Carbine Tungsten Limited

ABN: 77 115 009 106 (ASX CODE: CNQ)

Half Year Financial Report

31 DECEMBER 2015

CORPORATE DIRECTORY

DIRECTORS

Russell H. Krause	Non-executive Chairman
Andrew J. Morgan	CEO & Managing Director
Roland W. Nice	Non-executive Director

COMPANY SECRETARY

David W. Clark

PRINCIPAL AND REGISTERED OFFICE

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AUDITORS

BDO Audit (NTH QLD) Pty Ltd

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Telephone: +61 (0)7 4046 0000

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BANKERS

Commonwealth Bank of Australia

STOCK EXCHANGE LISTING

Listed on the Australian Securities Exchange (ASX)

ASX Code: CNQ

ABN: 77 115 009 106

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Your Directors submit their Report for the half year ended 31 December 2015.

DIRECTORS

The names of the Company's Directors in office during the half-year and at the date of this Report are as follows:

Russell H. Krause	Non-executive Chairman
Andrew J. Morgan	CEO & Managing Director
Roland W. Nice	Non-executive Director

REVIEW & RESULTS OF OPERATIONS

The net result of operations after applicable income tax expense for the half year ended 31 December 2015 was a loss of $1,448,074 (2014 – Half Year Loss $2,348,141).

REVIEW OF OPERATIONS

The first half of the 2015/2016 financial year has been another highly active period for the Company despite continuing uncertainty within the financial and commodity markets. Information on the operations and financial position of the Group, its business strategies and prospects for future financial years is detailed in the Review of Operations section of this Report.

FINANCIAL

The Company's cash position as at 31 December 2015 was $706,007.

SUBSEQUENT EVENTS

No event has occurred subsequent to 31 December 2015 requiring disclosure in, or amendment to, these financial statements, apart from:

On 11 March 2016 and in accordance with the Non Renounceable Entitlements Offer Document dated 18 November 2015, the Company announced the placement of 49,300,000 shortfall shares completed on the following basis: 1) A total of 9,300,000 new shares to be issued at $0.025 per share to raise $232,500; and 2) the remaining 40,000,000 new shares to be issued to Lanstead Capital LP ("Lanstead") in accordance with the Tranche B subscription agreement entered into with Lanstead and announced to the market on 20 November 2015.

AUDITORS' INDEPENDENCE DECLARATION

The Auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is attached to this Report.

Signed at Cairns this 15th day of March 2016 in accordance with a resolution of Directors.

RH Krause
Chairman

The first six months of the 2015/2016 financial year has marked another busy period for Carbine Tungsten Limited ("Carbine" or "the Company") despite tungsten market conditions and pricing for concentrates and Ammonia Para Tungstate ("APT") remaining close to historically low levels.

The following commentary provides an overview of the activities and milestones achieved during this period.

FUNDING AND PROJECT UPDATE

LOW GRADE STOCKPILE & OPEN PIT PROJECTS

As announced in the September 2015 Quarterly Activities Report the Company's strategy is to maintain its project-ready status until market conditions improve.

Despite the poor tungsten and general commodity market conditions the Company remains confident that it has a world class, low CAPEX / OPEX tungsten resource with a realistic plan of delivering the project at a more optimum time in the commodity cycle.

Furthermore, the Company's proposed acquisition of the Mt Carbine and Mossman quarries has the capacity to provide an immediate positive cash flow, if purchased, to sustain the Company during the period of poor tungsten market conditions.

EXPLORATION ACTIVITIES

MT CARBINE, QUEENSLAND

IRON DUKE MAGNETIC SURVEY

The Iron Duke prospect is adjacent to the sheeted quartz vein, wolframite dominated, Mt Carbine tungsten deposit. The Iron Duke prospect is closely associated with lenses of pillowed basalt and a continuous horizon of brecciated radiolarian chert, and has been mapped on the surface for a distance of 1.3km north from the Mt Carbine open pit. The prospect is interpreted as having formed in association with skarn alteration of the basalt and chert, and mineralisation is dominantly scheelite. Six (6) cored drill intercepts of the prospect on the eastern side of the open pit average 0.32% WO_3 and the true width of the prospect averages 8m in these intercepts, although geological mapping north of the pit indicates that the prospect has a width of up to 20m.

During the September 2015 quarter, a ground magnetic survey to determine the application of ultra-high resolution magnetic imagery in interpreting the structure of the Iron Duke prospect was undertaken. Detailed mapping and investigation of tin prospectivity in the western part of EPM 14872 was also undertaken.

The magnetometer survey was carried out with the aim of determining its usefulness in delineation drill targets in the Iron Duke prospect with precision. The results of the magnetometer survey are still not well understood and further data processing is required before a decision is made to extend the survey in 2016.

TIN MINERALISATION IN THE MT CARBINE DISTRICT

The Mt Carbine tungsten deposit, that is the focus of planned production, is dominated by the tungsten minerals wolframite and scheelite, but it has long been known that accessory tin mineralisation is associated with the tungsten. The Mt Holmes prospect in Carbine's EPM 14871 south of Mt Carbine is similar to the Mt Carbine deposit in that it is hosted by a sheeted quartz vein complex, but visual assessment of the Mt Holmes mineralisation indicates that tin in the form of cassiterite (SnO^2) is more abundant than at Mt Carbine. Very large (up to 2.5cm) cassiterite crystals are common in the quartz veins at Mt Holmes, although appropriate sampling to determine grade has not yet been carried out.

Alluvial tin (cassiterite) was mined during the 1970's on the western side of the Mt Alto Granite intrusion, south west of Mt Carbine, by small, privately owned syndicates. No records of mine process, metallurgical process, tin concentrate production or grade from these mines have been found.

Geological mapping and assessment of the old alluvial workings was carried out during the September 2015 quarter, and the following summarises the findings of this work:

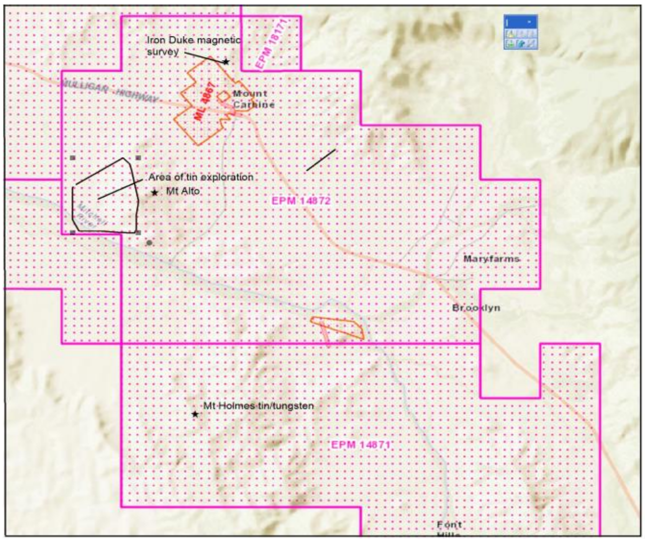
A set of sub vertical quartz veins up to 5m wide and persistent along strike for up to 2km cut across the Mt Alto Granite and the metasediments west of Mt Alto that are intruded by the granite.

The quartz veins are buff-coloured, brecciated and exhibit evidence of multiple fracturing and quartz deposition. Cassiterite and minor wolframite occur in the veins, generally near the vein selvages in contact with metasediment or granite.

A mica-rich greissen phase is common at the margin of the granite where it is in contact with metasediments.

The historical alluvial tin workings are concentrated in modern gullies draining the zones where the quartz vein, metasediment and greissenised granite intersect. There is evidence that at least two generations of alluvial mining took place, and that the most recent (up to 1980) used jigs to recover tin. Cassiterite left behind in gutters in the gullies is abundant.

The bedrock (metasediment and locally, granite) is overlain by an indurated coarse cobble wash with an arkose (weathered granite) cement, up to 1.5m thick. This is overlain by up to 4m of uncemented arkose. The wash extends up to 900m south west of the granite/metasediment contact, over a distance of 1.3km along the contact. Two zones of historical workings extend up to 250m along the gullies over a width of up to 50m. Shallow pits spaced at 50m to 100m to sample the wash cover the entire area.



No record of the pit samples has been found, and since the extent and grade of tin mineralisation is not known a sampling program is being costed that will test the extent and grade of alluvial tin distribution, with the Carbine tailings plant being utilised for sample test work. The aim will be to assess the commercial potential of the tin mineralisation.

CORPORATE

PALISADE CAPITAL RETAINED FOR FINANCIAL & MARKETING CONSULTING SERVICES

The Company was pleased to announce on 2 July 2015 that it had retained Palisade Capital Corp ("Palisade") as an independent and non-exclusive consultant to provide marketing services and make introductions to financiers throughout the European, Canadian and United States investment community. The principals of Palisade, Collin Kettell and Sean Zubick, will be primarily responsible for providing these services to the Company.

Palisade is an offshore merchant banking group, specialising in high growth, small cap investments. Through its global network of private equity groups, fund managers, high net worth and retail investors, Palisade is able to create strategic relationships to drive increased liquidity and source financing.

Carbine looks forward to working with Palisade in seeking additional financial partners and building a stronger global presence to bring the Mt Carbine tungsten mine back into full scale production and expand the resource assets to realise the project's full potential.

MOU FOR ACQUISITION OF MT CARBINE QUARRIES PTY LTD

During the first half of the 2015/2016 financial year the Company concluded a Memorandum of Understanding ("MOU") to acquire the operational quarry businesses that exist at the Mt Carbine site and in nearby Mossman.

These profitable businesses are intended to provide operating funds and contribute to operational cash flows to sustain and grow Carbine whilst it conducts its tungsten project development activities awaiting for tungsten market conditions and concentrate pricing to return to a more sustainable level, prior to bringing the stockpile and open pit projects into production.

Mt Carbine Quarries Pty Ltd has produced quarry products for civil engineering works in Far North Queensland for many years. The main source of quarry material is the Optical Ore Sorter Reject stockpile from the historical mining operation carried out by Queensland Wolfram Limited during the 1970s and 1980s. This source has been augmented by coarser rock from the adjacent Low Grade Stockpile, the tailings stockpile and material from the Mossman quarry to achieve product specifications for various civil engineering applications including major road construction. The quarries have operated profitably during this time. The planned Low Grade Stockpile processing and future open pit mining at Mt Carbine will fit well with the quarrying operation in suppling sized quarry material for civil engineering in the far north for the foreseeable future.

The Company has also commenced the initial due diligence process with discussions being held with relevant parties to ascertain the rehabilitation costs associated with this potential purchase.

Further announcements of the anticipated benefits for Carbine from this acquisition will be provided following completion of a detailed due diligence, commercial valuation, audit and financial modelling process to be undertaken by the Company.

CAPITAL RAISING ACTIVITIES

On 20 November 2015 the Company raised, in aggregate, A$1,000,000 through the placement of 40,000,000 shares to Lanstead Capital LP at the placement price of $0.025 per share.

As part of this placement, the Company retained $150,000 of the aggregate A$1,000,000 subscription and the balance of $850,000 was invested in a sharing agreement with Lanstead which enables the Company to secure much of the potential upside from share price appreciation over the next 18 months. A value payment of 3,000,000 shares was issued to Lanstead as part consideration for entering into the sharing agreement.

On 18 December 2015 the Company announced that it had completed a 1 for 4 Non-renounceable Entitlements Offer and raised $403,700 through the issue of 16,147,969 new shares at $0.025 per share. This result was pleasing despite a difficult investment climate and helped strengthen the Company's cash position.

On 15 December 2015 the Company announced the total shortfall under the entitlements offer was 72,094,037 shares. Lanstead agreed to take up to an additional 45,000,000 shares of the shortfall shares.

On 11 March 2016, the Company announced the placement of 49,300,000 shortfall shares to be completed on the following basis: 1) A total of 9,300,000 new shares to be issued at $0.025 per share to raise $232,500; and 2) the remaining 40,000,000 new shares at $0.025 per share to be issued to Lanstead Capital LP ("Lanstead") in accordance with the Tranche B subscription agreement entered into with Lanstead as announced to the market in 20 November 2015.

As part of this additional placement to Lanstead, the Company will retain up to A$150,000 of the aggregate A$1,000,000 subscription and the balance of up to A$850,000 will be invested in a sharing agreement with Lanstead which enables the Company to secure much of the potential upside from share price appreciation over the next 18 months. A value payment of up to 5,000,000 shares was issued to Lanstead as part of this placement and in part consideration for entering into the sharing agreement.

Following the placement of 40,000,000 shares to Lanstead as announced on 11 March, 2016, Lanstead will own 83,000,000 shares which represents 19.84% of the total issued capital of the Company.

The Board of Directors would like to express its appreciation to all participating shareholders for their support of the Entitlements Offer and placement of the Shortfall.

RENEWAL APPLICATION APPROVED - EPM 14872

The Company was pleased to announce in its December 2015 Quarterly Activities Report that EPM 14872 (100% Carbine) was renewed for 5 years to 12 December 2020. EPM 14872 contains the extensions of the Iron Duke prospect that have been traced for 1.3km north from the boundary of ML 4867 and the Petersens Lodes prospect south east of ML 4867 that has been traced southwards for 1.3km. Both prospects are scheelite dominated, strata bound and up to 20m wide at the surface as indicated by geological mapping and both await drill testing as they offer great prospects and opportunity to increase Carbine's already world class resource.

An application for renewal has also been lodged for EPM 14871 which contains the Mt Holmes tungsten-tin prospect.

TUNGSTEN MARKET OUTLOOK

During September 2015 the Company's Senior Management attended the International Tungsten Industry Association's Annual General Meeting held in Hanoi, Vietnam. This industry specific meeting provides the best forum to determine market conditions and meet with tungsten industry investors and offtake customer groups.

As foreshadowed in the Chairman's Report contained within the Company's 2015 Annual Report, the APT and tungsten concentrate prices have fallen by over 50% in the past year. This combined with the position that two significantly-sized new mines, one located in Vietnam and the other in the United Kingdom have recently entered production, has resulted in a severe fall in prices for both concentrate and APT products and added to the market imbalance.

There has also been a decline in overall tungsten consumption which closely tracks the global gross domestic product ("GDP") figures which also continue to decline. All the above factors have resulted in transient over-supply conditions. It is highly likely that high cost tungsten producers will be facing very thin margins or be in a loss making situation and high cost mines (predominantly western world mines) may cease operations.

Some reports estimate that approximately 25% of all tungsten mines are currently operating at a loss.

In its December 2015 Quarterly Activities Report the Company reported that a positive increase in the APT price during December 2015 was an encouraging market indicator. The Board believes that this recent price upturn likely indicates a bottoming of the APT price and further increases are likely once the FANYA metals exchange unbundling takes place and a more accurate APT stockpile situation is resolved in the near future.

Tungsten remains a rare and essential industrial and strategically important military metal. Whilst tungsten was one of the last of the metals to experience major price declines the recent positive price movements may indicate that it will be one of the first metals to undergo a price recovery.

COMPETENT PERSONS' STATEMENT

The information in this Report that relates to Exploration Results and Mineral Resources and Ore Reserves is based on information compiled by Dr Andrew White, who is a Fellow of the Australian Institute of Geoscientists and a consultant to Carbine. Dr White has sufficient experience relevant to the style of mineralisation, mining and processing the type of deposit under consideration 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 White consents to the inclusion of the matters based on his information in the form and context in which it appears.

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DECLARATION OF INDEPENDENCE BY GREG MITCHELL TO THE DIRECTORS OF CARBINE TUNGSTEN LIMITED

As lead auditor for the review of Carbine Tungsten Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Carbine Tungsten Limited and the entities it controlled during the period.

G Mitchell

Greg Mitchell

Director

BDO

BDO Audit (NTH QLD) Pty Ltd

Cairns, 15 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Half-year ended 31 December 2015

	Note	**31 Dec 2015**	31 Dec 2014
		$	$
REVENUE	2	**18,783**	26,902
Administration expenses		**(153,304)**	(216,777)
Consultant expenses		**(186,940)**	(607,472)
Depreciation expense		**(471,440)**	(471,574)
Development and testwork costs		**(83,972)**	(73,459)
Employee benefits expense		**(222,617)**	(669,652)
Exploration expenditure		**(125,820)**	-
Finance costs		**(1,087)**	(21,787)
Foreign exchange loss		**(64,029)**	(164,129)
Loss on revaluation of investments		**-**	(42,281)
Occupancy Costs		**(56,823)**	(37,497)
Options expense		**(26,861)**	-
Other expenses		**(73,964)**	(70,415)
LOSS BEFORE INCOME TAX EXPENSE		**(1,448,074)**	(2,348,141)
Income tax expense		**-**	-
NET LOSS FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		**(1,448,074)**	(2,348,141)
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		**(1,448,074)**	(2,348,141)
Basic loss per share (cents)		**(0.46)**	(0.78)
Diluted loss per share (cents)		**(0.46)**	(0.78)

Consolidated Statement of Financial Position

As at 31 December 2015

	Note	31 Dec 2015	30 Jun 15
		$	$
CURRENT ASSETS			
Cash and cash equivalents		**706,007**	1,817,147
Trade and other receivables	3	**42,959**	45,803
Financial assets	4	**400,667**	-
Prepayments		**112,598**	45,993
TOTAL CURRENT ASSETS		**1,262,231**	1,908,943
NON-CURRENT ASSETS			
Receivables		**744,696**	744,696
Plant and equipment		**3,527,378**	3,933,178
Deferred exploration and evaluation expenditure	6	**6,176,398**	6,176,398
Financial assets	4	**200,333**	-
Other financial assets	5	**3,093**	3,093
TOTAL NON-CURRENT ASSETS		**10,651,898**	10,857,365
TOTAL ASSETS		**11,914,129**	12,766,308
CURRENT LIABILITIES			
Payables		**310,207**	270,792
Borrowings		**685,945**	1,305,910
Financial liabilities	7	**284,000**	-
TOTAL CURRENT LIABILITIES		**1,280,152**	1,576,702
NON CURRENT LIABILITIES			
Financial liabilities	7	**142,000**	-
TOTAL NON CURRENT LIABILITIES		**142,000**	-
TOTAL LIABILITIES		**1,422,152**	1,576,702
NET ASSETS		**10,491,977**	11,189,606
EQUITY			
Issued capital	8	**29,994,834**	29,271,250
Share-based payments reserve		**494,305**	467,444
Accumulated losses		**(19,997,162)**	(18,549,088)
TOTAL EQUITY		**10,491,977**	11,189,606

	31 Dec 2015	31 Dec 2014
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payment to suppliers and employees	**(926,232)**	(1,106,121)
Other receipts	**790**	4,127
Interest received	**23,490**	19,611
NET CASH FLOWS USED IN OPERATING ACTIVITIES	**(901,952)**	(1,082,383)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	**-**	(1,583)
Expenditure on mining interests	**(49,160)**	-
Tenement and other security deposits	**-**	(573,495)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(49,160)**	(575,078)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	**553,700**	645,227
Repayment of loans	**(706,566)**	-
Equity raising expenses	**(7,162)**	(15,482)
NET CASH FLOWS (USED IN) FROM FINANCING ACTIVITIES	**(160,028)**	629,745
NET INCREASE (DECREASE) IN CASH HELD	**(1,111,140)**	(1,027,716)
Add opening cash brought forward	**1,817,147**	2,124,913
CLOSING CASH CARRIED FORWARD	**706,007**	1,097,197

Non-cash Financing Activities

(i) Share issue
A share placement to Lanstead Capital LP on 20 November 2015 raised, in aggregate, A$1,000,000 through the issue of 40,000,000 shares at the placement price of $0.025 per share. As part of this placement, the Company retained $150,000 of the aggregate A$1,000,000 subscription and the balance of A$850,000 was invested in a Sharing Agreement with Lanstead which enables the Company to secure much of the potential upside from share price appreciation over the next 18 months. A value payment of 3,000,000 shares was issue to Lanstead as part consideration for entering into the Sharing Agreement. The balance of A$850,000 invested in the Sharing Agreement is not shown in the Consolidated Statement of Cash flows for the half-year to 31 December 2015.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Half-year ended 31 December 2015

	Attributable to the shareholders of Carbine Tungsten Limited			
CONSOLIDATED	**Issued Capital $**	**Accumulated Losses $**	**Reserves $**	**Total Equity $**
AT 1 JULY 2014	**27,812,168**	**(15,413,834)**	**558,811**	**12,957,145**
Loss for the period	-	(2,348,141)	-	(2,348,141)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(2,348,141)	-	(2,348,141)
Transactions with owners in their capacity as owners:				
Shares issued during the half-year	1,286,227	-	-	1,286,227
Share issue costs	(20,917)	-	-	(20,917)
Share based payments expense	-	-	2,391	2,391
Total transactions with owners in their capacity as owners	**1,265,310**	**-**	**2,391**	**1,267,701**
AT 31 DECEMBER 2014	**29,077,478**	**(17,761,975)**	**561,202**	**11,876,705**
AT 1 JULY 2015	**29,271,250**	**(18,549,088)**	**467,444**	**11,189,606**
Loss for the period	**-**	**(1,448,074)**	**-**	**(1,448,074)**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**(1,448,074)**	**-**	**(1,448,074)**
Transactions with owners in their capacity as owners:				
Shares issued during the half-year	**728,700**	-	-	**728,700**
Share issue costs	**(5,116)**	-	-	**(5,116)**
Share based payments expense	**-**	**-**	**26,861**	**26,861**
Total transactions with owners in their capacity as owners	**723,584**	**-**	**26,861**	**750,445**
AT 31 DECEMBER 2015	**29,994,834**	**(19,997,162)**	**494,305**	**10,491,977**

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of Carbine Tungsten Limited as at 30 June 2015.

It is also recommended that the half-year financial report be considered together with any public announcements made by Carbine Tungsten Limited during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Going Concern Basis for Preparation of Financial Statements

These financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. The ability of the Company to continue to adopt the going concern assumption will depend on future successful capital raisings, the successful development and subsequent exploitation of the Company's tenements and/or sale of non-core assets.

The Directors are cognisant of the fact that future development and administration activities are constrained by available cash assets, and believe future identified cashflows are sufficient to fund the short term working capital and forecasted exploration requirements of the Company.

Should the Company not be successful in raising additional funding by capital raisings or other alternative funding arrangements fail to eventuate, there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. If the Company is unable to continue as a going concern, it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts that may be different to those stated in the financial statements.

The Directors are confident of securing funds if and when necessary to meet the Company's obligations as and when they fall due, and consider the adoption of the going concern basis to be appropriate in the preparation of these financial statements.

(b) Statement of Compliance

These interim financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report has been prepared on a historical cost basis and held for trading financial assets have been measured at fair value through profit or loss.

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

(c) Significant Accounting Policies

The half-year financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2015, except as stated in (d) and (e) below.

(d) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Carbine Tungsten Limited (Carbine Tungsten or the Company) and its subsidiaries (the Group) as at 31 December each year.

Following a strategic review, Messrs David Coyne and James Koutsoukos of BRI Ferrier were appointed as liquidators to complete the winding-up process for a wholly subsidiary, Tungsten Resources Pty Ltd ("TRPL"). TRPL has no liabilities owing to external parties and all assets were transferred to the parent company, Carbine Tungsten Limited, prior to liquidation. This liquidation should be finalized by the end of the 2016 financial year.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist. All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(e) Derivative Financial Instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on the nature of the derivative.

Derivatives are classified as current or non-current depending on the expected period of realisation.

The Company has placed shares with Lanstead Capital LP and at the same time entered into a Sharing Agreement in respect of the subscription for which consideration will be received monthly over an 18 month period as disclosed in the notes to these financial statements. The amount receivable each month is dependent upon the Company's share price performance. The Directors have made assumptions in the financial statements about funds receivable at the year end. However, there is significant uncertainty underlying these assumptions due to the unpredictable nature of the Company's share price.

2. REVENUE

	31 December 2015	31 December 2014
	$	$
Interest received – other persons/corporations	**16,806**	25,298
Fuel tax rebate	**1,977**	1,604
	18,783	26,902

3. RECEIVABLES - CURRENT

	31 December 2015	30 June 2015
	$	$
Interest receivable	**4,480**	11,164
Refund for GST paid	**29,783**	27,130
Trade receivable	**7,128**	7,128
Other	**1,568**	381
	42,959	45,803

4. FINANCIAL ASSETS

	31 December 2015 $	30 June 2015 $
Current		
Derivative financial asset (i)	**400,667**	-
Non Current		
Derivative financial asset (i)	**200,333**	-
	601,000	

	Share Price	Notional Number of Shares Outstanding	Fair Value
	$		$
Value recognised on inception	**0.025**	**30,000,000**	**751,000**
Consideration received up to 31 December 2015		**-**	**(150,000)**
Value of derivative financial asset at 31 December 2015		**30,000,000**	**601,000**

(i) In November 2015, the Company entered into two separate agreements with Lanstead Capital LP (“Lanstead”), a Share Subscription agreement and a Sharing Agreement. Under the share subscription agreement 40,000,000 ordinary shares were issued to Lanstead for a cash consideration of A$1,000,000. A value payment of 3,000,000 shares was issued to Lanstead as consideration for entering into the sharing agreement. A$1,000,000 was received upon subscription with A$850,000 invested by the Company in a Sharing Agreement, to be returned in monthly instalments commencing in January 2016.

Under the Sharing Agreement, monthly settlements are made based a five day volume weighted average price (VWAP) of the Company’s shares relative to a benchmark price of $0.033. If the market price of the Company’s shares exceeds the benchmark price, a payment is made by Lanstead to the Company, with the amount of the payment depending on the amount by which the market price exceeds the benchmark price. If the market price of the Company’s shares is less than the benchmark prices, then a payment is made by the Company to Lanstead, with the amount of the payment depending on the amount by which the market price is less than the benchmark prices.

The net amount due from Lanstead at 31 December 2015 is $601,000 (Financial assets – current and non current). This net amount is comprised as follows:

Gross value of Sharing Agreement	850,000
Less: Market value of the Sharing Agreement	(249,000)
Fair value	$601,000

The market value of the Sharing Agreement has been valued at the Company’s share price of $0.025 as at 31 December 2015 relative to the benchmark price of $0.033. This is a level two asset under AASB 13 Fair Value Measurement.

4. FINANCIAL ASSETS (continued)

The value of the future monthly Sharing Agreement settlements will vary with the Company's share price as follows:

Increase in the Company's share price by 25% above the benchmark share price	$13,889
Decrease in the Company's share price by 25% below the benchmark share price	($13,889)

The Derivative Financial Asset is revalued each month based on cash received and any gain or loss taken to the Consolidated Statement of Profit or Loss.

The monthly instalments conclude in June 2017.

5. OTHER FINANCIAL ASSETS

	31 December 2015 $	30 June 2015 $
Sovereign Gold Company Limited – shares	**3,093**	3,093
	3,093	3,093

Other financial assets noted above are securities of Companies listed on the Australian Securities Exchange (ASX) and are measured at market value at balance date. This is a level one asset under AASB 13 Fair Value Measurement.

6. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2015 $	30 June 2015 $
Costs brought forward	**6,176,398**	6,176,398
Costs incurred during the period	**-**	-
Expenditure written off during the period	**-**	-
Costs carried forward	**6,176,398**	6,176,398

Recoverability of the carrying amount of deferred exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or sale of the areas of interest. Management reassess the carrying value of the Group's tenements at each half year, or at a period other than that, should there be an indication of impairment.

7. FINANCIAL LIABILITIES

	31 December 2015 $	30 June 2015 $
Current		
Derivative financial liability (i)		-
Designated at fair value through profit and loss	**284,000**	-
Non Current		
Derivative financial liability (i)	**142,000**	-
	426,000	

(i) As announced by the Company on 18 November 2015, the Company entered into a Sharing Agreement with Lanstead Capital LP ('Lanstead') to allow the Company to retain much of the economic interest in the 30,000,000 shares subscribed by Lanstead (see Notes 4 and 8). The derivative financial liability resulting from the Sharing Agreement is amortised over the period of the sharing agreement in 18 equal monthly instalments of $23,667 commencing from 1 January 2016.

8. ISSUED CAPITAL

Share capital	31 December 2015	30 June 2015
	$	$
369,115,995 (2015: 309,968,026) ordinary shares fully paid	**29,994,834**	29,271,250
	29,994,834	29,271,250

(a) Movements in ordinary share capital	Issue Date	Number of shares	Issue price	$
1 July 2015 brought forward		**309,968,026**		**29,271,250**
Shares issued to Lanstead Capital LP	20-11-15	13,000,000	$0.025	325,000
Shares issued to Lanstead Capital LP subject to an 18 month sharing agreement	20-11-15	30,000,000	**	-
Shares issued to participants in the 2015 Non-renounceable Entitlements Offer	18-12-15	16,147,969	$0.025	403,700
Share issue costs				(5,116)
Balance as at 31 December 2015		**369,115,995**		**29,994,834**

****** As announced by the Company on 18 November 2015, the Company issued 43,000,000 Shares to Lanstead Capital LP ('Lanstead'). The Company also entered into the Sharing Agreement with Lanstead to allow the Company to retain much of the economic interest in the Lanstead Subscription Shares. The number of shares subject to the Sharing Agreement is 30,000,000. Accordingly, the 13,000,000 shares issued which are not the subject of the sharing agreement are recognised as equity at 31 December 2015. The value of 30,000,000 shares subject to the sharing agreement will be recognised in equity over 18 months from 1 January 2016 following the release of 1,666,667 shares each month from the sharing agreement. The equity value recognised each month will be the share price on the date of issue, with any difference between this share price, and the proceeds received based on the share price relative to the benchmark share price, recognised as a gain or loss in profit or loss (refer note 4).

(b) Options and Performance Rights	Issue Date	Number of Options	Exercise price	Maturity
Unlisted Options and Performance Rights				
1 July 2015 brought forward		8,000,000	$0.1996	12-11-17
Balance as at 31 December 2015		**8,000,000**		

No options were granted to Directors or key employees during the half year ended 31 December 2015. During the half year ended 31 December 2014, Directors received 8,000,000 equity settled unlisted Options which were granted to Directors on 12 November 2014 following approval by shareholders at the 2014 Annual General Meeting. The Options expire on 12 November 2017 unless exercised, have a strike price of $0.1996 and have no vesting conditions.

9. CONTINGENT ASSETS AND LIABILITIES

The Group has provided guarantees totaling $726,121 in respect of mining tenements and environmental bonds. These guarantees in respect of mining tenements are secured against deposits with the relative State Department of Mines. The Company does not expect to incur any material liability in respect of the guarantees.

10. SEGMENT INFORMATION

The Group operates predominantly in one business and one geographical area, namely Australian mineral exploration, mining evaluation and development.

11. SUBSEQUENT EVENTS

No event has occurred subsequent to 31 December 2015 requiring disclosure in or amendment to, these financial statements, apart from:

On 11 March 2016 and in accordance with the Non Renounceable Entitlements Offer Document dated 18 November 2015, the Company announced the placement of 49,300,000 shortfall shares completed on the following basis: 1) A total of 9,300,000 new shares to be issued at $0.025 per share to raise $232,500; and 2) the remaining 40,000,000 new shares to be issued to Lanstead Capital LP ("Lanstead") in accordance with the Tranche B subscription agreement entered into with Lanstead and announced to the market on 20 November 2015.

In accordance with a resolution of the Directors of Carbine Tungsten Limited, I state that:

In the opinion of the Directors:

a) the financial statements and notes of the Company:

  i) give a true and fair view of the Company's financial position as at 31 December 2015 and the performance for the half-year ended on that date; and

  ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

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

On behalf of the Board

A J Morgan

A J MORGAN
CEO and Managing Director

Cairns, 15 March 2016

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Carbine Tungsten Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Carbine Tungsten Limited, which comprises the consolidated statement of financial position as at 31 December 2015, 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Carbine Tungsten Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of Carbine Tungsten Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Carbine Tungsten Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO

BDO Audit (NTH QLD) Pty Ltd

G Mitchell

Greg Mitchell

Director

Cairns, 15 March 2016

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