

Carbon Minerals Limited

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QUARTERLY ACTIVITIES REPORT to March 31, 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.

Apart from ongoing well site maintenance at Kahlua and previous exploration sites (including weed suppression and rehabilitation, the removal of portable office facilities, fence maintenance etc) field activities have remained on hold for the quarter.

The Operator Santos has made submissions to the NSW Government regarding the Draft Land Access Code of Practice for NSW and continues with comprehensive community and media liaison.

Draft progress reports have been received and assessed relating to the baseline survey of water quality. The baseline should be completed by the end of December 2014.

Exploration Expenditure Incurred

Exploration expenditure incurred during the quarter ended 31 March 2014 on the group's projects is set out below:-

Project	Amount Incurred
New South Wales PELs 1 & 12 (Gunnedah Basin)	\$40,089
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SCHEDULE OF MINERAL TENEMENTS AS AT 31 MARCH 2014

LOCATION	TENEMENT	HOLDER	INTEREST	AREA	CURRENT TO
New South Wales:					
Gunnedah	PEL 1	ACM	35% ¹	72 blocks	10/02/2015
Bando	PEL 12	ACM	35% ¹	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.

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