ANNUAL REPORT 2014

CARBINE RESOURCES
LIMITED

ABN 81 122 976 818

CARBINE RESOURCES
LIMITED

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Mount Morgan Gold & Copper Project, Queensland

CORPORATE DIRECTORY

Directors	Mr Patrick Walta Mr Tom Bahen Mr Evan Cranston	(Executive Director) (Non-Executive Director) (Non-Executive Director)
Company Secretary	Ms Oonagh Malone	
Principal & Registered Office	Suite 23, 513 Hay Street Subiaco WA 6008 Telephone: (08) 6142 0986 Facsimile: (08) 9388 8824 Email: admin@carbineresources.com.au	
Share Registry	Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153 Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233	
Auditor	Stantons International Audit and Consulting Pty Ltd Level 2, 1 Walker Avenue West Perth WA 6005	
Legal Advisers	Bellanhouse Legal Ground Floor, 11 Ventnor Avenue West Perth WA 6005 Telephone: (08) 6355 6888	
ASX Code	CRB	

REVIEW OF OPERATIONS

Mount Morgan Gold & Copper Project, Queensland

In April 2014, Carbine entered into an agreement to acquire the Mount Morgan Gold & Copper Project in Queensland (Figs 1 and 2).

Only 38km from the major regional centre of Rockhampton, the Mount Morgan Mine has a history of operations spanning 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.

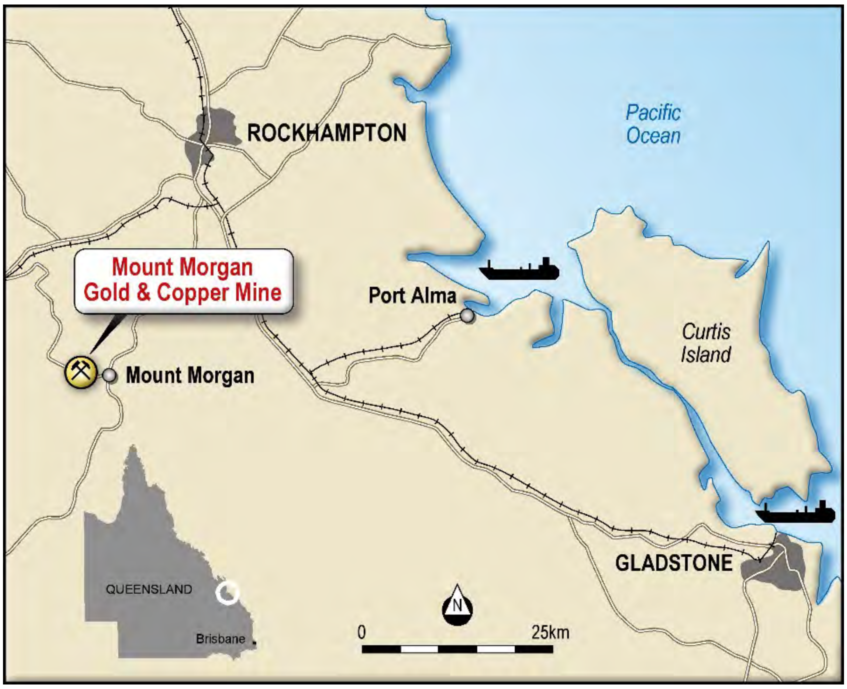

Figure 1. Mount Morgan Gold & Copper Project, Queensland

Following closure of mining operations at Mount Morgan in 1980, tailings processing was undertaken via the operation of a 3Mtpa gold carbon-in-pulp facility. The operation successfully ran for over a 10 years with average gold prices of US$395/oz over the period. The plant treated approximately 28Mt of tailings before operations were shut down due to a combination of falling gold price and increased operating costs, caused by the presence of additional soluble copper in the remaining tails.

Carbine's plan for the Mount Morgan Project involves the restarting of tailings reprocessing operations to economically recover gold, copper and pyrite resources via a previously untested metallurgical flowsheet.

Figure 2. Mount Morgan Gold & Copper Project - Flooded Open Pit

Resources

The Mount Morgan Project contains significant JORC resources and an Exploration Target, as defined in the table below:

Parameter	Tonnes ('000s)	Au (g/t)	Cu (%)	Au (oz)	Cu (tonnes)
JORC RESOURCES					
Indicated	2,487	1.59	0.16%	127,000	3,900
Inferred	5,861	1.07	0.14%	202,000	8,400
TOTAL JORC	**8,348**	**1.23**	**0.15%**	**329,000**	**12,300**
NON-JORC EXPLORATION TARGETS* *(additional to JORC resources)*					
UNTREATED TAILINGS *Low Range*	2,915	1.45	0.13%	135,000	3,800
High Range	3,280	1.66	0.18%	175,000	6,000
MULLOCK DUMPS *Low Range*	1,752	1.69	0.13%	95,000	2,300
High Range	2,515	2.00	0.13%	162,000	3,300
METALLURGICAL SLAG *Low Range*	1,865	0.60	0.43%	36,000	8,000
High Range	6,000	1.00	0.69%	193,000	41,000
OPEN PIT TAILS *Low Range*	25,300	0.52	0.09%	423,000	22,800
High Range	28,000	0.54	0.09%	486,000	25,200

* The potential quantity and quality in these exploration targets are conceptual in nature and there has been insufficient exploration to define a Mineral Resources and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Metallurgical Testwork – Phases 1 and 2

The proposed metallurgical flowsheet for recovery of gold, copper and pyrite resources at Mount Morgan is undergoing a three phase development approach. Phase 1 metallurgical testwork was undertaken in the second quarter and provided the technical validation for the proposed flowsheet (Fig. 3) to confirmed that the process could:

- reduce operating costs associated with excess cyanide consumption;
- improve gold recoveries compared to historical operational performance;
- provide an additional revenue stream via the production of copper; and
- assist with site remediation via elimination of pyritic acid forming minerals.

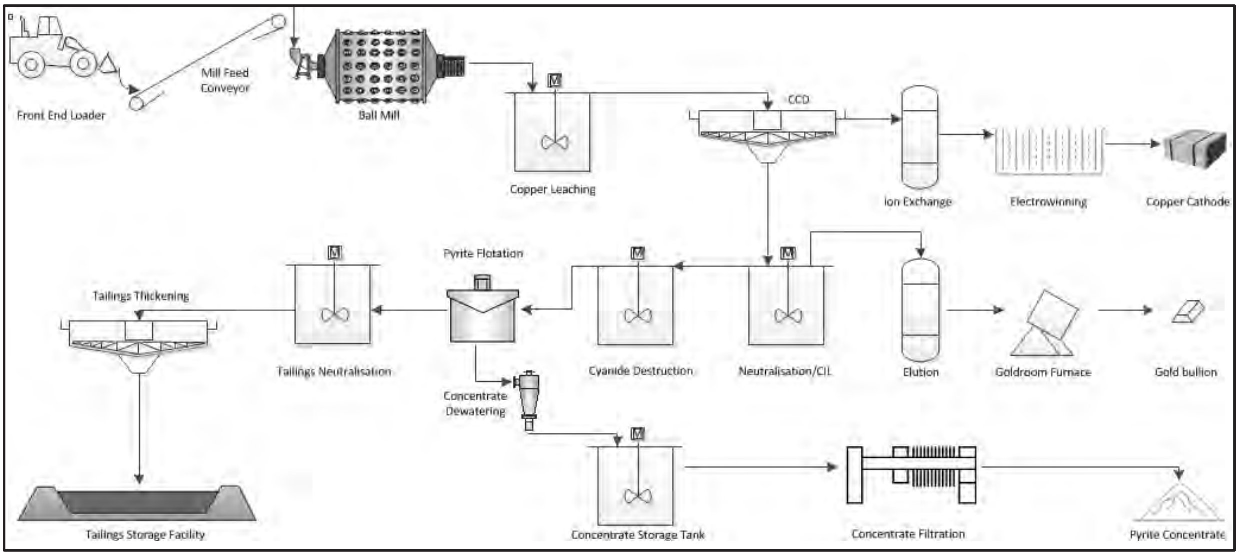

Figure 3. Proposed flowsheet for extraction of gold, copper and pyrite at Mount Morgan

These initial metallurgical testwork results demonstrated that cyanide consumption can be reduced by approximately 80% via the selective removal of copper prior to gold recovery.

Phase 1 Testing	Leach Mechanism	Cyanide Consumption kg/t
As Received (150um)	Cyanide CIP	5.54
45um Grind	Cyanide CIP	5.25
45um Grind	**Cyanide CIP with Acid IX**	**1.00**

The extraction of copper also significantly enhanced gold recoveries compared with historical operations and recent feasibilities studies by previous owners.

In addition, flotation test work delivered 91% pyrite recoveries to a high grade concentrate containing >48% sulphur and >47% iron, providing potential for sales of pyrite (Fig. 4).

The Phase 2 testwork program was designed to optimise the unit process inputs developed in Phase 1 testing.

The results of Phase 1 and 2 testwork have provided sufficient inputs to complete the preliminary design and costings as part of a scoping study over the Project.

Figure 4. Flotation testwork being conducted at ALS Laboratory

Scoping Study

Following the successful results of the Phase 1 metallurgical testing, Carbine undertook a Scoping Study utilising the expertise of a number of independent consultants.

The Scoping Study has provided independent preliminary verification of the potential viability of the proposed operations, indicating robust economics for the Project. Further feasibility development is now required in order to confirm and refine the estimates generated from this Study.

Parameter	Unit	Value
PRODUCTION PARAMETERS		
Throughput	tonnes/yr	1,000,000
FINANCIAL PARAMETERS		
Capital Costs	A$M	$81.9M
Operating Costs	A$/t	$32.7
All-in Sustaining Costs	US$/oz	$393

The Scoping Study defines a 1,000,000tpa operation over a minimum 8 year mine life.

The nominated mine life only includes the processing of all JORC Resources at the site and does not include any of the current Exploration Target (stated at 32 – 40Mt grading 0.67 – 0.79 g/t Au and 0.11 – 0.19% Cu). This Exploration Target is not a mineral resource and is conceptual in nature. There has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource.

The proposed operation produces three separate saleable products, namely gold, copper and pyrite. Average annual production is estimated at 36,000oz gold doré bullion, 850t copper cathode and 230,000t of pyrite concentrate.

Capital costs for mine development have been estimated at $81.9M based on construction utilising all new equipment and includes allowances for all Engineering, Procurement, Construction & Management (EPCM) costs and excludes owner's costs and contingencies.

Significant upside exists to reduce capital costs via the use of the Kundana CIP Plant, which is being progressively acquired by Carbine from Norton Gold Fields Limited as part of the acquisition of the Mount Morgan Project.

Operating costs for the mine have been estimated at $32.7/t, of which reagents and consumables represent nearly 47% and labour 25%. Carbine considers these costs to be highly conservative and has already identified a number of cost saving initiatives which are likely improve the overall value proposition of the Project.

All-in Sustaining Costs for the operations are estimated to average US$393/oz for the life of mine. The low All-in Sustaining Costs are facilitated by the fact that the operation requires minimal mining activity (reclamation of unconsolidated surface tailings only) and also produces two by-product streams, which provide additional revenue and offset operating costs.

Realistic assumptions of long term metal pricing forecasts over the life of the mine (gold US$1,250/oz, copper US$7,000/t, pyrite US$86/t) and an A$/US$ average exchange rate of 0.85 were used throughout the Study.

The scoping study has also allowed identification of several potential offtake partners for sale of products produced from future operations. The Company has begun initial correspondence with these groups and is targeting the development of binding commercial agreements for offtake during the feasibility study process.

Mining

The Scoping Study proposes the use of dry mining via a loader and truck operation, providing a simple and cost effective method for extracting and delivering feed material to the plant.

A small amount of overburden is located in the Mundic Gully and Red Oxide areas, which will be progressively removed during mining operations (Fig. 5). Other tailings require no overburden stripping.

The use of Exploration Target Tailings, Mullock Dumps, Metallurgical Slag and Open Pit Tails has not been included in the Scoping Study analysis. Significant upside therefore remains to the extension of mine life and/or increase of plant throughput should these materials be included in the mining schedule.

Due to the nature of tailings deposits and the availability of production history and tailings deposition history, the Company has a high degree of confidence that the existing JORC resources and the Exploration Target will be upgraded with further exploration work.

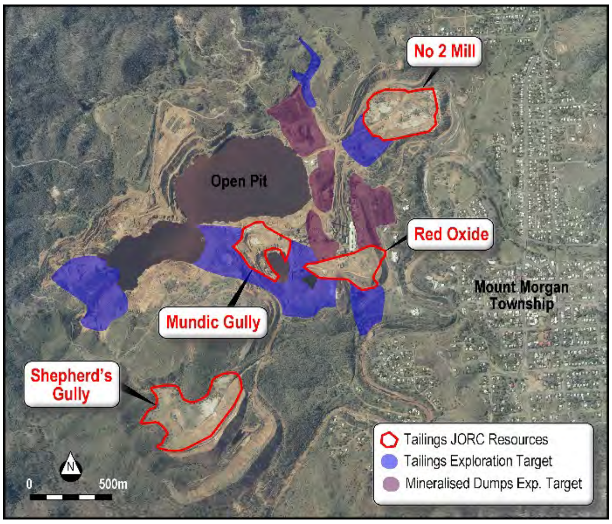

Figure 5. Proposed mining areas at Mount Morgan

Processing

Processing will comprise a polishing grind and classification from ~150 micron to 75 micron, followed by a three stage process to extract copper, gold and pyrite resources.

Copper will be initially recovered via simple Ion Exchange and Electrowinning (IX-EW) of a leached liquor from the tailings slurry, producing on average 850tpa of copper cathode.

Gold will then be extracted from the copper-free slurry via a conventional Carbon-in-Leach (CIL) circuit, producing an average of 36,000/oz per annum.

Pyrite concentrate (average 230,000tpa) can then be recovered from the barren tailings using a conventional flotation circuit.

The upfront removal of copper via dilute acid leaching (utilising the acidic water located in the historical open cut of the mine) and IX-EW has provided a simple mechanism to remove cyanide soluble copper from the tailings.

In doing this, consumption of cyanide in the CIL circuit has shown to decrease by ~80%. The additional benefit of copper removal (beyond a reduction in operating costs) is the production of a by-product stream to further offset the costs of gold production.

Metallurgical testwork to date on a composite of the Mundic tailings has shown the flowsheet is amenable to producing recoveries of 78% of gold, 56% of copper and 91% of pyrite from the tailings.

Figure 6. Indicative plant layout on Mount Morgan topography

The Company has now commenced work on a pre-feasibility study (PFS) with the engagement of a number skilled technical partners:

- GR Engineering Services Limited has been appointed as lead consultant and will principally be responsible for the delivery of process plant design in addition to capital and operating cost development, equipment lists and process flowsheets to an accuracy of +/- 20-25%;
- Clean TeQ Holdings Limited has been appointed as a technology provider responsible for designing the copper ion exchange circuit within the overall processing facility;
- Golder Associates Pty Ltd has been appointed to manage development of the new tailings storage facility, as well as completing various geotech/mine planning studies and a site water balance; and
- AustralAsian Resources Consultant Pty Ltd have been appointed to complete all environmental and cultural heritage aspects of the PFS.

The results of the PFS are expected in the third quarter of 2015 and will be used to expedite the completion of a bankable feasibility study over the Project.

Drilling Program

Carbine has undertaken a 35 hole drill program into the tailings dams at the Mount Morgan Project to improve the JORC definition of existing resources and the Exploration Target in addition to collecting metallurgical samples for Phase 3 testwork and the pre-feasibility study.

Results from the first nineteen holes have been received to date and were found to have excellent continuity, with gold grades carried over the full width of the intersection without barren zones (Figs 7-9). The average grade of the tailings intersected was either at or above the historical JORC resources for the site. Importantly, the best intercept of 17m at 3.63g/t gold ending in mineralisation occurred in a hole located outside of the current JORC resource boundary (Mun18).

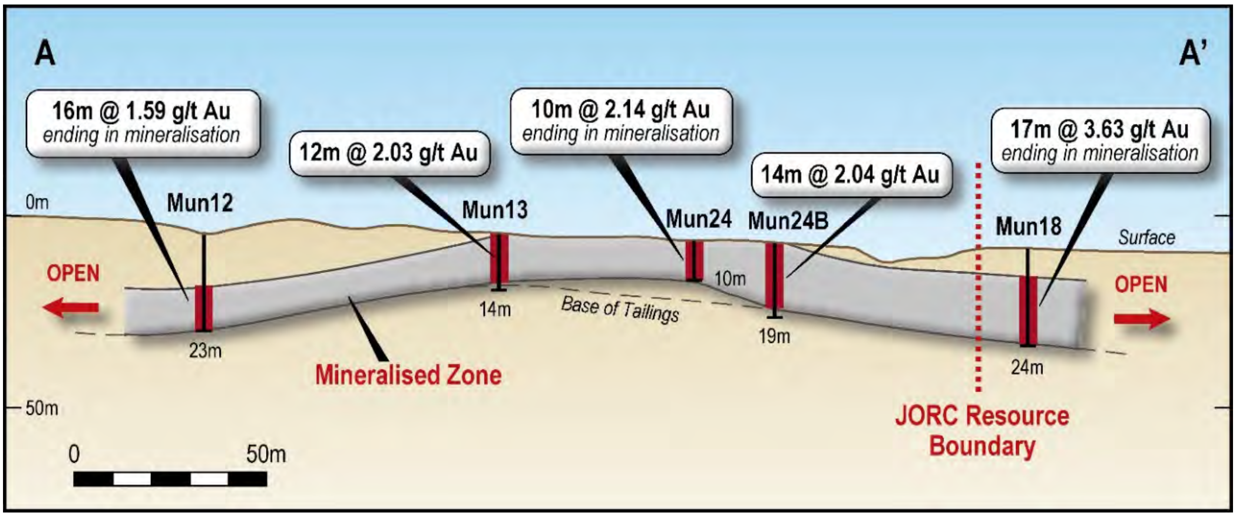

Figure 7. Cross section of Mundic Gully drilling

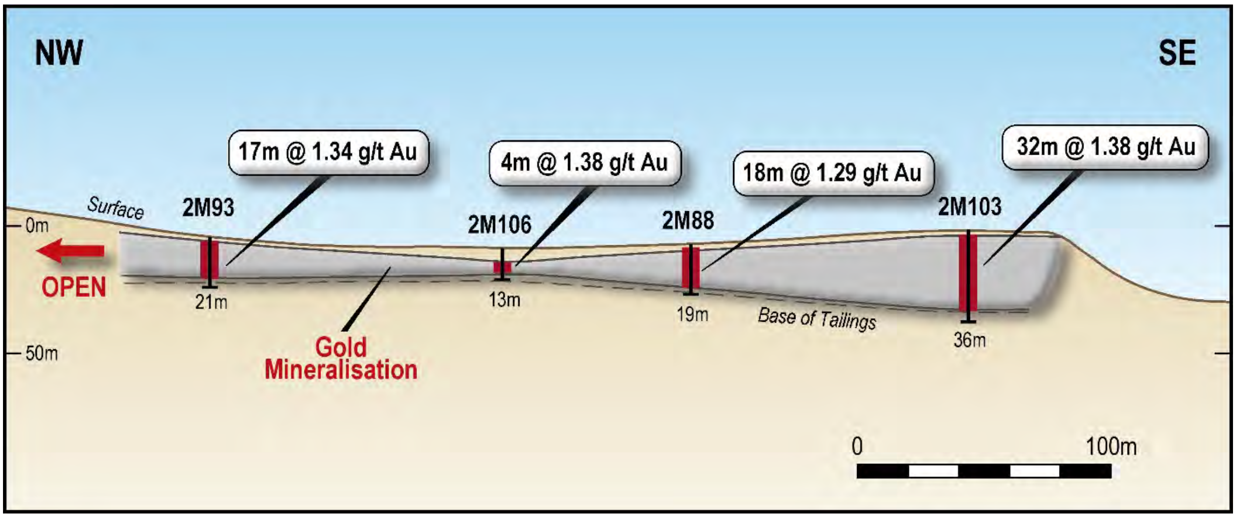

Figure 8. Cross section of No 2 Mill drilling

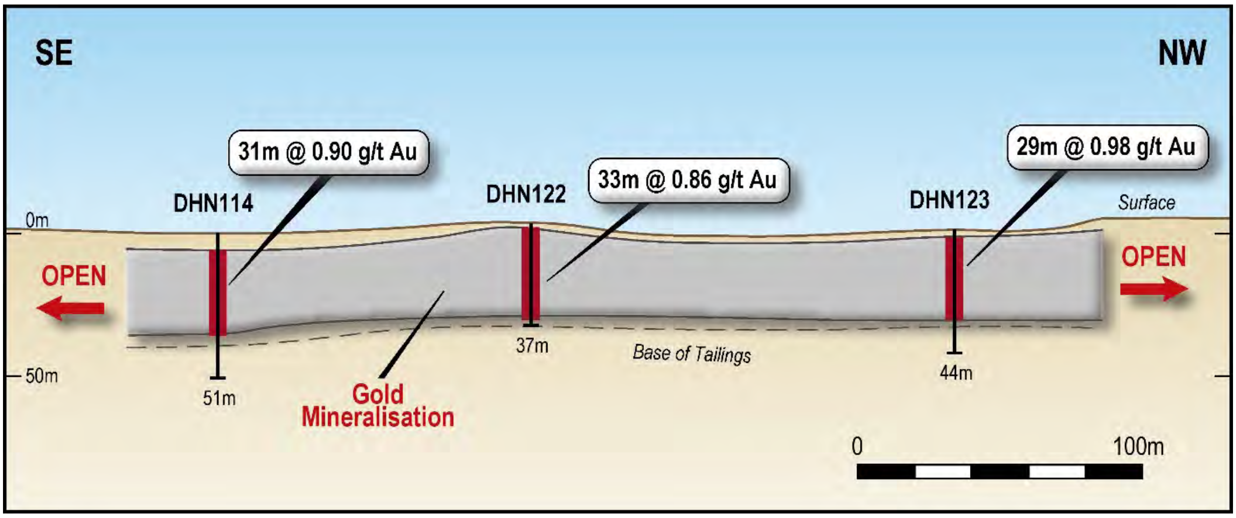

Figure 9. Cross section of Shepherd's Gully drilling

The table below provides details of all results from drilling to date:

Drill Hole ID	Tailings Intersection	Gold Grade
Mun18	17m	3.63 g/t
Mun14	7m	2.20 g/t
Mun24	10m	2.14 g/t
Mun24B	14m	2.04 g/t
Mun13	12m	2.03 g/t
Mun9	15m	1.86 g/t
Mun12	16m	1.59 g/t
Mun3	17m	1.41 g/t
2M97	18m	1.40 g/t
2M103	32m	1.38 g/t
2M106	4m	1.38 g/t
2M105	25m	1.37 g/t
2M93	17m	1.34 g/t
2M88	18m	1.29 g/t
2M83	5m	1.24 g/t
2M104	8m	1.02 g/t
DHN123	29m	0.98 g/t
DHN114	31m	0.90 g/t
DHN122	33m	0.86 g/t

Principal Offtake Agreement for Pyrite from Mount Morgan

Carbine has executed a conditional Principal Offtake Agreement (POA) with global industrial mineral distributor Talana Limited for the sales of pyrite produced at the Mount Morgan Gold & Copper Project. The POA, which followed extensive negotiations, due diligence and a site visit by Talana, represents a significant milestone in the redevelopment of the historic Mount Morgan Mine.

Talana Limited is a significant diversified global distributor, marketer and stockist of bulk industrial minerals, chemicals and raw materials. The company physically sources, finances, transports, stocks and distributes essential commodities to a range of industrial consumers globally.

The agreement allows for the sales of a third product from the proposed operations (in addition to gold and copper), which further improves the project value proposition and also facilitates the removal of the source of acid mine drainage from the site.

Under the terms of the POA, Carbine and Talana have agreed:

- Talana will pre-market pyrite and metallurgical slag products from Mount Morgan to existing and potential customers in its network
- Talana will act as principal for pyrite and metallurgical slag sales from at Mount Morgan
- Non-exclusive arrangement (Carbine free to engage other offtake partners)

The terms still to be finalised include, amongst other things, pricing, product and quantity. These terms are to be based on the following:

- Mine gate sales with open book to end user prices and logistics costs
- Pyrite: 200,000 - 300,000tpa, +/- 50% S concentrate, +/- US$100/t CFR price
- Metallurgical Slag: Tonnage and prices to be confirmed following pre-marketing exercise

The offtake obligations will become binding after the following conditions have been satisfied:

- Talana completes a logistics and marketing study, and Talana and Carbine are both satisfied with the results of that study;
- Carbine completes a pre-feasibility study, and Talana and Carbine are both satisfied with the results of that study; and
- Talana and Carbine agree the definitive terms of the POA.

In parallel with the POA negotiations, the parties are also advancing negotiations for the:

- inclusion of copper products produced from the site into the POA;
- potential for Talana to supply discounted raw materials for the proposed operations; and
- development for a closer commercial relationship, including project financing options.

MOU for Copper Extraction at Mount Morgan

On 19 November 2014, Carbine announced the execution of a memorandum of understanding with Clean TeQ Holdings Limited (ASX: CLQ) relating to the extraction of copper resources at the Mount Morgan Project.

Clean TeQ is a global market leader in ion exchange technology and backed by one of its substantial shareholders, mining entrepreneur Robert Friedland. Clean TeQ specialises in the extraction of metals from mineralised ores and mine waters.

The MOU provides a mechanism for Carbine and Clean TeQ to develop a formal agreement for the provision of copper recovery facilities with the agreement able to take the form of a profit sharing joint venture, equipment sales agreement and/or project equity participation.

The MOU also allows for the assessment of Clean TeQ's technology to further improve cyanide recovery processes at Mount Morgan.

Environmental Legacy

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.

Many Peaks Copper Project, Queensland

As part of the earn-in agreement with Raging Bull Mining Pty Ltd, Carbine has also acquired the Many Peaks Copper deposit, located approximately 125km south of Gladstone.

The Many Peaks deposit previously produced over 500,000t of copper ore grading ~2% Cu. Carbine is currently assessing historical drilling information for this project.

Mineral Resource Statement

In accordance with Listing Rule 5.21, the following information is provided with regard to the mineral resources at Mount Morgan Gold & Copper Project.

Mineral Resource Estimation Governance Statement

Carbine Resources Ltd ensures that Mineral Resource estimates are subject to the appropriate levels of governance and internal controls. The Mineral Resources have been generated by independent external competent persons who are experiences in best practices in modelling and estimation methods. The competent persons have also undertaken reviews of the quality and suitability of the underlying information used to generate the resource estimations. The Mineral Resource estimates follow standard industry methodology using geological interpretation and assay results from samples won through drilling.

Carbine reports its Mineral Resources in accordance with the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code) (2004 Edition). The Mineral Resources have not been updated to comply with the 2012 Edition of the JORC Code on the basis that the information has not materially changes since it was initially reported. Competent Persons named by the Company qualify as Competent Persons as defined in the JORC Code.

The below table sets out the Mineral Resources as at 31 December 2014. It is noted in accordance with Listing Rule 5.21.4 that there has been no change since 31 December 2013.

JORC Resources (Tailings)	Tonnes (000s)	Au (g/t)	Cu (%)	Au (oz)	Cu (t)
Indicated	2,487	1.59	0.16	127,000	3,900
Inferred	5,861	1.07	0.14	202,000	8,400
TOTAL	8,348	1.23	0.15	329,000	12,300

Cautionary Statement – Scoping Study

The Scoping Study referred to in this announcement is based on lower-level technical and economic assessments, and are insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage or to provide certainty that the conclusions of the Scoping Study will be realised. The results of the Scoping Study were initially released to the ASX on 19 November 2014.

The Scoping Study is preliminary in nature as its conclusions are drawn on Inferred (70%) and Indicated mineral resources (30%). The relative sequence of mining targets the use of Indicated resources for the initial years of operations until they are exhausted (estimated to be up to three years based on current Indicated resources). The nature of the tailings deposits (unconsolidated material at surface) makes selective targeting of Indicated resources possible.

The Indicated and Inferred resources and Exploration Target outlined in this announcement have been prepared by a competent person in accordance with the JORC Code.

The Company believes it has a reasonable basis for reporting the results of the Scoping Study based partially on Inferred resources due to the nature of tailings deposits and the availability of historical production history and tailings deposition history. The Company has a high degree of confidence that the Inferred resources will be upgraded with further exploration work. There is however currently a low level of geological confidence associated with current Inferred mineral resources, and there is no certainty that further exploration work will result in the determination of Indicated mineral resources or that the production target itself will be realised. The stated production target is based on the Company's current expectations of future results or events and should not be solely relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met.

If the Inferred resources are removed, the overall mine life would reduce to approximately three years, i.e. by processing of the current JORC Indicated resources only. Carbine notes that even under this scenario the Project forecasts a positive financial performance. The Company is therefore satisfied that the use of Inferred resources in production target reporting and forecast financial information is not the determining factor in overall Project viability and that it is reasonable to report the Scoping Study including the Inferred resources.

The Scoping Study outputs contained in this report relate to 100% of the Project. Unless otherwise stated all cashflows are in Australian dollars, are not subject to inflation/escalation factors and all years are calendar years.

The Company cautions that there is no certainty that the forecast financial information derived from production targets will be realised. Material assumptions underpinning the production targets and financial forecasts derived from the production targets are set out in this announcement and, in particular, the Forward Looking Statements section.

The Company has concluded it has a reasonable basis for providing the forward looking statements included in this announcement. The detailed reasons for that conclusion are outlined throughout this announcement and, in particular, in the Forward Looking Statements & Modifying Factors section of this announcement.

Forward Looking Statements & Modifying Factors

This announcement contains certain for looking statements. The words “expect”, “forecast”, “should”, “projected”, “potential”, “could”, “may”, “will”, “predict”, “plan’ and other similar expressions are intended to identify forward looking statements. Indications of, and guidance on, future earnings, cash flow forecasts, and financial position and performance are also forward looking statements. Forward looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. Forward looking statements may be affected by a range of variables that could cause actual results or trends to differ materially. These variations, if materially adverse, may affect the timing or the feasibility of the development of the Project.

The announcement also contains forward looking statements in relation to future mining activity, however Carbine will require additional funding to bring the Project into production and there is no certainty of this funding being available. The Directors’ strategy during this study phase of the Project is to raise funds periodically when they are needed in the least dilutionary manner to shareholders. The Company intends to evaluate a range of funding alternatives for Project development once an Ore Reserve has been estimated.

The Company believes it has a reasonable basis for making the forward looking statements in this announcement, including with respect to the inclusion of Inferred resources in any production targets, based on the information contained within this announcement.

In particular:

- The current JORC resources are based on independent verification by Coffey Mining Pty Ltd and the current Exploration Target was compiled by an independent consulting geologist who conducted an extension review of the substantial historical drilling and tailings production database (see Competent Persons Statements).
- All metallurgical testwork was carried out by an independent metallurgical consultant and ALS Laboratories, in conjunction with assistance from specific technology companies, namely Clean TeQ Holdings Limited for IX-EW development.

- Ausenco Services Pty Ltd was the independent lead consulting engineering firm who derived the all major capital and operating cost inputs for the Study, as well as the completion plant/mine design, trade-off studies, assessment of infrastructure requirements, mass balance, equipment lists, process design criteria, process flow diagrams and flowsheet development.
- Ausenco's work was also independently audited by Sedgman Limited.
- The tailings storage facility was specifically designed and estimated by specialist tailings consultants Golders Pty Ltd.
- All mining and overburden estimated were acquired from Charlton Earthmoving and Civil Pty Ltd, who are familiar with the site having had direct experience with the Project through previous owners of the mining leases.

The Scoping Study also utilised information derived from previous detailed feasibility studies completed by previous owners Norton Gold Fields Limited and Moonraker Pty Ltd. This included water management reports, environmental impact assessments, social impact analysis and pyrite logistics analysis.

Competent Person Statements

The information in this report that relates to the recent drill results at Mount Morgan is based on and fairly represents information compiled by Dr Marat Abzalov, who is a geological consultant to Carbine Resources Limited. Dr Abzalov is a Fellow of The Australasian Institute of Mining and Metallurgy (FAusIMM) and he has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Abzalov consents to the inclusion in the report of the matters based on information in the form and context in which it appears. Previous results were released to the ASX on 16 March 2015 and 20 April 2015 and have not materially changed since last reported.

The information in this report that relates to the Exploration Target is based on information compiled by Lance Govey, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Lance Govey is an independent geological consultant and has no association with Carbine Resources Limited other than being engaged for services in relation to the preparation of parts of this report. Lance Govey has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Lance Govey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. This was initially released to the ASX on 13 November 2014 and has not materially changed since it was last reported.

The information in this report that relates to the Mineral Resources of the Mount Morgan Mine project was prepared in accordance with the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") by Troy Lowien, Resource Geologist, of consultants Coffey Mining Pty Ltd, who is a Member of The Australasian Institute of Mining and Metallurgy ("AusIMM") and has a minimum of five years of experience in the estimation, assessment and evaluation of Mineral Resources of this style and is the Competent Person as defined in the JORC Code. Troy Lowien conducted the geological modelling, statistical analysis, variography, grade estimation, and report preparation. This report accurately summarises and fairly reports his estimations and he has consented to the resource report in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was reported to the ASX on 28 October 2009.

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Carbine Resources Limited and the entities it controlled ("the Group") for the year ended 31 December 2014 and the Auditor's report thereon.

Directors

The name of Directors who held office during or since the end of the 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 Patrick Walta	Executive Director	(Appointed 3 April 2014)
Mr Tom Bahen	Non-Executive Director	
Mr Evan Cranston	Non-Executive Director	
Mr Grant Mooney	Non-Executive Director	(Resigned 2 September 2014)

Principal Activities

The principal activity of the Group during the year was the development of the Mount Morgan Gold & Copper Project in Queensland.

Results

The loss for the financial year after income tax was $1,400,650 (31 December 2013 Loss: $1,096,746).

Dividends Paid or Recommended

No dividends have been paid or declared.

Financial Position

The net assets of the Group as at 31 December 2014 are $4,205,668 compared to $5,454,285 as at 31 December 2013.

Review of Operations & Significant Changes in State of Affairs

Mount Morgan Gold & Copper Project

During the period, Carbine Resources conducted development work on the Mount Morgan Gold & Copper Project, Queensland. A scoping study has defined a minimum 8 year mine life for the production of 36,000 ounces of gold per year for an all-in sustaining cost of only US$393/oz. The operations are also projected to deliver 850tpa of copper and 230,000tpa of high grade pyrite as by-products. A pre-feasibility study is currently underway.

Capital Raisings during the Year

No capital raising activities were conducted during the year.

Options

No options were exercised during the year. The following options were granted during the year:

Date of Expiry	Number of Options	Category of Options	Option Details
17 November 2017	7,500,000	Director options	Exercise price of $0.0496 each
17 November 2017	7,500,000	Director options	Exercise price of $0.10 each
17 November 2017	2,500,000	Employee options	Exercise price of $0.0496 each
17 November 2017	2,500,000	Employee options	Exercise price of $0.10 each

The following options expired during the year:

Date of Expiry	Number of Options	Category of Options	Option Details
1 April 2014	425,000	Employee options	Exercise price of $0.38 each

At the date of this report the Group has no listed options and 28,000,000 unlisted options over ordinary shares in Carbine Resources Limited as follows:

- 2,000,000 unlisted options at an exercise price of $0.075 with an expiry date of 11 June 2015;
- 2,000,000 unlisted options at an exercise price of $0.10 with an expiry date of 11 June 2015;
- 1,000,000 unlisted options at an exercise price of $0.115 with an expiry date of 11 June 2015;
- 3,000,000 unlisted options at an exercise price of $0.20 with an expiry date of 11 June 2015;
- 10,000,000 unlisted options at an exercise price of $0.0496 with an expiry date of 17 November 2017; and
- 10,000,000 unlisted options at an exercise price of $0.10 with an expiry date of 17 November 2017.

There are no rights to participate in share issues attached to these unlisted options unless exercised before the record date of any such issue.

Matters Subsequent to the End of the Financial Year

There were no events subsequent to the end of the financial year ended 31 December 2014 that would have material effect on these financial statements, other than:

On 10 March 2015, the Company agreed to pay a settlement of $15,000 to former director Mr Grant Mooney, in full unconditional settlement of legal proceedings commenced by Mr Mooney, with no admission of liability by the Company.

Future Developments, Prospects and Business Strategies

Disclosure of further information regarding likely developments in the operations of the Group in future financial periods and the expected results of those operations is likely to result in unreasonable prejudice of those operations, or the state of affairs of the Group in future financial periods.

Information on Directors

The following information is provided for the Directors and Company Secretary in office as at the end of the year.

Mr Patrick Walta **Executive Director**

Mr Patrick Walta is a qualified metallurgist and mineral economist with experience across both technical and commercial roles within the mining and water treatment industries. His experience within the resources industry includes: public and private company management, mineral processing, M&A, IPOs, project management, feasibility studies, exploration activities, competitive intelligence and strategic business planning.

Mr Walta holds Bachelor degrees in both Chemical Engineering and Science, Masters degrees in both Business Administration and Mineral Economics, and is also a graduate of the Australian Institute of Company Directors.

Mr Tom Bahen **Non-Executive Director**

Mr Tom Bahen is currently a Director of Private Clients and Institutional Sales at national stock broking firm Paterson Securities Limited. He has participated in many small and mid tier corporate transactions for ASX listed companies.

His previous experience includes assurance and advisory with global accounting firm Deloitte, financial advisory and project generation for ASX listed companies.

He holds a Bachelor of Commerce degree (Accounting and Finance) from the University of Western Australia.

Mr Evan Cranston **Non-Executive Director**

Mr Cranston is a lawyer specialising in corporate and mining law. He has extensive experience in the areas of public listed entities including capital raisings, initial public offerings and liaison with market analysts and potential investors, together with Corporate Governance, the Australian Securities Exchange's Listing Rules and the Corporations Act. His experience in mining law extends to tenement acquisition agreements, mineral right agreements, joint ventures and mergers and acquisitions. He holds both Bachelor of Commerce and Bachelor of Law degrees.

Mr Cranston is currently an executive director of ASX-Listed Attila Resources Limited and a non-executive director of ASX-Listed companies Boss Resources Limited, Clancy Resources Ltd and Cradle Resources Limited. Mr Cranston was previously Executive Director – Corporate of ASX-Listed Ampella Mining Limited to April 2012.

Ms Oonagh Malone **Company Secretary**

Ms Oonagh Malone was appointed as Company Secretary on 2 September 2014 following the resignation of Mr Grant Mooney. Ms Malone is a principal of a corporate advisory firm which provides company secretarial and administrative services. She has over 6 years' experience in administrative and company secretarial roles for listed companies and is a member of the Governance Institute of Australia. She currently acts as company secretary for ASX-listed Attila Resources Ltd and Boss Resources Ltd, and is a non-executive director and company secretary of ZYL Limited.

Directors' Meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year under review are:

	Board Meetings Eligible to Attend as a Director	Board Meetings Attended while in Office
Tom Bahen	4	4
Evan Cranston	4	4
Grant Mooney (resigned 2 September 2014)	2	1
Patrick Walta (appointed 3 April 2014)	4	4

There were no separate Remuneration Committee Meetings held during the year. There have been other matters of Board business which have been resolved by circular resolutions of Directors, which are a record of decisions made at a number of informal meetings held to control, implement and monitor the Group's activities throughout the year.

Directors' Interests

The relevant interest of each Director in the share capital and options of the Company shown in the Register of Directors' Shareholdings as at the date of this report is:

DIRECTOR	ORDINARY SHARES FULLY PAID		OPTIONS	
	Direct	Indirect	Direct	Indirect
Mr Tom Bahen	-	*3,622,799	-	*5,000,000
Mr Evan Cranston	-	-	-	**6,000,000
Mr Patrick Walta	135,000	-	-	***5,000,000

* Shares and Options held by Mr Tom Bahen are held by Kobia Holdings Pty Ltd
** Shares and Options held by Mr Evan Cranston are held by Konkera Pty Ltd
*** Options held by Mr Patrick Walta are held by FJB & Associates Trust

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for Directors and other key management personnel of Carbine Resources Limited. These remuneration disclosures have been audited. The Group has no key management personnel other than the Directors and Company Secretary of the Company.

Details of Key Management Personnel:

- Mr Tom Bahen – Non-Executive Director
- Mr Evan Cranston – Non-Executive Director
- Mr Grant Mooney – Non-Executive Director and Company Secretary (resigned 2 September 2014)
- Ms Oonagh Malone – Company Secretary (appointed 2 September 2014)
- Mr Patrick Walta – Executive Director (appointed 3 April 2014)

Compensation of Key Management Personnel

Due to the size of the Company, the Remuneration Committee is currently comprised of all of the Directors of the Board. The Committee assesses the appropriateness of the nature and amount of emoluments of such key management personnel on an annual basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from the retention of appropriately qualified personnel. Presently there are no formalised arrangements which give rise to the payment of additional remuneration to Directors contingent on Group performance.

The Constitution and the ASX listing rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The Group has not yet amended its total aggregate remuneration from that disclosed in its prospectus in February 2007 of $200,000. Given the size of the Group and its operations there is no relationship between remuneration and Group performance and shareholder wealth other than options issued as remuneration.

Non-Executive Directors' remuneration will be determined according to market practice for junior listed companies based on information obtained from industry analysts. Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. No additional fees are payable for chairing or participating in sub-committees of the Board. Non-Executive Directors' fees and payments are reviewed annually by the Remuneration Committee. Executive Directors' fees and payments, other than Long term incentives subject to shareholder approval as detailed below, are documented in service agreements that are approved by the members of the Remuneration Committee before execution.

Long term incentives ('LTI')
The LTI are granted to reward the Directors and employees for their performance and to align their remuneration with the creation of shareholder wealth. The LTI are share based payments (i.e. options). Options over shares are granted to the Directors and certain employees at the discretion of the Board and no individual has a contractual right to participate or to receive any guaranteed benefits. The issue of options is not linked to performance conditions because by setting the option price at a level above current share price at the time the options are granted; this provides incentive for management to improve the Company's performance.

2014	Short-Term Benefits		Post Employment Benefits	Share-Based Payment		
Name	Cash Salary and Fees $	Non-monetary benefits	Super-annuation $	Shares / Options $	Total $	Remuneration consisting of Options %
Non-Executive Directors						
Mr Tom Bahen	36,530	3,595	3,425	38,900	82,450	47%
Mr Evan Cranston	54,738	3,595	-	38,900	97,233	40%
Mr Grant Mooney*(resigned 2 September 2014)	-	-	-	-	-	-
Sub-total Non-Executive Directors	91,268	7,190	3,425	77,800	179,683	43%
Executive Director						
Mr Patrick Walta (appointed 2 April 2014)	134,000	2,688	-	38,900	175,588	22%
Other Key Management Personnel						
Mr Grant Mooney*(resigned 2 September 2014)	32,000	2,413	-	-	34,413	0%
Ms Oonagh Malone (appointed 2 September 2014)	12,000	1,191	-	15,520	28,711	54%
Total	**269,268**	**13,482**	**3,425**	**132,220**	**418,395**	**32%**

*In respect of company secretarial fees paid to Mooney & Partners Pty Ltd

2013 Name	Short-Term Benefits Cash Salary and Fees $	 Non-monetary benefits	Post Employment Benefits Super-annuation $	Share-Based Payment Shares / Options $	 Total $	 Remuneration consisting of Options %
Non-Executive Directors						
Mr Tom Bahen (appointed 20 May 2013)	22,590	2,624	2,079	-	27,293	0%
Mr Evan Cranston	54,500	4,237	-	-	58,737	0%
Dr Paul Kitto (resigned 31 January 2013)	4,167	360	375	-	4,902	0%
Mr Grant Mooney	-		-	-	-	-
Sub-total Non-Executive Directors	81,257	7,221	2,454	-	90,932	0%
Executive Director						
Mr Peter Sheehan (resigned 20 May 2013)	162,908	1,625	15,625	-	180,158	0%
Other Key Management Personnel						
Mr Grant Mooney*	52,000	4,237	-	-	56,237	0%
Total	**296,165**	**13,083**	**18,079**	**-**	**327,327**	**0%**

*In respect of company secretarial fees paid to Mooney & Partners Pty Ltd

Compensation Options

There were a total of 15,000,000 compensation options issues to Directors and 2,000,000 compensation options issued to Other Key Management Personnel during the financial year ended 31 December 2014 as part of the Long Term Incentives as detailed above and as approved by shareholders at the General Meeting held on 14 November 2014.

Service Agreements

The Group entered into a Service Agreement with Mr Patrick Walta, Executive Director, on 19 February 2014. The agreement provided for an annual salary of $180,000, for an indefinite period and severable by either party provided that one month written notice is given. In addition to the $134,000 paid during the year for services while a director, Mr Walta received $46,000 during the year for services performed before he became a director.

On appointment to the Board, all Non-Executive Directors enter into a letter agreement with the Group which summarises the Board policies and terms which mirror those set out within the Corporations Act 2001, including compensation, relevant to the office of Director.

No other remuneration arrangements were in place during the financial year ended 31 December 2014.

Share Based Payment Compensation

Details of options over ordinary shares in the Company provided as remuneration to each Director of Carbine Resources Limited and each of the key management personnel of the Group are set out below. When exercisable, each option is convertible into one ordinary share of Carbine Resources Limited. All options granted during the year and all outstanding options issued to Directors in prior years were granted with no vesting conditions. Further information on the options is set out in notes 16 and 17 to the financial statements.

Key Management Personnel	Numbers of options granted during the year	Value of options at grant date *	Numbers of options vested during the year	% vested during the year	Numbers of options lapsed during the year	Value at lapse date **
Non-Executive Directors						
Mr Tom Bahen	5,000,000	$38,900	5,000,000	100%	-	-
Mr Evan Cranston	5,000,000	$38,900	5,000,000	100%	-	-
Mr Grant Mooney	-	-	-	-	-	-
Executive Directors						
Mr Patrick Walta	5,000,000	$38,900	5,000,000	100%	-	-
Other Key Management Personnel						
Ms Oonagh Malone	2,000,000	$15,520	2,000,000	100%	-	-
	17,000,000	**132,220**	**17,000,000**		**-**	**-**

* The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration

** The value at lapse date of options that were granted as part of remuneration and that lapsed during the year because a vesting condition was not satisfied. The value is determined at the time of lapsing, but assuming the condition was satisfied.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

No options were exercised during the year that were previously granted as remuneration.

Option holdings of Key Management Personnel

2014

Key Management Personnel	Balance at 1-Jan-14	Granted as Remuneration	Options Exercised	Other Changes	Balance at 31-Dec-14 or resignation	Total Vested 31-Dec-14	Total Exercisable 31-Dec-14
Tom Bahen*	-	5,000,000	-	-	5,000,000	5,000,000	5,000,000
Evan Cranston	1,000,000	5,000,000	-	-	6,000,000	6,000,000	6,000,000
Grant Mooney**	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000
Oonagh Malone***	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000
Patrick Walta	-	5,000,000	-	-	5,000,000	5,000,000	5,000,000
	2,000,000	17,000,000	-	-	19,000,000	19,000,000	19,000,000

2013

Key Management Personnel	Balance at 1-Jan-13	Granted as Remuneration	Options Exercised	Other Changes	Balance at 31-Dec-13 or resignation	Total Vested 31-Dec-13	Total Exercisable 31-Dec-13
Tom Bahen*	-	-	-	-	-	-	-
Evan Cranston	3,000,000	-	-	(2,000,000)	1,000,000	1,000,000	1,000,000
Paul Kitto****	3,000,000	-	-	(2,000,000)	1,000,000	1,000,000	1,000,000
Grant Mooney**	1,750,000	-	-	(750,000)	1,000,000	1,000,000	1,000,000
Peter Sheehan*****	5,000,000	-	-	-	5,000,000	5,000,000	5,000,000
	12,750,000	-	-	(4,750,000)	8,000,000	8,000,000	8,000,000

Shareholdings of Key Management Personnel

2014

Key Management Personnel	Balance at 1-Jan-14 or appointment	Received as Remuneration	Options Exercised	Net Changes (other)	Balance at 31-Dec-14 or resignation
Tom Bahen*	2,422,799	-	-	-	2,422,799
Evan Cranston	-	-	-	-	-
Grant Mooney**	135,000	-	-	-	135,000
Oonagh Malone***	-	-	-	-	-
Patrick Walta	-	-	-	135,000	135,000
	2,557,799	-	-	135,000	2,692,799

2013

Key Management Personnel	Balance at 1-Jan-13 or appointment	Received as Remuneration	Options Exercised	Net Changes (other)	Balance at 31-Dec-13 or resignation
Tom Bahen*	1,422,799	-	-	1,000,000	2,422,799
Evan Cranston	-	-	-	-	-
Paul Kitto****	3,200,000	-	-	-	3,200,000
Grant Mooney**	135,000	-	-	-	135,000
Peter Sheehan*****	-	-	-	-	-
	4,757,799	-	-	1,000,000	5,757,799

*Appointed 20 May 2013 **Resigned 2 September 2014 *** Appointed 2 September 2014
****Resigned 31 January 2013 *****Resigned 20 May 2013

Details of options held by each key management person of the Group at the date of this report are shown below.

Key Management Personnel	Grant date	Number granted	Value of options granted $	Vesting date	Expiry Date	Vested %
Mr Evan Cranston	31/5/2012	1,000,000	21,000	31/05/2012	11/06/2015	100
Mr Tom Bahen	14/11/2014	5,000,000	38,900	14/11/2014	17/11/2017	100
Mr Evan Cranston	14/11/2014	5,000,000	38,900	14/11/2014	17/11/2017	100
Mr Patrick Walta	14/11/2014	5,000,000	38,900	14/11/2014	17/11/2017	100
Ms Oonagh Malone	17/11/2014	2,000,000	15,520	17/11/2014	17/11/2017	100

End of the Remuneration Report (Audited)

Environmental Regulations

In the course of its normal mining and exploration activities the Group adheres to environmental regulations imposed upon it by the various regulatory authorities, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna. The Group has complied with all material environmental requirements up to the date of this report.

Insurance of Directors and Officers

During the year, the Group has paid an insurance premium in respect of a contract indemnifying the Group's Directors and officers. The total premium paid was $13,482 (2013: $13,083).

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Other Information

The registered office and principal place of business is Suite 23, 513 Hay Street Subiaco WA 6008.

Non Assurance Services

There were no non-assurance services provided by the Group's auditors during the year.

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 full year financial statement.

Dated at Perth this 25th day of March, 2015

Signed in accordance with a resolution of the Directors

Mr Patrick Walta
Executive Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

		CONSOLIDATED	
	Notes	**2014**	**2013**
		$	**$**
Revenue from continuing operations	2(a)	175,168	177,384
Other income	2(b)	-	13,190
Exploration & evaluation costs	8	(797,076)	(366,617)
Foreign exchange gain/(loss)		(299)	-
Gain/(loss) on disposal of financial assets	9	708	(240,800)
Reversal of impairment/(impairment) of receivable	5	(3,168)	14,261
Depreciation	2(c)	(43,087)	(65,810)
Share based payment expenses	17	(155,500)	(16,382)
Employee, director and consultant expenses	2(d)	(319,918)	(330,230)
General and administration expenses	2(e)	(336,270)	(281,742)
Loss before income tax expense		(1,479,442)	(1,096,746)
Income tax benefit	3	78,792	-
Loss after income tax from continuing operations attributable to owners of Carbine Resources Limited		(1,400,650)	(1,096,746)
Loss attributable to members of Carbine Resources Limited		**(1,400,650)**	**(1,096,746)**
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Exchange difference on translation of foreign operations	20(b)	(3,467)	78,648
Total comprehensive income/(loss)		(1,404,117)	(1,018,098)
Total comprehensive loss attributable to members of Carbine Resources Limited		**(1,404,117)**	**(1,018,098)**
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the company		**Cents**	**Cents**
Basic loss per share	12	(1.00)	(0.78)
Diluted loss per share	12	(1.00)	(0.78)

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 31 DECEMBER 2014

	Notes	CONSOLIDATED 2014 $	2013 $
Current Assets			
Cash and cash equivalents	4	4,184,803	5,308,154
Trade and other receivables	5	38,450	51,151
Financial assets	9a	-	-
Other current assets	6	16,811	18,513
Total Current Assets		4,240,064	5,377,818
Non-Current Assets			
Property, plant and equipment	7	17,082	61,037
Exploration and evaluation expenditure	8	-	-
Financial assets	9b	50,000	50,000
Total Non-Current Assets		67,082	111,037
Total Assets		4,307,146	5,488,855
Current Liabilities			
Trade and other payables	10	101,478	34,570
Total Current Liabilities		101,478	34,570
Total Non-Current Liabilities		-	-
Total Liabilities		101,478	34,570
Net Assets		**4,205,668**	**5,454,285**
Equity			
Issued Capital	11	22,636,442	22,636,442
Reserves	20	2,755,890	2,603,857
Accumulated losses		(21,186,664)	(19,786,014)
Total Equity		**4,205,668**	**5,454,285**

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 YEAR ENDED 31 DECEMBER 2014

	CONSOLIDATED				
	Contributed Equity	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total Equity
	$	$	$		$
Balance at 1 January 2014	**22,636,442**	**(19,786,014)**	**2,357,728**	**246,129**	**5,454,285**
Loss for the year	-	(1,400,650)	-	-	(1,400,650)
Exchange difference on translation of foreign operations	-	-	-	(3,467)	(3,467)
Total comprehensive income/ (loss) for the year	**-**	**(1,400,650)**	-	**(3,467)**	**(1,404,117)**
Transactions with owners in their capacity as owners:					
Share based payments	-	-	155,500	-	155,500
	-	-	155,500	-	155,500
Balance at 31 December 2014	**22,636,442**	**(21,186,664)**	**2,513,228**	**242,662**	**4,205,668**

	CONSOLIDATED				
	Contributed Equity	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total Equity
	$	$	$		$
Balance at 1 January 2013	**22,636,442**	**(18,689,268)**	**2,341,346**	**167,481**	**6,456,001**
Loss for the year	-	(1,096,746)	-	-	(1,096,746)
Exchange difference on translation of foreign operations	-	-	-	78,648	78,648
Total comprehensive income/ (loss) for the year	**-**	**(1,096,746)**	**-**	**78,648**	**(1,018,098)**
Transactions with owners in their capacity as owners:					
Share based payments	-	-	16,382	-	16,382
	-	-	16,382	-	16,382
Balance at 31 December 2013	**22,636,442**	**(19,786,014)**	**2,357,728**	**246,129**	**5,454,285**

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 YEAR ENDED 31 DECEMBER 2014

	Note	CONSOLIDATED 2014 $	2013 $
Cash Flows From Operating Activities			
Payments to suppliers and employees		(461,997)	(602,614)
Exploration expenditure, prospects, management fees		(935,978)	(294,089)
Other operating income		-	6,387
Taxes refunded/(paid)		78,792	-
Decrease in utility deposit		-	2,799
Interest received		197,174	134,336
Net cash (outflow) from operating activities	18	**(1,122,009)**	**(753,181)**
Cash Flows From Investing Activities			
Payment for plant and equipment		(1,415)	-
Proceeds from disposal of plant and equipment		-	117,458
Payment for investments		(4,500)	-
Proceeds from sale of investments		5,208	1,019,200
Net cash (outflow)/inflow from investing activities		**(707)**	**1,136,658**
Cash Flows From Financing Activities			
Proceeds from issue of shares, net of capital raising costs		-	-
Net cash inflow from financing activities		**-**	**-**
Net (decrease)/increase in cash and cash equivalents held		**(1,122,716)**	**383,477**
Cash and cash equivalents at the beginning of the year		5,308,154	4,920,642
Differences in foreign exchange		(635)	4,035
Cash and cash equivalents at the end of the year	4	**4,184,803**	**5,308,154**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

These financial statements are general-purpose financial statements which have been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards, Australian Accounting Interpretations and other mandatory professional reporting requirements.

Carbine Resources Limited is a listed public company, incorporated and domiciled in Australia.

The financial statements, comprising the financial statements and notes thereto also comply with International Financial Reporting Standards 'IFRS'. The presentation currency of the Group is Australian Dollars. Functional Currency is determined and discussed in the following accounting policy.

The accounting policies adopted are consistent with those of the previous financial year and corresponding half-year reporting period unless otherwise stated.

Historical cost convention

The financial report has been prepared on an accruals basis and is based on historical costs, with the exception of certain financial assets at fair value.

(a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(b) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the Statement of Financial Position date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions or deductibility imposed by the law.

(c) Mineral Exploration and Evaluation and Development Expenditure

The Group, when acquiring exploration and evaluation assets will carry those projects at acquisition value in the Statement of Financial Position, less any subsequent impairment.

All exploration and evaluation expenditure within an area of interest will be expensed until the Directors conclude that the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and that future economic benefits are probable, further expenditure is capitalised.

No amortisation is charged during the exploration and evaluation phase. Amortisation is charged on commencement of commercial production. Exploration and evaluation assets are tested for impairment annually or when there is an indication of impairment, until commercially viable material resources are established. Upon establishment of commercially viable mineral resources exploration and evaluation assets are tested for impairment when there is an indicator of impairment. Subsequently the assets are stated at cost less impairment provision.

(d) Property, Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation

The depreciation amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Furniture & Equipment	20% - 33%
Motor vehicle	33%
Patenting, Licensing, Software	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

(e) Impairment of Assets

At each reporting date, the Group reviews the carrying values of tangible assets and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Employee Benefits

A provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(g) Financial Instruments

At present, the Group does not undertake any hedging or deal in derivative instruments.

Recognition

The group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss
- loans and receivables
- held-to-maturity investments; and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

The Group recognises receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Financial assets are classified based on the objective of the Group's business model for managing the financial assets and the characteristics of the contractual cash flows.

The Group derecognises a financial asset when the contractual cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows such that substantially all the risks and rewards of ownership of the financial asset are transferred.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets.

Loans and receivables are included in trade and other receivables (note 5) in the Statement of Financial Position.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

Financial assets at fair value through profit or loss are measured initially at fair value which includes transaction costs directly attributable to the acquisition of the financial asset. They are measured subsequently at fair value with movements in fair value being recognised in profit or loss.

Profit or loss arising on the sale of equity investments is recognised in profit or loss unless the election has been made to recognise fair value movements in other comprehensive income, in which case the profit or loss on sale is also recognised in other comprehensive income.

Impairment

Impairment losses on financial assets at fair value through profit or loss are recognised in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets quoted in an active market with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which would be classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

i. if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

ii. if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (ie transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(h) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest methods, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance amount (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance amount. Subsequent recoveries of amounts previously written off are credited against other expenses in profit and loss.

(i) Revenue Recognition

Revenue from the sale of goods and disposal of other assets is recognised when the Group has passed control of the goods or other assets to the buyer. Interest income is recognised using the effective interest rate method.

(j) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Carbine Resources Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 22.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income.

(k) Foreign Currency Translation

Functional and presentation currency

The financial statements are presented in Australian dollars, which is Carbine Resources Limited's functional and presentation currency. The functional currency of Carbine Resources SARL is the West African CFA franc.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to Shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the Statement of Profit or Loss and Other Comprehensive Income, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(l) Earnings Per Share

Basic earnings per share

Basic earnings per share ("EPS") is calculated as net profit or loss attributable to ordinary shareholders of the Group divided by the weighted average number of shares outstanding during the period.

Diluted earnings per share

Diluted EPS earnings is calculated by adjusting the basic EPS earnings for the after tax effect of financing costs and the effect of conversion to ordinary shares associated with dilutive potential ordinary shares, rather than including the notional earnings on the funds that would have been received by the entity had the potential ordinary shares been converted.

The diluted EPS weighted average number of shares includes the number of ordinary shares assumed to be issued for no consideration in relation to dilutive potential ordinary shares, rather than the total number of dilutive potential ordinary shares. The number of ordinary shares assumed to be issued for no consideration represents the difference between the number that would have been issued at the exercise price and the number that would have been issued at the average price.

The identification of dilutive potential ordinary shares is based on net profit or loss from continuing operations, and is applied on a cumulative basis, taking into account the incremental earnings and incremental number of shares for each series of potential ordinary share.

(m) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the lease term. Lease incentives are recognised in the Statement of Profit or Loss and Other Comprehensive Income as an integral part of the total lease expense.

(n) Share-Based Payment Transactions

The Company provides benefits to employees (including Directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (‘equity-settled transactions’).

The plan currently in place to provide these benefits is the Employee Option Incentive Scheme (EOIS), which provides benefits to employees in the form of options to subscribe for shares subject to vesting periods.

The cost of these equity-settled transactions with Directors and employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an appropriate option pricing model.

In valuing equity-settled transactions, no account is taken of any performance conditions. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest.

This opinion is formed based on the best available information at balance date. No expense is recognised for awards that do not ultimately vest. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(o) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the Statement of Financial Position date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(p) Contributed Equity

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Group.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST and VAT except:

- when the GST or VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST or VAT included.

The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included as part of receivable or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flow on a gross basis and the GST and VAT components of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST or VAT recoverable from, or payable to, the taxation authority.

(r) New and amended standards adopted by the group

The group has applied the following standards and amendments for first time in their annual reporting period commencing 1 January 2014:

- AASB 1031 (2013) '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 Liabilities' (Amendments to AASB 132)
- AASB 2013-3 ' Amendments to Australian Accounting Standards for Recoverable Amount Disclosures for Non Financial Assets' (Amendments to AASB 136)

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2014 affected any of the amounts recognised in the current period or any prior period, although it caused minor changes to the Group's accounting policies and disclosures. Amendments made to AASB 124; Related Party Disclosures allows the removal of the individual key management personnel disclosure requirements (including paragraphs Aus 29.1 to Aus 29.9.3).

(s) New accounting standards for Application in Future Periods

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)

  The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

  Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments it is impractical at this stage to provide a reasonable estimate of such impact.

- *Other standards not yet applicable*
  These standards are not expected to have a material impact on the entity in the current or future reporting periods.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2014-1 'Amendments to Australian Accounting Standards'- Parts A to C	1 July 2014	31 December 2015
AASB 2014-1 'Amendments to Australian Accounting Standards'- Part D	1 January 2016	31 December 2016
AASB 2014-1 'Amendments to Australian Accounting Standards'- Part E	1 January 2015	31 December 2015
AASB 2014-3 'Amendments to Australian Accounting Standards'-Accounting for Acquisitions of Interests in Joint Operations	1 July 2016	31 December 2016
AASB 2014-4 'Amendments to Australian Accounting Standards-Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	31 December 2016

(t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Carbine Resources Limited.

A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(u) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a "joint venture" and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

The Group has no interests in joint arrangements in 2013 or 2014.

(v) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Share based payments

The cost of share-based payments to employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. Refer to Note 17 for further details.

Impairment of VAT receivable

As at 31 December 2014 the Group had VAT receivable in Burkina Faso of $879,804 (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. Refer to Note 5 for further details.

Exploration and Evaluation

All acquisition costs and subsequent exploration and evaluation expenditure for areas of interest of the Group have been fully expensed.

Deferred Taxation

No deferred tax assets or deferred tax liabilities are currently brought to account by the Group because there is insufficient certainty that the Group will derive sufficient future assessable income to enable any income tax benefits to be realised and comply with the conditions for assessable income or allowable deductions imposed by the law.

R&D Tax rebate

During the year, the Group received a R&D tax rebate of $78,792. This has been classified as an income tax benefit because it is based on a measure of taxable profit. No asset is recognised at 31 December 2014 for future expected R&D tax rebates because they do not meet recognition criteria for current tax assets or deductible temporary differences, and they are out of the scope of the definition of government grants.

Acquisition of Raging Bull Metals Pty Ltd

During the year, the Group gained control of Raging Bull Metals Pty Ltd (RBT) with acquisition of 75% of the ordinary shares of RBT, and the ability to solely determine mineral exploration and development activities regarding any mineral exploration interests or mining projects held by RBT. RBT has an agreement to potentially acquire a 100% interest in the Mount Morgan Au/Cu Mine and 1Mtpa Kundana CIP plant. The agreement for the Group to acquire RBT requires the Group to solely fund mineral exploration activities up to the completion of a bankable feasibility study or forfeit all interests in RBT. This has been treated as an acquisition of mineral exploration interests, not a business combination, because the acquired mineral exploration interests did not include the processes required for recognition of a business combination, with no staff and the completion of a bankable feasibility study required before commencing operations.

2. REVENUE, OTHER INCOME AND EXPENSES

	CONSOLIDATED 2014 $	2013 $
(a) Revenue from continuing operations		
Interest revenue	175,168	177,384
Other revenue	-	-
	175,168	177,384
(b) Other income		
Gain on disposal of plant and equipment	-	6,803
Proceeds on sale of other assets	-	6,387
		13,190
(c) Depreciation		
Plant and equipment	(43,087)	(65,810)
(d) Employee, director and consultant expenses		
Superannuation expenses	(3,425)	(18,079)
Other expenses	(316,493)	(312,151)
Total employee, director and consultant expenses	(319,918)	(330,230)
(e) General and administration expenses		
Operating lease - rental	(36,000)	(36,000)
Administration fees	(75,000)	(75,000)
Other expenses	(225,270)	(170,742)
Total general and administrative expenses	(336,270)	(281,742)

3. INCOME TAX

	2014 $	2013 $
The components of income tax benefit/(expense) comprise:		
Current tax	78,792	-
Deferred tax	-	-
Income tax benefit reported in the Statement of Profit or Loss and Other Comprehensive Income	78,792	-
The prima facie tax on (loss) before income tax is reconciled to the income tax as follows:		
Accounting Loss before income tax	(1,479,442)	(1,096,746)
Amount calculated on the domestic rates applicable to profits or losses in the countries concerned at the Group's weighted average statutory rate of 29.8%. (2013: 23.7%)	(440,910)	(310,669)
Temporary differences	13,924	45,353
Tax effect of expenses that are never deductible for tax purposes	48,436	5,403
R&D tax rebate claim	(78,792)	-
Unrecognised DTA losses	378,550	259,913
Utilisation of carried forward tax losses	-	-
Income tax attributable to the Group	(78,792)	-
Tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 occur	5,005,325	4,675,888

	CONSOLIDATED	
	2014	2013
	$	$
Deferred tax assets/ (losses)		
- temporary differences	22,281	71,393
- tax losses (operating losses)	4,983,044	4,604,495
- tax losses (capital losses)	-	-
	5,005,325	4,675,888

Deferred tax assets have not been recognised as it is not considered probable at this stage that they will be recovered.

The effective income tax rates within Australia and Burkina Faso are 30% (2013: 30%) and 22.5% (2013: 22.5%) respectively.

4. CASH AND CASH EQUIVALENTS

Cash at bank	4,182,353	5,306,101
Petty Cash	2,450	2,053
	4,184,803	5,308,154

The effective interest rate on short term bank deposits was 3.30% (2013: 3.77%)

Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:

Cash at bank	4,182,353	5,306,101
Petty Cash	2,450	2,053
	4,184,803	5,308,154

The Group's exposure to interest rate risk is discussed at Note 19. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of cash and cash equivalents mentioned above.

5. TRADE AND OTHER RECEIVABLES

Net GST refundable	13,488	4,107
VAT receivable	879,804	911,896
Opening balance of impairment of VAT receivable	(911,896)	(764,826)
Decrease/(increase) in impairment of VAT receivable	32,092	(147,070)
Other receivable	24,962	47,044
	38,450	51,151

As at 31 December 2014 the Group had VAT receivable in Burkina Faso of $879,804 (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/(increase) in the impairment of VAT receivable of $32,092 (2013: ($147,070)) includes $35,260 (2013: ($161,331)) caused by exchange differences on translation of foreign operations less an increase/ (reduction) in the amount receivable in the functional currency of the local operations of $3,168 (2013: ($14,261)) that has been recognised as an expense/(gain) in profit or loss. No other receivables are past due nor 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. Further details on the Group's risk management policy can be found at note 19.

6. OTHER CURRENT ASSETS

	CONSOLIDATED	
	2014	**2013**
	$	**$**
Prepayments	9,313	10,713
Other current asset	7,498	7,800
	16,811	18,513

7. PLANT AND EQUIPMENT

	CONSOLIDATED			
	Furniture & Equipment	**Patent, Licensing, Software**	**Motor Vehicle**	**Total**
	$	**$**	**$**	**$**
Year ended 31 December 2014				
Opening net book value	22,845	9,235	28,957	61,037
Additions	1,415	-	-	1,415
Foreign Exchange	(589)	(423)	(1,271)	(2,283)
Depreciation charge for the year	(14,012)	(8,812)	(20,263)	(43,087)
Disposals	-	-	-	-
Closing net book value	9,659	-	7,423	17,082
At 31 December 2014				
Cost	70,378	41,052	62,129	173,559
Accumulated depreciation and impairment	(60,719)	(41,052)	(54,706)	(156,477)
Net book value	9,659	-	7,423	17,082
Year ended 31 December 2013				
Opening net book value	93,933	19,100	101,561	214,594
Additions	-	-	-	-
Foreign Exchange	9,041	2,529	11,212	22,782
Depreciation charge for the year	(22,327)	(12,394)	(31,089)	(65,810)
Disposals	(57,802)	-	(52,727)	(110,529)
Closing net book value	22,845	9,235	28,957	61,037
At 31 December 2013				
Cost	71,302	42,704	64,630	178,636
Accumulated depreciation and impairment	(48,457)	(33,469)	(35,673)	(117,599)
Net book value	22,845	9,235	28,957	61,037

8. EXPLORATION AND EVALUATION EXPENDITURE

Exploration expenditure – costs carried forward in respect of areas of interest in:

	CONSOLIDATED	
	2014	2013
	$	$
Carrying amount at beginning of year	-	-
Carrying amount of sold mineral exploration interests	-	-
Carrying amount at the end of year	-	-
Exploration and evaluation incurred	797,076	366,617
Exploration costs expensed	(797,076)	(366,617)
	-	-

9. FINANCIAL ASSETS

(a) Current Financial Assets At Fair Value Through Profit and Loss

Value of 4,000,000 Shares in Phoenix Gold Ltd (ASX Code: PXG) received in 2012 in consideration for sale of mineral exploration interests held at beginning of 2013.	-	1,260,000
Loss in value of shares in PXG sold	-	(240,800)
Proceeds on sale of shares in PXG	-	(1,019,200)
Purchase consideration for 10,000 shares in OMI Holdings Ltd (ASX Code: OMI)	2,000	
Proceeds on sale of 10,000 shares in OMI Holdings Ltd (ASX Code: OMI)	(2,208)	
Purchase consideration for 10,000 shares in 8I Holdings Ltd (ASX Code: 8IH)	2,000	
Proceeds on sale of 10,000 shares in 8I Holdings Ltd (ASX Code: 8IH)	(2,500)	
Gain on disposal of financial assets	708	-
Total current financial assets at fair value	-	-

(b) Non-Current Financial Assets

Term deposit held as a security bond	50,000	50,000
Total non-current financial assets at fair value	50,000	50,000

All financial assets have been valued based on quoted (unadjusted) market values and are therefore Tier 1 measured financial assets. There have been no transfers to other measurement levels during the year and currently no other assets in any other categories.

The Group's exposure to credit and interest rate risks related to financial assets is disclosed in Note 19.

10. TRADE AND OTHER PAYABLE - CURRENT

Trade payables – unsecured	70,037	14,270
Other payables and accruals – unsecured	31,441	20,300
Total trade and other payables	101,478	34,570

Information about the Group's exposure to foreign exchange risk is provided in Note 19.

11. ISSUED CAPITAL

	CONSOLIDATED			
	2014		2013	
	No. of Shares	$	No. of Shares	$
(a) Ordinary shares fully paid				
Balance at beginning of year	140,017,394	22,636,442	140,017,394	22,636,442
Issue of shares	-	-	-	-
Costs of capital raising	-	-	-	-
Balance at end of year	140,017,394	22,636,442	140,017,394	22,636,442

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

(b) Options

Options granted, exercised or forfeited during the period, and on issue at balance date are as follows.

	CONSOLIDATED	
Date and details of grant/exercise/forfeited	**No. of Options**	**Exercise Price**
Issued options opening balance	8,425,000	Various
Options granted in the period	20,000,000	Various
Options exercised	-	N/A
Options expired	(425,000)	Various
Balance at 31 December 2014	28,000,000	

Further details are disclosed in note 17.

12. EARNINGS PER SHARE

(a) Basic earnings per share

	CONSOLIDATED	
	2014	2013
	$	$
Basic (loss) per share (cents per share)	(1.00)	(0.78)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic (loss) per share	140,017,394	140,017,394
Net loss used in the calculation of basic (loss) per share	(1,400,650)	(1,096,746)

(b) Diluted earnings per share

	CONSOLIDATED	
	2014	2013
	$	$
Diluted (loss) per share (cents per share)	((1.00)	(0.78)
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted (loss) per share	140,017,394	140,017,394
Net (loss) used in the calculation of diluted (loss) per share	(1,400,650)	(1,096,746)

Due to the Group being in a loss position, options are considered counter dilutive and therefore earnings per share are not diluted by unexercised options.

13. AUDITORS' REMUNERATION

Remuneration of Auditor of the Company:		
Auditing or reviewing the group financial report BDO Audit (WA) Pty Ltd	-	23,715
Auditing or reviewing the group financial report Stantons International Audit and Consulting Pty Ltd	24,626	26,035
Auditing or reviewing the subsidiary financial report ACECA International SARL	-	2,090
	24,626	51,840

14. SEGMENT REPORTING

The Board of Directors, which is the chief operating decision maker, has determined the operating segments based on geographical location. The Group has two reportable segments; namely, Australia and Burkina Faso (West Africa), which are the Group's strategic business units.

The Australian segment incorporates the Group's mineral exploration and evaluation in Australia along with head office and treasury functions, while the West African segment incorporates mineral exploration in Burkina Faso.

Transactions between the segments are recognised in the inter-entity loan account which is interest free, repayable on demand and denominated in Australian dollars. As the segment information is presented internally to the Board of Directors within consolidated financial reports, various inter-segment eliminations have been incorporated in this disclosure to be consistent with measures reported to the Board. Consequently there are no inter-segment reconciling items.

Other segment information

(i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the Statement of Profit or Loss and Other Comprehensive Income.

Segment revenue reconciles to total revenue from continuing operations as shown in the below table:

(ii) Accounting Profit or Loss

The Board of Directors assess the performance of the operating segments based on comparing exploration results against the working capital and other financial resources needed to achieve those results. Consequently, the relevant measure of profit or loss reported to the Board of Directors is the profit or loss calculated in accordance with current Australian accounting standards. The profit or loss calculated in accordance with current Australian accounting standards is the most appropriate measure as current Australian accounting standards fairly present relevant information. Interest income and expenditure of the parent entity are allocated to the Australian segment, and not left as a reconciling item, as interest revenue forms at least 25% of external revenue.

(iii) Segment assets

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

(iv) Segment liabilities

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment and the location of the legal entity that incurred any legal liability.

2014	**Australia**	**West Africa**	**Reconciling items**	**Total**
	$	**$**	**$**	**$**
Interest revenue	175,168	-	-	175,168
Other revenue	-	-	-	
Total segment revenue	175,168	-	-	175,168
Inter-segment revenue	-	-	-	-
External revenue	175,168	-	-	175,168
Other income	-	-	-	-
Total expenses	(1,615,646)	(38,964)	-	(1,654,610)
Accounting profit / (loss) before income tax	(1,440,478)	(38,964)	-	(1,479,442)
Income tax benefit	78,792	-	-	78,792
Accounting profit / (loss) after income tax	(1,361,686)	(38,964)		(1,400,650)
Total expenses include				
Depreciation	(2,587)	(40,500)	-	(43,087)
Exploration and evaluation expenses	(744,337)	(52,739)	-	(797,076)
Share based payments	(155,500)	-	-	(155,500)
Total segment assets	4,259,958	47,188	-	4,307,146
Total segment liabilities	(95,086)	(6,392)	-	(101,478)
Segment net assets	4,164,872	40,796	-	4,205,668

2013	Australia	West Africa	Reconciling items	Total
	$	$	$	$
Interest revenue	177,384	-	-	177,384
Other revenue	-	-	-	-
Total segment revenue	177,384	-	-	177,384
Inter-segment revenue	-	-	-	-
External revenue	177,384	-	-	177,384
Other income	-	13,190	-	13,190
Total expenses	(893,561)	(393,759)	-	(1,287,320)
Accounting profit / (loss)	(716,177)	(380,569)	-	(1,096,746)
Total expenses include				
Depreciation	(3,612)	(62,198)	-	(65,810)
Exploration and evaluation expenses	(20,794)	(345,823)	-	(366,617)
Share based payments	(16,382)	-	-	(16,382)
Total segment assets	5,399,259	89,596	-	5,488,855
Total segment liabilities	(28,203)	(6,367)	-	(34,570)
Segment net assets	5,371,056	83,229	-	5,454,285

15. RELATED PARTY TRANSACTIONS AND BALANCES

Kingslane Pty Ltd and associated entities (Kingslane) is a substantial shareholder in the Company and held 12,728,749 ordinary shares in the Company at 31 December 2014. Entities controlled by Kingslane received $36,000 during the year for office rent.

Konkera Corporate, a related party of Kingslane Pty Ltd, received $75,000 during the year for administrative services. Kingslane and Konkera Corporate are related parties of non-executive director Evan Cranston.

All related party transactions are on normal arms' length terms.

16. KEY MANAGEMENT PERSONNEL DISCLOSURES

The following people have been designated as Key Management Personnel for the year:

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

Remuneration by Category

Key Management Personnel

	2014 $	2013 $
Short-term	282,750	309,248
Post-employment	3,425	18,079
Share-based payment	132,220	-
	418,395	327,327

Loans to Key Management Personnel

There were no loans to Key Management Personnel during the period and no balance outstanding at year end.

Other transactions and balances with Key Management Personnel

Executive director Mr Patrick Walta is a director and shareholder of Raging Bull Mining Pty Ltd (RBN). Before his appointment as a director, the Group acquired from RBN a 75% shareholding in Raging Bull Metals Pty Ltd (RBT) as described in note 22. RBN retains a 25% shareholding in RBT with the potential to receive the further consideration described in note 22.

There were no other transactions with Key Management Personnel (other than those disclosed in Notes 15 and 17).

17. SHARED BASED PAYMENTS

(a) Employee Option Plan

The Employee Share Option Plan is used to reward the Directors and employees for their performance and to align their remuneration with the creation of shareholder wealth. There are no performance requirements to be met before exercise can take place. The Plan is designed to provide long-term incentives to deliver long-term shareholder returns. Participation in the Plan is at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The issue of options is not linked to performance conditions because by setting the option price at a level above the current share price at the time the options are granted, provides incentive for management to improve the Company's performance.

The terms and conditions of each grant of Plan options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
25 Aug 2010	Vesting on issue	24-Aug-13	$0.30	0.236
25 Aug 2010	Vesting on issue	24-Aug-13	$0.40	0.222
28 Aug 2010	Vesting on issue	27-Aug-13	$0.30	0.237
28 Aug 2010	Vesting on issue	27-Aug-13	$0.40	0.223
3 Sept 2010	Vesting on issue	2-Sep-13	$0.30	0.237
14 Sept 2010	Vesting on issue	13-Sep-13	$0.40	0.224
7 Oct 2010	Vesting 12 months and 24 months from issue	6-Oct-13	$0.45	0.220
4 April 2011	Vesting 12 months and 24 months from issue	1-Apr-14	$0.38	0.242
4 April 2011	Vesting on issue	1-Apr-14	$0.38	0.242
24-Jun-11 *	Vesting 12 months and 24 months from issue	23-Jun-14	$0.16	0.099
31 May 2012	Vesting on issue	11 June 2015	$0.075	$0.034
31 May 2012	Vesting on issue	11 June 2015	$0.10	$0.030
31 May 2012	Vesting on issue	11 June 2015	$0.115	$0.028
31 May 2012	Vesting on issue	11 June 2015	$0.20	$0.21
14 November 2014	Vesting on issue	17 November 2017	$0.0496	$0.00988
14 November 2014	Vesting on issue	17 November 2017	$0.10	$0.00568
17 November 2014	Vesting on issue	17 November 2017	$0.0496	$0.00986
17 November 2014	Vesting on issue	17 November 2017	$0.10	$0.00566

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Value at grant date $	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
Consolidated and parent entity									
4-Apr-11	1-Apr-14	$0.38	350,000	-	84,904	-	350,000	-	-
4-Apr-11	1-Apr-14	$0.38	75,000	-	18,194	-	75,000	-	-
31-May-12	11-Jun-15	$0.075	2,000,000	-	68,000	-	-	2,000,000	2,000,000
31-May-12	11-Jun-15	$0.10	2,000,000	-	60,000	-	-	2,000,000	2,000,000
31-May-12	11-Jun-15	$0.115	1,000,000	-	28,000	-	-	1,000,000	1,000,000
31-May-12	11-Jun-15	$0.20	3,000,000	-	63,000	-	-	3,000,000	3,000,000
14 November 2014	17 November 2017	$0.0496	-	7,500,000	74,100	-	-	7,500,000	7,500,000
14 November 2014	17 November 2017	$0.10	-	7,500,000	42,600	-	-	7,500,000	7,500,000
17 November 2014	17 November 2017	$0.0496	-	2,500,000	24,650	-	-	2,500,000	2,500,000
17 November 2014	17 November 2017	$0.10	-	2,500,000	14,150	-	-	2,500,000	2,500,000
			8,425,000	20,000,000	477,598	-	425,000	28,000,000	28,000,000
Weighted average exercise price ($)			0.15	0.07			0.38	0.09	0.09

No options were forfeited during the year.

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.19 years (2013: 1.38 years).

The assessed fair values at grant date of options granted on 14 November 2014 were as detailed above. The fair values at grant date were determined using a Black-Scholes option pricing model. The volatility rate was 74%, the risk free interest rate was 2.62% and a 20% discount was applied for illiquidity. The share price at grant date was 3.2 cents per share. These options had a total value of $116,700.

The assessed fair values at grant date of options granted on 17 November 2014 were as detailed above. The fair values at grant date were determined using a Black-Scholes option pricing model. The volatility rate was 74%, the risk free interest rate was 2.59% and a 20% discount was applied for illiquidity. The share price at grant date was 3.2 cents per share. These options had a total value of $38,800.

The total value of options granted and vesting immediately during the year ended 31 December 2014 was $155,500 (2013: nil). In addition, an amount of nil (2013: $16,382) was expensed over the vesting period for options granted in previous years.

(b) Employee Shares Plan

There were no shares issued during the 2014 financial year as part of an employee share scheme (2013: nil).

18. RECONCILIATION OF CASH FLOWS FROM OPERATIONS WITH LOSS AFTER INCOME TAX

	CONSOLIDATED	
	2014	**2013**
	$	**$**
Loss after income tax	(1,400,650)	(1,096,746)
Add:		
- Depreciation	43,087	65,810
- Share based payments	155,500	16,382
Deduct:		
- Profit/(loss) on sale of assets	708	(240,800)
Changes in assets and liabilities during the year:		
Decrease in other current assets	1,702	7,727
Decrease/(increase) in trade and other receivables	12,701	(20,283)
Increase/(decrease) in payables and provisions	66,908	(11,773)
Foreign exchange differences	(549)	44,902
Net cash used in operations	(1,122,009)	(753,181)

19. FINANCIAL INSTRUMENTS

Financial Risk Management

The Group's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and equity market risk. The Board of Directors reviews and agrees policies for managing each of these risks as summarised below.

Financial Risk

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk, foreign exchange risk and credit risk.

	CONSOLIDATED	
	2014	**2013**
	$	**$**
Cash at bank	4,184,803	5,308,154

Financial Asset

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and equity market risk.

Cash and cash equivalents	4,184,803	5,308,154
Other Current Financial Assets		
Trade and other receivables	38,450	51,151
Financial assets at fair value	-	-
	38,450	51,151
Non-Current Financial Assets		
Financial assets at fair value	50,000	50,000
	50,000	50,000
Financial Liabilities		
Trade and other payables	101,478	34,570
	101,478	34,570

Liquidity Risk and Liquidity Risk Management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities or other fund raising initiatives.

The Group does not have major funding in place. However, the Group continuously monitors forecast and actual cash flows and the maturity profiles of financial assets and financial liabilities to manage its liquidity risk.

The Group has access to a bank overdraft facility totalling $50,000. The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice. At 31 December 2014, $50,000 of this facility was available for use.

Credit Risk

Credit risk refers to the risk that counterparties will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis.

Banks and Financial Institutions are chosen only if they are independently rated parties with a minimum rating of ‘A’.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics, except that as at 31 December 2014 the Group had VAT receivable in Burkina Faso of $879,804 (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. As detailed in note 5, in 2014 there has been a net decrease in the impairment by $32,092. This is due to an increase in VAT receivable of $3,168, owing to an increase in the amount receivable in the functional currency of Burkina Faso, and a foreign exchange movement of ($35,260) for the amount receivable.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the economic entity’s maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Interest Rate Risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

2014	**Weighted Average Interest Rate**	**Floating Interest Rate**	**Fixed Interest Maturing in 1 Year or Less**	**Non-Interest Bearing**	**Total**
	%	**$**	**$**	**$**	**$**
Financial Assets					
Cash and cash equivalents	3.30	164,652	4,000,000	20,151	4,184,803
Receivables				38,450	38,450
Non current financial assets at fair value	3.50		50,000		50,000
Financial Liabilities					
Payables				(101,478)	(101,478)
Net Financial Assets	**3.36**	**164,652**	**4,050,000**	**(42,877)**	**4,171,775**

2013	**Weighted Average Interest Rate**	**Floating Interest Rate**	**Fixed Interest Maturing in 1 Year or Less**	**Non-Interest Bearing**	**Total**
	%	**$**	**$**	**$**	**$**
Financial Assets					
Cash and cash equivalents	3.77	288,857	5,000,000	19,297	5,308,154
Receivables	-	-	-	51,151	51,151
Non current financial assets at fair value	3.75	-	50,000	-	50,000
Financial Liabilities					
Payables	-	-	-	(34,570)	(34,570)
Net Financial Assets	**3.77**	**288,857**	**5,050,000**	**35,878**	**5,374,735**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk:

2014		-1%		1%	
	Carrying Amount	Profit	Equity	Profit	Equity
	$	$	$	$	$
Cash and cash equivalents	4,184,803	(41,848)	(41,848)	41,848	41,848
Trade receivables	38,450	-	-	-	-
Non-current financial assets at fair value	50,000	(500)	(500)	500	500
Trade payables	(101,478)	-	-	-	-
Total increase/(decrease)	**4,171,775**	(42,348)	(42,348)	42,348	42,348

2013		-1%		1%	
	Carrying Amount	Profit	Equity	Profit	Equity
	$	$	$	$	$
Cash and cash equivalents	5,308,154	(53,082)	(53,082)	53,082	53,082
Trade receivables	51,151	-	-	-	-
Non-current financial assets at fair value	50,000	(500)	(500)	500	500
Trade payables	(34,570)	-	-	-	-
Total increase/(decrease)	5,374,735	(53,582)	(53,582)	53,582	53,582

Price Risk

There were no equity securities held at 31 December 2014.

The Group was exposed to equity securities price risk in 2013 due to 4,000,000 publicly traded shares in ASX listed Phoenix Gold Ltd (PXG) held at 31 December 2012 that were sold during 2013. These shares held by the Group are classified in the Statement of Financial Position at fair value through profit or loss. At 31 December 2012, 4,000,000 shares in PXG were held with the last sale on the ASX to 31 December 2012 at a share price of $0.315 per share for a total value of $1,260,000. These shares were sold for $1,019,200 during 2013 creating a loss on disposal in 2013 of $240,800.

The Group was exposed to equity securities price risk in 2014 due to 10,000 publicly traded shares in ASX listed OMI Holdings Ltd (OMI) and 10,000 publicly traded shares in ASX listed 8I Holdings Ltd (8IH) purchased during 2014 that were sold in 2014. These shares are treated as being classified in the Statement of Financial Position at fair value through profit or loss. As detailed in note 9, during 2014, these shares were purchased for a total of $4,000 then sold for a total of $4,708 creating a gain on disposal in 2014 of $708.

The Group is not exposed to commodity price risk.

Fair value of financial instruments

The following tables detail the consolidated entity's fair values of financial instruments categorised by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Consolidated – 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Assets				
Ordinary shares	-	-	-	-
Total assets	-	-	-	-

Consolidated - 2013				
Assets				
Ordinary shares	-	-	-	-
Total assets	-	-	-	-

There were no transfers between levels during 2014 or 2013.

Fair Value Estimation

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Unrecognised Financial Instruments

The Group does not have any unrecognised financial instruments.

Foreign exchange risk

Although the Group operates internationally, all material financial assets are denominated in the respective entity's functional currency. The functional currency of Carbine Resources SARL is West African CFA Francs (CFA). Therefore the Group's exposure to foreign exchange risk arising from currency exposures is limited to the transfer of funding from the Australian head office to some of its overseas operations and exposure to the currency fluctuations of United States Dollar (USD) denominated financial assets and financial liabilities and CFA denominated financial assets and financial liabilities. There were minimal foreign currency balances held at year end, in comparison with balances held during the year, due to the timing of exploration programs.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian Dollar, was as follows:

	31 December 2014		31 December 2013	
	USD	CFA	USD	CFA
	$	$	$	$
Cash and cash equivalents	-	20,051	-	19,297
Trade receivables	-	3,920	-	3,996
Trade payables	-	(6,392)	-	(6,337)
Total	-	17,579	-	16,956

Had the Australian dollar weakened/strengthened by 10% against the CFA with all other variables held constant, the Group's post-tax profit and equity would have been $1,758 (2013: $1,696) higher or lower.

Capital Management Risk

Capital is defined as the wealth owned or employed in the Group. The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares and sell its financial assets held at fair value.

20. RESERVES

(a) Share-Based Payment Reserve

This reserve records the value of options and shares provided as payment for services received.

	CONSOLIDATED	
	2014	2013
	$	$
Movements		
Opening balance	2,357,728	2,341,346
Amounts expensed for options granted that vested immediately	155,500	-
Amount expensed over vesting period for options granted in prior year	-	16,382
Closing balance	2,513,228	2,357,728

(b) Foreign Currency Translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity; the cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Movements		
Opening balance	246,129	167,481
Foreign currency translation	(3,467)	78,648
Closing balance	242,662	246,129
Total Reserves	**2,755,890**	**2,603,857**

21. COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments

Non-Cancellable operating leases contracted for but not capitalised in the financial statements:

Operating Lease Commitments		
Due within 1 year	18,000	18,000
Due greater than 1 year and less than 5	-	-
Total	18,000	18,000

The administrative services agreement contracted for but not capitalised in the financial statements:

Administrative Services Commitments		
Due within 1 year	75,000	75,000
Due greater than 1 year and less than 5	-	-
Total	75,000	75,000

The executive services agreement contracted for but not capitalised in the financial statements:

Executive Services Commitments		
Due within 1 year	15,000	-
Due greater than 1 year and less than 5	-	-
Total	15,000	-

The Group leases various offices under operating leases expiring within one or two years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Exploration Commitments

The outstanding exploration commitment in relation to the Joint Venture Agreement with Ampella Mining Limited has been extinguished as the minimum expenditure commitment over the life of the tenements has already been exceeded.

Contingent liability

At 31 December 2014, the Company had an outstanding legal claim of $143,063 from former director Mr Grant Mooney. On 10 March 2015 the Company agreed to a settlement of $15,000 to Mr Mooney, in full unconditional settlement of legal proceedings commenced by Mr Mooney, with no admission of liability by the Company. As there was no present obligation of the Company at 31 December 2014, this legal claim does not meet the recognition criteria for a liability.

Potential payments to Norton Goldfields Ltd (ASX: NGF) in consideration for a 100% interest in the Mount Morgan Au/Cu Mine and 1Mtpa Kundana CIP are detailed in note 22(b).

22. CONTROLLED ENTITIES

a. Information about Principal Subsidiaries

The information presented in this note is presented here in accordance with AASB 12.

Set out below are the Group's subsidiaries at 31 December 2014. The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group, and the proportions of ownership interests held equals the voting rights held by the Group. Each subsidiary's country of incorporation or registration is also its principal place of business.

	Country of Incorporation	Percentage Owned (%)	
Subsidiaries of Carbine Resources Limited:		**2014**	**2013**
Carbine Resources SARL	Burkina Faso	100	100
Raging Bull Metals Pty Ltd	Australia	75	-

b. Summarised Financial Information of Subsidiaries with Material Non-controlling Interests

During the year, the Group gained control of Raging Bull Metals Pty Ltd (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.

RBT has an agreement to potentially acquire a 100% interest in the Mount Morgan Au/Cu Mine and 1Mtpa Kundana CIP plant from Norton Goldfields Ltd (ASX:NGF) (Norton). The agreement for the Group to acquire RBT requires the Group to solely fund mineral exploration activities up to the completion of a bankable feasibility study (BFS) or forfeit all interests in RBT. Other than this contingent asset, RBT's only asset is $99 in cash effectively held for the benefit of the vendors.

Carbine will progressively earn 100% of RBT by:

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

RBN will receive 25M shares in Carbine on the successful production of 10,000oz of gold and also on 5,000t of copper from Mount Morgan and/or other projects acquired through RBN.

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

- payment to Norton of $100,000 on completion of due diligence, which was paid during the year, $100,000 that was paid on execution of the formal agreement in November 2014 and $300,000 remaining to be paid by 7 July 2015;
- completion of a BFS on the Project;
- payment to Norton of $2M on completion of a capital raising following the BFS; and
- a final payment to Norton of a total $13M via 20% of the annual net earnings from operations of the Project.

23. SUBSEQUENT EVENTS

There were no other events subsequent to the end of the financial period ended 31 December 2014 that would have material effect on these financial statements, other than:

On 10 March 2015, the Company agreed to pay a settlement of $15,000 to former director Mr Grant Mooney, in full unconditional settlement of legal proceedings commenced by Mr Mooney, with no admission of liability by the Company.

24. PARENT ENTITY INFORMATION

The following detailed information is related to the parent entity, Carbine Resources Limited at 31 December 2014. The information presented here has been prepared using consistent accounting policies as discussed in Note 1.

	PARENT	
	2014	2013
	$	$
Current assets	4,208,495	5,346,725
Non-current assets	51,362	52,534
Total assets	**4,259,857**	**5,399,259**
Current liabilities	94,987	28,203
Non-current liabilities	-	-
Total liabilities	**94,987**	**28,203**
Contributed equity	22,636,442	22,636,442
Accumulated losses	(20,984,800)	(19,623,114)
Share based payment reserve	2,513,228	2,357,728
Total equity	**4,164,870**	**5,371,056**
Loss for the year	(1,361,686)	(852,045)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	**(1,361,686)**	**(852,045)**

Guarantees

There are no guarantees entered into by the parent entity in the financial year ended 31 December 2014 in relation to the debt of a subsidiary.

Contingent liabilities

There are no contingent liabilities of the Company or the Group other than as detailed in note 21.

Contractual commitments

At 31 December 2014, Carbine Resources Limited had not entered into any contractual commitments other than as detailed in notes 21 and 22.

DIRECTORS' DECLARATION

The Directors of Carbine Resources Ltd declare that:

1. The financial statements comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and the accompanying notes, are in accordance with the Corporations Act 2001, including:

    (a) complying with Accounting Standards and the Corporations Regulations 2001; and other mandatory professional reporting requirements; and

    (b) giving a true and fair view of the financial position as at 31 December 2014 and of the performance for the year ended on that date of the Group.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations as required by section 295A.

Signed in accordance with a resolution of the Directors:

Patrick Walta

Mr Patrick Walta
Executive Director

Dated at Perth this 25th day of March, 2015

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

25 March 2015

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 audit of the financial statements of Carbine Resources Limited for the year ended 31 December 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

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

Samir R Tirodkar
Director

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

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

Report on the Financial Report

We have audited the accompanying financial report of Carbine Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

(a) the financial report of Carbine Resources Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 6 to 12 of the directors' report for the year ended 31 December 2014. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the remuneration report of Carbine Resources Limited for the year ended 31 December 2014 complies with section 300A of the *Corporations Act 2001.*

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

Stantons International

Samir R Tirodkar
Director

West Perth, Western Australia
25 March 2015

CORPORATE GOVERNANCE

Unless disclosed below, the Company has applied all of the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council for the entire financial year 31 December 2014.

Board of Directors

The skills, expertise and experience relevant to the position of each Director who is in office at the date of the Financial Report and their term of office are detailed in the Directors' Report.

The Directors are responsible for overseeing the Company's business operations and its management for the benefit of Shareholders, employees and other stakeholders and to enhance Shareholder value. The Board is responsible for the overall corporate governance of the Company and its subsidiaries.

Responsibilities and Functions of the Board
Under the Board charter, the Board's responsibilities include:

- setting the strategic direction of the Company and monitoring management's performance within that framework;
- ensuring there are adequate resources available to meet the Company's objectives;
- appointing and removing Executive Directors and overseeing succession plans for the senior executive team;
- evaluating the performance of the Board and its Directors on an annual basis and determining remuneration levels of Directors;
- approving and monitoring financial reporting, capital management and the progress of business objectives;
- ensuring that adequate risk management procedures exist and are being used;
- ensuring that the Company has appropriate corporate governance structures in place, including standards of ethical behaviour and a culture of corporate and social responsibility; and
- ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Company.

Responsibilities of Executive Management
The role of senior executives within the organisation is to:

- develop with the Board, implement and monitor the strategic and financial plans for the Company;
- plan, develop and implement the annual budgets and business plans and continuously monitor all capital expenditure, capital management and all major corporate transactions, including the issue of any securities of the Company;
- develop all financial reports, and all other material reporting and external communications by the Company, including material announcements and disclosures, in accordance with the Company's external communications policy;
- manage the appointment of the chief financial officer, the general counsel and company secretary and any other specific senior management positions;
- develop, implement and monitor the Company's risk management framework;
- keep the Board fully informed of all material matters which may be relevant to the Board, in their capacity as directors of the Company;
- provide effective management of the Company in order to:
  - encourage cooperation and teamwork;
  - build and maintain staff morale at a high level;
  - build and maintain a strong sense of staff identity with, and a sense of allegiance to the Company;
- ensure a safe workplace for all personnel;
- ensure that the Company has regard to the interests of employees and customers of the company and the community and environment in which the company operates; and
- otherwise carry out the day-to-day management of the Company.

Composition of the Board
The Board consists of one executive Director and two non-executive Directors, the details of whom are set out in the Directors' Report.

The Constitution requires a minimum number of three directors. The maximum number of Directors is fixed by the Board but may not be more than 10, unless the members of the Company in general meeting resolve otherwise. The relevant provisions in the Company's Constitution and the Corporations Act determine the terms and conditions relating to the appointment and termination of Directors. All non-executive Directors, are appointed for a fixed term and are subject to re-election by rotation every three years.

Identification of potential Board candidates includes consideration of the skills, experience, personal attributes and capability to devote the necessary time and commitment to the role. Details of the Company's policy in relation to the nomination and appointment of new directors is available on the Company's website.

The Company's Directors believe that the current composition of the Board has the necessary skills and motivation to ensure that the Company can perform strongly.

Any changes to Directorships will, for the foreseeable future, be considered by the full Board subject to any applicable laws. Accordingly, a nominations committee has not been established.

Director Independence
Two of the three Directors satisfy the criteria for independence thereby giving the Board a majority of independent directors.

Conflicts of Interest
In accordance with the Corporations Act and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes a significant conflict exists, the Director concerned does not receive the relevant papers and is not present at the Board meeting whilst the matter is being considered.

Independent professional advice
In fulfilling their duties, each Director dealing with corporate governance matters may obtain independent professional advice at the Company's expense, subject to prior approval of the Board, whose approval will not be unreasonably withheld.

Board committees
The Board of Directors considers that the Company is not currently of a size, or its affairs of such complexity, to justify the establishment of separate committees. Accordingly, all matters that may be capable of delegation to an audit, remuneration or nomination committee will be dealt with by the full Board.

Corporate governance policies

The Board has adopted the following corporate governance policies:

Continuous Disclosure
The Board places a high priority on communication with Shareholders and is aware of the obligations it has under the Corporations Act and ASX Listing Rules to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of the Company's securities.

Communication to Shareholders
The Board recognises the importance of communicating regularly with Shareholders and aims to have transparent and effective communications. The Company will post all reports, ASX and media releases and copies of significant business presentations and speeches on the Company's website at www.carbineresources.com.au. Shareholders are encouraged to attend and participate in General Meetings.

Share Trading
The Company has in place a share trading policy which restricts all Directors, employees or consultants of the Company from dealing in shares of the Company whilst in possession of price sensitive information or similarly passing information to other parties to buy or sell the Company's Shares.

In addition to insider trading prohibitions arising from the Corporations Act, Directors, executive officers and senior management are prohibited from trading as follows:

- No Director or executive officer should buy or sell Shares without the prior approval of the Board;
- No senior manager should buy or sell Shares without the prior approval of the Board;

- Unless there are unusual circumstances, trades in Shares by Directors and members of senior management are limited to stipulated periods;
- Directors and senior management are generally prohibited from trading Shares for a short term gain.

Before trading in the Company's Shares, Directors, employees and consultants must request in writing authorisation to trade in the Company's securities from their relevant authorising officer.

Confidentiality
In addition to obligations under the Corporations Act in relation to inside information, all Directors, employees and consultants also have a duty of confidentiality to the Company in relation to confidential information they possess.

Matters for Approval by the Board of Directors
The Board has adopted a list of matters required to be brought before the Board of Directors for approval. This provides an important means of dividing responsibility between the Board and management, assisting those affected by corporate decisions to better understand the respective accountabilities and contributions of the Board and the Senior Executives.

Evaluation of Board and Senior Executives
The Board considers the evaluation of its own and senior executive performance as fundamental to establishing a culture of performance and accountability. The Board also considers the ongoing development and improvement of its own performance as critical input to effective governance. The Board undertakes an annual evaluation of its effectiveness as a whole.

The basis of the review is on goals that have been set for the Company based on corporate requirements and any areas for improvement identified in previous reviews. The Board does not endorse the reappointment of a director who is not satisfactorily performing the role.

All senior executives of the Company are subject to an annual performance evaluation. Each year, senior executives establish a set of performance targets with her or his superior. These targets are aligned to overall business goals and requirements of the position.

An informal assessment of progress is carried out each half year. A full evaluation of the executive's performance against the agreed targets takes place once a year. This will normally occur in conjunction with goal setting for the coming year. Since the Company is committed to continuous improvement and the development of its people, the results of the evaluation form the basis of the executive's development plan.

The Company is also committed to continuing development of its directors and executives. Any director wishing to undertake either specific directional training or personal development courses is expected to approach the Board for approval of the proposed course.

External Auditor Selection Process
Should there be a vacancy for the position of external auditor, the Company conducts a formal tendering process, either a general or selective tender. Tenders are evaluated in accordance with the criteria, as appropriate from time to time, provided to tenderers. Tenders are not assessed solely on the basis of price, but on a number of issues such as:

- skills and knowledge of the team proposed to do the work;
- quality of work;
- independence of the audit firm;
- lead signing partner and independent review partner rotation and succession planning;
- value for money;
- ethical behaviour and fair dealing; and
- independence from Carbine.

The Board identifies and recommends an appropriate external auditor for appointment, in conjunction with senior management, and this is put the shareholders in general meeting. The appointment is made in writing.

The external auditor is required to rotate its audit partners so that no partner of the external auditor is in a position of responsibility in relation to Carbine's accounts for a period of more than five consecutive years. Further, once rotated off Carbine's accounts no partner of the external auditor may assume any responsibility in relation to Carbine's accounts for a period of five consecutive years. This requires succession planning on the part of the external auditor, a process in which Carbine is involved.

Risk Management Policy
Risk recognition and management are viewed by Carbine as integral to the Company's objectives of creating and maintaining shareholder value, and the successful execution of the Company's mineral exploration and development. The Board as a whole is responsible for oversight of the processes by which risk is considered for both ongoing operations and prospective actions.

Management is responsible for establishing procedures which provide assurance that major business risks are identified, consistently assessed and appropriately addressed.

Not all aspects of risk management can be formalised and the Company places considerable reliance on the skill, experience and judgement of its people to take risk managed decisions within the policy framework, and to communicate openly on all risk related matters.

There are a range of specific risks that have the potential to have an adverse impact on the Company's business. The Company has developed a framework for a risk management policy and internal compliance and control system which covers organisational, financial and operational aspects of the Company's affairs.

Key elements of the framework for the management of risk by the Company are:

- oversight of the Company's financial affairs by the Directors;
- the formulation of programmes for exploration and development;
- regular reporting against established targets;
- approval guidelines for exploration and capital expenditure;
- regulatory compliance programmes and reporting in key areas such as safety and environment;
- management of capital and financial risk;
- an annual insurance program;
- oversight of the conduct of contractors.

In assessing and managing identified risks:

- risks are assessed in terms of potential consequences and likelihood;
- risks are ranked in accordance with their likely impact;
- the acceptability of each identified risk is assessed;
- proposed actions to eliminate, reduce or manage each material risk are considered and agreed;
- responsibilities for the management of each risk are assigned.

Diversity Policy
The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success is the result of the quality and skills of our people. Our policy is to recruit and manage on the basis of qualification for the position and performance, regardless of gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability. It is essential that the Company employs the appropriate person for each job and that each person strives for a high level of performance.

The Company's strategies are to:

1. recruit and manage on the basis of an individual's competence, qualification and performance;
2. create a culture that embraces diversity and that rewards people to act in accordance with this policy;
3. appreciate and respect the unique aspects that individual brings to the workplace;
4. foster an inclusive and supportive culture to enable people to develop to their full potential;
5. identify factors to be taken into account in the employee selection process to ensure we have the right person for the right job;
6. take action to prevent and stop discrimination, bullying and harassment; and
7. recognise that employees at all levels of the Company may have domestic responsibilities.

The Board is accountable for ensuring this policy is effectively implemented. Each employee has a responsibility to ensure that these objectives are achieved.

ASX Corporate Governance Principles and Recommendations with 2010 Amendments

Item	ASX Best Practice Recommendation	Comment
1	**Lay Solid Foundations for Management and Oversight**	
1.1	Formalise and disclose the functions reserved to the board and those delegated to management.	The Company complies with this recommendation. The Corporate Governance Policy includes a Board Charter which discloses the specific responsibilities of the Board and provides that the Board shall delegate day-to-day operations and administration of the Company to the executive Directors and senior management of the Company. A copy of the Board Charter is available on the Company's website.
1.2	Disclose the process for evaluating the performance of senior executives	The Company complies with this recommendation. The Company has a policy for the evaluation of the Board and Senior Executives which is available on the Company's website.
2	**Structure the Board to Add Value**	
2.1	A majority of the board should be independent directors.	The Company complies with this recommendation with 2 of the 3 Directors considered to be independent.
2.2	The chair should be an independent director.	The Company does not have a chair. It is actively seeking to appoint a chair with the skills and experience appropriate to a company transitioning into a producing company.
2.3	The roles of the chair and chief executive officer should not be exercised by the same individual.	The Company complies with this recommendation.
2.4	The board should establish a nomination committee.	The Company does not comply with this recommendation. Given the Company's size, it is not considered necessary to have a separate Nomination Committee. The Board, in consultation with external advisers where required, undertakes this role.
2.5	Process for evaluating the performance of the board, its committees and individual directors.	The Company complies with this recommendation. The Company has a policy for the evaluation of the Board and Senior Executives which is available on the Company's website.
3	**Promote ethical and responsible decision-making**	
3.1	Establish a code of conduct as to: (a) the practices necessary to maintain confidence in the company's integrity; (b) the practices necessary to take into account legal obligations and the reasonable expectations of their stakeholders; and (c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	The Company complies with this recommendation. The Corporate Governance Policy includes a Code of Conduct which provides a framework. A copy is available on the Company's website.
3.2	Establish a policy concerning diversity.	The Company complies with this recommendation and a summary of this policy is noted above.

Item	ASX Best Practice Recommendation	Comment
3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	The Company looks for relevant industry experience when identifying candidates for key positions and employs the best and most suitable people regardless of gender, colour, religion or otherwise.
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	During the period, the Company employed one woman (out of a total workforce of five), one of whom acts in a senior executive role. There are no women on the Board.
4	**Safeguard integrity in financial reporting**	
4.1	The board should establish an audit committee.	The Company does not comply with this recommendation. Given the Company's size, it is not considered necessary to have a separate Audit Committee. The Board as a whole undertakes this role and considers it has the necessary skills and experience to competently oversee the audit review process.
4.2	Structure the audit committee so that it consists of: (a) only non-executive directors; (b) a majority of independent directors; (c) an independent chairperson, who is not chairperson of the board; and (d) at least three members.	In its capacity as acting as an audit committee, the Board partially complies with this recommendation. The Board is comprised of two non-executive and one executive director, the majority of whom are independent. A non-executive director assumes the role of independent chairperson when considering audit matters.
4.3	The audit committee should have a formal charter.	The Company complies with this recommendation. The formal charter for the Audit Committee is available on the Company's website and is followed by the Board when acting in its capacity as Audit Committee.
5	**Make timely and balanced disclosure**	
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	The Company complies with this recommendation. The Company has in place a Continuous Disclosure Policy designed to ensure the factual presentation of the Company's position at all times. A copy of this policy is available on the Company's website.
6	**Respect the rights of shareholders**	
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	The Company complies with this recommendation. The Company has a Shareholders Communication Policy in place which sets out the procedures to provide shareholders with relevant information which include matters which may have a material effect on the price of the Company's securities, notifying them to ASX, posting them on the Company's website and issuing media releases where required. Further, the Company encourages participation at general meetings by providing for proxy votes to be returned electronically as well as by post and fax. A copy of the policy is available on the Company's website.

Item	ASX Best Practice Recommendation	Comment
7	**Recognise and manage risk**	
7.1	Establish policies on risk oversight and management of material business risk.	The Company complies with this recommendation. The Company's Corporate Governance Policy includes a Risk Management Policy. Under this policy the Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategies and policies for internal compliance and control. A copy of this policy is available on the Company's website.
7.2	The board should require management to design and implement the risk management and internal control system to manager the company's material risks and report to the board on whether those risks are being managed effectively.	The Company complies with this recommendation. Management implements and monitors business risk for the Company and reports to the Board on a monthly basis.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risk.	The Company complies with this recommendation.
8	**Remunerate fairly and responsibly**	
8.1	The board should establish a remuneration committee.	The Company does not comply with this recommendation. Given the Company's size, it is not considered necessary to have a separate Remuneration Committee. The Board as a whole undertakes this role and considers it has the necessary skills and experience in conjunction with external advisors to competently oversee this process.
8.2	Structure the remuneration committee so that it: (a) consists of a majority of independent directors; (b) is chaired by an independent chair; and (c) has at least three members.	The Company complies with this recommendation. In its capacity as Remuneration Committee, the Board consists of the three Directors, the majority of whom are considered independent, and is chaired by an independent non-Executive Director.
8.3	Companies should clearly distinguish the structure of the non-executive directors' remuneration from that of executives.	The Company complies with this recommendation. The Company has separate policies regarding the remuneration of non-executive directors and executive directors. These policies provide a basis for distinguishing the type of remuneration which is suitable for the two classes.

ADDITIONAL INFORMATION

Shareholder Information

The following information is based on share registry information processed up to 21 April 2015.

Distribution of Fully Paid Ordinary Shares

The number of holders, by size of holding, for fully paid ordinary shares in the Company is:

Securities Spread of Holders	Ordinary Fully Paid Shares Number of Holders
1 – 1,000	29
1,001 – 5,000	77
5,001 – 10,000	82
10,001 – 100,000	399
100,001 and over	189
Total	**776**

There are 190 holders of unmarketable parcels comprising a total of 994,581 ordinary shares.

Twenty Largest Holders of Shares in Carbine Resources Ltd (Unmerged)

	Shareholder	Number Held	% of Issued Shares
1	Kingslane Pty Ltd	10,728,749	7.66%
2	Mark John and Margaret Patricia Bahen	5,982,862	4.27%
3	Blu Bone Pty Ltd	4,719,241	3.37%
4	Ablett Pty Ltd	4,250,000	3.04%
5	Kathryn Yule	4,000,000	2.86%
6	Kobia Holdings Pty Ltd	3,622,799	2.59%
7	Anthony Grant Melville and Elaine Sandra Melville	3,500,000	2.50%
8	Phantom WA Pty Ltd	3,250,000	2.32%
9	Precambrian Pty Ltd	3,055,000	2.18%
10	Nebraska Pty Ltd	3,000,000	2.14%
11	J P Morgan Nominees Australia	2,727,886	1.95%
12	Marford Group Pty Ltd	2,662,273	1.90%
13	Blu Bone Pty Ltd	2,409,025	1.72%
14	Michael Robert Pitt	2,300,013	1.64%
15	David Owen Phipps and Palma Mary Phipps	2,125,000	1.52%
16	Ulrich Muco	2,100,000	1.50%
17	Daniel Paul Wise	2,076,225	1.48%
18	Kingslane Pty Ltd	2,000,000	1.43%
19	David Vincent and Giuseppina Vincent	2,000,000	1.43%
20	Kingarth Pty Ltd	1,950,000	1.39%
Total		**68,459,073**	**48.89%**

Carbine Resources Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares. The Company is listed on the Australian Securities Exchange under the code CRB. The Home exchange is Perth.

There are 140,017,394 ordinary fully paid shares currently listed and trading on the Australian Securities Exchange.

Voting Rights - Fully Paid Ordinary Shares

Every shareholder present in person or by proxy, attorney or representative has one vote on a show of hands, and on a poll, one vote for each fully paid share.

Unquoted Equity Securities

Quantity	Terms	Holders
2,000,000	Unlisted options exercisable at $0.075 on or before 11 June 2015	1
2,000,000	Unlisted options exercisable at $0.10 on or before 11 June 2015	1
1,000,000	Unlisted options exercisable at $0.115 on or before 11 June 2015	1
3,000,000	Unlisted options exercisable at $0.20 on or before 11 June 2015	3
10,000,000	Unlisted options exercisable at $0.0496 on or before 17 November 2017	6
10,000,000	Unlisted options exercisable at $0.10 or before 17 November 2017	6

Holders of Unquoted Securities (holding more than 20% of each equity security class)

Holder	Class of Securities	Exercise / Conversion Price	Expiry Date	No. Securities
Mr Peter Sheehan	Option	$0.075	11 June 2015	2,000,000
Mr Peter Sheehan	Option	$0.10	11 June 2015	2,000,000
Mr Peter Sheehan	Option	$0.115	11 June 2015	2,000,000
Precambrian Pty Ltd	Option	$0.20	11 June 2015	1,000,000
Ocean Flyers Pty Ltd	Option	$0.20	11 June 2015	1,000,000
Konkera Pty Ltd	Option	$0.20	11 June 2015	1,000,000
Kobia Holdings Pty Ltd	Option	$0.0496	17 November 2017	2,500,000
Mr Patrick Walta	Option	$0.0496	17 November 2017	2,500,000
Konkera Pty Ltd	Option	$0.0496	17 November 2017	2,500,000
Kobia Holdings Pty Ltd	Option	$0.10	17 November 2017	2,500,000
Mr Patrick Walta	Option	$0.10	17 November 2017	2,500,000
Konkera Pty Ltd	Option	$0.10	17 November 2017	2,500,000

Schedule of Mining Tenements as at 31 December 2014

Burkina Faso Permit	License Number	Interest
Nongodoum	11-213	100% Carbine
Magel	11-214	100% Carbine
Madougou	09-156	Option to Acquire 80%
Kandy	10-100	Option to Acquire 80%
Madougou 2	11-052	Option to Acquire 100%
Ingara	Application	100% Carbine
Siliga	Application	Option to Acquire 100%
Mount Morgan Tenements Queensland		
	ML5628	Option to Acquire 100%
	ML5613	Option to Acquire 100%
	ML5616	Option to Acquire 100%
	ML5660	Option to Acquire 100%
	ML5608	Option to Acquire 100%
	ML5617	Option to Acquire 100%
	ML5609	Option to Acquire 100%
	ML5619	Option to Acquire 100%
	ML5602	Option to Acquire 100%
	ML5618	Option to Acquire 100%
	ML5658	Option to Acquire 100%
	ML5635	Option to Acquire 100%
	ML5622	Option to Acquire 100%
	ML5620	Option to Acquire 100%
	ML5623	Option to Acquire 100%
	ML5627	Option to Acquire 100%
	ML5615	Option to Acquire 100%

Mount Morgan Tenements Queensland continued		
	ML5589	Option to Acquire 100%
	ML5659	Option to Acquire 100%
	ML5634	Option to Acquire 100%
	ML5626	Option to Acquire 100%
	ML5633	Option to Acquire 100%
	ML5621	Option to Acquire 100%
	ML5624	Option to Acquire 100%
	ML5625	Option to Acquire 100%
	ML6692	Option to Acquire 100%
	ML5612	Option to Acquire 100%
	ML5649	Option to Acquire 100%
	ML5614	Option to Acquire 100%
	ML5648	Option to Acquire 100%
Many Peaks Tenements Queensland		
	ML3640	Option to Acquire 100%
	ML3641	Option to Acquire 100%
	MDL30	Option to Acquire 100%
	EPM14918	Option to Acquire 100%

Company Secretary
Ms Oonagh Malone

Registered Office
Suite 23
513 Hay Street
Subiaco WA 6008

Share Registry
Security Transfer Registrars
770 Canning Highway
Applecross WA 6153

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Registered Office
Suite 23
513 Hay Street
Subiaco WA 6008

PO Box 1311
Subiaco WA 6904

T: (08) 6142 0986
F: (08) 9388 8824
E: carbine@carbineresources.com.au