

# Carbon Minerals Limited

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Seam Gas Pioneers of the Gunnedah Basin NSW  
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## QUARTERLY ACTIVITIES REPORT to December 31, 2013

### REVIEW of OPERATIONS

#### GUNNEDAH BASIN COALBED METHANE PROJECT PETROLEUM EXPLORATION LICENCES 1 AND 12, NSW (GUNNEDAH BASIN)

*(These tenements are held by wholly owned subsidiary, Australian Coalbed Methane Pty Ltd (ACM) and are subject to a Joint Venture (JV) with Santos QNT Pty Ltd (Santos), as previously advised. Santos has a 65% interest in the tenements and is the project Operator.)*

Field activities remain on hold apart from ongoing environmental monitoring by the Operator Santos. Santos also continues with community and media liaison and discussions with various government departments).

Following negotiations between the Company and the JV Operator, amendments to the September 2011 Deed of Transfer (Deed of Transfer) were agreed to via a Deed of Variation which was executed in November 2013 (Deed of Variation). Due to a number of factors including changes in legislation, little progress has been made on work specified in the original work program agreed in 2011. The Deed of Variation clarifies details regarding the obligations and rights of the parties and should allow the JV to progress with greater confidence.

#### EXPLORATION EXPENDITURE INCURRED

Exploration expenditure incurred during the quarter ended 31 December 2013 on the group's projects is set out below:-

Project	Amount Incurred
New South Wales PELs 1 & 12 (Gunnedah Basin)	\$382,967 =====

#### SCHEDULE OF MINERAL TENEMENTS AS AT 31 DECEMBER 2013

LOCATION	TENEMENT	HOLDER	INTEREST	AREA	CURRENT TO
<b>New South Wales:</b>					
Gunnedah	PEL 1	ACM	35% <sup>1</sup>	72 blocks	10/02/2015
Bando	PEL 12	ACM	35% <sup>1</sup>	31 blocks	26/09/2016

#### Key to Tenement Types

PEL Petroleum Exploration Licence

#### Key to Tenement Holders

ACM Australian Coalbed Methane Pty Limited

#### Notes

1. PELs 1 and 12 are subject to an arrangement with Santos QNT Pty Ltd ("Santos"), in which Santos has a 65% interest in each tenement.