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# 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 REPORT  
30 JUNE 2012**

**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 2012.

**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:

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

**Operating Results**

The consolidated profit of the consolidated entity for the half-year after income tax was \$779,251 (2011 half-year loss \$98,006).

**Dividends**

The directors report that during the half-year ended 30 June 2012 no dividends were declared or paid (2011 half-year: nil)

**Review of Operations**

**Gunnedah Basin Coalbed Methane Project**

**Petroleum Exploration Licences Nos 1 and 12, NSW (Gunnedah Basin)**

*(These tenements are held by wholly owned subsidiary, Australian Coalbed Methane Pty Limited (ACM), and are subject to a Joint Venture (JV) with Santos QNT Pty Ltd (Santos), as previously advised. Santos has now acquired a 65% interest in the tenements and is the project Operator.)*

There were no new field exploration or appraisal programs conducted in the Gunnedah Project area during the reporting period. While social opposition and administrative constraints continue to hinder a recommencement of field activities, the Company is hopeful that both industry and Government efforts to present a science-based account of responsible seam gas exploration and development, and its important role in both national and state economies are beginning to have an impact.

In announcing a new administrative levy to be applied to the NSW resources sector (NSW Government release dated June 12, 2012<sup>1</sup>), Resources Minister Chris Harcher stated that "***The NSW Government's commitment to the mining industry recognises the key role mineral and gas exploration will play in rebuilding the NSW economy***".

While this levy, and a further annual charge to apply to mineral and gas tenements will add to the administrative overheads associated with resource exploration and development, the Government's clear declaration of the importance of this sector is encouraging. In conjunction with Operator Santos' continuing commitment to open engagement with local communities (e.g. "*Santos News for the People of the Gunnedah Basin*", issue 6, June 2012, available via the Santos website) it is hoped that much of the ill-founded opposition to seam gas activities will be dispelled to permit a resumption of responsible exploration and development.

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<sup>1</sup> [http://www.resources.nsw.gov.au/\\_data/assets/pdf\\_file/0018/434340/120612\\_budget.pdf](http://www.resources.nsw.gov.au/_data/assets/pdf_file/0018/434340/120612_budget.pdf)

**DIRECTORS' REPORT (Continued)**

**Review of Operations (Continued)**

In an update on the Gunnedah Project released to the ASX<sup>2</sup> on March 9, 2012, we outlined the release by the New South Wales Government of *Draft Strategic Land Use Plans*. The Government advised that comment and formal submissions on these proposals would be accepted up to May 3, 2012, and our JV partner, Santos and the Company's technical advisers, Earth Resources Australia Pty Limited (ERA), have both lodged a formal submission.

A thorough review of submissions and formulation of specific outcomes by the relevant administrative bodies will also clearly be another important component in the resumption of responsible activities. We will continue to keep shareholders advised of these matters.

**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.



P.A. Lincoln Smith  
Director

Sydney  
30 August 2012

<sup>2</sup> <http://www.asx.com.au/asxpdf/20120309/pdf/424xsql8hhcgvv.pdf>

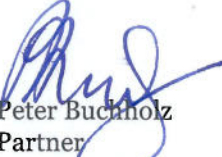


## Auditor's Independence Declaration

As lead auditor for the audit of Carbon Minerals Limited for the half year *30 June 2012*, 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

  
Peter Buchholz  
Partner  
PricewaterhouseCoopers

Sydney  
30 August 2012

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 30 JUNE 2012**

	<b>Half-year</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue from continuing operations</b>	<b>550,661</b>	9,228
Raw materials and consumables used	<b>(3,267)</b>	(18,640)
Administration expenses	<b>(183,414)</b>	(87,575)
Write off of unrecoverable deposit	<b>(6,000)</b>	-
Other Expenses	<b>(1,299)</b>	(1,019)
	<hr/>	<hr/>
Profit/(loss) before income tax expense	<b>356,681</b>	(98,006)
Income tax (expense)/benefit	<b>422,570</b>	-
Profit/(loss) from continuing operations	<b>779,251</b>	(98,006)
	<hr/>	<hr/>
<b>Profit/(loss) for the half-year</b>	<b>779,251</b>	(98,006)
	<hr/>	<hr/>
<b>Total comprehensive income/(loss) for the half-year</b>	<b>779,251</b>	(98,006)
	<hr/>	<hr/>
<b>Profit/(loss) attributable to:</b>		
<b>Owners of Carbon Minerals Limited</b>	<b>779,251</b>	(98,006)
	<hr/>	<hr/>
<b>Total comprehensive profit/(loss) for the half-year attributable to:</b>		
<b>Owners of Carbon Minerals Limited</b>	<b>779,251</b>	(98,006)
	<hr/>	<hr/>
	<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the company:</b>		
Basic earnings per share	<b>4.14</b>	(0.52)
Diluted earnings per share	<b>4.14</b>	(0.52)
<b>Earnings per share for total comprehensive profit/(loss) attributable to the ordinary equity holders of the company:</b>		
Basic earnings per share	<b>4.14</b>	(0.52)
Diluted earnings per share	<b>4.14</b>	(0.52)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2012**

	<b>30 JUNE</b>	31 DECEMBER
	<b>2012</b>	2011
	\$	\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	15,231,164	15,077,549
Receivables	180,659	103,289
Term Deposits	10,000	10,000
<b>Total Current Assets</b>	<b>15,421,823</b>	15,190,838
<b>Non-Current Assets</b>		
Term Deposits	65,000	65,000
Property, plant and equipment	736,080	736,080
Exploration and evaluation expenditure	2,933,501	1,906,856
<b>Total Non-Current Assets</b>	<b>3,734,581</b>	2,707,936
<b>Total Assets</b>	<b>19,156,404</b>	17,898,774
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	972,399	183,450
Income tax payable	2,129,687	2,552,257
<b>Total Current Liabilities</b>	<b>3,102,086</b>	2,735,707
<b>Non-Current Liabilities</b>		
Payables	112,000	-
<b>Total Current Liabilities</b>	<b>112,000</b>	-
<b>Total Liabilities</b>	<b>3,214,086</b>	2,735,707
<b>Net Assets</b>	<b>15,942,318</b>	15,163,067
<b>Equity</b>		
Contributed equity	8,433,899	8,433,899
Retained profits/(Accumulated Losses)	7,508,419	6,729,168
Capital and reserves attributable to the owners of Parent entity interest	<b>15,942,318</b>	15,163,067
<b>Total Equity</b>	<b>15,942,318</b>	15,163,067

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2012**

<b>Consolidated</b>	<b>Attributable to owners of Carbon Minerals Limited</b>		
	<b>Contributed equity</b> \$	<b>Accumulated losses</b> \$	<b>Total</b> \$
<b>Balance at 1 January 2011</b>	<b>8,433,899</b>	<b>(3,675,334)</b>	<b>4,758,565</b>
Total comprehensive loss for the half-year	-	(98,006)	(98,006)
<b>Balance at 30 June 2011</b>	<b>8,433,899</b>	<b>(3,773,340)</b>	<b>4,660,559</b>
<b>Balance at 1 January 2012</b>	<b>8,433,899</b>	<b>6,729,168</b>	<b>15,163,067</b>
Total comprehensive profit for the half-year	-	779,251	779,251
<b>Balance at 30 June 2012</b>	<b>8,433,899</b>	<b>7,508,419</b>	<b>15,942,318</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2012**

	<b>Half-year</b>	
	<b>2012</b>	<b>2011</b>
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of Goods and Services Tax)	<b>88,579</b>	2,155
Interest received	<b>395,086</b>	6,739
Payments		
- to suppliers and employees (inclusive of goods and services tax)	<b>(214,475)</b>	(95,781)
- for exploration expenditure (inclusive of goods and services tax)	<b>(115,575)</b>	(50,243)
	<hr/>	<hr/>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>153,615</b>	(137,130)
	<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>153,615</b>	(137,130)
	<hr/>	<hr/>
Cash and cash equivalents at the beginning of the half-year	<b>15,077,549</b>	230,346
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the half-year</b>	<b>15,231,164</b>	93,216
	<hr/>	<hr/>

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 2012**

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

This general purpose financial report for the interim half-year reporting period ended 30 June 2012 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 2011 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*.

This interim report has been prepared on a going concern basis as the company has sufficient funds to meet its immediate needs. The directors are confident that the company has access to funds to meet its future obligations through a loan from Palmarc Investments Pty Limited a company owned by the Chairman Mr. Paul Lincoln Smith. This loan of \$1million is available to the company to 31 December 2012 should it require these funds.

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>Half-year 2012</b>	Natural resources exploration \$	Primary production \$	Total continuing operations \$	Total \$
<b>Total segment revenue</b>	<b>550,661</b>	-	<b>550,661</b>	<b>550,661</b>
<b>Consolidated revenue</b>			<b>550,661</b>	<b>550,661</b>
<b>Segment result</b>	<b>360,527</b>	<b>(3,846)</b>	<b>356,681</b>	<b>356,681</b>
<b>Profit before income tax</b>			<b>356,681</b>	<b>356,681</b>
<b>Segment assets and liabilities 30 June 2012</b>				
Segment assets	18,788,082	368,322	19,156,404	19,156,404
Segment liabilities	3,214,086	-	3,214,086	3,214,086

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2012 (continued)**

**NOTE 2 SEGMENT INFORMATION (continued)**

<b>Half-year 2011</b>	Natural resources exploration \$	Primary production \$	Total continuing operations \$	Total \$
<b>Total segment revenue</b>	<b>9,228</b>	-	<b>9,228</b>	<b>9,228</b>
<b>Consolidated revenue</b>			<b>9,228</b>	<b>9,228</b>
<b>Segment result</b>	<b>(78,927)</b>	<b>(19,079)</b>	<b>(98,006)</b>	<b>(98,006)</b>
<b>Loss before income tax</b>			<b>(98,006)</b>	<b>(98,006)</b>
<b>Segment assets and liabilities 31 December 2011</b>				
Segment assets	17,530,452	368,322	17,898,774	17,898,774
Segment liabilities	2,735,707	-	2,735,707	2,735,707

**NOTE 3 PROFIT FOR THE HALF-YEAR**

	<b>Half-year</b>	
	<b>2012</b>	<b>2011</b>
	\$	\$
Profit/(loss) for the half-year includes the following:		
<b>Revenue</b>		
Crop sales	-	-
<b>Expenses</b>		
Cost of sales	<b>(3,267)</b>	<b>(18,640)</b>
<b>Net loss</b>	<b>(3,267)</b>	<b>(18,640)</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2012 (continued)**

**NOTE 4 CONTINGENCIES**

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

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

	<b>30 JUNE 2012</b>	31 DECEMBER 2011
	\$	\$
<b>Guarantees</b>		
Australian Coalbed Methane Pty Limited	<u>75,000</u>	<u>75,000</u>
<b>Security Bonds</b>		
Australian Coalbed Methane Pty Limited	<u>-</u>	<u>6,000</u>

**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 10 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 2012 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.



P.A. Lincoln Smith  
Director

Sydney  
30 August 2012



## **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, which comprises the consolidated statement of financial position as at 31 June 2012, and 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 the Carbon Minerals Limited (the consolidated entity). The consolidated entity comprises both Carbon Minerals Limited (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 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 2012 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*.

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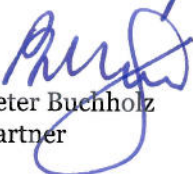


*Conclusion*

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 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

  
PricewaterhouseCoopers

  
Peter Buchholz  
Partner

30 August 2012

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