



Carbon Minerals Limited

ABN 29 001 836 586 – ASX Code CRM

Seam Gas Pioneers of the Gunnedah Basin NSW

www.carbonminerals.com.au

INTERIM FINANCIAL REPORT - 30 JUNE 2023

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

INTERIM FINANCIAL REPORT - 30 JUNE 2023

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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 2023.

Directors

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

M.P. Lincoln Smith
R.P. Lincoln Smith
W.V. Annis-Brown
K.D. Fung

B.K. Lee was an alternate director for K.D. Fung from the beginning of the financial year until his resignation on 11 July 2023.

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). ACM holds a 35% interest in the Titles and Santos holds the remaining 65%. Exploration is carried out under a joint venture arrangement with Santos being the project Operator.

In late March 2022, the NSW government supplied PEL 1 and PEL 12 renewal documentation to Santos that were reviewed by the JV parties in the reporting period. In April 2022, the NSW Government renewed these tenements, with the Licences taking effect from 12 April 2022 for six years until 12 April 2028. The Licence conditions include undertaking an agreed work program.

Field operations during the half-year included routine inspection and maintenance of existing wellheads, surface facilities and access tracks.

The Company continues to progress its work program in accordance with the tenure commitments, including the finalisation of its 2D seismic program and works involved to restart four existing wells within the Kahlua area.

Carbon Minerals Limited's securities have been suspended from quotation continuously since 14 February 2022 for breach of Listing Rule 12.1.

On 25 August 2023, ASX sent a letter to Carbon Minerals Limited to draw attention to Guidance Note 33 Removal of Entities from the ASX Official List, setting out ASX's policy that it will automatically remove an entity from the Official List if its securities have been suspended from trading for a continuous period of 2 years.

As at today's date the Company's securities remain suspended for reasons unrelated to its financial performance. It is, however, anticipated that the Company will be in a favourable position to submit its progressing work program as the impetus to have this suspension lifted.

CARBON MINERALS LIMITED
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DIRECTORS' REPORT (continued)

Operating Results

The consolidated loss of the consolidated entity for the half-year after income tax was \$109,224 (2022 half-year: loss of \$136,827).

Financial Position

At 30 June 2023 cash was \$2,609,727 (31 December 2022: \$2,700,817) and current liabilities were \$818,137 (31 December 2022: \$732,098). The reduction in cash is chiefly due to the payment of administration expenses and creditors during the period.

The Group (being Carbon Minerals Limited and its subsidiary Australian Coalbed Methane Pty Limited) has adequate cash reserves to fund its continued participation in the joint arrangement with Santos for the foreseeable future. Budgeted expenditure commitments for the next 12 months, from the period commencing 1 July 2023, for ACM's 35% share are \$2.936M. Please refer to Note 8 for further information on future exploration expenditure commitments.

The Group also has a \$1.25M loan facility in place to use for working capital as and when required. The amount of the loan facility used to 30 June 2023 was nil. Please refer to Note 9 for further information on the loan facility.

Matters subsequent to the end of the financial period

In the opinion of the directors there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature which, in the opinion of the directors, is likely to affect substantially the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

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.

Rounding of amounts

The company has relied on the relief provided by ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest dollar in accordance with that instrument.

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



M.P. Lincoln Smith
Director

Sydney
13 September 2023



Auditor's Independence Declaration

As lead auditor for the review of Carbon Minerals Limited for the half-year ended 30 June 2023, 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 'Ben Meacock', is written over a light blue horizontal line.

Ben Meacock
Partner
PricewaterhouseCoopers

Sydney
13 September 2023

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2023

		HALF-YEAR	
	Notes	2023	2022
		\$	\$
Revenue from continuing operations		63,675	6,107
Exploration related expenses		(33,020)	-
Administration expenses	4	(137,934)	(141,047)
Other expenses		(1,945)	(1,887)
		<hr/>	<hr/>
Loss before income tax expense		(109,224)	(136,827)
Income tax benefit		-	-
		<hr/>	<hr/>
Loss for the half-year		(109,224)	(136,827)
		<hr/>	<hr/>
Total comprehensive loss for the half-year		(109,224)	(136,827)
		<hr/>	<hr/>
Loss attributable to:			
Owners of Carbon Minerals Limited		(109,224)	(136,827)
		<hr/>	<hr/>
Total comprehensive loss for the half-year attributable to:			
Owners of Carbon Minerals Limited		(109,224)	(136,827)
		<hr/>	<hr/>
		Cents	Cents
Loss per share for total comprehensive loss attributable to the ordinary equity holders of the company:			
Basic loss per share	10	(0.58)	(0.73)
Diluted loss per share		(0.58)	(0.73)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes on pages 8 to 14.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	30 JUNE 2023	31 DECEMBER 2022
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	5	2,609,727	2,700,817
Term deposits	11	75,000	75,000
Receivables		51,415	44,212
		2,736,142	2,820,029
Total Current Assets			
Non-Current Assets			
Property, plant and equipment	6	746,083	746,369
Exploration and evaluation expenditure	7	541,864	480,876
		1,287,947	1,227,245
Total Non-Current Assets			
		4,024,089	4,047,274
Total Assets			
LIABILITIES			
Current Liabilities			
Payables		818,137	732,098
		818,137	732,098
Total Current Liabilities			
		818,137	732,098
Total Liabilities			
		3,205,952	3,315,176
Net Assets			
Equity			
Contributed equity		8,433,899	8,433,899
Accumulated losses		(5,227,947)	(5,118,723)
		3,205,952	3,315,176
Total Equity			

The above consolidated statement of financial position should be read in conjunction with the accompanying notes on pages 8 to 14.

CARBON MINERALS LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2023

Consolidated	Attributable to the owners of Carbon Minerals Limited		
	Contributed equity	Accumulated losses	Total
	\$	\$	\$
Balance at 1 January 2022	8,433,899	(4,895,493)	3,538,406
Total comprehensive loss for the half-year	-	(136,827)	(136,827)
Balance at 30 June 2022	8,433,899	(5,032,320)	3,401,579
Balance at 1 January 2023	8,433,899	(5,118,723)	3,315,176
Total comprehensive loss for the half-year	-	(109,224)	(109,224)
Balance at 30 June 2023	8,433,899	(5,227,947)	3,205,952

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes on pages 8 to 14.

CARBON MINERALS LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2023

	HALF-YEAR	
	2023	2022
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	35,200	5,882
Interest received	34,483	4,673
Payments		
- to suppliers and employees (inclusive of goods and services tax)	(160,773)	(108,371)
- for exploration expenditure (inclusive of goods and services tax)	-	(82,673)
	<hr/>	<hr/>
Net cash outflow from operating activities	(91,090)	(180,489)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(91,090)	(180,489)
Cash and cash equivalents at the beginning of the half-year	2,700,817	2,952,530
	<hr/>	<hr/>
Cash and cash equivalents at the end of the half-year	2,609,727	2,772,041
	<hr/> <hr/>	<hr/> <hr/>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes on pages 8 to 14.

CARBON MINERALS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2023

NOTE 1 BASIS OF PREPARATION OF HALF-YEAR REPORT

This general purpose financial report for the interim half-year reporting period ended 30 June 2023 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 2022 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 and methods of computation are consistent with those of the previous financial year and corresponding interim reporting period and the adoption of new and amended standards as set out below:

(a) New and amended standards adopted by the group

A number of amended standards became applicable for the current reporting period. However, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar (\$), which is Carbon Minerals Limited's functional and presentation currency.

(c) Going concern

The Company's securities were suspended from quotation following the close of trading on 14 February 2022 as the ASX determined that the Company's level of operations was insufficient to warrant the continued quotation of its securities and was, therefore, in breach of ASX Listing Rule 12.1. The suspension will continue until the Company is able to demonstrate compliance with ASX Listing Rule 12.1.

On 25 August 2023, ASX sent a letter to Carbon Minerals Limited to draw attention to Guidance Note 33 Removal of Entities from the ASX Official List, setting out ASX's policy that it will automatically remove an entity from the Official List if its securities have been suspended from trading for a continuous period of 2 years.

The directors anticipate the ASX suspension will be lifted within 6 months from the date of this half-year financial report when the Company can demonstrate compliance with ASX Listing Rule 12.1 due to an increase in exploration activities following renewal of its exploration licences on 12 April 2022.

The Group incurred a net loss of \$109,224 during the half-year ended 30 June 2023, refer to note 4 for expenditure details, and had net current assets of \$1,918,005 as at 30 June 2023. Management continues to monitor the current financial position and cash flows of the Group.

CARBON MINERALS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2023 (continued)

NOTE 1 BASIS OF PREPARATION OF HALF-YEAR REPORT (continued)

(c) Going concern (continued)

The directors and management have considered the Group's projected cash flows and existing cash reserves in assessing its ability to continue as a going concern for at least 12 months from the signing date of this half-year financial report. The Group has access to a related party loan facility of \$1.25M (refer to Note 9) and written confirmation of the loan facility agreement terms from the related party.

The continuing viability of the Group is dependent upon a number of conditions including successfully:

- Achieving forecasted operational performance according to the PEL1 and PEL 2 work program and budget,
- Securing funding above and beyond the Group's existing committed facilities if required in the longer term for project development

The directors are of the view that the Group will be successful in meeting these conditions and accordingly have prepared the half-year financial report on a going concern basis. However, as a result of the above matters, there is a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

NOTE 2 SEGMENT INFORMATION

The chief operating decision maker has considered the requirements of AASB 8, Operating Segments, and has concluded that, during the half-year ended 30 June 2023, the Group has two reportable segments, as described below:

- Natural resources exploration
- Primary production

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Group has no revenue related to exploration activities. Interest income is allocated to the natural resources exploration segment because interest is earned on funds held pending utilisation for exploration expenditure. This is consistent with the Group's accounting policies for the previous financial period.

Primary production activities are secondary to the exploration activities and are carried out only on land not currently used for exploration activities.

Half-year 2023	Natural resources exploration	Primary production	Total
	\$	\$	\$
Total segment revenue	63,675	-	63,675
Inter-segment revenue	-	-	-
Revenue from external customers	-	-	-
Interest income	63,675	-	63,675
Results			
Operating loss before income tax	(108,189)	(1,035)	(109,224)

CARBON MINERALS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2023 (continued)

NOTE 2 SEGMENT INFORMATION (continued)

Half-year 2022

Total segment revenue	6,107	-	6,107
Inter-segment revenue	-	-	-
Revenue from external customers	-	-	-
Interest income	6,107	-	6,107

Results

Operating loss before income tax	(135,826)	(1,001)	(136,827)
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Total Segment assets

30 June 2023	3,650,767	373,322	4,024,089
31 December 2022	3,638,609	408,665	4,047,274

Total Segment liabilities

30 June 2023	818,137	-	818,137
31 December 2022	732,098	-	732,098

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.

Carried forward exploration and evaluation expenditures are disclosed in note 7 and relate primarily to capitalised exploration and evaluation costs from activities in the Gunnedah Basin.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2023 (continued)

NOTE 4 ADMINISTRATION EXPENSES

	30 JUNE 2023	30 JUNE 2022
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Administration expenses</i>		
Secretarial fees	78,500	78,500
Share registry and listing fees	11,258	10,058
Audit fees	29,550	25,560
Other fees	14,627	23,319
Other expenses including bank charges	3,999	3,610
	137,934	141,047
	137,934	141,047

NOTE 5 CASH AND CASH EQUIVALENTS

	30 JUNE 2023	31 DECEMBER 2022
	\$	\$
Cash at bank and on hand	111,220	136,094
Deposits at call	2,498,507	2,564,723
	2,609,727	2,700,817
	2,609,727	2,700,817

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

	30 JUNE 2023	31 DECEMBER 2022
	\$	\$
Freehold land and buildings		
Opening gross book amount	747,511	747,511
Additions	-	-
Disposal	-	-
	747,511	747,511
Closing gross amount	747,511	747,511
Cost	747,511	747,511
Accumulated depreciation	(1,428)	(1,142)
	746,083	746,369
Net book amount	746,083	746,369

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2023 (continued)

NOTE 7 EXPLORATION AND EVALUATION EXPENDITURE

	30 JUNE 2023	31 DECEMBER 2022
	\$	\$
Cost brought forward	8,975,474	8,494,598
Expenditure incurred	94,008	499,648
Less expensed	(33,020)	(18,772)
Exploration and evaluation cost carried forward	9,036,462	8,975,474
Provisions for impairment in value of capitalised expenditure	(8,494,598)	(8,494,598)
Net exploration and evaluation expenditure carrying amount	541,864	480,876

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.

The carrying amounts of the group's exploration and evaluation assets are reviewed at each reporting date to determine whether there is any indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. The recoverable amount of the group's exploration and evaluation assets are based on its fair value less costs of disposal.

NOTE 8 COMMITMENTS FOR EXPENDITURE

Exploration expenditure commitments

In order to maintain current rights to tenure to exploration tenements PELs 1 and 12, the consolidated entity is required to carry out exploration activities under an agreed work program. These tenements are subject to a joint arrangement agreement between Australian Coalbed Methane Pty Limited (ACM), a wholly-owned subsidiary of Carbon Minerals Limited, and Santos QNT Pty Limited (Santos). Under the terms of the agreement ACM is required to meet total work program expenditure of \$13M. These obligations are not provided for in the financial statements and are payable as follows:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2023 (continued)

NOTE 8 COMMITMENTS FOR EXPENDITURE (continued)

	30 JUNE 2023	31 DECEMBER 2022
	\$	\$
Within one year	2,935,844	2,935,844
Later than one year but not later than 5 years	-	-
	2,935,844	2,935,844

If the consolidated entity does not meet these obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

NOTE 9 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 57.27% of Carbon Minerals Limited.

(b) Directors

The names of each person holding the position of director of the Company during the whole of the half-year are M.P. Lincoln Smith, R.P. Lincoln Smith, W.V. Annis-Brown and K.D. Fung. B.K. Lee resigned as an alternate director for K.D. Fung on 11 July 2023.

Palmarc Investments Pty Limited ("Palmarc") provides secretarial services free of charge to the Group. M.P. Lincoln Smith and R.P. Lincoln Smith are directors of Palmarc and an entity related to M.P. and R.P. Lincoln Smith owns Palmarc.

Lincoln Smith & Company (Solicitors) provides legal advice to the Group. W.V. Annis-Brown is the principal of the firm. No fees were payable to Lincoln Smith & Company (half-year 2022: Nil).

Professional fees of \$78,500 (half-year 2022: \$78,500) were payable to Mitchell & Partners (Chartered Accountants), a firm of which K.D. Fung and B.K. Lee are principals.

(c) Loans from related parties

On 25 March 2020 the Company entered an unsecured loan facility agreement with Palmarc Investments Pty Limited, (a company associated with Executive Chairman and CEO Marcus Lincoln Smith and Executive Director Raphael Lincoln Smith). The Company will utilise the facility for the purposes of working capital of the Company or its subsidiary Australian Coalbed Methane Pty. Limited.

The principal terms of the loan facility agreement are as follows:-

- the Company may for a period of up to 5 years (subject to there being no change of control of the Company or default) draw down up to a total borrowing of \$1.25 million;
- each drawdown is repayable within 12 months of the date of the advance, or earlier on change of control of the Company or default;
- interest rate is the bank bill rate; and

CARBON MINERALS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2023 (continued)

NOTE 9 RELATED PARTY TRANSACTIONS (continued)

- the Company has the option to satisfy the repayment such loan(s), in whole or in part, by the issue (subject to and conditional on all necessary approvals of shareholders and no change of control of the Company or default) of fully paid ordinary shares of the Company at a price of not less than the volume weighted average price of fully paid ordinary shares on the Australian Securities Exchange (ASX) for the period of 1 month prior to the relevant repayment date or, if there is no such trading, not less than the last sale price prior to the relevant repayment date.

The amount of the loan facility used to 30 June 2023 was nil.

(d) Terms and conditions

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

NOTE 10 EARNINGS PER SHARE

	30 JUNE 2023	30 JUNE 2022
	\$	\$
Basic earnings per share	<u>(0.0058)</u>	<u>(0.0073)</u>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>18,803,498</u>	<u>18,803,498</u>
(a) Reconciliation of earnings used in calculating earnings per share		
Loss attributable to members of Carbon Minerals Limited	(109,224)	(136,827)
Loss attributable to minority interests	-	-
Loss attributable to ordinary equity holders of the Company used in calculating basic earnings per share	<u>(109,224)</u>	<u>(136,827)</u>

Diluted earnings per share are the same as basic earnings per share.

NOTE 11 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:

	30 JUNE 2023	31 DECEMBER 2022
	\$	\$
Guarantees		
Australian Coalbed Methane Pty Limited	<u>75,000</u>	<u>75,000</u>

NOTE 12 ROUNDING OF AMOUNTS

The company has relied on the relief provided by ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest dollar in accordance with that instrument.

CARBON MINERALS LIMITED
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DIRECTORS' DECLARATION

In the directors' opinion:

- (a) The financial statements and notes set out on pages 4 to 14 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 2023 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.



M.P. Lincoln Smith
Director

Sydney
13 September 2023



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

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Carbon Minerals Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 30 June 2023, 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, material accounting policy information and explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty relating to going concern

We draw attention to Note 1 in the half-year financial report, which indicates that the Group incurred a net loss of \$109,224 during the half-year ended 30 June 2023, the Company's securities have been suspended from trading on the ASX and the Group is dependent achieving forecasted operational performance and securing additional funding if required. These conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999

Liability limited by a scheme approved under Professional Standards Legislation.



Responsibilities of the directors 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 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 gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and of 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*.

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.

PricewaterhouseCoopers

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Ben Meacock', written over a horizontal line.

Ben Meacock
Partner

Sydney
13 September 2023