



Annual Report 2015



CARBINE RESOURCES
LIMITED

ABN 81 122 976 818

CONTENTS

Corporate Directory	i
Review of Operations	ii
Directors' Report	3
Consolidated Statement of Profit or Loss and Other Comprehensive Income	15
Consolidated Statement of Financial Position	16
Consolidated Statement of Changes in Equity	17
Consolidated Statement of Cashflows	18
Notes to the Consolidated Financial Statements	19
Directors' Declaration	58
Auditor's Independence Declaration	59
Independent Auditor's Report	60
Corporate Governance	62
Additional Information	69

CORPORATE DIRECTORY

Directors	Mr John Fitzgerald	(Non-Executive Chairman)
	Mr Anthony (Tony) James	(Managing Director)
	Mr Graham Brock	(Non-Executive Director)
	Mr Evan Cranston	(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

Summary

In April 2014, Carbine entered into an agreement to acquire the Mount Morgan Gold-Copper Project in Queensland.¹

Carbine's plan for the Mount Morgan Project is to retreat the old tailings dumps to economically produce gold, copper sulphate and pyrite concentrate. The plan is for the pyrite concentrate to be shipped out of the Gladstone Port to international markets for the production of sulphuric acid.

In 2014, following the acquisition agreement, Carbine completed the first phase of metallurgical test work which demonstrated that a suitable flow sheet could be established for the commercial extraction of gold, copper and pyrite minerals. This phase of test work confirmed the technical viability of the proposed flowsheet. The flowsheet fundamentally removes copper and pyrite prior to the leaching of gold. The early removal of copper and pyrite enables better commercial recovery of gold.

The success of phase one test work encouraged the Company to immediately commence a second phase of metallurgical test work to greater understand the flow sheet parameters to complete a Scoping Study. The second phase of test work included bulk testing of material to enable initial flow sheet optimisation work. The results of the Scoping Study were announced on 19 November 2014 confirming the potential for a low cost and long life operation.

In January 2015 the Company commenced drilling at Mount Morgan for the purpose of collecting metallurgical samples to be used in the phase three test work required for the completion of a Pre-Feasibility Study (PFS). The test work included new process optimisation using fresh bulk samples taken in the January drilling and included successful trial production of copper sulphate and premium grade pyrite concentrate. In April 2015 the Company commenced the PFS with the appointment of GR Engineering as the lead consultant. In July 2015 the Company announced the completion of the phase 3 test work which was closely followed by the results of the PFS in August 2015 confirming the potential for a low cost operation.

On the 23rd of December 2015, Carbine announced that it had entered into a strategic partnership with GR Engineering (GRES) in relation to the Mount Morgan Project and this included awarding GRES the Definitive Feasibility Study (DFS) commencing from that date. At the time of completing this annual report the DFS is still a work in progress.

Background

The historical Mount Morgan Mine is located on the outskirts of the town of Mount Morgan on the central Queensland coast. The Mount Morgan site is situated 38km south west of Rockhampton and has a mining history of over 100 years and has produced 8.4 million ounces of gold, 0.4 million tonnes of copper and 1.2 million ounces of silver from approximately 50

¹ Via its 75% owned subsidiary, Raging Bull Metals, Carbine is party to a right-to-mine agreement with Norton Goldfields Ltd over the Mount Morgan Project. On completion of the DFS, Carbine has the option to acquire the remaining 25%. Further details regarding the acquisition are set out on page 56 of the Financial Statements.

million tonnes of ore. Mining operations were discontinued in 1980 after nearly 100 years of mining activity. Following closure of the primary ore mining operations, tailings reprocessing occurred from 1981 to 1991 via a 3Mtpa gold carbon in pulp (CIP) processing facility. The tailings reprocessing ceased due to the low gold prices (US\$395/oz) and the low gold recoveries being achieved by the CIP plant.

The town currently has a population of approximately 3,000 people and has well-established infrastructure in place. The region is also well populated being in the vicinity of the large industrial centres of Gladstone and Rockhampton. These cities are home to mining service companies, engineering firms, suppliers and general contractors.

The nearby port of Gladstone is Queensland's largest multi-commodity port facility and the fourth largest coal exporting terminal in the world. Gladstone businesses supply raw materials to the region including sodium cyanide, flocculants and sodium hydroxide. There are also a number of limestone and lime producers to the north and south of Rockhampton, within 50km of Mount Morgan, including Cement Australia Limited.

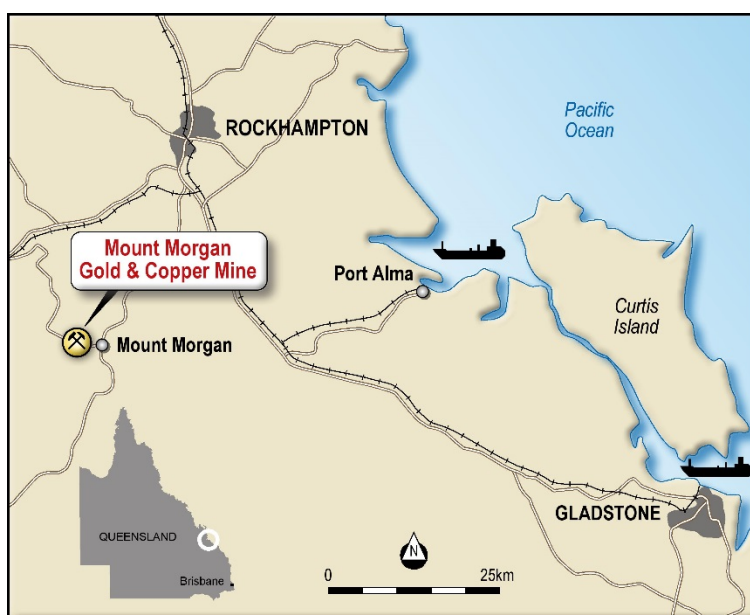


Figure 1. Mount Morgan Gold-Copper Project, Queensland

The Mount Morgan Mine has 30 mining leases covering an area of 677.5 hectares.

The historical environmental legacy of Mount Morgan is 100% owned by the Queensland Government through the Department of Natural Resources and Mines (DNRM). Native title has been extinguished over the Project area and the operational status of the mining leases means that the potential for review of native title does not arise.

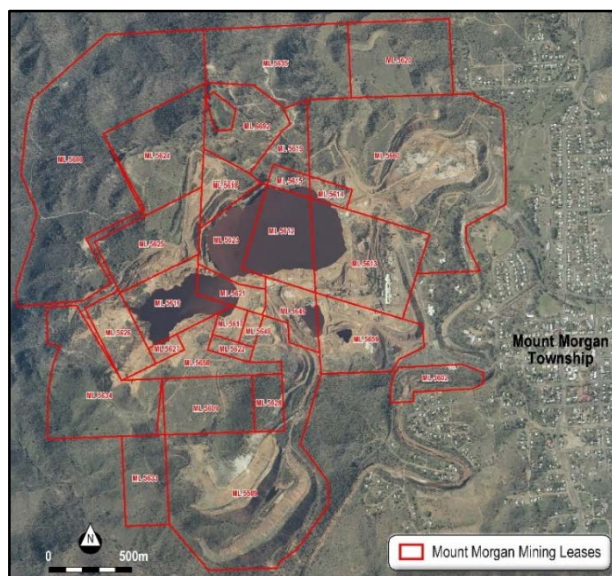


Figure 2. Mount Morgan Mining Leases

2015 Activities

Drilling Program

In quarter one 2015, the Company completed a 35 hole drilling program over the existing Mineral Resources at Mount Morgan to collect metallurgical samples for the Phase 3 test work and the Pre-Feasibility Study.

The intersected tailings were found to have excellent continuity, with gold grades carried over the full width of the tailings intersections.

The results of the drilling campaign including grade, location and widths of tailings intersected has provided encouragement of a potential increase in both the size and grade of current Mineral Resources.

Carbine has utilised the samples obtained from drilling to form representative composites for the completion of Phase 3 test work.

Details of the significant results from the drilling program are included in the table below:

Table 1. Significant Drill Results from 2015 Program		
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

The remainder of the drilling completed on site was used to either test various Exploration Target's, or provide reconnaissance drilling for the Department of Natural Resources and

Mines (DNRM) in areas outside of the mining leases. No significant tailings were intersected from these holes.

Metallurgical Test Work

As part of the Pre-Feasibility Study, Phase 3 of the metallurgical test work was undertaken along with an optimisation of the proposed flowsheet to recover gold, copper and pyrite minerals from the Project (ASX: 23 July 2015).

The results of the test work and flowsheet optimisation compare favourably with historical tailings reprocessing operations at Mount Morgan and also with the previous feasibility study completed by Norton Gold Fields Limited. The results also validated the Scoping Study test work, and in respect to copper recovery, have exceeded the previous test work. The Phase 3 test work enabled further process flow optimisations with the testing of fresh bulk samples including the trial production of both copper sulphate and premium pyrite concentrate. The following table outlines the various recoveries achieved from the Phase 3 test work program.

Metal Extraction	Historical Tailings Operation (1980 – 1991)	Norton Feasibility Study (2010)	Carbine Scoping Study Test Work (2014)	Carbine Pre-Feasibility Test Work (2015) (Phase 3)
Gold	50 - 55%	65%	78%	76%
Pyrite	-	86%	91%	90%
Copper	-	-	56%	68%

Pre-Feasibility Study

Completed by GRES and other specialist engineering/consulting firms, the Pre-Feasibility Study (PFS) provided a comprehensive study to validate the technical and economic viability of the project through a preferred mining method and an effective mineral processing route. (ASX: 13 August 2015).

The financial analysis associated with the PFS was based on the reasonable assumptions and modifying factors which delivered an extremely positive outlook for the Project. The following table outlines the key financial metrics associated with the PFS and the work was completed to an accuracy of +/- 20%.

Parameter	Units	Scoping Study Nov 2014	PFS Aug 2015	Improvement
Capital Costs	A\$M	\$81.9M	\$63.3M	29%
Operating Costs	A\$/t	\$32.7	\$29.2	12%
All-in Sustaining Costs	US\$/oz	\$393	\$234²	68%

² The AISC includes by-product credits and royalties. Pricing assumptions use gold US\$1,125/oz, copper US\$5,100/t, pyrite US\$60/t mine gate and AUS\$: US\$ exchange rate 0.75

The PFS was based on a one million tonne per annum operation over a minimum eight year mine life. The nominated mine life only includes the processing of known Mineral Resources associated with the Project and excludes Exploration Targets.

The PFS outlines an eight year operation producing three separate saleable products, in gold bullion, copper sulphate and pyrite concentrate. The average annual production is estimated at 31,200oz gold doré, 3,200t copper sulphate and 211,000t of pyrite concentrate. The above production target and forecast financial information is based on a combination of inferred (70%) and indicated (30%) mineral resources. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further infill drilling and exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

The operation is expected to produce an average of 46,500oz/yr Au equivalent including over 58,000oz/yr Au equivalent during the first three years of operations.³ This high production during the initial years of operation ensures a relatively quick payback of capital costs and minimises financial risk. Significant upside to mine life and production rates exists on conversion of some or all of the Exploration Targets to Mineral Resources.

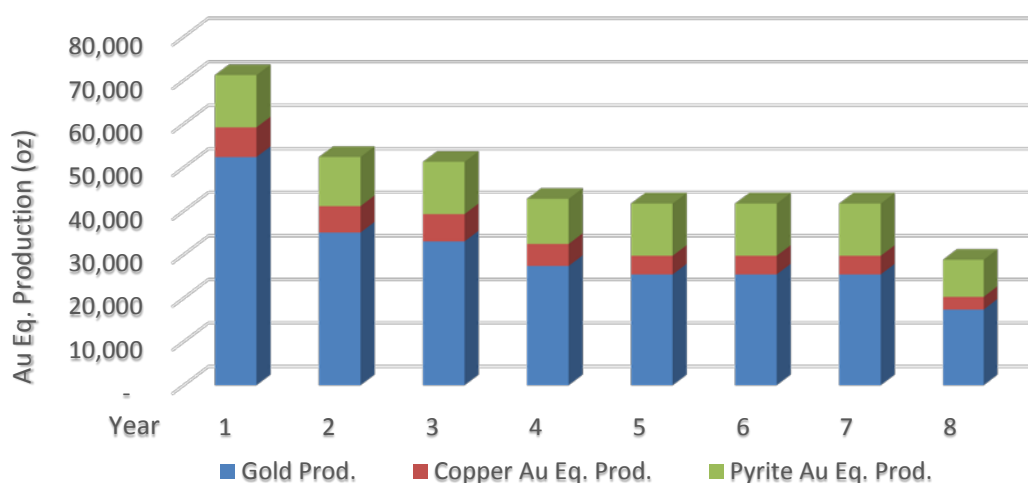


Figure 3. Life of mine gold equivalent production at Mount Morgan

Capital and operating costs for mine development have been estimated at A\$63.3M and A\$29.2/t respectively. The capital expenditure is based on construction utilising all new equipment and includes allowances for all EPCM costs and excludes commissioning labour costs and contingencies.

In the PFS, GR Engineering have estimated a contingency of an additional A\$4.48M for the Project. Capital and operating costs have an accuracy of +/- 20%.

The All-in Sustaining Costs (AISC) for the operations are estimated to average US\$234/oz for the life of mine following by-product credits. The low AISC are achieved as the operation requires minimal mining activity (reclamation of unconsolidated surface tailings only) and inclusion of two by-product streams, which provide additional revenue to offset operating costs.

³ The estimation of Au Metal equivalent uses appropriate grades, commodity prices, metallurgical recoveries and calculation method which has been outlined in detail on page xii.

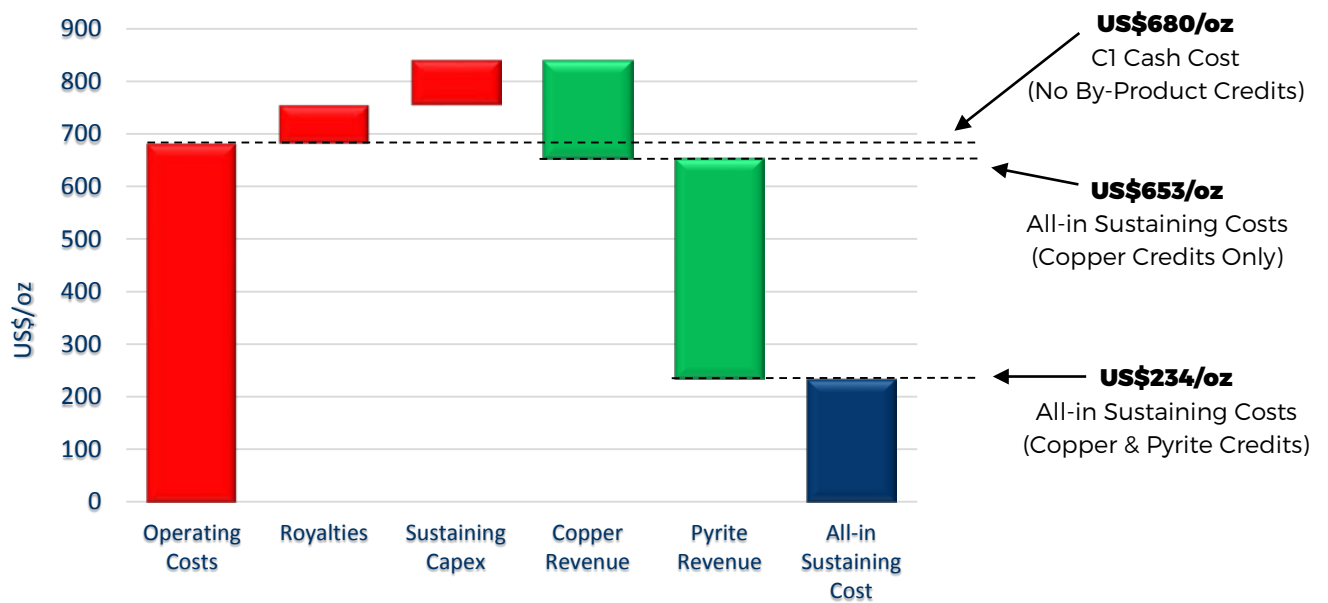


Figure 4. Life of mine All-in-Sustaining Costs at Mount Morgan

The low AISC for the Mount Morgan Project provides a strong basis for the continued viability of the Project irrespective of gold price movements over time.

The PFS utilised the following pricing assumptions over the life of the mine:

- Gold: US\$1,175/oz;
- Copper Sulphate: US\$1,750/t (eq. to US\$5,100 contained Cu price with CuSO₄ premium);
- Pyrite Concentrate: US\$60/t mine gate sales (equivalent to ~US\$80/t FOB Gladstone); and
- A\$/US\$ average exchange rate of 0.75.

Definitive Feasibility Study Commencement

In December 2015, the Company appointed GR Engineering Services Limited (GRES) to undertake a Definitive Feasibility Study (DFS) for the Project (ASX: 23 December 2015). The DFS will be a comprehensive technical and economic study of the selected mining and processing option for the Project. The study will be completed to an accuracy of +/- 5 to 10% and, based on a positive outcome, will serve as a precursor for the Company with regards to project finance and development decisions.

Current Drill Program

In March 2016, the Company announced the commencement of a 5,000m drilling program at the Mount Morgan Gold-Copper Project.

The drilling program will be used to upgrade the existing Mineral Resources and test some of the known exploration targets. The drilling will also provide representative samples for final metallurgical optimisation within the definitive feasibility study which is currently underway.

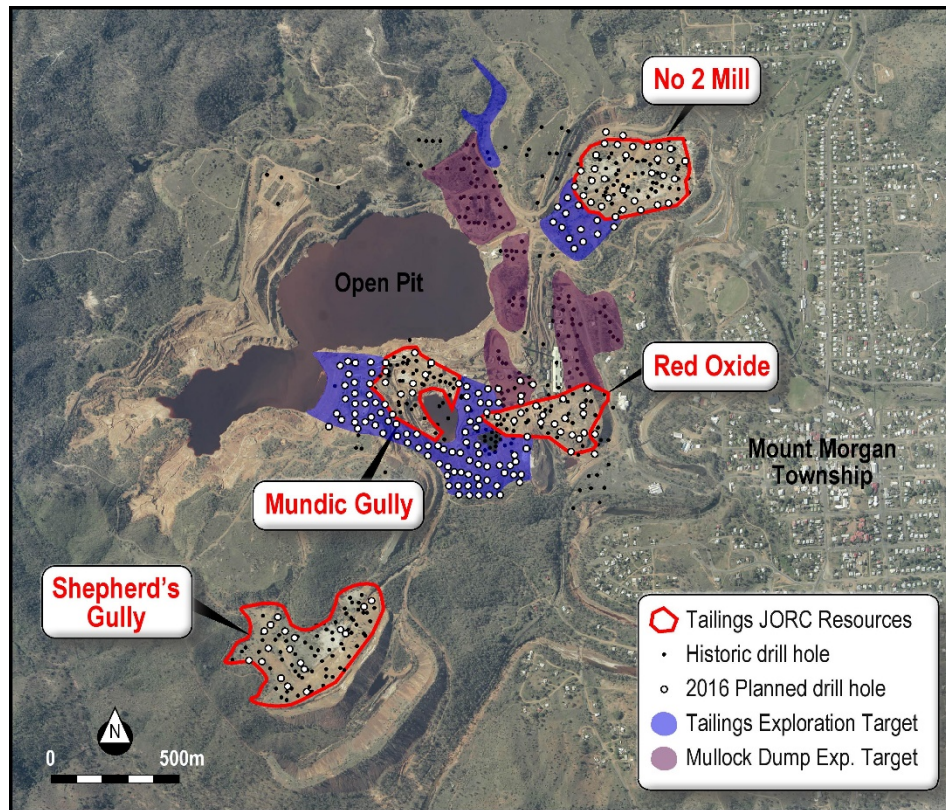


Figure 5: 2016 planned drilling program at the Mount Morgan Gold & Copper Project

Mineral Resources – Mount Morgan Project

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 experienced 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 2015. There has been no change since 31 December 2014.

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

Exploration Target – Mount Morgan Project

These Exploration Targets are not mineral resources and are aspirational 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.

Exploration Target	Tonnes	Au (g/t)	Au (oz)
HIGH GRADE: Tailings & Dumps			
<i>(low range)</i>	4.7 Mt	1.54	231,000
<i>(high range)</i>	5.8 Mt	1.81	337,000
LOW GRADE: Open Pit Tails & Slag			
<i>(low range)</i>	27.1 Mt	0.53	459,000
<i>(high range)</i>	34.0 Mt	0.62	679,000

Many Peaks Copper Project, Queensland

The Many Peaks Copper deposit is located approximately 125km south of Gladstone. The deposit previously produced over 500,000t of copper ore grading approximately 2% Cu.

Carbine is currently assessing historical drilling information for this project for completion of a desktop study.

Cautionary Statements

Pre-Feasibility Study

The full PFS document was released to the ASX on 13 August 2015.

The PFS referred to in this report 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 PFS will be realised.

The PFS 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 PFS 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 PFS including the Inferred resources.

The PFS 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 & Modifying Factors 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 forward 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 RIL development.
- ◆ GR Engineering Services Limited was the independent lead consulting engineering firm who derived the all major capital and operating cost inputs for the PFS, as well as the completion plant/mine design, assessment of infrastructure requirements, mass balance, equipment lists, process design criteria, process flow diagrams and flowsheet development.
- ◆ 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 PFS also utilised information derived from previous detailed feasibility studies completed by Ausenco Services Pty Ltd (Carbine’s Scoping Study from November 2014) and 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 2015 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.

Metal Equivalents

It is the Company's opinion that all of the metal products included in the metal equivalents calculation have a reasonable potential to be recovered and sold. Feasibility level metallurgical test work on Mount Morgan tailings mineralisation indicates recovery rates of 76% for copper, 68% for gold and 90% for pyrite. The formulas for calculating the gold metal equivalence for copper and pyrite are:

$$\text{Gold Metal Equivalent} = (\text{Copper Production} \times \text{Copper Price}) / \text{Gold Price}$$

$$\text{Gold Metal Equivalent} = (\text{Pyrite Production} \times \text{Pyrite Price}) / \text{Gold Price}$$

The calculation of gold equivalent is based on the metal price assumptions being US\$1,175/oz for Gold, US\$5,100/t for Copper Price, and US\$60/t for Pyrite Price.

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 2015 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	
Mr Tom Bahen	Non-Executive Director	
Mr Evan Cranston	Non-Executive Director	
Mr Stephen Dobson	Non-Executive Director	(Appointed 7 July 2015)

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 \$1,855,429 (31 December 2014 Loss: \$1,400,650).

Dividends Paid or Recommended

No dividends have been paid or declared.

Financial Position

The net assets of the Group as at 31 December 2015 are \$2,544,359 compared to \$4,205,668 as at 31 December 2014.

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 pre-feasibility study has identified a minimum 8 year mine life on the current JORC resource base for the production of 31,200 ounces of gold, 3,200 tonnes of copper sulphate and 211,000 tonnes of pyrite concentrate per year for an all-in sustaining cost of only US\$234/oz. A definitive 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
7 July 2018	2,500,000	Director options	Exercise price of \$0.065 each
7 July 2018	2,500,000	Director options	Exercise price of \$0.10 each
26 October 2018	1,000,000	Employee options	Exercise price of \$0.0886 each
26 October 2018	1,000,000	Employee options	Exercise price of \$0.124 each

The following options expired during the year:

Date of Expiry	Number of Options	Category of Options	Option Details
11 June 2015	2,000,000	Director options	Exercise price of \$0.075 each
11 June 2015	2,000,000	Director options	Exercise price of \$0.10 each
11 June 2015	1,000,000	Director options	Exercise price of \$0.115 each
11 June 2015	3,000,000	Director options	Exercise price of \$0.20 each

At the date of this report the Group has no listed options and 27,000,000 unquoted options over ordinary shares in Carbine Resources Limited as follows:

- 10,000,000 unquoted options at an exercise price of \$0.0496 with an expiry date of 17 November 2017;
- 10,000,000 unquoted options at an exercise price of \$0.10 with an expiry date of 17 November 2017;
- 2,500,000 unquoted options at an exercise price of \$0.065 with an expiry date of 7 July 2018;
- 2,500,000 unquoted options at an exercise price of \$0.10 with an expiry date of 7 July 2018;
- 1,000,000 unquoted options at an exercise price of \$0.0886 with an expiry date of 26 October 2018;
and
- 1,000,000 unquoted options at an exercise price of \$0.124 with an expiry date of 26 October 2018.

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 2015 that would have material effect on these financial statements, other than:

- The Group entered into a binding offtake agreement with Swancorp Pty Ltd on 8 January 2016 for the sales of copper sulphate produced at the Mount Morgan Gold & Copper Project. Annual revenue from the agreement is projected at up to \$8 million per annum. The binding commitment is for the initial 1,200tpa from the water treatment operations.
- On 12 January 2016 the Company placed 12,500,000 shares at an issue price of \$0.06 each to GR Engineering Services Limited (ASX: GNG) to raise \$750,000 (before costs).

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 Bahen is currently a non-executive director of ASX-listed Cre8tek Limited and was a non-executive director of ASX-listed Alcidion Group Ltd to February 2016.

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 non-executive Chairman of ASX-listed Boss Resources Limited and a non-executive director of ASX-Listed Attila Resources Limited, Clancy Resources Ltd, Cradle Resources Limited and Primary Gold Limited.

Mr Stephen Dobson

Non-Executive Director

Mr Dobson is a financial specialist with more than 25 years' experience in global capital debt and equity markets. He was previously Managing Director of Mirabaud Securities Australia, part of the Swiss based Mirabaud Group. Mirabaud is a leader in corporate finance in the UK, ranking number 1 and 2 on the

London Stock Exchange's AIM market for mine development capital raising within the oil & gas and natural resources sectors respectively in 2014.

Stephen also has previous experience at Merrill Lynch & Co, where he held leadership positions in Sydney, New York, London, Singapore and Perth.

Ms Oonagh Malone

Company Secretary

Ms Malone is a principal of a corporate advisory firm which provides company secretarial and administrative services. She has over 7 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, Boss Resources Ltd and Primary Gold Limited, 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
Tom Bahen	6	5
Evan Cranston	6	6
Stephen Dobson	5	5
Patrick Walta	6	6

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	-	**182,500	-	**5,000,000
Mr Stephen Dobson	5,749,444	-	5,000,000	-
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, the Chief Operating Officer and Company Secretary of the Company.

Details of Key Management Personnel:

- Mr Tom Bahen – Non-Executive Director
- Mr Evan Cranston – Non-Executive Director
- Mr Stephen Dobson – Non-Executive Director (appointed 7 July 2015)
- Ms Oonagh Malone – Company Secretary
- Mr Terry Moylan – Chief Operating Officer (appointed 22 September 2015)
- Mr Patrick Walta – Executive Director

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 is 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.

CARBINE RESOURCES LIMITED
FINANCIAL REPORT 2015

2015	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	2,901	3,470	-	42,901	-
Mr Evan Cranston	54,750	2,901	-	-	57,651	-
Mr Stephen Dobson	17,676	1,415	1,679	122,800	143,570	86%
<i>Sub-total Non-Executive Directors</i>	<u>108,956</u>	<u>7,217</u>	<u>5,149</u>	<u>122,800</u>	<u>244,122</u>	<u>50%</u>
Executive Director						
Mr Patrick Walta	180,000	2,901	-	-	182,901	-
Other Key Management Personnel						
Mr Terry Moylan	38,625	-	3,669	60,530	102,824	59%
Ms Oonagh Malone	36,000	2,901	-	-	38,901	-
Total	<u>363,581</u>	<u>13,019</u>	<u>8,818</u>	<u>183,330</u>	<u>568,748</u>	<u>32%</u>

On 13 March 2015, the Company paid 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. This is not considered remuneration by the Company, so not included in the above table.

CARBINE RESOURCES LIMITED
FINANCIAL REPORT 2015

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

Compensation Options

There were a total of 5,000,000 compensation options issued to Directors and 2,000,000 compensation options issued to Other Key Management Personnel during the financial year ended 31 December 2015 as part of the Long Term Incentives as detailed above.

Service Agreements

The Group entered into a Service Agreement with Mr Patrick Walta, Executive Director, on 19 February 2014. The agreement provides for an annual salary of \$180,000, with no superannuation paid by the Group, for an indefinite period and severable by either party provided that one month written notice is given.

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 for Directors were in place during the financial year ended 31 December 2015.

On 22 September 2015, the Group entered into a contract with Mr Terry Moylan to act as Chief Operating Officer. The contract provides for remuneration of up to \$130,000 per annum on a part-time basis for an initial period of six months, which may be extended by mutual agreement. Either party may terminate the contract by giving notice of one day.

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
<i>Non-Executive Directors</i>					
Mr Tom Bahen	-	-	-	-	-
Mr Evan Cranston	-	-	-	-	1,000,000
Mr Stephen Dobson	5,000,000	\$122,800	5,000,000	100%	-
<i>Executive Directors</i>					
Mr Patrick Walta	-	-	-	-	-
<i>Other Key Management Personnel</i>					
Ms Oonagh Malone	-	-	-	-	-
Mr Terry Moylan	2,000,000	\$60,530	2,000,000	100%	-
	7,000,000	\$183,330	7,000,000		1,000,000

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

2015					Balance at 31 Dec 15 or resignation	Total Vested 31 Dec 15	Total Exercisable 31 Dec 15
Key Management Personnel	Balance at 1 Jan 15 or appointment	Granted as Remuneration	Options Exercised	Other Changes			
Tom Bahen	5,000,000	-	-	-	5,000,000	5,000,000	5,000,000
Evan Cranston	6,000,000	-	-	(1,000,000)	5,000,000	5,000,000	5,000,000
Stephen Dobson*	-	5,000,000	-	-	5,000,000	5,000,000	5,000,000
Oonagh Malone***	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000
Terry Moylan****	-	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
	18,000,000	7,000,000	-	(1,000,000)	24,000,000	24,000,000	24,000,000
2014					Balance at 31-Dec-14 or resignation	Total Vested 31 Dec 14	Total Exercisable 31 Dec 14
Key Management Personnel	Balance at 1 Jan 15 or appointment	Granted as Remuneration	Options Exercised	Other Changes			
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

*Appointed 7 July 2015

**Resigned 2 September 2014

*** Appointed 2 September 2014

**** Appointed 22 September 2015

Shareholdings of Key Management Personnel

2015	Balance at 1 Jan 15 or appointment	Received as Remuneration	Options Exercised	Other Changes	Balance at 31 Dec 15 or resignation
Key Management Personnel					
Tom Bahen	2,422,799	-	-	1,200,000	3,622,799
Evan Cranston	-	-	-	182,500	182,500
Stephen Dobson*	5,599,444	-	-	150,000	5,749,444
Oonagh Malone***	-	-	-	-	-
Terry Moylan****	-	-	-	45,000	45,000
Patrick Walta	135,000	-	-	-	135,000
	8,157,243	-	-	1,577,500	9,734,743

2014	Balance at 1 Jan 14 or appointment	Received as Remuneration	Options Exercised	Other Changes	Balance at 31 Dec 14 or resignation
Key Management Personnel					
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

*Appointed 7 July 2015

**Resigned 2 September 2014

*** Appointed 2 September 2014

**** Appointed 22 September 2015

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 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 Stephen Dobson	7/07/2015	5,000,000	122,800	7/07/2015	7/07/2018	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
Mr Terry Moylan	26/10/2015	2,000,000	60,530	26/10/2015	26/10/2018	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 \$13,019 (2014: \$13,482).

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 31st day of March, 2016

Signed in accordance with a resolution of the Directors

A handwritten signature in black ink, appearing to read "Patrick Walta". The signature is written in a cursive style with a large initial 'P'.

Mr Patrick Walta
Executive Director

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	CONSOLIDATED	
		2015	2014
		\$	\$
Revenue from continuing operations	2(a)	89,812	175,168
Other income	2(b)	891,389	78,792
Exploration & evaluation costs	8	(1,692,257)	(797,076)
Foreign exchange gain/(loss)		-	(299)
Gain on disposal of financial assets	9	-	708
Impairment of receivable		-	(3,168)
Depreciation	2(c)	(16,236)	(43,087)
Share based payment expenses	17	(183,330)	(155,500)
Employee, director and consultant expenses	2(d)	(408,672)	(319,918)
General and administration expenses	2(e)	(536,135)	(336,270)
Loss before income tax		<u>(1,855,429)</u>	<u>(1,400,650)</u>
Income tax	3	-	-
Loss after income tax from continuing operations		<u>(1,855,429)</u>	<u>(1,400,650)</u>
Loss attributable to members of Carbine Resources Limited		<u>(1,855,429)</u>	<u>(1,400,650)</u>
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit or loss</i>			
Exchange difference on translation of foreign operations	20(b)	10,790	(3,467)
Total comprehensive income/(loss)		<u>(1,844,639)</u>	<u>(1,404,117)</u>
Total comprehensive loss attributable to members of Carbine Resources Limited		<u>(1,844,639)</u>	<u>(1,404,117)</u>
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the company		Cents	Cents
Basic loss per share	12	(1.33)	(1.00)
Diluted loss per share	12	(1.33)	(1.00)

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 2015

	Notes	CONSOLIDATED	
		2015	2014
		\$	\$
Current Assets			
Cash and cash equivalents	4	2,218,072	4,184,803
Trade and other receivables	5	21,504	38,450
Financial assets	9a	-	-
Other current assets	6	9,058	16,811
Total Current Assets		2,248,634	4,240,064
Non-Current Assets			
Plant and equipment	7	4,083	17,082
Exploration and evaluation expenditure	8	-	-
Financial assets	9b	424,400	50,000
Total Non-Current Assets		428,483	67,082
Total Assets		2,677,117	4,307,146
Current Liabilities			
Trade and other payables	10	132,758	101,478
Total Current Liabilities		132,758	101,478
Total Non-Current Liabilities		-	-
Total Liabilities		132,758	101,478
Net Assets		2,544,359	4,205,668
Equity			
Issued Capital	11	22,636,442	22,636,442
Reserves	20(b)	2,950,010	2,755,890
Accumulated losses		(23,042,093)	(21,186,664)
Total Equity		2,544,359	4,205,668

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 2015

	CONSOLIDATED				
	Contributed Equity	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 January 2015	22,636,442	(21,186,664)	2,513,228	242,662	4,205,668
Loss for the year	-	(1,855,429)	-	-	(1,855,429)
Exchange difference on translation of foreign operations	-	-	-	10,790	10,790
Total comprehensive income/ (loss) for the year	-	(1,855,429)	-	10,790	(1,844,639)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	183,330	-	183,330
	-	-	183,330	-	183,330
Balance at 31 December 2015	22,636,442	(23,042,093)	2,696,558	253,452	2,544,359

	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

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 2015

	Note	CONSOLIDATED	
		2015	2014
		\$	\$
Cash Flows From Operating Activities			
Payments to suppliers and employees		(730,177)	(461,997)
Exploration expenditure, prospects, management fees		(1,853,916)	(935,978)
R&D taxes refunded		511,308	78,792
Interest received		103,581	197,174
Net cash (outflow) from operating activities	18	<u>(1,969,204)</u>	<u>(1,122,009)</u>
Cash Flows From Investing Activities			
Payment for plant and equipment		(3,416)	(1,415)
Proceeds from disposal of plant and equipment		5,782	-
Payment for investments		-	(4,500)
Proceeds from sale of investments		-	5,208
Net cash inflow/(outflow) from investing activities		<u>2,366</u>	<u>(707)</u>
Cash Flows From Financing Activities			
Proceeds from issue of shares, net of capital raising costs		-	-
Net cash inflow from financing activities		<u>-</u>	<u>-</u>
Net (decrease) in cash and cash equivalents held		<u>(1,966,838)</u>	<u>(1,122,716)</u>
Cash and cash equivalents at the beginning of the year		4,184,803	5,308,154
Differences in foreign exchange		107	(635)
Cash and cash equivalents at the end of the year	4	<u>2,218,072</u>	<u>4,184,803</u>

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 2015

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. The comparatives have been regrouped or reclassified as required.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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:

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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.

(I) 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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 result 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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 standard and amendments for first time in the annual reporting period commencing 1 January 2015:

▪ *AASB 2014-1 Amendments to Australian Accounting Standards*

AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) *Annual Improvements to IFRSs 2010–2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle*.

Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items:

- ▶ AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'.
- ▶ AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137.
- ▶ AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segment assets to the entity's total assets.
- ▶ AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts.
- ▶ AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 Related Party Disclosures for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2015 affected any of the amounts recognised in the current period or any prior period, although it caused minor changes to the Group's disclosures.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

(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.

- *AASB 15: Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

- AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]

AASB 2014-3 amends AASB 11 *Joint Arrangements* to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:

- (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11
- (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations

This Standard also makes an editorial correction to AASB 11.

- AASB 2014-9: Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted).

AASB 2014-9 amends AASB 127 *Separate Financial Statements*, and consequentially amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 128 *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127.

- IFRS 16: *Leases* applies to annual reporting periods beginning on or after 1 January 2019.

IFRS 16 requires that lessees recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Assets and liabilities arising from a lease are initially measured on a net present value basis. The directors anticipate this will have an impact on the financial statements but at this stage are unable to quantify the impact.

- *Other standards not yet applicable*

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

(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 2014 or 2015.

(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.

Write off and impairment of VAT receivable

As at 31 December 2015 the Group had VAT receivable in Burkina Faso of \$nil (2014: \$879,804). The VAT was recoverable against generation of revenue for which the Group would have been required to remit VAT. At 31 December 2014, The Group determined that it was not yet probable that it would generate this revenue and the whole of the VAT receivable was treated as impaired. Following the

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

decision to dispose of the Burkina Faso assets, this VAT receivable has been fully written off in the current year. 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 \$511,308 (2014: \$78,792). This has been classified as other income. No asset is recognised at 31 December 2015 for future expected R&D tax rebates because they do not meet recognition criteria for relevant assets, and they are out of the scope of the definition of government grants.

Disposal group

The Group has commenced disposal and deregistration of controlled subsidiary Carbine Resources SARL. Consequently, the entire assets and liabilities of Carbine Resources SARL constitute a disposal group. As the carrying amount of the disposal group is not expected to be recovered principally through a sale transaction, no separate balances for the disposal group are presented in the Statement of Financial Position. Relevant disclosures are presented in note 25. As the disposal group did not meet the definition of a discontinued operation, per AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* Appendix A, during 2015, there is no separate disclosure of relevant balances in the Consolidated Statement of Profit or Loss and Other Comprehensive Income or the Consolidated Statement of Financial Position.

Fair value measurement of financial assets

When determining fair values of assets or liabilities, the Group applies valuation techniques that reflect the assumptions that buyers and sellers would use when pricing the assets or liabilities, including assumptions about risks. When selecting valuation techniques, the Group gives priority to techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

For this reason, the options over shares in Boss Resources Limited, described in note 9b, were valued using the Black-Scholes formula based on observable market data, enabling them to be level 2 financial instruments as described in note 19.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. REVENUE, OTHER INCOME AND EXPENSES

	CONSOLIDATED	
	2015	2014
	\$	\$
(a) Revenue from continuing operations		
Interest revenue	89,812	175,168
Other revenue	-	-
	<u>89,812</u>	<u>175,168</u>
(b) Other income		
R&D tax rebate	511,308	78,792
Gain on disposal of plant and equipment	5,681	-
Guarantee fee received	154,900	-
Fair value increase in financial assets	219,500	-
	<u>891,389</u>	<u>78,792</u>
(c) Depreciation		
Plant and equipment	(16,236)	(43,087)
(d) Employee, director and consultant expenses		
Superannuation expenses	(8,819)	(3,425)
Other expenses	(399,853)	(316,493)
Total employee, director and consultant expenses	<u>(408,672)</u>	<u>(319,918)</u>
(e) General and administration expenses		
Operating lease - rental	(36,000)	(36,000)
Administration fees	(120,000)	(75,000)
Other expenses	(380,135)	(225,270)
Total general and administrative expenses	<u>(536,135)</u>	<u>(336,270)</u>

3. INCOME TAX

The components of income tax benefit/(expense) comprise:

Current tax	-	-
Deferred tax	-	-
Income tax benefit reported in the Statement of Profit or Loss and Other Comprehensive Income	<u>-</u>	<u>-</u>

The prima facie tax on (loss) before income tax is reconciled to the income tax as follows:

Accounting Loss before income tax	(1,855,429)	(1,400,650)
-----------------------------------	-------------	-------------

Amount calculated on the domestic rates applicable to profits or losses in the countries concerned at the Group's weighted average statutory rate of 38.1%. (2014: 31.5%)	(706,152)	(440,910)
Temporary differences	270,234	13,924
Tax effect of expenses that are never deductible for tax purposes	55,638	48,436
R&D tax rebate claim	-	-
Unrecognised DTA losses	380,280	378,550
Utilisation of carried forward tax losses	-	-
Income tax attributable to the Group	<u>-</u>	<u>-</u>

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	8,859,296	5,005,325
--	-----------	-----------

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015**

3. INCOME TAX (Continued)

	CONSOLIDATED	
	2015	2014
	\$	\$
Deferred tax assets/ (losses)		
- temporary differences	(57,007)	22,281
- tax losses (operating losses)	5,363,824	4,983,044
- tax losses (capital losses)	3,552,479	-
	<u>8,859,296</u>	<u>5,005,325</u>

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% (2014: 30%) and 22.5% (2014: 22.5%) respectively.

4. CASH AND CASH EQUIVALENTS

Cash at bank	2,213,322	4,182,353
Petty Cash	4,750	2,450
	<u>2,218,072</u>	<u>4,184,803</u>

The effective interest rate on short term bank deposits was 2.54% (2014: 3.30%)

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	2,213,322	4,182,353
Petty Cash	4,750	2,450
	<u>2,218,072</u>	<u>4,184,803</u>

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	12,031	13,488
VAT receivable	-	879,804
Opening balance of impairment of VAT receivable	(879,804)	(911,896)
Decrease in impairment of VAT receivable	5,652	32,092
Write off of VAT receivable	874,152	-
Other receivable	9,473	24,962
	<u>21,504</u>	<u>38,450</u>

As at 31 December 2015 the Group had VAT receivable in Burkina Faso of \$nil (2014: \$879,804). The VAT was recoverable against generation of revenue for which the Group was required to remit VAT. The Group determined that it was not probable that it would generate this revenue and the whole of the VAT receivable was treated as impaired in 2014 and written off in 2015. No other receivables are past due or impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

5. TRADE AND OTHER RECEIVABLES (Continued)

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	
	2015	2014
	\$	\$
Prepayments	9,058	9,313
Other current asset	-	7,498
	9,058	16,811

7. PLANT AND EQUIPMENT

	CONSOLIDATED			
	Furniture & Equipment	Patent, Licensing, Software	Motor Vehicle	Total
	\$	\$	\$	\$
Year ended 31 December 2015				
Opening net book value	9,659	-	7,423	17,082
Additions	3,416	-	-	3,416
Foreign exchange	(41)	-	(37)	(78)
Depreciation charge for the year	(8,850)	-	(7,386)	(16,236)
Disposals	(101)	-	-	(101)
Closing net book value	4,083	-	-	4,083
At 31 December 2015				
Cost	15,669	-	-	15,669
Accumulated depreciation and impairment	(11,586)	-	-	(11,586)
Net book value	4,083	-	-	4,083
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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

8. EXPLORATION AND EVALUATION EXPENDITURE

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

	CONSOLIDATED	
	2015	2014
	\$	\$
Carrying amount at beginning of year	-	-
Carrying amount of sold mineral exploration interests	-	-
Carrying amount at the end of year	-	-
Exploration and evaluation incurred	1,692,257	797,076
Exploration costs expensed	(1,692,257)	(797,076)
	-	-

9. FINANCIAL ASSETS

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

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
Value of 10,000,000 unquoted share options in Boss Resources Ltd (ASX Code: BOE) (Boss) received as a guarantee fee at the grant date	154,900	-
Increase in value of 10,000,000 Boss options to year end	219,500	-
Total non-current financial assets at fair value	424,400	50,000

On 1 September 2015 Boss Resources Ltd (Boss) issued to the Group 10 million unquoted share options exercisable at \$0.02 each by 31 August 2018. These options were issued to the Group in consideration for the Group guaranteeing the payment by Boss of a payment of \$2,521,666.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

9. FINANCIAL ASSETS (Continued)

At year end, these options were revalued at \$0.03744 each for a total value of \$374,400, based on a Black-Scholes valuation with no dividends, an expiry date of 31 August 2018, an exercise price of \$0.02, a share price at 31 December 2015 of \$0.047, a volatility of 117% and a risk free interest rate of 2.03%pa. The increment in value of \$219,500 was recognised by the Group as other income.

There have been no transfers between measurement levels during the year and currently no other assets in any other categories.

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

10. TRADE AND OTHER PAYABLE - CURRENT

	CONSOLIDATED	
	2015	2014
	\$	\$
Trade payables – unsecured	83,812	70,037
Other payables and accruals – unsecured	48,946	31,441
Total trade and other payables	132,758	101,478

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

11. ISSUED CAPITAL

	CONSOLIDATED			
	2015		2014	
	No. of	\$	No. of	\$
	Shares		Shares	
<i>(a) Ordinary shares fully paid</i>				
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 year, and on issue at balance date are as follows.

	CONSOLIDATED	
Date and details of grant/exercise/forfeited	No. of	Exercise
	Options	Price
Issued options opening balance	28,000,000	Various
Options granted in the year	7,000,000	Various
Options exercised	-	N/A
Options expired	(8,000,000)	Various
Balance at 31 December 2015	27,000,000	

Further details are disclosed in note 17.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015**

12. EARNINGS PER SHARE

(a) Basic earnings per share

	CONSOLIDATED	
	2015	2014
	\$	\$
Basic (loss) per share (cents per share)	(1.33)	(1.00)
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	(1,855,429)	(1,400,650)

(b) Diluted earnings per share

	CONSOLIDATED	
	2015	2014
	\$	\$
Diluted (loss) per share (cents per share)	(1.33)	(1.00)
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	(1,855,429)	(1,400,650)

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

13. AUDITORS' REMUNERATION

Remuneration of Auditor of the Company:	24,538	24,626
	<u>24,538</u>	<u>24,626</u>

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. The entire West African segment is reflected in the accounts of subsidiary Carbine Resources SARL, disclosed as a discontinued operation in note 25.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

14. SEGMENT REPORTING (Continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

14. SEGMENT REPORTING (Continued)

(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.

2015	Australia	West Africa – disposal group (note 25)	Reconciling items	Total
	\$	\$	\$	\$
Interest revenue	89,812	-	-	89,812
Other revenue	-	-	-	-
Total segment revenue	<u>89,812</u>	<u>-</u>	<u>-</u>	<u>89,812</u>
Inter-segment revenue	-	-	-	-
External revenue	<u>89,812</u>	<u>-</u>	<u>-</u>	<u>89,812</u>
Other income	885,708	5,681	-	891,389
Total expenses	<u>(2,779,361)</u>	<u>(66,277)</u>	<u>9,008</u>	<u>(2,836,630)</u>
Accounting profit / (loss) before income tax	<u>(1,803,842)</u>	<u>(60,595)</u>	<u>9,008</u>	<u>(1,855,429)</u>
Income tax benefit	-	-	-	-
Accounting profit / (loss) after income tax	<u>(1,803,842)</u>	<u>(60,595)</u>	<u>9,008</u>	<u>(1,855,429)</u>
Total expenses include				
Depreciation	(695)	(15,541)	-	(16,236)
Exploration and evaluation expenses	(1,641,522)	(50,735)	-	(1,692,257)
Share based payments	(183,330)	-	-	(183,330)
Total segment assets	2,662,708	14,409	-	2,677,117
Total segment liabilities	<u>(118,349)</u>	<u>(14,409)</u>	<u>-</u>	<u>(132,758)</u>
Segment net assets	<u>2,544,359</u>	<u>-</u>	<u>-</u>	<u>2,544,359</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

14. SEGMENT REPORTING (Continued)

2014	Australia	West Africa	Reconciling	Total
	\$	\$	items	\$
			\$	
Interest revenue	175,168	-	-	175,168
Other revenue	-	-	-	-
Total segment revenue	<u>175,168</u>	<u>-</u>	<u>-</u>	<u>175,168</u>
Inter-segment revenue	-	-	-	-
External revenue	<u>175,168</u>	<u>-</u>	<u>-</u>	<u>175,168</u>
Other income	78,792	-	-	78,792
Total expenses	<u>(1,615,646)</u>	<u>(38,964)</u>	<u>-</u>	<u>(1,654,610)</u>
Accounting profit / (loss) before income tax	<u>(1,361,686)</u>	<u>(38,964)</u>	<u>-</u>	<u>(1,400,650)</u>
Income tax benefit	-	-	-	-
Accounting profit / (loss) after income tax	<u>(1,361,686)</u>	<u>(38,964)</u>	<u>-</u>	<u>(1,400,650)</u>
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	<u>(95,086)</u>	<u>(6,392)</u>	<u>-</u>	<u>(101,478)</u>
Segment net assets	<u>4,164,872</u>	<u>40,796</u>	<u>-</u>	<u>4,205,668</u>

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 2015. Entities controlled by Kingslane received \$36,000 (2014: \$36,000) during the year for office rent.

Konkera Corporate, a related party of Kingslane Pty Ltd, received \$120,000 (2014: \$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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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 Stephen Dobson (Non-Executive Director) (Appointed 7 July 2015)
- Ms Oonagh Malone (Company Secretary)
- Mr Terry Moylan (Chief Operations Officer) (Appointed 22 September 2015)
- Mr Patrick Walta (Executive Director)

Remuneration by Category

Key Management Personnel

	2015	2014
	\$	\$
Short-term	376,600	282,750
Post-employment	8,818	3,425
Share-based payment	183,330	132,220
	<u>568,748</u>	<u>418,395</u>

Loans to Key Management Personnel

There were no loans to Key Management Personnel during the year 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 in 2014, 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).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015**

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 on issue during the year are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
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
7 July 2015	Vesting on issue	7 July 2018	\$0.06	\$0.02686
7 July 2015	Vesting on issue	7 July 2018	\$0.10	\$0.02226
26 October 2015	Vesting on issue	26 October 2018	\$0.0886	\$0.03244
26 October 2015	Vesting on issue	26 October 2018	\$0.124	\$0.02809

CARBINE RESOURCES LIMITED

FINANCIAL REPORT 2015

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

17. SHARED BASED PAYMENTS (Continued)

Grant Date 2015	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									
31-May-12	11-Jun-15	\$0.075	2,000,000	-	68,000	-	(2,000,000)	-	-
31-May-12	11-Jun-15	\$0.10	2,000,000	-	60,000	-	(2,000,000)	-	-
31-May-12	11-Jun-15	\$0.115	1,000,000	-	28,000	-	(1,000,000)	-	-
31-May-12	11-Jun-15	\$0.20	3,000,000	-	63,000	-	(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
7 July 2015	7 July 2018	\$0.06	-	2,500,000	67,150	-	-	2,500,000	2,500,000
7 July 2015	7 July 2018	\$0.10	-	2,500,000	55,650	-	-	2,500,000	2,500,000
26 October 2015	26 October 2018	\$0.0886	-	1,000,000	32,440	-	-	1,000,000	1,000,000
26 October 2015	26 October 2018	\$0.124	-	1,000,000	28,090	-	-	1,000,000	1,000,000
			28,000,000	7,000,000	557,830	-	(8,000,000)	27,000,000	27,000,000
Weighted average exercise price (\$)			0.091	0.088			0.133	0.078	0.078
No options were forfeited during the year.									

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

17. SHARED BASED PAYMENTS (Continued)

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.07 years (2014: 2.19 years).

The assessed fair values at grant date of options granted on 7 July 2015 were as detailed above. The fair values at grant date were determined using a Black-Scholes option pricing model. The volatility rate was 90%, the risk free interest rate was 1.91% and a 20% discount was applied for illiquidity. The share price at grant date was 6.0 cents per share. These options had a total value of \$122,800.

The assessed fair values at grant date of options granted on 26 October 2015 were as detailed above. The fair values at grant date were determined using a Black-Scholes option pricing model. The volatility rate was 92%, the risk free interest rate was 1.86% and a 20% discount was applied for illiquidity. The share price at grant date was 7.4 cents per share. These options had a total value of \$60,530.

The total value of options granted and vesting immediately during the year ended 31 December 2015 was \$183,330 (2014: \$155,500). No amount (2014: nil) has been expensed over the vesting period for options granted in previous years.

(b) Employee Shares Plan

There were no shares issued during the 2015 financial year as part of an employee share scheme (2014: nil).

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

	CONSOLIDATED	
	2015	2014
	\$	\$
Loss after income tax	(1,855,429)	(1,400,650)
Add:		
- Depreciation	16,236	43,087
- Share based payments	183,330	155,500
Deduct:		
- Gain on disposal of plant and equipment	5,681	-
- Gain on investments	-	708
Guarantee fee received	(154,900)	-
Fair value increase in financial assets	(219,500)	-
Changes in assets and liabilities during the year:		
Decrease in other current assets	7,753	1,702
Decrease in trade and other receivables	16,946	12,701
Increase in trade and other payables	31,280	66,908
Foreign exchange differences	(601)	(549)
Net cash used in operations	<u>(1,969,204)</u>	<u>(1,122,009)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015**

19. FINANCIAL INSTRUMENTS

Financial Risk Management

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

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, equity market risk and credit risk.

	CONSOLIDATED	
	2015	2014
	\$	\$
Cash at bank	2,218,072	4,184,803

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	2,218,072	4,184,803
Other Current Financial Assets		
Trade and other receivables	21,504	38,450
Financial assets at fair value	-	-
	<u>21,504</u>	<u>38,450</u>
Non-Current Financial Assets		
Financial assets at fair value	424,400	50,000
	<u>424,400</u>	<u>50,000</u>
Financial Liabilities		
Trade and other payables	132,758	101,478
	<u>132,758</u>	<u>101,478</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

19. FINANCIAL INSTRUMENTS (Continued)

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 2015, \$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. The VAT was recoverable against generation of revenue for which the Group would be required to remit VAT. The Group determined in 2014 it was not yet probable that it would generate this revenue and the whole of the VAT receivable was treated as impaired. In 2015, following the decision to dispose of Burkina Faso operations, VAT receivable has been fully written off.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

19. FINANCIAL INSTRUMENTS (Continued)

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:

2015	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	2.61	103,564	2,100,000	14,508	2,218,072
Receivables		-	-	21,504	21,504
Non current financial assets at fair value	0.35	-	50,000	374,400	424,400
Financial Liabilities					
Payables		-	-	(132,758)	(132,758)
Net Financial Assets	2.28	103,564	2,150,000	277,654	2,531,218

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015**

19. FINANCIAL INSTRUMENTS (Continued)

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk. The interest rate risk affects the valuation of the unquoted options in Boss included in the balance of Non-current financial assets at fair value because it is an observable market parameter for the Black-Scholes valuation.

2015	Carrying Amount \$	-1%		1%	
		Profit \$	Equity \$	Profit \$	Equity \$
Cash and cash equivalents	2,218,072	(22,181)	(22,181)	22,181	22,181
Trade receivables	21,504	-	-	-	-
Non-current financial assets at fair value	424,400	(2,100)	(2,100)	2,100	2,100
Trade payables	(132,758)	-	-	-	-
Total increase/(decrease)	2,531,218	(24,281)	(24,281)	24,281	24,281

2014	Carrying Amount \$	-1%		1%	
		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

Price Risk

The Group was exposed to equity security price risk in 2015 due to 10,000,000 unquoted options over shares in Boss Resources Limited (Boss). These options were valued at acquisition on 1 September 2015 based on a share price for Boss of \$0.022 per share and revalued at 31 December 2015 based on a closing share price for Boss of \$0.047 per share. The following table summarises the sensitivity of the Group's financial assets to Boss's share price at year end by showing the effects of increasing or decreasing the closing 31 December 2015 Boss share price by \$0.01 per share.

2015	Carrying Amount \$	+\$0.01		-\$0.01	
		Profit \$	Equity \$	Profit \$	Equity \$
Non-current unquoted options at fair value	374,400	93,100	93,100	(86,400)	(86,400)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015**

19. FINANCIAL INSTRUMENTS (Continued)

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 –
 2015**

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Unquoted share options	-	374,400	-	374,400
Ordinary shares	-	-	-	-
Total assets	-	374,400	-	374,400

**Consolidated -
 2014**

<i>Assets</i>				
Ordinary shares	-	-	-	-
Total assets	-	-	-	-

There were no transfers between levels during 2015 or 2014.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015**

19. FINANCIAL INSTRUMENTS (Continued)

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, at prior year end or during 2015, 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 2015		31 December 2014	
	USD	CFA	USD	CFA
	\$	\$	\$	\$
Cash and cash equivalents	-	14,409	-	20,051
Trade receivables	-	-	-	3,920
Trade payables	(10,950)	(14,409)	-	(6,392)
Total	(10,950)	-	-	17,579

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 \$nil (2014: \$1,758) higher or lower. Had the Australian dollar weakened/strengthened by 10% against the USD with all other variables held constant, the Group's post-tax profit and equity would have been \$1,095 (2014: nil) lower or higher.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015**

20. RESERVES

(a) Share-Based Payment Reserve

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

	CONSOLIDATED	
	2015	2014
	\$	\$
Movements		
Opening balance	2,513,228	2,357,728
Amounts expensed for options granted that vested immediately	183,330	155,500
Closing balance	2,696,558	2,513,228

(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	242,662	246,129
Foreign currency translation	10,790	(3,467)
Closing balance	253,452	242,662
Total Reserves	2,950,010	2,775,890

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

21. COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments

Non-Cancellable operating leases contracted for but not recognised 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	<u>18,000</u>	<u>18,000</u>

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

Administrative Services Commitments

Due within 1 year	120,000	75,000
Due greater than 1 year and less than 5	-	-
Total	<u>120,000</u>	<u>75,000</u>

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

Executive Services Commitments

Due within 1 year	15,000	15,000
Due greater than 1 year and less than 5	-	-
Total	<u>15,000</u>	<u>15,000</u>

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

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).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015**

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 2015. 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 (%)	
		2015	2014
Subsidiaries of Carbine Resources Limited:			
Carbine Resources SARL	Burkina Faso	100	100
Raging Bull Metals Pty Ltd	Australia	75	75

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

During 2014, 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 2014, \$100,000 that was paid on execution of the formal agreement in November 2014 and \$300,000 that was paid in 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

23. SUBSEQUENT EVENTS

There were no other events subsequent to the end of the financial period ended 31 December 2015 that would have material effect on these financial statements, other than:

- The subsidiary Carbine Resources SARL was wound up in January 2015. As this subsidiary was responsible for all operations in Burkina Faso, it constituted a clearly distinguished component of the Group. Disclosures relating to the disposal group are in note 25.
- The Group entered into a binding offtake agreement with Swancorp Pty Ltd on 8 January 2016 for the sales of copper sulphate produced at the Mount Morgan Gold & Copper Project. Annual revenue from the agreement is projected at up to \$8 million per annum. The binding commitment is for the initial 1,200tpa from the water treatment operations.
- On 12 January 2016 the Company placed 12,500,000 shares at an issue price of \$0.06 each to GR Engineering Services Limited (ASX: GNG) to raise \$750,000 (before costs).

24. PARENT ENTITY INFORMATION

The following detailed information is related to the parent entity, Carbine Resources Limited at 31 December 2015. The information presented here has been prepared using consistent accounting policies as discussed in Note 1.

	PARENT	
	2015	2014
	\$	\$
Current assets	2,234,126	4,208,495
Non-current assets	428,483	51,362
Total assets	2,662,609	4,259,857
Current liabilities	118,250	94,987
Non-current liabilities	-	-
Total liabilities	118,250	94,987
Contributed equity	22,636,442	22,636,442
Accumulated losses	(22,788,641)	(20,984,800)
Share based payment reserve	2,696,558	2,513,228
Total equity	2,544,359	4,164,870
Loss for the year	(1,803,841)	(1,361,686)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(1,803,841)	(1,361,686)

Guarantees

There are no guarantees entered into by the parent entity in the financial year ended 31 December 2015 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015**

24. PARENT ENTITY INFORMATION (Continued)

Contractual commitments

At 31 December 2015, Carbine Resources Limited had not entered into any contractual commitments other than as detailed in notes 21 and 22.

25. DISPOSAL GROUP

During 2015, the Group resolved to wind up and deregister subsidiary Carbine Resources SARL. In January 2016, Carbine Resources SARL was wound up with disposal of all assets and termination of all liabilities. As this subsidiary was responsible for all operations in Burkina Faso, it constituted the West African segment presented in note 14, a clearly distinguished component of the Group. Consequently, it has been recognised as a disposal group, but not a discontinued operation, at 31 December 2015 with the following results and balances.

	2015	2014
	\$	\$
Revenue	-	-
Other income	5,681	-
Expenses	<u>(66,277)</u>	<u>(38,964)</u>
Operating Loss	<u>(60,595)</u>	<u>(38,964)</u>
Loss recognised on disposal of assets	-	-
Loss before income tax	<u>(60,595)</u>	<u>(38,964)</u>
Income tax expense	-	-
Loss after income tax	<u>(60,595)</u>	<u>(38,964)</u>
Total assets	14,409	47,188
Total liabilities	<u>(14,409)</u>	<u>(6,392)</u>
Net assets	<u>-</u>	<u>40,796</u>

The net cash flows attributable to Carbine Resources SARL are:

Operating	(11,532)	(55,714)
Investing	5,782	-
Financing	-	-
Net cash outflow	<u>(5,750)</u>	<u>(55,714)</u>

Earnings per share:

Basic (loss) from discontinued operations (cents per share)	(0.04)	(0.03)
Diluted (loss) from discontinued operations (cents per share)	(0.04)	(0.03)

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 2015 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:



Mr Patrick Walta
Executive Director

Dated at Perth this 31st day of March, 2016

31 March 2016

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 2015, 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

**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 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 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 2015 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.

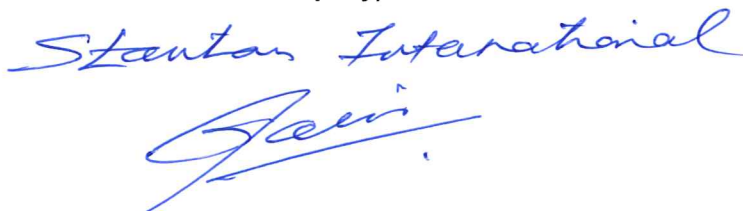
Report on the Remuneration Report

We have audited the remuneration report included in pages 6 to 12 of the directors' report for the year ended 31 December 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

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



Samir R Tirodkar
Director

West Perth, Western Australia
31 March 2016

CORPORATE GOVERNANCE

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition). The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines.

Unless disclosed below, all the principles and recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 31 December 2015.

Board Composition

The skills, experience and expertise relevant to the position of each Director in office for the year and their term of office are detailed in the Director's report.

The independent Directors of the Company during the period were Mr Thomas Bahen, Mr Evan Cranston and Mr Stephen Dobson.

When determining the independent status of a Director, the Board used the Guidelines detailed in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

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.

Compliance with ASX Recommendations

Recommendation	Carbine Resources Limited Current Practice
<p>1.1 A listed entity should disclose:</p> <p>(a) The respective roles and responsibilities of its board and management; and</p> <p>(b) Those matters expressly reserved to the board and those delegated to management.</p>	<p>The Company's Board Charter sets out the roles and responsibilities of the Board and Management. It is available for review at www.carbineresources.com.au</p>
<p>1.2 A listed entity should:</p> <p>(a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>The Company has implemented a policy of undertaking police and bankruptcy checks on all senior employees and directors before appointment or putting to shareholders for election.</p> <p>The Company provides all relevant information on all directors in its annual report and on its website.</p>
<p>1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their employment.</p>	<p>The Company requires that a detailed letter of appointment or employment contract is agreed with each director and employee.</p>
<p>1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>The Company's organisation chart reflects the position of the Company Secretary within the Company structure in compliance with the recommendation.</p>
<p>1.5 A listed entity should:</p> <p>(a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) Disclose that policy or a summary of it; and</p> <p>(c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>i. The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>ii. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>The Company has adopted a formal Gender Diversity Policy, a summary of which is provided above.</p> <p>As at 31 December 2015:</p> <ul style="list-style-type: none"> • The Board comprised four members, all of whom were male. • The senior executives comprised six people (defined by the Board as the directors and key management personnel), five of whom were male and one female. • The whole organisation comprises six people, five of whom are male and one female.

<p>1.6 A listed entity should:</p> <p>(a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Board Performance Evaluation Policy is available at www.carbineresources.com.au</p> <p>During the reporting period, the Board collectively assessed their respective roles and contributions to the Company and determined they were appropriate for that point in the Company's development.</p> <p>The Board constantly reviews its composition and subsequent to the reporting period, the strategic appointments of John Fitzgerald, Anthony (Tony) James and Graham Brock to the Board will provide the requisite skills for the completion of the definitive feasibility study and the next stage in the Company's development.</p>
<p>1.7 A listed entity should:</p> <p>(a) Have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Board constantly assesses the performance of the executives and the Company Secretary during the course of the year.</p>
<p>2.1 The board of a listed entity should:</p> <p>(a) Have a nomination committee which:</p> <p>i. has at least three members, a majority of whom are independent directors; and</p> <p>ii. is chaired by an independent director;</p> <p>and disclose:</p> <p>iii. the charter of the committee;</p> <p>iv. the members of the committee; and</p> <p>v. as at the end of each reporting period, the number of times the committee met throughout the period, and the individual attendances of the members at those meetings; or</p> <p>(b) If it does not have a nomination committee, disclose the fact and the processes it employs to address board succession issues and to ensure the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>The Board considers that given the current size of the Board and the Company, this function is efficiently achieved with full Board participation. Accordingly, the Board has not established a nomination committee.</p>
<p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>The Board Charter which is available at www.carbineresources.com.au incorporates a set of skills and abilities that are desirable for the composition of the Board. The Board is satisfied that it an appropriate mix of desired skills in the areas of metallurgy, exploration, commerce</p>

		and finance were available to act effectively.
		Subsequent to the reporting period, the strategic appointments of John Fitzgerald, Anthony (Tony) James and Graham Brock to the Board will provide the requisite skills for the completion of the definitive feasibility study and the next stage in the Company's development.
2.3	A listed entity should disclose:	
	(a) The names of the directors considered by the board to be independent directors;	The Company considers that Thomas Bahen, Evan Cranston and Stephen Dobson were independent directors during the reporting period. Subsequent to the reporting period, Graham Brock, Evan Cranston and John Fitzgerald are independent directors.
	(b) If a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and	The Company discloses the length of service for each director in the Director's Report of its annual report.
	(c) The length of service of each director.	
2.4	A majority of the board of a listed entity should be independent directors.	The composition of the Board is in compliance with this recommendation with 3 of the 4 directors considered to be independent.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	During the reporting period, the Board did not have a formal chair, however, meetings were chaired by an independent director. The role of CEO was undertaken by the Executive Director.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles as directors effectively.	The Company has an induction program for all new directors to appropriately familiarise them with the policies and procedures of the Company. The Company encourages and facilitates all Directors to develop their skills, including with the provision of in-house seminars to maintain compliance in areas such as risk and disclosure.
3.1	A listed entity should:	
	(a) Have a code of conduct for its directors, senior executives and employees; and	The Company's Code of Conduct is available at www.carbineresources.com.au
	(b) Disclose that code or a summary of it.	
4.1	The board of a listed entity should:	
	(a) Have an audit committee which:	
	i. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and	The Company does not have an audit committee due the current size of the Board and Company. The Company has adopted a policy whereby the full Board fulfils the duties of the audit committee and abides by the adopted Audit Committee Charter (available at www.carbineresources.com.au).
	ii. is chaired by an independent director, who is not the chair of the board;	

<p>and disclose:</p> <ul style="list-style-type: none"> iii. the charter of the committee; iv. the relevant qualifications and experience of the members of the committee; and v. as at the end of each reporting period, the number of times the committee met throughout the period, and the individual attendances of the members at those meetings; or <p>(b) If it does not have an audit committee, disclose the fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>The Directors require that management report regularly on all financial and commercial aspects of the Company to ensure that they are familiar with all aspects of corporate reporting and believe this to mitigate the risk of not having an independent committee.</p> <p>The Board has adopted a formal policy regarding the appointment, removal and rotation of the Company's external auditor and audit partner.</p>
<p>4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal controls which is operating effectively.</p>	<p>The Board receives a section 295A declaration from the equivalent of the CEO and CFO for each quarterly, half yearly and full year report in advance of approval of these reports.</p>
<p>4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>The Company's auditor is required to attend the Company's AGM and is available to answer questions relevant to the audit.</p>
<p>5.1 A listed entity should:</p> <ul style="list-style-type: none"> (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it. 	<p>The Board has adopted a formal Continuous Disclosure Policy to ensure compliance with the ASX Listing Rules. The Policy is available at www.carbineresources.com.au.</p>
<p>6.1 A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>The Company complies with this recommendation and all relevant information can be found at www.carbineresources.com.au.</p>
<p>6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>The Company has developed a Shareholder Communications Strategy to ensure all relevant information is identified and reported accordingly.</p>
<p>6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>The Company encourages all shareholders to attend General Meetings of the Company via its notices of meeting, and in the event they cannot attend, to participate by recording their votes. The Company has implemented an online voting system to</p>

		further encourage participation by shareholders.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The Company and its share registry actively encourage electronic communication. All new shareholders are issued with a letter encouraging the registration of electronic contact methods.
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>i. has at least three members, a majority of whom are independent directors; and</p> <p>ii. is chaired by an independent director; and disclose:</p> <p>iii. the charter of the committee;</p> <p>iv. the members of the committee; and</p> <p>v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings: or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>The Company does not have a risk committee due the current size of the Board and Company. The Company has adopted a policy whereby the full Board, including Executive Directors, fulfil the duties of the risk committee and abides by the adopted Risk Management Policy (available at www.carbineresources.com.au).</p> <p>The Directors require that management report regularly on all financial and commercial aspects of the Company to ensure that they are familiar with all aspects of corporate reporting and believe this to mitigate the risk of not having an independent committee.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	The Board reviews its risk management strategy annually.
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	The Company is not of the size or scale to warrant the cost of an internal audit function. This function is undertaken by the Board as a whole via the regular and consistent reporting in all risk areas.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	The Company does not currently have any material exposure to any economic, environmental and social sustainability risks.
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p>	The Board consider that given the current size of the Board, this function is efficiently achieved with full Board participation.

<ul style="list-style-type: none"> i. has at least three members, a majority of whom are independent directors; and ii. is chaired by an independent director; and disclose: iii. the charter of the committee; iv. the members of the committee; and v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>Accordingly, the Board has not established a remuneration committee.</p> <p>The Board considers industry peers when evaluating the remuneration for all directors and executives. The Board is cognisant of the fact that it wishes to attract and retain the best people, and considers strategies other than monetary to balance the need for the best people and the financial position of the Company.</p>
<p>8.2 A listed entity should separately disclose its policies and practises regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>The Company discloses its policies on remuneration in the Remuneration Report set out in its annual report.</p>
<p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it. 	<p>The Company recognises that Director, executives and employees may hold securities in the Company and that most investors are encouraged by these holdings. The Company's Securities Trading Policy (available at www.carbineresources.com.au) explains and reinforces the Corporations Act 2001 requirements relating to insider trading. The Policy applies to all Directors, executives, employees and consultants and their associates and closely related parties.</p>

ADDITIONAL INFORMATION

Shareholder Information

The following information is based on share registry information processed up to 22 April 2016.

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	30
1,001 – 5,000	88
5,001 – 10,000	102
10,001 – 100,000	469
100,001 and over	207
Total	896

There are 60 holders of unmarketable parcels comprising a total of 60,983 ordinary shares.

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

	Shareholder	Number Held	% of Issued Shares
1	GR Engineering Services Limited	13,670,000	8.71%
2	Kingslane Pty Ltd	10,228,749	6.51%
3	Mr Stephen John Dobson	5,749,444	3.66%
4	Mr Mark John and Mrs Margaret Patricia Bahen	5,202,934	3.31%
5	Mr Ulrich Muco	4,500,000	2.87%
6	Ablett Pty Ltd	4,250,000	2.71%
7	Kobia Holdings Pty Ltd	3,622,799	2.31%
8	Mrs Kathryn Elizabeth Strickland	3,500,000	2.23%
9	Phantom WA Pty Ltd	3,250,000	2.07%
10	Nebraska Pty Ltd	3,000,000	1.91%
11	Precambrian Pty Ltd	2,700,000	1.72%
12	Blu Bone Pty Ltd	2,635,341	1.68%
13	David Owen Phipps and Palma Mary Phipps	2,125,000	1.35%
14	Kingslane Pty Ltd	2,000,000	1.27%
15	Kingarthy Pty Ltd	1,950,000	1.24%
16	Citicorp Nominees Pty Limited	1,770,171	1.13%
17	Allview Holdings Pty Ltd	1,750,000	1.11%
18	Mr Michael Robert Pitt	1,725,013	1.10%
19	J P Morgan Nominees Australia	1,683,920	1.07%
20	Ekco Investments Pty Ltd	1,500,000	0.96%
Total		76,813,371	48.92%

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 157,020,727 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
10,000,000	Options exercisable at \$0.0496 on or before 17 November 2017	6
10,000,000	Options exercisable at \$0.10 on or before 17 November 2017	6
2,500,000	Options exercisable at \$0.065 on or before 7 July 2018	1
2,500,000	Options exercisable at \$0.10 on or before 7 July 2018	1
1,000,000	Options exercisable at \$0.0886 on or before 26 October 2018	1
1,000,000	Options exercisable at \$0.124 on or before 26 October 2018	1

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

Holder	Class of Securities	Exercise Price	Expiry Date	No. Securities
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
Mr Stephen Dobson	Option	\$0.065	7 July 2018	2,500,000
Mr Stephen Dobson	Option	\$0.10	7 July 2018	2,500,000
Coral Carter & Terence Moylan	Option	\$0.0886	26 October 2018	1,000,000
Coral Carter & Terence Moylan	Option	\$0.124	26 October 2018	1,000,000

Schedule of Mining Tenements as at 31 December 2015

Mount Morgan Gold-Copper Project, Queensland	Tenement Number	Interest
	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%
	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%

Mount Morgan Gold-Copper Project, Queensland (continued)	Tenement Number	Interest
	ML5649	Option to Acquire 100%
	ML5614	Option to Acquire 100%
	ML5648	Option to Acquire 100%
Many Peaks Project, Queensland	Tenement Number	Interest
	ML3640	Option to Acquire 100%
	ML3641	Option to Acquire 100%
	MDL30	Option to Acquire 100%
	EPM14918	Option to Acquire 100%
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%

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



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: admin@carbineresources.com.au

