

# **Carbon Minerals Limited**

ABN 29 001 836 586 – ASX Code CRM

*Seam Gas Pioneers of the Gunnedah Basin NSW*

[www.carbonminerals.com.au](http://www.carbonminerals.com.au)

## **HALF-YEAR FINANCIAL REPORT SIX MONTHS ENDED 30 JUNE 2015**

**CARBON MINERALS LIMITED**  
**A.B.N. 29 001 836 586**

## **DIRECTORS' REPORT**

Your directors present their report on the consolidated entity consisting of Carbon Minerals Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2015.

### **Directors**

The following persons were directors of Carbon Minerals Limited during the half-year and up to the date of this report:

M.P. Lincoln Smith  
W.V. Annis-Brown  
S.J. Danielson  
B.K. Lee (alternate director for S.J. Danielson)

### **Operating Results**

The consolidated loss of the consolidated entity for the half-year after income tax was \$43,491 (2014 half-year: loss of \$12,302).

### **Dividends**

The directors report that during the half-year ended 30 June 2015 no dividends were declared or paid (2014 half-year: nil)

### **Review of Operations**

#### **Gunnedah Basin Coal-Seam-Gas Project**

#### **Petroleum Exploration Licences (PEL) 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 operations other than ongoing wellsite maintenance at the Kahlua Pilot and other exploration wells remained on hold throughout the reporting period. Joint Venture Operator Santos has continued with a range of activities and meetings relating to government, community, media, stakeholder and environmental matters. This included a submission to the NSW Upper House Committee looking into the cost of gas and liquid fuels in NSW together with an address to the Public Hearing by Mr James Baulderstone (Santos Vice President, Eastern Australia).

Renewal of PEL1 by the regulator is pending. Santos will be providing additional information requested by the Regulator in accord with new minimum standards now required for the renewal of exploration licences. Neither the Company nor Santos sees any impediment to this licence being renewed.

In March Santos provided the Company with a report into the surface water sampling program undertaken over the previous two years. This report provides data and conclusions from the sampling program and establishes an environmental baseline for surface water quality within PELs 1 and 12.

In May the NSW Government reintroduced its buy-back scheme for Petroleum Exploration Licences. Neither the Company nor JV partner Santos are contemplating surrender of PELs 1 or 12 and the JV still considers that these licences have good potential to ultimately produce gas at economic rates whilst still complying with all regulations.

On 1 June 2015 the NSW Environmental Protection Authority (EPA) became the State's lead regulator for gas exploration and production activities, responsible for compliance and enforcement.

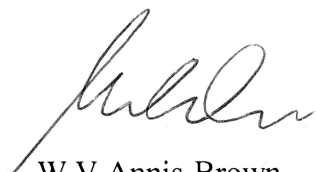
**CARBON MINERALS LIMITED**  
**A.B.N. 29 001 836 586**

**DIRECTORS' REPORT (Continued)**

**Auditors' independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

This report is made in accordance with a resolution of directors.



W.V Annis-Brown  
Director

Sydney  
11 September 2015



## Auditor's Independence Declaration

As lead auditor for the review of Carbon Minerals Limited for the half-year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Carbon Minerals Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Justine Richardson'.

Justine Richardson  
Partner  
PricewaterhouseCoopers

Sydney  
11 September 2015

**CARBON MINERALS LIMITED**  
**A.B.N. 29 001 836 586**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2015**

|  | <b>Half-year</b> |                 |
|--|------------------|-----------------|
|  | <b>2015</b>      | <b>2014</b>     |
|  | <b>\$</b>        | <b>\$</b>       |
| <b>Revenue from continuing operations</b>                          | <b>66,456</b>    | <b>98,701</b>   |
| Exploration related expenses                                       | (8,800)          | (4,000)         |
| Administration expenses  | (99,935)         | (106,073)       |
| Other expenses   | (1,212)          | (930)           |
|  |                  |                 |
| Loss before income tax expense                                     | (43,491)         | (12,302)        |
| Income tax benefit   | -                | -               |
| Loss from continuing operations                                    | (43,491)         | (12,302)        |
|  |                  |                 |
| <b>Loss for the half-year</b>                                      | <b>(43,491)</b>  | <b>(12,302)</b> |
|  |                  |                 |
| <b>Total comprehensive loss for the half-year</b>                  | <b>(43,491)</b>  | <b>(12,302)</b> |
|  |                  |                 |
| <b>Loss attributable to:</b>                                       |                  |                 |
| <b>Owners of Carbon Minerals Limited</b>                           | <b>(43,491)</b>  | <b>(12,302)</b> |
|  |                  |                 |
| <b>Total comprehensive loss for the half-year attributable to:</b> |                  |                 |
| <b>Owners of Carbon Minerals Limited</b>                           | <b>(43,491)</b>  | <b>(12,302)</b> |
|  |                  |                 |
|  | <b>Cents</b>     | <b>Cents</b>    |
| <b>Loss per share for loss from continuing operations</b>          |                  |                 |
| <b>attributable to the ordinary equity holders of the company:</b> |                  |                 |
| Basic loss per share   | (0.23)           | (0.07)          |
| Diluted loss per share   | (0.23)           | (0.07)          |
|  |                  |                 |
| <b>Loss per share for total comprehensive loss attributable to</b> |                  |                 |
| <b>the ordinary equity holders of the company:</b>                 |                  |                 |
| Basic loss per share   | (0.23)           | (0.07)          |
| Diluted loss per share   | (0.23)           | (0.07)          |

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes on pages 8 to 11.

**CARBON MINERALS LIMITED**  
**A.B.N. 29 001 836 586**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2015**

|  | Note | 30 JUNE<br>2015<br>\$ | 31 DECEMBER<br>2014<br>\$ |
|--|------|-----------------------|---------------------------|
| <b>ASSETS</b>  |      |                       |                           |
| <b>Current Assets</b>  |      |                       |                           |
| Cash and cash equivalents  |      | 5,144,694             | 5,483,386                 |
| Term Deposits  | 6    | 65,000                | 65,000                    |
| Receivables  |      | 9,340                 | 33,324                    |
|  |      | <hr/>                 | <hr/>                     |
| Total Current Assets   |      | 5,219,034             | 5,581,710                 |
| <b>Non-Current Assets</b>  |      |                       |                           |
| Term Deposits  | 6    | 10,000                | 10,000                    |
| Property, plant and equipment  |      | 736,080               | 736,080                   |
| Exploration and evaluation expenditure                                       | 4    | 7,016,425             | 6,725,311                 |
|  |      | <hr/>                 | <hr/>                     |
| Total Non-Current Assets   |      | 7,762,505             | 7,471,391                 |
|  |      | <hr/>                 | <hr/>                     |
| <b>Total Assets</b>  |      | 12,981,539            | 13,053,101                |
| <b>LIABILITIES</b>   |      |                       |                           |
| <b>Current Liabilities</b>   |      |                       |                           |
| Borrowings   |      | -                     | 12,888                    |
| Payables   |      | 100,231               | 115,414                   |
|  |      | <hr/>                 | <hr/>                     |
| Total Current Liabilities  |      | 100,231               | 128,302                   |
|  |      | <hr/>                 | <hr/>                     |
| <b>Total Liabilities</b>   |      | 100,231               | 128,302                   |
|  |      | <hr/>                 | <hr/>                     |
| <b>Net Assets</b>  |      | 12,881,308            | 12,924,799                |
| <b>Equity</b>  |      |                       |                           |
| Contributed equity   |      | 8,433,899             | 8,433,899                 |
| Retained profits   |      | 4,447,409             | 4,490,900                 |
|  |      | <hr/>                 | <hr/>                     |
| Capital and reserves attributable to the owners of<br>Parent entity interest |      | 12,881,308            | 12,924,799                |
|  |      | <hr/>                 | <hr/>                     |
| <b>Total Equity</b>  |      | 12,881,308            | 12,924,799                |
|  |      | <hr/>                 | <hr/>                     |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes on pages 8 to 11.

**CARBON MINERALS LIMITED**  
**A.B.N. 29 001 836 586**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2015**

| <b>Consolidated</b>                        | <b>Attributable to the owners of Carbon Minerals Limited</b> |                            |                   |
|--|--|----------------------------|-------------------|
|  | <b>Contributed equity</b>                                    | <b>Accumulated profits</b> | <b>Total</b>      |
|  | <b>\$</b>  | <b>\$</b>                  | <b>\$</b>         |
| <b>Balance at 1 January 2014</b>           | <b>8,433,899</b>   | <b>4,522,211</b>           | <b>12,956,110</b> |
| Total comprehensive loss for the half-year | -  | (12,302)                   | (12,302)          |
| <b>Balance at 30 June 2014</b>             | <b>8,433,899</b>   | <b>4,509,909</b>           | <b>12,943,808</b> |
| <b>Balance at 1 January 2015</b>           | <b>8,433,899</b>   | <b>4,490,900</b>           | <b>12,924,799</b> |
| Total comprehensive loss for the half-year | -  | (43,491)                   | (43,491)          |
| <b>Balance at 30 June 2015</b>             | <b>8,433,899</b>   | <b>4,447,409</b>           | <b>12,881,308</b> |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes on pages 8 to 11.

**CARBON MINERALS LIMITED**  
**A.B.N. 29 001 836 586**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2015**

|   | <b>Half-year</b> |             |
|---|------------------|-------------|
|   | <b>2015</b>      | <b>2014</b> |
|   | <b>\$</b>        | <b>\$</b>   |
| <b>Cash flows from operating activities</b>                         |                  |             |
| Receipts from customers (inclusive of goods and services tax)       | <b>18,093</b>    | 158,121     |
| Interest received   | <b>84,739</b>    | 98,687      |
| Payments  |                  |             |
| - to suppliers and employees (inclusive of goods and services tax)  | <b>(127,842)</b> | (155,289)   |
| - for exploration expenditure (inclusive of goods and services tax) | <b>(300,794)</b> | 135,512     |
| <b>Net cash (outflow)/inflow from operating activities</b>          | <b>(325,804)</b> | 237,031     |
| <b>Net (decrease)/ increase in cash and cash equivalents</b>        | <b>(325,804)</b> | 237,031     |
| Cash and cash equivalents at the beginning of the half-year         | <b>5,470,498</b> | 5,760,072   |
| <b>Cash and cash equivalents at the end of the half-year</b>        | <b>5,144,694</b> | 5,997,103   |

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.



**CARBON MINERALS LIMITED**  
**A.B.N. 29 001 836 586**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2015**

**NOTE 1 BASIS OF PREPARATION OF HALF-YEAR REPORT**

This general purpose financial report for the interim half-year reporting period ended 30 June 2015 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2014 and any public announcements made by Carbon Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

**NOTE 2 SEGMENT INFORMATION**

The group operates as a natural resources explorer and a primary producer in one geographical location, being Australia.

| <b>6 months to<br/>30 June 2015</b>                        | Natural<br>resources<br>exploration<br>\$ | Primary<br>production<br>\$ | Total continuing<br>operations<br>\$ | Total<br>\$ |
|--|---|-----------------------------|--------------------------------------|-------------|
| Total segment revenue                                      | 66,456                                    | -                           | 66,456                               | 66,456      |
| Consolidated revenue                                       |   |                             | 66,456                               | 66,456      |
| Segment result   | (42,955)                                  | (536)                       | (43,491)                             | (43,491)    |
| Loss before income tax                                     |   |                             | (43,491)                             | (43,491)    |
| <b>Segment assets and<br/>liabilities<br/>30 June 2015</b> |   |                             |                                      |             |
| Segment assets   | 12,613,218                                | 368,321                     | 12,981,539                           | 12,981,539  |
| Segment liabilities  | 100,231                                   | -                           | 100,231                              | 100,231     |

**CARBON MINERALS LIMITED**  
**A.B.N. 29 001 836 586**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2015 (continued)**

**NOTE 2 SEGMENT INFORMATION (continued)**

| <b>6 months to<br/>30 June 2014</b>   | Natural<br>resources<br>exploration<br>\$ | Primary<br>production<br>\$ | Total continuing<br>operations<br>\$ | Total<br>\$ |
|---------------------------------------|---|-----------------------------|--------------------------------------|-------------|
| Total segment revenue                 | 98,701                                    | -                           | 98,701                               | 98,701      |
| Consolidated revenue                  |   |                             | 98,701                               | 98,701      |
| Segment result                        | (11,907)                                  | (395)                       | (12,302)                             | (12,302)    |
| Loss before income tax                |   |                             | (12,302)                             | (12,302)    |
| <b>Segment assets and liabilities</b> |   |                             |                                      |             |
| <b>31 December 2014</b>               |   |                             |                                      |             |
| Segment assets                        | 12,684,780                                | 368,321                     | 13,053,101                           | 13,053,101  |
| Segment liabilities                   | 128,302                                   | -                           | 128,302                              | 128,302     |

**NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical accounting estimates and assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below.

**Exploration and evaluation expenditure**

Certain exploration and evaluation expenditure is capitalised where it is considered likely that the expenditure will be recovered by future exploitation or sale, or where activities have not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves. This process necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether economically viable extraction operations can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy it is concluded unlikely that the expenditure will be recovered by future exploitation or sale, the relevant amount capitalised is written off to the income statement.

The directors note that PEL 1 expired on 10 February 2015. An application for the renewal of the title has been lodged and under the NSW Petroleum (Onshore) Act 1991 the tenure remains in force. The directors believe there is no impediment to the renewal being granted. A current agreed program of works which has been approved by the NSW Office of Coal Seam Gas is in place and is in various stages of implementation.

**CARBON MINERALS LIMITED**  
**A.B.N. 29 001 836 586**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2015 (continued)**

**NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)**

Carried forward exploration and evaluation expenditures are disclosed in note 4 and relate primarily to capitalised exploration and evaluation costs from activities in the Gunnedah Basin.

**NOTE 4 EXPLORATION AND EVALUATION EXPENDITURE**

|   | <b>30 JUNE 2015</b> | 31 DECEMBER 2014 |
|---|---------------------|------------------|
|   | \$                  | \$               |
| Cost brought forward  | <b>6,725,311</b>    | 5,866,401        |
| Expenditure incurred during the period                        | <b>291,114</b>      | 858,910          |
| Expenditure written off during the period                     | -                   | -                |
| Disposals   | -                   | -                |
|   | <hr/>               | <hr/>            |
| Exploration and evaluation cost carried forward               | <b>7,016,425</b>    | 6,725,311        |
| Provisions for impairment in value of capitalised expenditure | -                   | -                |
|   | <hr/>               | <hr/>            |
| Net exploration and evaluation expenditure carried forward    | <b>7,016,425</b>    | 6,725,311        |
|   | <hr/>               | <hr/>            |

The above amounts represent costs of areas of interest carried forward as an asset and the group's share of costs under the arrangement with Santos QNT Pty Limited. The ultimate recoupment of deferred exploration and evaluation expenditure in respect of an area of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and commercial exploitation of the respective areas or alternatively sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect of the relevant area of interest, is not charged until a mining operation has commenced.

**NOTE 5 RELATED PARTY TRANSACTIONS**

**(a) Controlling entity**

The Company's ultimate controlling entity is Malewi Investments Pty Limited, incorporated in New South Wales, which indirectly owns 57.28% of Carbon Minerals Limited.

**(b) Directors**

The names of each person holding the position of director of the Company during the half-year are M.P. Lincoln Smith, W.V. Annis-Brown, S.J. Danielson and B.K. Lee (alternate for S.J. Danielson). Professional fees of \$55,700 (half-year 2014: \$72,500) were payable to Mitchell & Partners (Chartered Accountants), a firm of which S.J. Danielson and B.K. Lee are principals.

**(c) Terms and conditions**

Transactions were made on normal commercial terms and conditions and at market rates.

**CARBON MINERALS LIMITED**  
**A.B.N. 29 001 836 586**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2015 (continued)**

**NOTE 6      CONTINGENCIES**

Details and estimates of maximum amounts of contingent liabilities are as follows:

Secured guarantees exist in respect of mining tenements with the Department of Mineral Resources. These guarantees comprise deposits held with financial institutions on behalf of:

|  | <b>30 JUNE 2015</b> | 31 DECEMBER 2014 |
|--|---------------------|------------------|
|  | \$                  | \$               |
| <b>Guarantees</b>                      |                     |                  |
| Australian Coalbed Methane Pty Limited | <b>75,000</b>       | 75,000           |

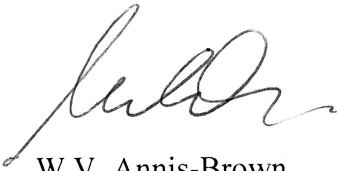
**CARBON MINERALS LIMITED**  
**A.B.N. 29 001 836 586**

**DIRECTORS' DECLARATION**

In the directors' opinion:

- (a) The financial statements and notes set out on pages 4 to 11 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Carbon Minerals Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



W.V. Annis-Brown  
Director

Sydney  
11 September 2015



## **Independent auditor's review report to the members of Carbon Minerals Limited**

### ***Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of Carbon Minerals Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Carbon Minerals Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

### ***Directors' responsibility for the half-year financial report***

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Carbon Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Independence***

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

---

**PricewaterhouseCoopers, ABN 52 780 433 757**

Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171

T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.



*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Carbon Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'Justine Richardson'.

Justine Richardson  
Partner

Sydney  
11 September 2015