



CarbonEnergy

Extraordinary General Meeting

Carbon Energy

Andrew Dash – Managing Director

20th July 2009



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Statements

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Competent Person

The information in this presentation (where it relates to resources) is based on information compiled by Dr C.W. Mallett, Executive Director Carbon Energy Limited who is a member of the Australian Institute of Mining and Metallurgy. Dr Mallett has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Mallett consents to the inclusion in the presentation of the matters based on his information in the form and context in which it appears.



Strategy

To achieve our business goals Carbon Energy are pursuing a simple strategy that encompasses 3 key elements, these being;

1. Resource Availability

Carbon Energy's strategy is to build a portfolio of coal resource assets suitable for UCG, both in Australia and internationally.

2. Superior Technology

Carbon Energy's proprietary technology incorporates sophisticated modeling tools and UCG methodology – enabling the company to take a market leading position.

3. Ready Access to key Markets

Location, product mix and partner capabilities, involves identifying suitable resource availability located within close proximity to key markets and infrastructure.



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Queensland

Interest in 2,000 km² of EPC's

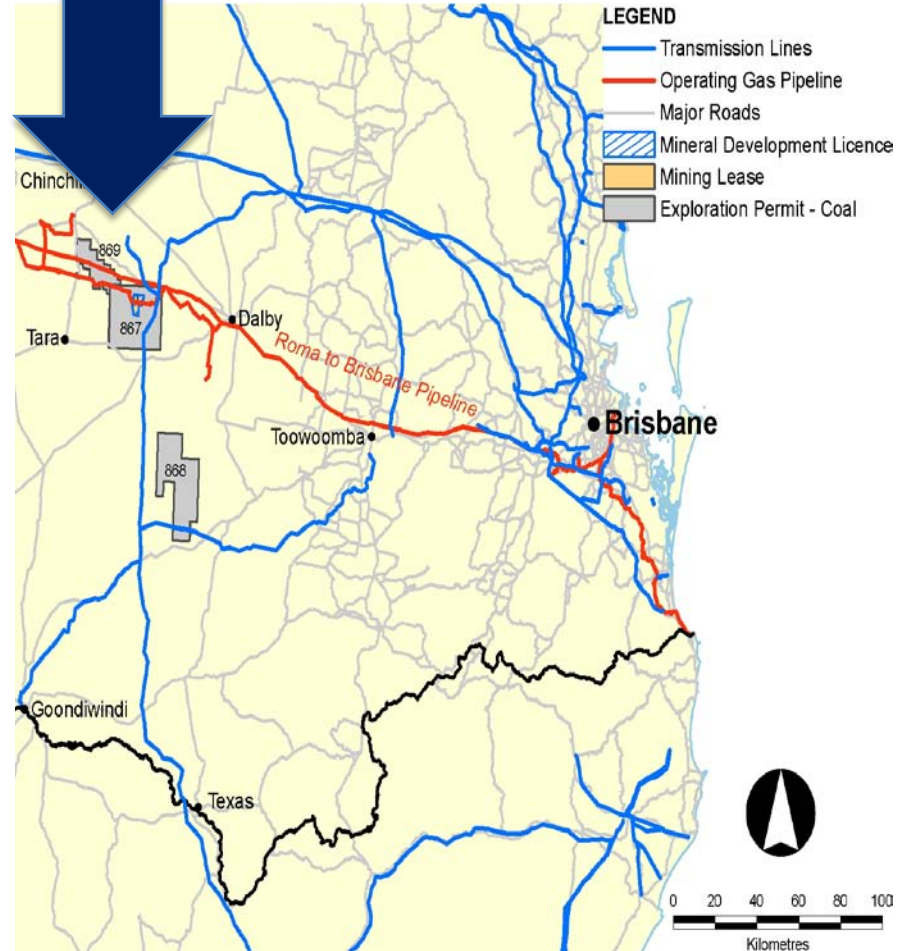
668 Mt (450 Mt Inferred and 218 Mt indicated with 2m cut-off) of JORC compliant coal resource (13,360 PJ of in-situ energy, of which at least 7,750 PJ is recoverable)

Short term commercialisation

- Power generation into the NEM
- Synthetic natural gas

Medium term commercialisation

- Chemicals (eg ammonia)
- Liquid fuels





Milestones – Past 12 Months

- Oct** **Construction completed and first Gasification (on air) achieved**
- Nov Commercial volumes achieved – 100 day trial commences
- Feb`09** **Trial complete (gasification and data collection continues)**
- Feb Land purchased – application for Mining Lease and Project Approvals lodged
- Feb Government Policy Delivers Certainty of Tenure for CNX
- Mar Results Increase Energy Production Potential– Gas composition announced
- Mar Coal Resource Upgrade Exceeds Expectations (668 Mt)
- April HOA to acquire WA coal resource and secure foundation Gas Sale Agreement
- June Capital Raising – First tranche completed
- June Completed Pre –Feasibility for Power Gen, Synthetic Natural Gas and Chemicals
- July** **Off take for Electricity agreement signed with Ergon Energy**
- July** **5MW Power station construction commence**



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Next 12 Months

1. Expand Coal Resource - 1 billion tonnes by June 2010
 - Queensland expansion
 - Australia
 - International
2. Continuous Improvement –UCG Technology & Development of Complementary Technologies
 - Continual development of UCG capability (production history , additional panels)
 - Attract new commercial and technology Partners
 - Addition of Carbon Capture and Storage capability
3. Identify & Develop Commercial Opportunities
 - 5MW plant generating revenue December 09
 - Commitment to 20MW project December 09
 - Establish commercial terms for major Australian project by June 2010
 - Establish commercial terms for an international project by June 2010



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Power Generation

Phase

1

Power Plant size	5MW (electricity for 4,000 homes pa)
Location	Bloodwood Creek (Queensland)
Off-Take Agreement	Ergon Energy (Qld Gov owned Corp)
Network Connection	Ergon Network
Project commenced	July 2009
Capital Expenditure	\$8 million
Revenue	\$2million p.a (approximately)
First Generation	Dec 2009





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GEC Alstom Gas Engines RK270

- Currently in Melbourne
- 4 x working, 1 x spare
- Generators
- Switchgear and transformers



Existing generating station, Sunshine



Alternator



Engine



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Power Generation

Phase

2

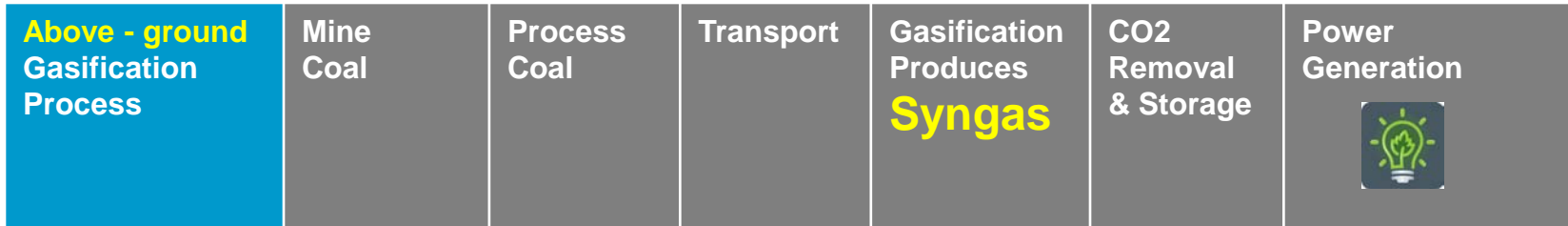
Power Plant size	20 – 25 MW
Scope to include	Carbon Capture & Storage
Location	Bloodwood Creek (Queensland)
Network Connection	Local distribution system
Commercial	Partner discussions -underway
FEED	Commence August – Finish Nov
FID	Dec 2009
First Generation	Approx 12 Months later





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Clean Coal Process



- 30 – 50% reduction in capex
- Lower environmental impact
- UCG lowest cost pathway to clean coal



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Power Generation Blue Gum Energy Park

Phase

3



- 1 - Central gas processing and Gas Power-Station
- 2 - Ammonia Plant
- 3 - Chemical Plant
- 4 - Transport Fuel manufacture

- 5 - Synthetic Natural Gas manufacture
- 6 - Commercial and Administration Facilities
- 7 - Carbon Energy's existing UCG facility (Bloodwood Creek)



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Summary – Strategy on track

Queensland

Expanded Resource achieved (JORC compliant)

5MW Power Plant underway

20MW Power Plant –Planning and Partnering in advanced stages

Land purchased (Blue Gum) for future expansion and Mining Lease approvals underway

Australia

Drilling program progressing – Sargon Group tenements (WA)

Targeting other potential Australian coal resources

International

Market opportunities are significant and advanced discussions continuing.