



CARBINE RESOURCES
LIMITED

ABN 81 122 976 818

FINANCIAL REPORT FOR THE HALF-YEAR ENDED
30 JUNE 2017

CORPORATE DIRECTORY

Directors	Mr John Fitzgerald Mr Anthony James Mr Graham Brock Mr Evan Cranston	(Non-Executive Chairman) (Managing Director) (Non-Executive Director) (Non-Executive Director)
Company Secretary	Ms Oonagh Malone	
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DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Carbine Resources Limited ("the Company") and the entity it controlled ("the Group" or "Carbine") at the end of, or during, the half-year ended 30 June 2017.

DIRECTORS

The names 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 John Fitzgerald	Non-Executive Chairman
Mr Anthony James	Managing Director
Mr Graham Brock	Non-Executive Director
Mr Evan Cranston	Non-Executive Director

REVIEW OF OPERATIONS

The loss for the half-year after income tax was \$1,809,158 (30 June 2016: \$2,732,157 loss).

Exploration and Development Activities

During the half year ended 30 June 2017, the Company:

- Received Heritage and Regional Interests Development approvals for the Mount Morgan Project.
- Progressed the remaining major approval, being the Environmental Authority amendment.
- Commenced front end engineering and design including detailed geotechnical evaluation of the proposed plant location and final metallurgical test work incorporating a demonstration plant.
- Submitted a submission for financial support from the Queensland Government Jobs and Regional Growth Fund.

Corporate Activities

During the half year ended 30 June 2017, the Company:

- Commenced due diligence activities and continued discussions with potential project financiers.
- Agreed revised terms to acquire the remaining 25% of the Mount Morgan Project from Raging Bull Mining Pty Ltd (RBM), giving the Company an exclusive option to acquire RBM.
- Continued discussions with Norton Goldfields regarding the Mining Property Sale Agreement with Raging Bull Metals Pty Ltd.

SUBSEQUENT EVENTS

Subsequent to the reporting period:

- On 31 July 2017, the Company signed an offtake agreement with Iking International Limited for sale of future pyrite concentrate.
- On 8 August 2017, the Company received an R&D tax refund of \$917,490. This refund related to the year ended 31 December 2016.

There were no other events subsequent to the end of the half year ended 30 June 2017 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 13th day of September 2017.

Signed in accordance with a resolution of the Directors.

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

John Fitzgerald
Chairman

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2017**

	Notes	CONSOLIDATED HALF-YEAR	
		30 June 2017	30 June 2016
		\$	\$
Revenue from continuing operations		65,077	31,136
Other Income		-	-
Exploration and evaluation costs	2	(989,618)	(1,842,011)
Depreciation		(836)	(803)
Share based payment reversal / (expense)	7	137,972	(194,749)
Employee, director and consultant expenses		(568,423)	(608,904)
General and administration expenses		(341,330)	(284,078)
Loss on revaluation of financial assets	8	(112,000)	(86,200)
Loss before income tax expense		(1,809,158)	(2,985,609)
Income Tax Expense		-	-
Loss after income tax from continuing operations attributable to members of Carbine Resources Limited		(1,809,158)	(2,985,609)
Discontinued operations			
Profit for the half year from discontinued operations	9	-	253,452
Loss for the half year		(1,809,158)	(2,732,157)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange difference on disposal of subsidiary		-	(253,452)
Total other comprehensive (loss) / income		-	(253,452)
Total comprehensive loss attributable to members of Carbine Resources Limited		(1,809,158)	(2,985,609)
Loss per share attributable to the ordinary equity holders of the company		Cents	Cents
Basic loss per share		(0.93)	(1.78)
Diluted loss per share		(0.93)	(1.78)
Loss per share from continuing operations attributable to the ordinary equity holders of the company		Cents	Cents
Basic loss per share		(0.93)	(1.95)
Diluted loss per share		(0.93)	(1.95)

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 2017

		CONSOLIDATED	
	Notes	30 June 2017	31 December 2016
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		4,712,540	6,467,641
Trade and other receivables	3	25,590	40,206
Other current assets		15,722	9,301
TOTAL CURRENT ASSETS		4,753,852	6,517,148
NON-CURRENT ASSETS			
Financial assets	8	348,200	460,200
Plant and equipment	4	1,970	2,472
Exploration and evaluation expenditure	2	-	-
TOTAL NON-CURRENT ASSETS		350,170	462,672
TOTAL ASSETS		5,104,022	6,979,820
CURRENT LIABILITIES			
Trade and other payables		249,335	175,083
Provisions		24,427	27,347
TOTAL CURRENT LIABILITIES		273,762	202,430
TOTAL LIABILITIES		273,762	202,430
NET ASSETS		4,830,260	6,777,390
EQUITY			
Issued Capital	5	30,789,780	30,789,780
Reserves		3,393,463	3,531,435
Accumulated losses		(29,352,983)	(27,543,825)
TOTAL EQUITY		4,830,260	6,777,390

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 2017**

	CONSOLIDATED				
	Contributed Equity	Accumulated Losses	Share Based Payments Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 January 2017	30,789,780	(27,543,825)	3,531,435	-	6,777,390
Loss for the half year from continuing operations	-	(1,809,158)	-	-	(1,809,158)
Total comprehensive income / (loss) for the half year	-	(1,809,158)	-	-	(1,809,158)
Transactions with owners in their capacity as owners:					
Securities issued	-	-	-	-	-
Share based payments	-	-	(137,972)	-	(137,972)
	-	-	(137,972)	-	(137,972)
Balance at 30 June 2017	30,789,780	(29,352,983)	3,393,463	-	4,830,260

	CONSOLIDATED				
	Contributed Equity	Accumulated Losses	Share Based Payments Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 January 2016	22,636,442	(23,042,093)	2,696,558	253,452	2,544,359
Loss for the half year from continuing operations	-	(2,985,609)	-	-	(2,985,609)
Profit from discontinued operations	-	253,452	-	-	253,452
Deconsolidation of subsidiary	-	-	-	(253,452)	(253,452)
Total comprehensive income / (loss) for the half year	-	(2,732,157)	-	(253,452)	(2,985,609)
Transactions with owners in their capacity as owners:					
Securities issued	1,374,591	-	-	-	1,374,591
Share based payments	-	-	194,749	-	194,749
	1,374,591	-	194,749	-	1,569,340
Balance at 30 June 2016	24,011,033	(25,774,250)	2,891,307	-	1,128,090

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 2017

	CONSOLIDATED	
	HALF-YEAR	
	30 June 2017	30 June 2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(513,822)	(320,270)
Exploration expenditure, prospects, management fees	(1,308,992)	(1,724,488)
Interest received	68,047	35,628
Net cash (outflow) from operating activities	(1,754,767)	(2,009,130)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(334)	-
Net cash (outflow) from investing activities	(334)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares, net of capital raising costs	-	1,250,000
Net cash inflow from financing activities	-	1,250,000
Net (decrease) in cash and cash equivalents held	(1,755,101)	(759,130)
Cash and cash equivalents at the beginning of the period	6,467,641	2,218,072
Differences in foreign exchange	-	245
Cash and cash equivalents at the end of the period	4,712,540	1,459,187

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 2017

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 2017 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 13th September 2017. 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 2016 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.

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2017 affected any of the amounts recognised in the current period or any prior period, although it caused minor changes to the Group's disclosures.

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

	CONSOLIDATED	
	30 June 2017	30 June 2016
	\$	\$
Exploration and evaluation expenditure during the half year	989,618	1,842,011
Exploration and evaluation costs expensed	(989,618)	(1,842,011)
Total exploration and evaluation	-	-

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

3. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	30 June 2017	31 December 2016
	\$	\$
Current		
Net GST refundable	21,894	34,994
Other receivable	3,696	5,212
	25,590	40,206

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 GST refundable from the Australia Taxation Office.

4. PLANT AND EQUIPMENT

	CONSOLIDATED	
	30 June 2017	31 December 2016
	\$	\$
Opening net book value	2,472	4,083
Additions	334	-
Depreciation charge for the period	(836)	(1,611)
Disposals	-	-
Closing net book value	1,970	2,472
Cost	5,165	4,830
Accumulated depreciation and impairment	(3,195)	(2,358)
Net book value	1,970	2,472

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

5. ISSUED CAPITAL

	CONSOLIDATED			
	30 June 2017		31 December 2016	
	No. of Shares	\$	No. of Shares	\$
<i>(a) Ordinary shares fully paid</i>				
Balance at beginning of period	193,037,453	30,789,780	140,017,394	22,636,442
Placement to GR Engineering	-	-	12,500,000	750,000
Shares issued to GR Engineering for payment of services	-	-	1,170,000	124,591
New director placement	-	-	3,333,333	500,000
Placement to sophisticated and institutional investors	-	-	35,000,000	7,000,000
Shares issued to GR Engineering for payment of services	-	-	716,726	128,217
Shares issued on exercise of share options	-	-	300,000	14,880
Shares issued on vesting of performance rights	1,575,000	-	-	-
Costs of capital raising	-	-	-	(364,350)
Balance at end of period	194,612,453	30,789,780	193,037,453	30,789,780

Fully paid ordinary shares entitle the holder to participate in dividends and to one vote per share.

	30 June 2017 No. of Options	31 December 2016 No. of Options
<i>(b) Unlisted Options</i>		
Balance at beginning of period	26,700,000	27,000,000
Options granted in the period	-	-
Options exercised	-	(300,000)
Options expired	-	-
Options lapsed or cancelled on failure to vest	-	-
Balance at end of period	26,700,000	26,700,000

	30 June 2017 No. of Performance Rights	31 December 2016 No. of Performance Rights
<i>(c) Performance Rights</i>		
Balance at beginning of period	16,875,000	-
Performance rights granted in the period	-	18,000,000
Performance rights lapsed or expired	(4,250,000)	(1,125,000)
Performance rights converted	(1,575,000)	-
Balance at end of period	11,050,000	16,875,000

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

6. SEGMENT INFORMATION

	Australia \$	West Africa \$	Reconciling items \$	Total \$
30 June 2017				
Total segment revenue	65,077	-	-	65,077
Inter segment revenue	-	-	-	-
External revenue	65,077	-	-	65,077
Segment profit/(loss)	(1,809,158)	-	-	(1,809,158)
30 June 2016				
Total segment revenue	31,136	-	-	31,136
Inter segment revenue	-	-	-	-
External revenue	31,136	-	-	31,136
Segment profit/(loss)	(2,985,609)	253,452	-	(2,732,157)

	Australia \$	West Africa \$	Reconciling items \$	Total \$
Segment assets				
30 June 2017	5,104,022	-	-	5,104,022
31 December 2016	6,979,820	-	-	6,979,820

7. SHARE BASED PAYMENTS

The Company grants Performance Rights as part of the Company's long term incentive benefits to officers and other staff. The Performance Rights Plan was approved at the Annual General Meeting held on 31 May 2016 along with the issue of Performance Rights to Directors. Performance Rights entitle holders to the issue of fully paid ordinary shares in the Company if the Performance Rights meet any vesting conditions before expiry dates set for the Performance Rights. Performance Rights may lapse at the Board's discretion if holders cease being eligible participants.

Performance Rights were granted to Directors on 31 May 2016 in four Tranches. A further 5,000,000 Performance Rights were granted to staff whom the Company did not consider Key Management Personnel. Following the delayed achievement of the Tranche 1 Milestone, the Board decided on 31 January 2017 that only 75% of the Tranche 1 Performance Rights granted to Mr Anthony James and other staff would vest, but all Tranche 1 Performance Rights granted to other Directors lapsed without vesting. Accordingly, 1,575,000 shares were issued in respect of vested Tranche 1 Performance Rights.

The Board resolved to use its discretion to further extend the timing of the milestones associated with Tranches 2, 3 and 4.

Following the resignation with an effective date of 30 June 2017 of the recipient of non-Director Performance Rights, 4,250,000 Performance Rights lapsed without vesting.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE HALF YEAR ENDED 30 JUNE 2017**

7. SHARE BASED PAYMENTS (CONTINUED)

Performance Rights	Milestones	Initial Milestone Date	Extended Milestone Date
Tranche 1	ASX announcement of successful completion of a definitive feasibility study for the Mount Morgan Project.	30 September 2016	N/A
Tranche 2	ASX announcement of successful completion of the project funding arrangements for the Mount Morgan Project.	31 March 2017	31 December 2017
Tranche 3	ASX announcement of successful completion of construction of the mine for the Mount Morgan Project.	31 December 2017	31 December 2018
Tranche 4	ASX announcement of achievement of commercial production of the Mount Morgan Project	30 June 2018	30 June 2019

The Performance Rights have been valued at \$0.16 each, being the share price at the grant date, and expensed over the expected vesting period. As all Performance Rights have performance based vesting conditions, the Performance Rights are expensed over expected vesting periods based on the Board's best estimate of the number of Performance Rights expected to vest. These expectations are revised by the Board based on the best available information for each reporting date. The below table details the total values of remaining Performance Rights that did not lapse, but still may never vest, and amounts expensed during the half year. The extension of the milestone dates and lapsed Performance Rights have led to reversal of previously recognised expenses.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE HALF YEAR ENDED 30 JUNE 2017**

7. SHARE BASED PAYMENTS (CONTINUED)

Recipient	Unlapsed Performance Rights Held at 30 June 2017			
	Tranche 2	Tranche 3	Tranche 4	TOTAL
John Fitzgerald	700,000	400,000	600,000	1,700,000
Anthony James	3,150,000	1,800,000	2,700,000	7,650,000
Graham Brock	350,000	200,000	300,000	850,000
Evan Cranston	350,000	200,000	300,000	850,000
TOTAL	4,550,000	2,600,000	3,900,000	11,050,000
Unexpensed amount for remaining Performance Rights that may never vest (\$)	479,675	328,966	514,453	1,323,094
Amount expensed for year ended 31 December 2016 (\$)	354,789	106,446	121,642	582,877
Previous recognised expense reversed in half year for performance rights that lapsed without vesting (\$)	(98,553)	(29,568)	(33,789)	(161,910)
Amount expensed / (reversed) for half year ended 30 June 2017 for unlapsed performance rights(\$)	(7,912)	10,156	21,694	23,938
Net amount (reversed) / expensed for half year ended 30 June 2017 (\$)	(106,465)	(19,412)	(12,095)	(137,972)

Performance Rights convert into ordinary shares after vesting conditions are met, with no further amounts payable. The weighted average expected term until the milestone dates for remaining Performance Rights is 1.27 years (31 December 2016: 0.86 years).

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

8. NON-CURRENT FINANCIAL ASSETS

	CONSOLIDATED	
	30 June 2017	31 December 2016
	\$	\$
Term deposit held as a security bond	50,000	50,000
Value of 10,000,000 unquoted share options in Boss Resources Ltd (ASX Code: BOE) (Boss) at the beginning of the period	410,200	374,400
Movement in value of 10,000,000 Boss options to period end	(112,000)	35,800
Total non-current financial assets at fair value	348,200	460,200

On 1 September 2015 Boss Resources Ltd (Boss) issued to the Group 10 million unquoted share options exercisable at \$0.02 each by 31 August 2018.

All current financial assets and term deposits have been valued based on quoted (unadjusted) market values and are therefore Tier 1 measured financial assets.

The options in Boss, classified as non-current, have been valued based on the observable inputs detailed above, where all these observable inputs are based on market data, and are therefore classified as Tier 2 financial assets. The Black-Scholes valuation model has been used which reflects assumptions that buyers or sellers of unquoted share options in Boss would generally use. At 1 September 2015, these options were valued at \$0.01549 each for a total value of \$154,900, based on a Black-Scholes valuation with no dividends, a term of 3 years, an exercise price of \$0.02, a grant date share price of \$0.022, a volatility of 115% and a risk free interest rate of 1.76%pa. The full value of \$154,900 was recognised by the Group as other income at the grant date.

At the end of the reporting period, these options were revalued at \$0.02982 each (2016: \$0.04102 each) for a total value of \$298,200 (2016: \$410,200), based on a Black-Scholes valuation with no dividends, an expiry date of 31 August 2018, an exercise price of \$0.02, a share price at 30 June 2017 of \$0.048 (2016: \$0.057), a volatility of 72% (2016: 91%), and a risk free interest rate of 1.78%pa (2016: 1.86%). The decrease in value of \$112,000 (2016: increase of \$35,800) was recognised as an expense by the Group.

9. DISPOSAL OF SUBSIDIARY

In January 2016, fully owned subsidiary Carbine Resources SARL was dissolved with the disposal of all assets and settlement of all liabilities. As this subsidiary was responsible for all operations in Burkina Faso, it represented the West African segment presented in note 6. This was recognised as a disposal group at 31 December 2015, and a discontinued operation at 30 June 2016 and 31 December 2016, with \$253,452 of cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of the subsidiary. No consideration was received for the disposal of Carbine Resources SARL. The profit on disposal of subsidiary was disclosed as discontinued operations in the statement of profit or loss and other comprehensive income in the prior year.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

10. COMMITMENTS AND CONTINGENT LIABILITIES

11. The Group had no contingent assets as at 30 June 2017 (31 December 2016: None). The Group's contingent liabilities are as detailed below.

Acquisition of Raging Bull Metals

Raging Bull Metals Pty Ltd (RBT) has an agreement with Norton Goldfields Ltd (Norton) to potentially acquire a 100% interest in the Mount Morgan Project and the 1Mtpa Kundana CIP plant.

During 2014, the Group gained control of RBT with the acquisition of 75% of the ordinary shares of RBT from Raging Bull Mining Pty Ltd (RBN), and the ability to solely determine mineral exploration and development activities regarding any mineral exploration interests or mining projects held by RBT. The agreement for the Group to acquire RBT required the Group to solely fund mineral exploration activities up to the completion of a definitive feasibility study (DFS) or forfeit all interests in RBT. Under the terms of the agreement, Carbine was to earn up to 100% of RBT by:

- solely funding the Project to completion of a DFS, to earn an initial 75% interest which was completed in December 2016; and
- executing an option to acquire the remaining 25% of RBM via independent valuation.

The completion of the DFS triggered the negotiation to acquire the remaining 25% of shares in RBT. On 23 March 2017, the Group agreed revised terms to acquire the remaining 25% of the Mount Morgan Project by giving the Company an exclusive option to acquire a 100% interest in RBN.

Exercise of this option by Carbine will result in the Company having the right to 100% ownership in both the Mount Morgan Project and the decommissioned Kundana plant as well as the cancellation of the obligation to issue 50 million Carbine shares to RBN.

The option and associated acquisition terms, which are formalised in a terms sheet signed on 23 March 2017, are summarised as follows:

Carbine agreed to pay the shareholders of RBN \$200,000 for a 6 month exclusive option to acquire 100% of RBN. This was paid on 29 March 2017. Exercise of the option will also be subject to:

1. Carbine shareholder approval;
2. RBT acquiring 100% of the legal and beneficial title to the tenements comprising the Mount Morgan Project from Norton Goldfields Limited (Norton) (Tenements);

On exercise of the option, subject to any necessary approvals, the shareholders of RBN will receive:

1. 25 million Carbine shares,
2. \$2.3 million in cash or shares at the election of Carbine (number of shares based on the 15 day VWAP at the time of option election), and
3. A 1.0% royalty over gold, copper and pyrite revenue from the Mt Morgan Project.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

10. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

RBT's right-to-mine agreement with Norton for acquisition of the Project required:

- payment to Norton of \$500,000 that was paid in prior years;
- completion of a DFS on the Project which occurred in December 2016;
- payment to Norton of \$2 million on completion of a capital raising to fund the project development. This capital raising and payment is yet to occur; and
- a final payment to Norton of a total \$13 million via 20% of the annual net earnings from operations of the Project.

Executive Services Commitments

The agreement with the Managing Director enables a payment of \$150,000, before applicable superannuation, for termination without cause or \$300,000 on a change in control.

11. EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to the reporting period:

- On 31 July 2017, the Company signed an offtake agreement with Iking International Limited for sale of future pyrite concentrate.
- On 8 August 2017, the Company received an R&D tax refund of \$917,490. This refund related to the year ended 31 December 2016.

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 17 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 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.



John Fitzgerald
Chairman

Dated at Perth this 13th day of September 2017

13 September 2017

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 2017, 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 2017, 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 2017 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 13 September 2017.

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 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard 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 Tirodkar
Director

West Perth, Western Australia
13 September 2017