



**CARBINE RESOURCES**  
LIMITED

ABN 81 122 976 818

**FINANCIAL REPORT FOR THE HALF-YEAR ENDED**  
**30 JUNE 2014**

## **CORPORATE DIRECTORY**

<b>Directors</b>	Mr Tom Bahen Mr Evan Cranston Mr Patrick Walta	(Non-Executive Director) (Non-Executive Director) (Executive Director)
<b>Company Secretary</b>	Ms Oonagh Malone	
<b>Principal &amp; Registered Office</b>	Suite 23, 513 Hay Street Subiaco, WA 6008 Telephone: Facsimile: Email:	(08) 6142 0986 (08) 9388 8824 admin@carbineresources.com.au
<b>Share Registry</b>	Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153 Telephone: Facsimile:	(08) 9315 2333 (08) 9315 2233
<b>Auditor</b>	Stantons International 2/1 Walker Avenue West Perth WA 6005	
<b>Legal Advisor</b>	Bellanhouse Legal Suite 1, 6 Richardson Street West Perth WA 6005 Telephone:	(08) 9226 2809
<b>ASX Code</b>	CRB	

## **CONTENTS**

DIRECTORS' REPORT	3
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	6
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
CONSOLIDATED STATEMENT OF CASH FLOWS	8
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	9
DIRECTORS' DECLARATION	14
AUDITOR'S INDEPENDENCE DECLARATION	15
INDEPENDENT AUDITOR'S REVIEW REPORT	16

## **DIRECTORS' REPORT**

The Directors present their report on the consolidated entity consisting of Carbine Resources Limited and the entity it controlled ("the Group" or "Carbine") at the end of, or during, the half-year ended 30 June 2014.

### **DIRECTORS**

The name of Directors who held office during or since the end of the half-year and until the date of this report period is set out below. Directors were in office for the entire period unless otherwise stated.

Mr Tom Bahen	Non-Executive Director	
Mr Evan Cranston	Non-Executive Director	
Mr Patrick Walta	Executive Director	(Appointed 3 April 2014)
Mr Grant Mooney	Non-Executive Director	(Resigned 2 September 2014)

### **REVIEW OF OPERATIONS**

The loss for the half-year after income tax was \$435,416 (30 June 2013: \$1,005,312 loss).

#### **Exploration Activities**

On 3 April 2014, Carbine announced that it had entered an agreement to acquire the Mount Morgan Gold & Copper Project in Queensland. The historic Mount Morgan Mine is 38km from Rockhampton on the central Queensland coast. Mining operations at Mount Morgan spanned nearly 100 years, producing 8.4Moz of gold, 400,000t of copper and 1.2Moz of silver from approximately 50Mt of ore. The operations produced substantial tailings resources which remain on the mining leases. The Queensland Department of Natural Resources and Mines holds all environmental liabilities associated with the current status and legacy of the Mount Morgan Mine and surface tailings. Carbine is assessing the potential for restarting tailings operations at Mount Morgan to economically recover gold, copper and pyrite resources.

Carbine's Ouahigouya Gold Project in Burkina Faso is located in an outlier of the Hounde Greenstone Belt in northwest Burkina Faso (West Africa) and consists of a contiguous land holding of 1,264 km<sup>2</sup> comprising five granted Exploration Permits (two in joint venture) and two permit applications. Exploration on the project to date has not delivered results of sufficient magnitude to support continued exploration at historic levels. This, combined with current market sentiments towards gold and gold exploration in West Africa, has led the Board to make the decision that it is not prudent to utilise expensive exploration methods such as drilling at this time. The Company continues to assess options for future development of these assets, including joint venture or divestment.

### **SUBSEQUENT EVENTS**

Subsequent to the reporting period:

- On 2 September 2014, Mr Grant Mooney resigned from his positions as Company Secretary and Non-Executive Director.
- On 2 September 2014, Ms Oonagh Malone was appointed to the position of Company Secretary.

There were no other events subsequent to the end of the half year ended 30 June 2014 that would have a material effect on these financial statements.

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is attached to this half-year financial statement.

Dated at Perth this 12<sup>th</sup> day of September 2014.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'Patrick Walta', written in a cursive style.

**Patrick Walta**  
Executive Director

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
 COMPREHENSIVE INCOME  
 FOR THE HALF-YEAR ENDED 30 JUNE 2014**

		<b>CONSOLIDATED HALF-YEAR</b>	
	<b>Notes</b>	<b>June 2014</b>	<b>June 2013</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue from continuing operations</b>		<b>94,490</b>	85,393
<b>Other Income</b>		-	12,038
Exploration & evaluation costs	2	<b>(198,921)</b>	(327,604)
Loss on disposal of financial assets		-	(240,800)
Depreciation		<b>(23,528)</b>	(40,401)
Share based payment expenses		-	(16,382)
Employee, director and consultant expenses		<b>(162,053)</b>	(257,859)
General and administration expenses		<b>(143,005)</b>	(151,935)
Impairment of receivable	3	<b>(2,399)</b>	(67,762)
Loss before income tax expense		<b>(435,416)</b>	(1,005,312)
Income Tax Expense		-	-
Loss after income tax from continuing operations attributable to members of Carbine Resources Limited		<b>(435,416)</b>	(1,005,312)
<b>Loss attributable to members of Carbine Resources Limited</b>		<b>(435,416)</b>	(1,005,312)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange difference on translation of foreign operations		<b>(4,062)</b>	133,748
Total other comprehensive (loss)/ income		<b>(4,062)</b>	133,748
<b>Total comprehensive loss attributable to members of Carbine Resources Limited</b>		<b>(439,478)</b>	(871,564)
<b>Loss per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the company</b>		<b>Cents</b>	<b>Cents</b>
Basic loss per share		<b>(0.31)</b>	(0.72)
Diluted loss per share		<b>(0.31)</b>	(0.72)

This Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2014**

		<b>CONSOLIDATED</b>	
	<b>Notes</b>	<b>30 June 2014</b>	<b>31 December 2013</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		<b>4,938,853</b>	5,308,154
Trade and other receivables	3	<b>33,461</b>	51,151
Other current assets		<b>26,104</b>	18,513
<b>TOTAL CURRENT ASSETS</b>		<b>4,998,418</b>	5,377,818
<b>NON-CURRENT ASSETS</b>			
Financial assets		<b>50,000</b>	50,000
Plant and equipment	4	<b>34,959</b>	61,037
Exploration and evaluation expenditure	2	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>84,959</b>	111,037
<b>TOTAL ASSETS</b>		<b>5,083,377</b>	5,488,855
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<b>68,570</b>	34,570
<b>TOTAL CURRENT LIABILITIES</b>		<b>68,570</b>	34,570
<b>TOTAL LIABILITIES</b>		<b>68,570</b>	34,570
<b>NET ASSETS</b>		<b>5,014,807</b>	<b>5,454,285</b>
<b>EQUITY</b>			
Issued Capital	5	<b>22,636,442</b>	22,636,442
Reserves		<b>2,599,795</b>	2,603,857
Accumulated losses		<b>(20,221,430)</b>	(19,786,014)
<b>TOTAL EQUITY</b>		<b>5,014,807</b>	<b>5,454,285</b>

This Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE HALF-YEAR ENDED 30 JUNE 2014**

	CONSOLIDATED				
	Contributed Equity \$	Accumulated Losses \$	Share Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Total Equity \$
<b>Balance at 1 January 2014</b>	<b>22,636,442</b>	<b>(19,786,014)</b>	<b>2,357,728</b>	<b>246,129</b>	<b>5,454,285</b>
Total comprehensive income/(loss) for the half year	-	(435,416)	-	-	(435,416)
Exchange difference on translation of foreign operations	-	-	-	(4,062)	(4,062)
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>(435,416)</b>	<b>-</b>	<b>(4,062)</b>	<b>(439,478)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Share based payments	-	-	-	-	-
	-	-	-	-	-
<b>Balance at 30 June 2014</b>	<b>22,636,442</b>	<b>(20,221,430)</b>	<b>2,357,728</b>	<b>242,067</b>	<b>5,014,807</b>

	CONSOLIDATED				
	Contributed Equity \$	Accumulated Losses \$	Share Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Total Equity \$
<b>Balance at 1 January 2013</b>	<b>22,636,442</b>	<b>(18,689,268)</b>	<b>2,341,346</b>	<b>167,481</b>	<b>6,456,001</b>
Total comprehensive income/(loss) for the half year	-	(1,005,312)	-	-	(1,005,312)
Exchange difference on translation of foreign operations	-	-	-	133,748	133,748
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>(1,005,312)</b>	<b>-</b>	<b>133,748</b>	<b>(871,564)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Share based payments	-	-	16,382	-	16,382
	-	-	16,382	-	16,382
<b>Balance at 30 June 2013</b>	<b>22,636,442</b>	<b>(19,694,580)</b>	<b>2,357,728</b>	<b>301,229</b>	<b>5,600,819</b>

This Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.



**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 30 JUNE 2014**

	<b>CONSOLIDATED HALF-YEAR</b>	
	<b>30 June 2014</b>	30 June 2013
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(191,671)	(346,616)
Exploration expenditure, prospects, management fees	(291,542)	(263,437)
Interest received	115,153	85,393
<b>Net cash (outflow) from operating activities</b>	<b>(368,060)</b>	<b>(524,660)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of plant and equipment	-	134,123
Proceeds from sale of financial assets	-	1,019,200
<b>Net cash inflow from investing activities</b>	<b>-</b>	<b>1,153,323</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares, net of capital raising costs	-	-
<b>Net cash inflow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net (decrease) / increase in cash and cash equivalents held</b>	<b>(368,060)</b>	<b>628,663</b>
Cash and cash equivalents at the beginning of the period	5,308,154	4,920,642
Differences in foreign exchange	(1,241)	(16,238)
<b>Cash and cash equivalents at the end of the period</b>	<b>4,938,853</b>	<b>5,533,067</b>

This Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements.

## **CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014**

### **1. BASIS OF PREPARATION**

These general purpose interim financial statements of Carbine Resources Limited and its controlled entity (the Group) for the half-year reporting period ended 30 June 2014 have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This half-year report was authorised for issue in accordance with a resolution of the Board of Directors on 12<sup>th</sup> September 2014. Carbine Resources Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

The interim financial statements do not include all notes of the type normally included within the annual financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2013 and any public announcements made by Carbine Resources Limited during the interim financial reporting period in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

For the purpose of preparing these half-year financial statements, the half-year has been treated as a discrete reporting period.

The same accounting policies and methods of computation have been followed in the interim financial report as were applied in the most recent annual financial statements except in relation to the matters discussed below:

The Group has adopted the following new and revised Australian Accounting Standards from 1 January 2014 together with consequential amendments to other Standards:

- AASB 1031: Materiality
- AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements
- AASB 2012-3: Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

These Standards are mandatorily applicable from 1 January 2014 and thus became applicable to the Group for the first time in the current half year reporting period. The effects of these Standards in the current half year reporting period are as follows:

- Revised AASB 1031 is an interim standard that cross-references to other standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The application of the requirements of the Standard has not had a material effect on the Group's financial information.
- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements amends AASB 124 Related Party Disclosures to remove the individual key management personnel disclosures required by Australian specific paragraphs. The application of the requirements of the amendments has not had a material effect on the Group's financial information for the half year.
- AASB 2012-3 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 Financial Instruments: Presentation. Clarifies the meaning of 'currently has a legally enforceable right to set-off and simultaneous realisation and settlement'. The application of the requirements of the amendments has not had a material effect on the Group's financial information.

## **CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014**

- AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets amends AASB 136 Impairment of Assets to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of the requirements of the amendments has not had a material effect on the Group's financial information.

The Group has not elected to adopt any new Accounting Standards or Interpretations prior to their applicable date of implementation.

### **2. EXPLORATION AND EVALUATION EXPENDITURE**

	<b>CONSOLIDATED</b>	
	<b>30 June 2014</b>	30 June 2013
	\$	\$
Exploration expenditure during the half year	<b>198,921</b>	327,604
Exploration costs expensed	<b>(198,921)</b>	(327,604)
<b>Total exploration and evaluation</b>	<b>-</b>	<b>-</b>

### **3. TRADE AND OTHER RECEIVABLES**

	<b>CONSOLIDATED</b>	
	<b>30 June 2014</b>	31 December 2013
	\$	\$
<b>Current</b>		
Trade and other receivables	<b>33,461</b>	51,151
VAT receivable	<b>858,631</b>	911,896
Opening balance of impairment of VAT receivable	<b>(911,896)</b>	(764,826)
Decrease / (increase) in impairment of VAT (note a)	<b>53,265</b>	(147,070)
	<b>33,461</b>	51,151

#### **a. Impaired VAT Receivable**

As at 30 June 2014 the Group had VAT receivable in Burkina Faso of \$858,631 (2013: \$911,896). The VAT is recoverable against generation of revenue for which the Group would be required to remit VAT. The Group determined that at this stage of exploration it was not yet probable that it would generate this revenue and the whole of the VAT receivable has been treated as impaired. The decrease in the impairment of VAT receivable of \$53,265 (2013: increase of \$147,070) includes \$55,664 (2013: (\$161,331)) caused by exchange differences on translation of foreign operations less an increase in the amount receivable in the functional currency of the local operations of \$2,399 (2013: decrease of \$14,261) that has been recognised as an expense (2013: gain) in profit or loss. No other receivables are past due or impaired.

Due to the short term nature of the receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk at the end of the reporting period is the total mentioned above.

## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

### 4. PLANT AND EQUIPMENT

	CONSOLIDATED	
	30 June 2014	31 December 2013
	\$	\$
Opening net book value	61,037	214,594
Additions	-	-
Foreign exchange	(2,550)	22,782
Depreciation charge for the year	(23,528)	(65,810)
Disposals	-	(110,529)
Closing net book value	<u>34,959</u>	<u>61,037</u>
Cost	168,408	178,636
Accumulated depreciation and impairment	(133,449)	(117,599)
Net book value	<u>34,959</u>	<u>61,037</u>

### 5. ISSUED CAPITAL

	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	No. of Shares	No. of Shares	\$	\$
<i>(a) Ordinary Shares fully paid</i>				
<b>Balance at beginning of period</b>	<b>140,017,394</b>	140,017,394	<b>22,636,442</b>	22,636,442
Issue of shares	-	-	-	-
Cost of capital raising	-	-	-	-
<b>Balance at end of period</b>	<b>140,017,394</b>	140,017,394	<b>22,636,442</b>	22,636,442

	30 June 2014	31 December 2013
	No. of Options	No. of Options
<i>(b) Unlisted Options</i>		
<b>Balance at beginning of period</b>	<b>8,425,000</b>	16,025,000
Options granted in the period	-	-
Options exercised	-	-
Options underwritten	-	-
Options lapsed or cancelled on failure to vest	(425,000)	(7,600,000)
	<u>8,000,000</u>	<u>8,425,000</u>

## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

### 6. SEGMENT INFORMATION

	Australia \$	West Africa \$	Reconciling items \$	Total \$
<b>30 June 2014</b>				
Total segment revenue	94,490	-	-	<b>94,490</b>
Inter segment revenue	-	-	-	-
<b>External revenue</b>	<b>94,490</b>	-	-	<b>94,490</b>
<b>Segment loss</b>	<b>(381,402)</b>	<b>(54,014)</b>	-	<b>(435,416)</b>
<b>30 June 2013</b>				
Total segment revenue	85,393	-	-	<b>85,393</b>
Inter segment revenue	-	-	-	-
<b>External revenue</b>	<b>85,393</b>	-	-	<b>85,393</b>
<b>Segment loss</b>	<b>(583,937)</b>	<b>(421,375)</b>	-	<b>(1,005,312)</b>
<b>Segment assets</b>				
	<b>Australia</b>	<b>West Africa</b>		<b>Total</b>
		\$		\$
30 June 2014	5,018,125	65,252	-	5,083,377
30 June 2013	5,579,580	100,592	-	5,680,172

### 7. CONTINGENCIES

The Group had no contingent liabilities or contingent assets as at 30 June 2014 (31 December 2013: None) other than the earn-in agreement with Raging Bull Mining Pty Ltd (Raging Bull) to progressively acquire Raging Bull Metals Pty Ltd (RBM) as announced on 3 April 2014. The completion of the agreed transaction is subject to technical due diligence by the Group.

Under this agreement, the Group is:

- solely funding the Project to completion of a Bankable Feasibility Study (BFS) earning an initial 75% interest; and
- executing an option to acquire the remaining 25% of RBM via independent valuation.

RBM, a wholly owned subsidiary of Raging Bull, holds an agreement with Norton Gold Fields Ltd (Norton) to acquire the Project. The Project is a 100% interest in the Mount Morgan Au/Cu Mine and 1Mtpa Kundana CIP Plant.

RBM's agreement with Norton for acquisition of the Project requires:

- payment to Norton of \$100,000 on completion of initial due diligence and \$400,000 on completion of technical due diligence. The initial \$100,000 was paid during the half year and the remaining \$400,000 is due to be paid in October 2014, subject to completion of technical due diligence activities;
- completion of a BFS on the project;
- payment to Norton of \$2,000,000 on completion of a capital raising following the BFS; and
- a final payment to Norton of a total \$13,000,000 via 20% of the annual net earnings from operation of the project.

## **CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014**

### **8. EVENTS OCCURRING AFTER THE REPORTING DATE**

Subsequent to the reporting period:

- On 2 September 2014, Mr Grant Mooney resigned from his positions as Company Secretary and Non-Executive Director.
- On 2 September 2014, Ms Oonagh Malone was appointed to the position of Company Secretary.

There were no other events subsequent to the end of the half year ended 30 June 2014 that would have a material effect on these financial statements.

## **DIRECTORS' DECLARATION**

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 13 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 2014 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Carbine Resources 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.



**Patrick Walta**  
Executive Director

Dated at Perth this 12<sup>th</sup> day of September 2014

12 September 2014

The Directors

Carbine Resources Limited  
Suite 23, 513 Hay Street  
SUBIACO WA 6008

Dear Sirs

**RE: CARBINE RESOURCES LIMITED**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Carbine Resources Limited.

As Audit Director for the review of the financial statements of Carbine Resources Limited for the period ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**



**Samir Tirodkar**  
**Director**



## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CARBINE RESOURCES LIMITED**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Carbine Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Carbine Resources Limited (the consolidated entity). The consolidated entity comprises both Carbine Resources Limited (the Company) and the entity it controlled during the half-year.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Carbine Resources Limited 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 half year 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 2014 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 Carbine Resources 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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Carbine Resources Limited on 12 September 2014.

*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 Carbine Resources 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 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

*Stantons International Audit and Consulting Pty Ltd*  
*Samir*

**Samir Tirodkar**  
**Director**

West Perth, Western Australia  
12 September 2014