by the suitably qualified competent person (in the case of the Mineral Resource) and the qualified petroleum reserves and resources estimator (in the case of the Syngas Reserves), as described.

ENDS

For and on behalf of the Board

Tracy Bragg
General Counsel & Company Secretary

For more information please contact Marina Cid on +61 3156 7777.

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 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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