CARBINE RESOURCES
LIMITED

ABN: **81 122 976 818**

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2010

CORPORATE DIRECTORY

Directors

Aoife McGrath	Executive Director - Exploration	Appointed	22 March 2010
Dr Paul Kitto	Non-Executive Director	Appointed	22 March 2010
Evan Cranston	Non-Executive Director	Appointed	22 March 2010
Ronald Sayers	Non-Executive Director		
Gregory Steemson	Non-Executive Director	Resigned	22 March 2010
Peter Torre	Non-Executive Director / Company Secretary	Resigned	22 March 2010

Company Secretary

Geoff Hewett

Principal & Registered Office

Suite 23, 513 Hay Street
Subiaco, WA 6008
Telephone: (08) 6142 0980
Facsimile: (08) 9388 8824
Email: carbine@carbineresources.com.au

Share Registry

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Telephone: (08) 9323 2000
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Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

ASX Codes

CRB
CRBO (expiring 31 July 2011)

Website

www.carbineresources.com.au

CONTENTS

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Carbine Resources Limited and the entity it controlled ("the Group) at the end of, or during, the half-year ended 30 June 2010.

DIRECTORS

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

Aoife McGrath	Executive Director – Exploration	Appointed 22 March 2010)
Evan Cranston	Non-Executive Director	(Appointed 22 March 2010)
Dr Paul Kitto	Non-Executive Director	(Appointed 22 March 2010)
Peter Patrick Torre	Non-Executive Director	(Resigned 22 March 2010)
Gregory Steemson	Non-Executive Director	(Resigned 22 March 2010)
Ronald George Sayers	Non- Executive Director	

RESULTS

The loss for the half-year after income tax for the period was $ 1,395,301(30 June 2009: $198,534 loss).

REVIEW OF OPERATIONS

During the half-year, Carbine Resources Limited (Carbine) commenced its Earn-In and Shareholder Agreement with Ampella Mining Ltd (Ampella) in respect to the Madougou Gold Project in Burkina Faso, West Africa at the same time restructuring the Board in proceeding with its new West African gold focus. As a result of the Agreement, Carbine Resources SARL, a wholly-owned subsidiary was incorporated.

Under the Agreement, the Group will be issued shares in an entity into which the Project will be transferred. The Group may earn its 80% interest in accordance with the following:

- An initial 51% interest by sole contributing $3 million on exploration and appraisal of the Project within a period of 3 years from commencement of the first earning period, with a binding commitment to spend $250,000 within a period of 12 months from commencement of the first earning period;
- A further 19% interest by sole contributing a further $2 million within a period of 2 years from commencement of the second earning period; and
- A further 10% interest by completing and sole funding a pre-feasibility study within a period of 2 years from commencement of the third earning period.

Capital Raisings during the half-year.

The following capital raisings by issue of the Group's securities were completed during the half-year:

Share Placements

- An issue of 27,500,000 fully paid ordinary shares on 16 March 2010 to institutional and sophisticated investors at $0.04 per share and 13,750,000 options exercisable at $0.15 on or before 31 July 2011 at $0.005 to raise approximately $1.17 million before costs. The placement was subject to shareholder approval, which was given at a general meeting of shareholders held on 19 February 2010.

- An issue of 10,000,000 fully paid ordinary shares on 31 March 2010 to institutional and sophisticated investors at $0.20 per share to raise $2.0 million before costs. The placement was in accordance with the Group's 15% capacity to issue shares under the provisions of Listing Rule 7.1. Australian stock broking firm, Patersons Securities Limited, acted as lead manager to the placement.

REVIEW OF OPERATIONS (CONTINUED)

Non-renounceable Rights Issue of Options

The Group issued 23,755,798 options exercisable at $0.15 on or before 31 July 2011 to existing shareholders on the basis of 1 new option for every 2 shares held at an issue price of $0.005 per option to raise $118,879. The issue was in accordance with the details of an Entitlement Issue announced by the Group on the 22 December 2009, together with the Prospectus for the Issue on 21 January 2010. The issue was fully underwritten and was completed in February 2010.

Funds raised during the half-year, together with existing cash on hand, is being directed towards the initial exploration program at the Group's Madougou Gold Project. Funds were also directed towards the provision of working capital.

SUBSEQUENT EVENTS

Maiden drilling program

On 31 August 2010, the Group announced to the ASX the results of its maiden drilling program over the Dore, Nimbo and Nazala prospects in the Madougou Gold Project in Burkina Faso, West Africa.

Issue of options

On the 27 August 2010, 6,000,000 unlisted Directors Options were issued to the Directors of the Group following approval by shareholders at a General Meeting held on the 30 July 2010.

On the 2 September 2010, 950,000 Employee Options were issued to employees of the Group. The options were issued under the Group's Employer Share Option Plan following approval by shareholders at a General Meeting held on the 30 July 2010.

Red Dam Project

In August 2010 the Western Australian Department of Mines and Petroleum (DMP) commenced forfeiture proceedings on the Group's mining lease M 16/344 which is the Red Dam tenement. The Group has lodged a submission with the Minister of Mines defending these proceedings. As security of tenure with respect to this tenement is not guaranteed during the submission process, the Group has elected to write down the carrying value of the asset to NIL.

Auditor's Independence Declaration

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

Dated at Perth this 13 day of September 2010

Signed in accordance with a resolution of the Directors.

Evan Cranston
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2010

	Notes	Half Year June 2010 $	June 2009 $
Revenues from continuing operations			
Interest revenue		**46,209**	13,054
Other income		**79,799**	-
Depreciation		**(4,210)**	(1,807)
Employee benefit expenses		**(152,037)**	(62,412)
Exploration and evaluation expenditure		**(70,247)**	-
Foreign exchange losses		**(7,126)**	-
Fringe Benefits Tax		**-**	(24,162)
Impairment expense	**2**	**(1,089,440)**	(50,560)
Other Expenses		**(198,249)**	(72,647)
Loss from continuing operations before income tax		**(1,395,301)**	**(198,534)**
Income tax expense		-	-
Loss from continuing operations after income tax		**(1,395,301)**	**(198,534)**
Total comprehensive loss for the half-year attributable to the equity holders of Carbine Resources Limited		**(1,395,301)**	**(198,534)**
Loss per share from continuing operations attributable to the equity holders of Carbine Resources Limited:			
		Dollars	Dollars
Basic loss per share		**0.020**	0.002

The above statement of consolidated comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Notes	30 June 2010 $	31 December 2009 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**3,518,024**	564,217
Other receivables		**30,166**	4,680
Other current assets		**7,020**	4,749
Total Current Assets		**3,555,210**	573,646
NON-CURRENT ASSETS			
Plant and equipment		**73,011**	2,529
Deferred exploration and evaluation expenditure	**2**	**180,053**	1,089,441
Available-for-sale financial assets	**4**	**-**	226,545
Total Non-current Assets		**253,064**	1,318,515
Total Assets		**3,808,274**	1,892,161
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		**126,172**	8,576
Total Current Liabilities		**126,172**	8,576
Total Liabilities		**126,172**	8,576
Net Assets		**3,682,102**	1,883,585
EQUITY			
Contributed equity		**10,619,501**	7,425,683
Reserves		**223,876**	223,876
Accumulated losses		**(7,161,275)**	(5,765,974)
Total Equity		**3,682,102**	1,883,585

The above statement of consolidated financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2010

	Notes	Contributed equity	Accumulated losses	Share based payments reserve	Total equity
		$	$	$	$
Balance at 1 January 2009		**7,711,029**	**(5,788,250)**	**73,876**	**1,996,655**
Loss for the half-year period		-	**(198,534)**	-	**(198,534)**
Total comprehensive loss for the half-year		-	**(198,534)**	-	**(198,534)**
Transactions with owners in their capacity as owners:		-	-	-	-
		-	-	-	-
Balance at 30 June 2009		**7,711,029**	**(5,986,784)**	**73,876**	**1,798,121**
Balance at 1 January 2010		**7,425,683**	**(5,765,974)**	**223,876**	**1,883,585**
Loss for the half-year period		**-**	**(1,395,301)**	**-**	**(1,395,301)**
Total comprehensive loss for the half-year		**-**	**(1,395,301)**	**-**	**(1,395,301)**
Transactions with owners in their capacity as owners:					
Issue of 37,558,590 fully paid ordinary shares	**5**	3,108,789	-	-	3,108,789
Issue of 37,505,798 options expiring 31 July 2011	**5**	187,529	-	-	187,529
Transactions costs on issue of fully paid ordinary shares and options (net of tax)		(102,500)	-	-	(102,500)
		3,193,818	**-**	**-**	**3,193,818**
Balance at 30 June 2010		**10,619,501**	**(7,161,275)**	**223,876**	**3,682,102**

The above statement of consolidated changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2010

	Half-year 2010 $	2009 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees (inclusive of goods and services tax)	**(361,962)**	(209,569)
Net cash inflow (outflow) from operating activities	**(361,962)**	(209,569)
Cash flows from investing activities		
Payments for exploration and evaluation	**(170,584)**	(3,779)
Payments for plant and equipment	**(58,685)**	**-**
Proceeds from sale of available-for-sale financial assets	**305,010**	-
Interest received	**46,210**	13,054
Net cash inflow (outflow) from investing activities	**121,951**	9,275
Cash flows from financing activities		
Proceeds from issue of shares and options	**3,296,318**	-
Payments for share and options issue costs	**(102,500)**	-
Net cash inflow (outflow) from financing activities	**3,193,818**	-
Net increase (decrease) in cash equivalents held	**2,953,807**	(200,294)
Cash and cash equivalents at the beginning of the half-year	**564,217**	899,188
Cash and cash equivalents at the end of the half-year	**3,518,024**	698,894

The above statement of consolidated cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2010

1. BASIS OF PREPARATION

These general purpose interim financial statements of Carbine Resources Limited and its controlled entities (the Group) for the half-year reporting period ended 30 June 2010 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This half-year report was authorised for issue in accordance with a resolution of the Board of Directors on 13 September 2010. Carbine Resources Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

The interim financial statements do not include all notes of the type normally included within the annual financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2009 and any public announcements made by Carbine Resources Limited during the interim financial reporting period in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

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

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

There are no new Accounting Standards or Interpretations that have had an impact on the financial position or performance of the Group.

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

Jointly controlled operations and assets

The interest of the Group in unincorporated joint ventures are jointly brought to account by recognising in its financial statements the assets it controls, the liabilities that it incurs, the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

Dividends

No dividends have been paid or provided for during the half-year period.

Going Concern

The ability of the company to continue as a going concern in the future will be dependent on the ability to raise further funds as required to facilitate the progress of the commercialisation of its exploration assets.

Principles of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Carbine Resources Limited ("company" or "parent entity") as at 30 June 2010 and the results of all subsidiaries for the year then ended. Carbine Resources Limited and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the separate financial statements of Carbine Resources Limited.

Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Carbine Resources Limited's functional and presentation currency.

(ii) 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 profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) 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 balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement and statement of 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 recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, 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.

	Half-year	
	2010	2009
	$	$
2. DEFFERED EXPLORATION AND EVALUATION EXPENDITURE		
Carrying amount at the beginning of the period	**1,089,440**	1,140,000
Deferred exploration and evaluation expenditure-Madougou Project	**180,052**	3,779
Impairment of exploration and evaluation-Red Dam Project (Note 8)	**(1,089,440)**	(54,339)
Carrying amount at the end of the period	**180,052**	1,089,440

3. SEGMENT INFORMATION

The Group operates in the gold mining exploration industry in both Western Australia and Burkina Faso, West Africa. For management purposes, given the scope and size of the Group's current activities together with its main focus now on the West African gold mining permits, the Group is organised into one main operating segment. Accordingly all of the Group's operations together with discrete financial information are reported to the Board (collectively the chief operating decision makers) as a single segment, and all significant operating decisions are based upon analyses of the Group as that one segment. Financial results thereon are therefore equivalent to the financial statements disclosed by the Group as a whole.

Key segment information provided to the Board for the half-year ended 30 June 2010 is as follows: -

	Exploration operations	
	Western Australia	**West Africa**
Half-year 2010	**$**	**$**
Total segment revenue	**-**	**-**
Total segment expenditure	**-**	**(152,077)**
Loss before income tax from continuing operations	**(1,089,441)**	**(152,077)**
Total segment assets	**-**	**253,063**
Half-year 2009		
Total segment revenue	-	-
Total segment expenditure	(3,983)	-
Loss before income tax from continuing operations	(3,983)	-
Total segment assets	1,085,661	-

4. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets were listed equity securities:		
Listed equity securities at the beginning of the period	**226,545**	-
Consideration received on sale of listed equity securities during the period	**(305,010)**	-
Gain on sale of listed equity securities	**78,465**	-
Listed equity securities at the end of the period	**-**	-

5. EQUITY SECURITIES ISSUED

	2010 No. Shares	2009 No. Shares	**2010 $**	2009 $
Issue of fully paid ordinary shares during the half-year:				
Share placement on the 12 March 2010	**27,500,000**	-	**1,100,000**	-
Share placement on the 31 March 2010	**10,000,000**	-	**2,000,000**	
Options exercised during the half-year	**58,590**		**8,789**	
	37,558,590	-	**3,108,789**	-

	Options	Options	**2010 $**	2009 $
Issue of listed options during the half-year:				
Listed options exercisable at $0.15 each expiring 31 July 2011 issued on the 26 February 2010 by way of a entitlement issue	**23,755,798**	-	**118,779**	-
Listed options exercisable at $0.15 each expiring 31 July 2011 issued on the 12 March 2010	**13,750,000**	-	**68,750**	-
	37,505,798	-	**187,529**	

On 1 January 2010 2,000,000 unlisted options with an exercise price of $0.25 expiring 31 December 2009 lapsed.

6. CONTINGENCIES AND COMMITMENTS

Earn-In and Shareholder Agreement

During the half-year, the Group commenced its Earn-In and Shareholder Agreement with Ampella Mining Ltd in respect to the Madougou Gold Project Project in Burkina Faso, West Africa.

Under the Agreement, the Group may earn an 80% interest in the Project as follows:

- An initial 51% interest by sole contributing $3 million on exploration and appraisal of the Project within a period of 3 years from commencement of the first earning period, with a binding commitment to spend $250,000 within a period of 12 months from commencement of the first earning period;
- A further 19% interest by sole contributing a further $2 million within a period of 2 years from commencement of the second earning period; and
- A further 10% interest by completing and sole funding a pre-feasibility study within a period of 2 years from commencement of the third earning period.

Other than the above together with the operating lease with respect to the Group's office premises, there has been no change in contingent liabilities or contingent assets since the last annual reporting date.

7. RELATED PARTY TRANSACTIONS

The Group has entered into a lease with respect to its office premises located at Suite 24, 513 Hay Street in Subiaco. The owner of these premises is the J W Cranston Family Trust, who is a related entity of Evan Cranston, a non-executive Director of the Group appointed on the 22 March 2010. Rent and office services paid during the half-year period were $9,000.

During the half-year period, the Group commenced its Earn-In and Shareholder Agreement with Ampella Mining Ltd in respect to the Madougou Gold Project in Burkina Faso, West Africa. On the 22 March 2010, Dr Paul Kitto was appointed as a non-executive Director of the Group. Both Dr Kitto and Evan Cranston are Directors of Ampella Mining Ltd. Remuneration of each of these Directors are in accordance with the same principles as disclosed in the 31 December 2009 annual report.

8. EVENTS OCCURING AFTER THE REPORTING DATE

Maiden drilling program

On the 31 August 2010, the Group announced to the ASX the results of its maiden drilling program over the Dore, Nimbo and Nazala prospects in the Madougou Gold Project in Burkina Faso, West Africa.

Issue of options to the Directors

On the 27 August 2010, 6,000,000 unlisted Directors Options were issued to the Directors of the Group following approval by shareholders at a General Meeting held on the 30 July 2010.

Issue of options to employees

On the 2 September 2010, 950,000 Employee Options were issued to employees of the Group. The options were issued under the Group's Employer Share Option Plan following approval by shareholders at a General Meeting held on the 30 July 2010.

The Employee Options were issued for nil consideration and are exercisable at $0.30 on or before 2 September 2013.

The aggregate financial effect of these transactions has not been bought to account in this half-year report.

Red Dam Project

In August 2010 the Western Australian Department of Mines and Petroleum (DMP) commenced forfeiture proceedings on the Group's mining lease M 16/344 which is the Red Dam tenement. The Group has lodged a submission with the Minister of Mines defending these proceedings.

As security of tenure with respect to this tenement is not guaranteed during the submission process, the Group has written down the carrying value of expenditure for the Red Dam Project to NIL-refer to Note 2 above.

DIRECTORS' DECLARATION

Declaration by Directors

In the Directors' opinion:

1. the financial statements and notes set out on pages 5 to 14 are in accordance with the Corporations Act 2001, including:

    (a) complying with Accounting Standard AASB 134- Interim Financial Reporting and the Corporations Regulations 2001, and

    (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the half-year ended on that date.

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

This declaration is made in accordance with a resolution of the directors.

Evan Cranston
Director

Dated at Perth this 13 day of September 2010

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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

13 September 2010

Carbine Resources Ltd
Suite 23, Level 1,
513 Hay Street,
Subiaco WA 6008

Dear Sirs

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF CARBINE RESOURCES LTD

As lead auditor of Carbine Resources Ltd for the half-year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Carbine Resources Ltd and the entity it controlled during the period.

Brad McVeigh
Director

BDO

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Carbine Resources Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entity it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Carbine Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our review conclusion, we draw attention to the fact that, as disclosed in Note 1 in the financial report, the consolidated entity will have to seek additional funding in order to progress commercialisation of its exploration assets. If the consolidated entity is unable to obtain additional funding it may indicate the existence of a material uncertainty which may cast significant doubt on the their ability to continue as a going concern and therefore whether it will realise their assets and extinguish its liabilities in the normal course of business at the values stated in this financial report.

BDO Audit (WA) Pty Ltd

BDO

Brad McVeigh
Director

Perth, Western Australia
Dated this 13th day of September 2010