

CARBON MINERALS LIMITED

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Operations Office

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Company Announcements Office
Australian Securities Exchange
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Release to ASX by Carbon Minerals Ltd

Gunnedah Basin Project - Santos/Australian Coalbed Methane Farmin Agreement (FIA) Petroleum Exploration Licences 1 and 12, and PALA5 ACM 75%, Santos 25% and Operator

Further to recent announcements on the above, the Company is pleased to advise that Santos has elected to exercise its option under the FIA - effective from June 8, 2010 - to carry out the Pilot Farmin Work and thereby having the right to earn an additional 40% equity in ACM's Gunnedah Basin tenements. Under the terms of the FIA, Santos is required to spend not less than \$30M within a 24 month period on this program of work, which will include 2 separate multi-well pilots (see accompanying map), further exploration drilling, and associated testing and appraisal work.

Excellent results from the phase 1 FIA work by Santos at both Kahlua and Glasserton (as previously announced) has confirmed prospectivity of the biogenic fairway discovered by ACM in the period 2004-2006, and has provided a focus for the Pilot Farmin program. The potential for additional but contiguous seam gas resources in the Early Permian sequence (see Map) will also be further assessed by the proposed work.

Carbon Minerals Limited looks forward to the successful completion of this work which is an essential component in the establishment of seam gas reserves in the Company's Gunnedah Basin tenements.

Yours faithfully,



Steven J. Danielson
Company Secretary

Registered Office and Share Registry

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