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ASX Announcement

18 February 2011

Carbon Energy announces MoU with Adani Group in India

Carbon Energy Limited (ASX:CNX) is pleased to announce that it has signed a Memorandum of Understanding (MoU) with Adani Enterprises Ltd (Adani), a member of the Adani Group of India, for the purpose of establishing a joint venture in India to pursue Underground Coal Gasification (UCG).

The first opportunity that Adani and Carbon Energy will explore has arisen as a result of Coal India Limited (a Government of India Undertaking) operating a tender process in which Indian coal firms have sought UCG technology partners to participate in joint venture development of UCG interests. The MoU facilitates the partnership between Carbon Energy and Adani to jointly participate in this tender submission.

Andrew Dash, Managing Director, noted that partnership with Adani brings significant benefit to Carbon Energy. "Carbon Energy will now be pursuing projects on three continents with the addition of India to our existing interests in Australia and in Chile. Adani is a major player in the Indian coal and power industries and has already established itself in Queensland, Australia. We are looking forward to working with Adani to build Carbon Energy's UCG project base in India".

Harsh Mishra, Adani Group's President - Corporate Planning commented "Adani has selected Carbon Energy as our technology partner for this important submission to Coal India as it is the leading proponent of UCG globally and it has superiority in UCG technology based on extensive research conducted in conjunction with Australia's CSIRO. "

The Memorandum of Understanding is for a period of 18 months during which it is anticipated that Adani and Carbon Energy will jointly prepare and submit a bid to establish a UCG project on Coal India tenements in India. If the bid is successful, Adani will bear all costs throughout the exploration phase, including Carbon Energy's reasonable costs, until exploration has been successfully conducted and a suitable UCG resource established. Adani and Carbon Energy then anticipate forming a joint venture company in India in which Adani will have a 75% share and commitment and Carbon Energy will have a 25% share and commitment.



India is currently among the top three fastest growing economies of the world. Consequently, India's energy needs are rapidly expanding with its increased industrialisation and capacity addition in power generation. Coal is the most dominant source of energy in India's energy mix.

For and on behalf of the Board



Andrew Dash

Managing Director

About Carbon Energy

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

The Company's unique approach to UCG and syngas production increases the efficiency of capturing carbon dioxide making it a leader in clean coal technology.

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

Carbon Energy is building an international portfolio of coal assets suitable for UCG and accessible to high-value markets.

About Adani Group

The Adani Group of companies is a US \$ 25 billion market capitalisation group with significant interests in power generation, port ownership and operation and coal mining and coal trading.

Among its activities, it is setting up 16500 MW of coal based thermal power capacity at six different locations in India (with 1980 MW currently commissioned), owns and operates India's largest private sector port, it is the largest trader of imported coal with over 50% market share, and is currently developing a coal tenement (along with allied port and rail facilities) in the Galilee Basin in Queensland which promises to be the largest mine in Australia.

