



CarbonEnergy

Carbon Energy Limited

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ASX Announcement

5 June 2009

Carbon Energy Successfully Completes a \$32 Million Capital Raising

The Board and Management of Carbon Energy (CNX) are pleased to announce that it has successfully completed a share placement of approximately 74.4 million ordinary shares at \$0.43 to raise \$32 million. Strong interest from both domestic and overseas institutional and sophisticated investors has resulted in the issue being oversubscribed.

The placement of the shares has been conducted by Southern Cross Equities and will be undertaken in two tranches: 50 million shares have been placed in the 1st tranche, with the balance of approximately 24.4 million shares being placed subject to shareholder approval at General Meeting of shareholders to be held in July 2009.

The 1st tranche is expected to be completed by mid-June 2009, with the 2nd issue of shares being conditional on shareholder approval.

Major shareholder, Incitec Pivot Limited participated for approximately 10% of the placement to be issued in the 2nd tranche and will maintain their shareholding in excess of 10% of Carbon Energy's issued capital.

The funds raised will be applied to the further development of the existing Underground Coal Gasification project at Bloodwood Creek near Dalby in Queensland and the wider commercial advancement of the Company's UCG technology. This funding is proposed to support installation of a 5MW power generation unit and associated facilities with operations to commence in late 2009. This is intended to be followed by front end engineering and design for the development of a 20 MW of power generation facility and associated field development in late 2010. These facilities will generate cash flow for CNX and demonstrate longer term viability of commercial scale gas production to potential major off-take partners, while providing ongoing detailed process data. In addition funds will be allocated for exploratory activities in Queensland, mid- west WA and market development initiatives in North America.

For and on behalf of the Board

Andrew Dash
Managing Director

For Further information please contact:

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COMPANY PROFILE

Carbon Energy's purpose is to produce clean energy and chemicals feedstock from Underground Coal Gasification (UCG) syngas.

Carbon Energy's unique approach to UCG and syngas production produces a low cost option for capturing CO₂ making it a leader in clean coal technology.

Carbon Energy's ambition is for syngas to become the preferred feedstock for producing clean coal power stations, and the production of synthetic natural gas, an alternative to oil-based fuel, agribusiness products (fertilisers & explosives), polyolefin products (such as plastics) and allowing for economic carbon capture.

Carbon Energy's technological advantage comes from its association with CSIRO including world class geotechnical, hydrological and gasification modelling capabilities.

Located at the hub of the Surat Basin's energy infrastructure, Carbon Energy's energy resources are perfectly positioned to provide the basis for future energy, industrial and agricultural chemicals, and liquid fuels for export and to the growing local industrial hub.