

Carbon Minerals Limited

ABN 29 001 836 586 – ASX Code CRM
Seam Gas Pioneers of the Gunnedah Basin NSW
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QUARTERLY ACTIVITIES REPORT to March 31, 2016

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 remain limited to routine fortnightly inspections and well maintenance if necessary. This included well integrity testing in PEL1.

As reported previously, new NSW legislation that makes significant changes to the regulation of petroleum exploration and development in NSW was passed in the last quarter of 2015 but not all the Bills or provisions have commenced to have effect and further amendments to Regulations are expected¹. Amongst other matters the changes incorporate a range of conditions relevant to the granting or renewal of Petroleum Exploration Licences. Many conditions that were previously detailed in the specific licence documents are now covered by the legislation and common to all PELs. Until the new legislation is fully operational, renewal of NSW petroleum licences including PEL1 remains pending.

Santos continues with community consultation matters including tours of the Kahlua pilot and suspended wells, comments to the media and meetings with community groups. In January 2016 Santos representative met with BHP Billiton to inspect five rehabilitated boreholes relating to BHP's Caroon coal project, a mining tenure that overlaps PEL 1. It was agreed that the boreholes were in a satisfactory condition.

¹ http://www.edonsw.org.au/mining_and_petroleum_legislation_amendment_package_2015

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QUARTERLY ACTIVITIES REPORT
FOR THE QUARTER ENDED 31 MARCH 2016

Exploration Expenditure Incurred

Exploration expenditure incurred during the quarter ended 31 March 2016 on the group's projects is set out below:-

Project	Amount Incurred
New South Wales PELs 1 & 12 (Gunnedah Basin)	\$81,616 =====

SCHEDULE OF MINERAL TENEMENTS AS AT 31 MARCH 2016

<i>LOCATION</i>	<i>TENEMENT</i>	<i>HOLDER</i>	<i>INTEREST</i>	<i>AREA</i>	<i>CURRENT TO</i>
New South Wales:					
Gunnedah	PEL 1	ACM	35% ¹	72 blocks	10/02/2015 ²
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.
2. Application for renewal submitted.

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")

31 MARCH 2016

Consolidated statement of cash flows

	Current quarter \$A	Year to date (3 months) \$A
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	5,141	5,141
1.2 Payments for (a) exploration & evaluation	(81,616)	(81,616)
(b) development	-	-
(c) production	-	-
(d) administration	(60,357)	(60,357)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2,052	2,052
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	(771)	(771)
Net Operating Cash Flows	(135,551)	(135,551)
Cash flows related to investing activities		
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	(11,000)	(11,000)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(146,551)	(146,551)

+ 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)	(146,551)	(146,551)
	Cash flows related to financing activities		
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)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(146,551)	(146,551)
1.20	Cash at beginning of quarter/year to date	4,994,204	4,994,204
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4,847,653	4,847,653

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	33,000
1.24	Aggregate amount of loans to the parties included in item 1.10	11,000

1.25 Explanation necessary for an understanding of the transactions

Item 1.2(d) includes secretarial fees paid \$33,000 to an entity, of which a company director is a consultant and an alternate director is a principal.

Item 1.10 represents a loan to a related entity \$11,000.

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

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+ 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

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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	90,000
4.2 Development	-
4.3 Production	-
4.4 Administration	46,000
Total	136,000

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	142,536	289,087
5.2 Deposits at call	4,705,117	4,705,117
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	4,847,653	4,994,204

+ 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	Preference securities (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	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	*Convertible debt securities (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	Options (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	Debentures (totals only)				
7.12	Unsecured notes (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:
Director

Date: 20 April 2016

Print name: Marcus Lincoln Smith

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.

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