



**CarbonEnergy**

Carbon Energy Limited  
ABN 56 057 552 137

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15 June 2009

ASX Limited  
10<sup>th</sup> Floor, 20 Bond Street  
SYDNEY NSW 2000

Dear Sir/Madam,

**RE: Carbon Energy Limited – Section 708A(6) Notice and Appendix 3B**

Notice pursuant to subsection 708A(e) of the Corporations Act 2001 (Cth) (Act)

- (1) Carbon Energy Limited ("Company") advised that on 15 June 2009 it allotted and issued 50 million fully paid shares at an issue price of \$0.43 per share to institutional, sophisticated and professional investor clients of Southern Cross Equities, being the first tranche of the placement announced on June 2009.
- (2) As required by subsection 708A(6) of the Act, the Company advises that:
  - (i) The Company issued the securities without disclosure to investors under Part 6D.2 of the Corporations Act;
  - (ii) This Notice is being given under section 708A(5)(e) of the Act;
  - (iii) As at the date of the announcement, Carbon has complied with:
    - a) the provisions of Chapter 2M of the Act as they apply to the Company;
    - b) and section 674 of the Act; and
  - (iv) As at the date of this Notice, the Company is not in possession of any excluded information as defined in subsections 708A(7) and 708A(78) of the Act.

Appendix 3B – Please find attached the related Appendix 3B attached hereto.

For and on behalf of the Board

Prem Nair  
CFO & Company Secretary

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

**CARBON ENERGY LIMITED**

ABN

**56 057 552 137**

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |  |
|---|--|--|
| 1 | +Class of +securities issued or to be issued   | A) FULLY PAID ORDINARY SHARES                          |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | A) 50,000,000 Ordinary Shares<br>(Placement –Tranche1) |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | A) Fully Paid Ordinary Shares                          |

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+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>A) Yes</p>
<p>5 Issue price or consideration</p>	<p>A) 43 cents per share</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>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.</p>
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>A) 15 June 2009</p>

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+ See chapter 19 for defined terms.

8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)

Number	+Class
547,296,637	Ordinary Shares

9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)

Number	+Class
9,000,000	20c Options expire 31/03/10
250,000	15c Options expire 31/10/09
250,000	20c Options expire 31/10/10
5,000,000	15c Options expire 31/12/09
125,000	15c Options expire 1/01/10
125,000	20c Options expire 1/01/11
100,000	25c Options vest 30/06/10 expire 01/04/12
500,000	30c Options expire 30/06/11
351,000	40c Options vest 30/06/10 expire 01/04/12
2,000,000	60c Options expire 30/06/11
5,000,000	25c Options vest* 30/06/09 expire 10/12/13
7,000,000	35c Options vest* 30/06/10 expire 10/12/13
8,000,000	70c Options vest* 30/06/11 expire 10/12/13
10,000,000	\$1.00 Options vest* 30/06/12 expire 10/12/14
5,250,000	80c Options vest* 30/06/09 expire 10/12/13
5,250,000	\$1.20 Options vest* 30/06/10 expire 10/12/13
5,250,000	\$1.60 Options vest* 30/06/11 expire 10/12/13
2,000,000	80c Options vest* 31/10/09 expire 10/12/13
2,000,000	\$1.20 Options vest* 31/10/10 expire 10/12/13
2,000,000	\$1.60 Options vest* 31/10/11 expire 10/12/13
	* Must also achieve Performance Benchmarks to vest
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A

## Part 2 - Bonus issue or pro rata issue

+ See chapter 19 for defined terms.

11 – 33 N/A

## Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities (*tick one*)

(a)  Securities described in Part 1 (a)

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

35 – 42 – N/A

#### Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

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+ See chapter 19 for defined terms.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:  
(Company Secretary)

Date: ...15 June 2009.....

Print name: .....Prem Nair.....

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