

# 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)

Level 7, 10 Barrack Street  
SYDNEY NSW 2000  
Phone +61 (0)2 9299 3655  
Fax + 61 (0)2 9262 1638  
[admin@carbonminerals.com.au](mailto:admin@carbonminerals.com.au)  
[info@carbonminerals.com.au](mailto:info@carbonminerals.com.au)

Postal Address  
GPO Box 120  
SYDNEY NSW 2001

## QUARTERLY ACTIVITIES REPORT to June 30, 2014

### 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 operations during the quarter were limited to general maintenance and ongoing weed control at the Kahlua, Longlea and Georges Island sites. This included placing of stock panels around the Georges Island wellheads.

The Operator has continued with a range of meetings and activities relating to government, community, stakeholder and environmental matters.

**EPL for PEL1 and PEL12** In addition to planning approvals from either the Office of CSG or Department of Planning and Infrastructure (depending on the scale of the proposal), coal seam gas activities within NSW now require an Environmental Protection Licence (EPL) to be issued by NSW EPA (Environmental Protection Authority). In May the JV Operator received such an EPL for future activities within PELs 1 and 12. The EPL sets out conditions for proposed works within these licences including the drilling of wells, the operation of gas infrastructure (wells, surface facilities, pipelines, flares etc), monitoring of fugitive emissions and general notification and reporting requirements. These conditions also require a Groundwater Monitoring and Management Plan to be submitted to and approved by EPA prior to recommencement of pilot well operations.

Of relevance to the proliferation of approvals required for exploration and development, is the current inquiry into environmental regulation<sup>1</sup>, "green tape" and "one stop shops" for environmental approvals being undertaken by the **Commonwealth Government Standing Committee on the Environment**. It is hoped that constructive recommendations by this committee will lead to a reduction in the number of regulatory approvals required for projects including coal seam gas in NSW.

---

<sup>1</sup>[http://www.aph.gov.au/parliamentary\\_business/committees/house\\_of\\_representatives\\_committees?url=environment/greentape/index.htm](http://www.aph.gov.au/parliamentary_business/committees/house_of_representatives_committees?url=environment/greentape/index.htm)

**CARBON MINERALS LIMITED**  
**ABN 29 001 836 586**  
**QUARTERLY ACTIVITIES REPORT**  
**FOR THE THREE MONTHS ENDED 30 JUNE 2014**

**Exploration Expenditure Incurred**

Exploration expenditure incurred during the quarter ended 30 June 2014 on the group's projects is set out below:-

<b>Project</b>	<b>Amount Incurred</b>
New South Wales PELs 1 & 12 (Gunnedah Basin)	\$98,783 =====

**SCHEDULE OF MINERAL TENEMENTS AS AT 30 JUNE 2014**

<i>LOCATION</i>	<i>TENEMENT</i>	<i>HOLDER</i>	<i>INTEREST</i>	<i>AREA</i>	<i>CURRENT TO</i>
<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.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

CARBON MINERALS LIMITED

ABN

29 001 836 586

Quarter ended ("current quarter")

30 JUNE 2014

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A	Year to date (6 months) \$A
1.1 Receipts from product sales and related debtors	72,966	499,490
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(179,845) - - (107,736)	(210,002) - - (150,217)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	49,116	98,690
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	(395)	(930)
<b>Net Operating Cash Flows</b>	<b>(165,894)</b>	<b>237,031</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(165,894)</b>	<b>237,031</b>

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(165,894)	237,031
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(165,894)	237,031
1.20	Cash at beginning of quarter/year to date	6,162,997	5,760,072
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	5,997,103	5,997,103

### Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A	
1.23	Aggregate amount of payments to the parties included in item 1.2	50,500
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.2(d) includes \$50,500 secretarial fees paid to an entity, of which company directors are principals.

### Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

--

+ See chapter 19 for defined terms.

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

---

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

--	--

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A	Amount used \$A
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

	\$A
4.1 Exploration and evaluation	200,000
4.2 Development	-
4.3 Production	-
4.4 Administration	20,000
<b>Total</b>	<b>220,000</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A	Previous quarter \$A
5.1 Cash on hand and at bank	1,503,754	1,708,209
5.2 Deposits at call	4,493,349	4,454,788
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>5,997,103</b>	<b>6,162,997</b>

---

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

#### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

#### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>*Ordinary securities</b>	18,803,498	18,803,493	Various
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	<b>*Convertible debt securities</b> (description)			

+ See chapter 19 for defined terms.

## Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: .....

Company secretary

Date: 31 July 2014

Print name: Steven Danielson

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

---

- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

---

+ See chapter 19 for defined terms.