



NEWS RELEASE

CarbonOne Technologies Inc. Commences Trading on the TSX Venture Exchange (TSX-V: CX)

July 28, 2015 – Vancouver, British Columbia – CarbonOne Technologies Inc. (TSX-V: CX) (“**CarbonOne**” or the “**Company**”), formerly Palo Duro Energy Inc. (TSX-V: PDE.H), is pleased to announce that it has completed its previously announced business combination (the “**Transaction**”) with CarbonOne Holdings Corp. (“**CarbonOne Holdings**”) and Tapango Resources Ltd. (TSX-V: TPA.H) (“**Tapango**”). CarbonOne’s common shares commenced trading on the TSX Venture Exchange (“**TSX-V**”) under the symbol “**CX**” at the opening of trading today.

About CarbonOne Technologies Inc.

CarbonOne, through its subsidiaries, is engaged in the development, production, manufacturing and commercialization of advanced materials. The Company holds exclusive world-wide licenses for a suite of intellectual property. With its proprietary developments in resin, furnace, and milling technologies, CarbonOne can cost-effectively produce low-cost, high-performance composite materials for industrial and structural applications. CarbonOne’s products have disruptive implications in a number of industries, competing with traditional materials including wood, metal, concrete, panel insulation and plastic. CarbonOne has established a research and development and manufacturing facility in Buffalo, NY, allowing the Company to commercialize existing products and advance new products to launch in the future.

CarbonOne will focus initially on two products: C1Bar and C1Board. C1Bar is a composite rebar that is lighter than steel yet has stronger tensile strength than steel. C1Bar is also corrosion proof, providing an important advantage for outdoor applications where rusting rebar is a significant concern, and resulting in a product with a longer expected lifespan than steel rebar. CarbonOne’s integrated approach to manufacturing composite rebar allows the Company to quickly and cost-effectively manufacture a high-quality product that outperforms its competitors on both a performance and cost perspective.

C1Board is a carbon ceramic composite panel with potential application across a wide range of industries. C1Board is eight times stronger, yet lighter than plywood. It is fire proof, insect proof and rot proof, and impervious to water, mold and mildew. C1Board is also insulative. The primary near-term application for C1Board is as a competitor to marine grade plywood. CarbonOne has developed and manufactured test runs of C1Board that could compete with the marine grade plywood used in the production of recreational vehicles, delivery vans, utility trailers, buses and modular homes. With some minor manufacturing modifications, C1Board could also be used for shipping containers and shipping pallets.

“CarbonOne offers investors a compelling entry point to the advanced materials market, with an experienced team and innovative, disruptive products with applications across a range of industries,” said John Proust, Chairman and CEO of CarbonOne. “CarbonOne’s disciplined approach to growth has allowed us to identify the best initial products to launch the Company, establish strong industry partnerships, and build a network of supportive shareholders who understand CarbonOne’s long-term potential.

“CarbonOne’s suite of intellectual property provides the Company with a myriad of opportunities,” continued Mr. Proust. “For the last year we have focused our attention on two products – C1Bar and C1Board – that can be rapidly advanced to cash flow and have significant scale potential. Concurrently, our research and development team continues to develop opportunities that could provide an ongoing pipeline of new products.

“We are pleased to have achieved the significant milestone of a public listing, and look forward to announcing additional near-term achievements as we execute our business plan and commence production of C1Bar and C1Board.”

The board of directors of the Company now comprises John Proust, Jack Khorchidian, Robert Cross, Gordon Keep, Murray Flanigan, Morris Klid, Patrick Malkassian and Haig S. Bagerdjian. In addition, management of the Company consists of John Proust as Chief Executive Officer and Chairman, Jack Khorchidian as Chief Operating Officer, Danny Lee as Chief Financial Officer, Steve Rohring as Chief Technology Officer, William Hill as VP Production and Engineering, Rhylin Bailie as VP Investor Relations and Communications, and Eileen Au as Corporate Secretary.

About the Transaction

Palo Duro had 32,218,347 shares issued and outstanding prior to closing and completed a share consolidation (on a four to one basis) leaving it with 8,054,606 shares issued and outstanding. Following consolidation and on closing, Palo Duro issued 61,501,788 shares to shareholders of CarbonOne Holdings (one Palo Duro share for each one share of CarbonOne Holdings) and concurrently issued 11,215,033 shares to shareholders of Tapango (1.071 Palo Duro shares for each one share of Tapango). Concurrently with closing of the Transaction, Palo Duro changed its name to CarbonOne Technologies Inc.

As part of the Transaction, CarbonOne Holdings and Tapango closed private placements at a price of \$0.20 per share for gross proceeds of \$2,000,000. In connection with the private placements, finder’s fees in the aggregate amounts of \$19,200 and 65,511 common shares of the Company were paid to arm’s length finders. CarbonOne will have net cash of approximately \$2.6 million at conclusion of the Transaction, including cash on hand from Tapango and Palo Duro.

Following completion of the Transaction, the Company also granted stock options to directors, officers, employees and consultants of the Company to purchase up to an aggregate amount of 6,825,000 shares of the Company. The stock options are exercisable for a five-year period at a price of \$0.20, and will vest over an 18-month period. Following the grant of options, the Company has 7,783,406 stock options outstanding.

The CarbonOne share structure is as follows:

Issued and Outstanding ¹		80,771,427
Stock Options	Exercisable at from \$0.20 to \$0.47, expiring in one to five years	7,783,406
Warrants	Exercisable at \$0.19, expiring May 2016	3,569,998
Fully diluted		92,124,831

(1) 42.1 million shares are subject to a pooling agreement which restricts their resale. 5% of the pooled shares were released on July 23, 2015, and 5% will be released every six months thereafter to an aggregate of 35% over 3 years. 65% of the pooled shares are released based on gross revenue earned after the closing date of July 23, 2015, with 20% released when CarbonOne has earned \$10 million in cumulative gross revenue, a further 20% released at \$25 million in cumulative gross revenue and the final 25% released once CarbonOne has earned \$35 million in cumulative gross revenue.

The Company further announces that following the completion of the Transaction, Frank Giustra, Fiore Financial Corporation (a company owned and controlled by Frank Giustra) and The Radcliffe Foundation (a charitable organization controlled by Frank Giustra) own, in aggregate, 6,376,663 common shares representing approximately 7.89% of the current issued and outstanding shares of the Company and would own 8,786,395 common shares, representing approximately 10.56% on a partially diluted basis, assuming the exercise of the 2,409,732 warrants held by the Fiore Financial Corporation.

The Transaction is described in further detail in Palo Duro’s press release dated April 20, 2015 and in the joint management information circular of the Company dated June 11, 2015, both of which are available on SEDAR at www.sedar.com.

For further information with respect to CarbonOne or the contents of this news release, please contact:

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The TSX Venture Exchange has in no way passed upon the merits of the proposed Transaction. Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This news release contains certain forward-looking information and forward-looking statements within the meaning of applicable securities legislation (collectively "forward-looking statements"). Certain information contained herein constitutes "forward-looking information" under Canadian securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "expects", "believes", "aims to", "plans to" or "intends to" or variations of such words and phrases or statements that certain actions, events or results "will" occur. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed by such forward-looking statements or forward-looking information, including the business of the Company and the commencement of trading in the Company's shares. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and forward looking information. The Company does not undertake to update any forward-looking statements or forward-looking information that are incorporated by reference herein, except as required by applicable securities laws.