CARBINE RESOURCES
LIMITED

ABN 81 122 976 818

2013 Financial Report

CONTENTS

CORPORATE DIRECTORY

Directors	Mr Tom Bahen	(Non-Executive Director)
	Mr Evan Cranston	(Non-Executive Director)
	Mr Grant Mooney	(Non-Executive Director)
Company Secretary	Mr Grant Mooney	
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 Suite 1, 6 Richardson Street West Perth WA 6005 Telephone: (08) 9226 2809	
ASX Code	CRB	

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Carbine Resources Limited and the entity it controlled ("the Group") for the year ended 31 December 2013 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 Tom Bahen	Non-Executive Director	(Appointed 20 May 2013)
Mr Evan Cranston	Non-Executive Director	
Mr Grant Mooney	Non-Executive Director and Company Secretary	
Dr Paul Kitto	Non-Executive Director	(Resigned 31 January 2013)
Mr Peter Sheehan	Managing Director	(Resigned 20 May 2013)

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was exploration for gold in the northwest of Burkina Faso (West Africa).

RESULTS

The loss for the financial year after income tax was $1,096,746 (31 December 2012 Loss: $495,970).

DIVIDENDS PAID OR RECOMMENDED

No dividends have been paid or declared.

FINANCIAL POSITION

The net assets of the Group as at 31 December 2013 are $5,454,285 compared to $6,456,001 as at 31 December 2012.

REVIEW OF OPERATIONS

Ouahigouya Project, Burkina Faso

Carbine's Ouahigouya Gold Project in Burkina Faso is located in an outlier of the Hounde Greenstone Belt in northwest Burkina Faso (West Africa) and consists of a contiguous land holding of 1,264 km^2 comprising five granted Exploration Permits (two in joint venture with Ampella Mining Ltd) and two permit applications. The Permits are located on a major northeast trending crustal scale shear zone, the Ouahigouya Deformation Corridor. Numerous gold occurrences are located along this deformation corridor with a large number of both major and minor artisanal fields either historically or currently being mined.

Exploration on the project to date has not delivered results of sufficient magnitude to support continued exploration at historic levels. This, combined with current market sentiments towards gold and gold exploration in West Africa, has led the Board to make the decision that it is not prudent to utilise expensive exploration methods such as drilling at this time. A minimal exploration budget has been approved for 2014 and the Board will monitor market conditions going forward.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Mr Tom Bahen was appointed as Non-Executive Director of Carbine Resources Ltd on 20 May 2013 following the resignation of Mr Peter Sheehan from his position as Managing Director on 20 May 2013.

Capital Raisings during the Year

No capital raising activities were conducted during the year.

Options

No options were exercised or issued in Carbine Resources Limited during the year ended 31 December 2013.

The following options expired during the year:

Date of Expiry	Number of Options	Category of Options	Option Details
24 August 2013	2,000,000	Director options	Exercise price of $0.30 each
24 August 2013	2,000,000	Director options	Exercise price of $0.40 each
27 August 2013	1,000,000	Director options	Exercise price of $0.30 each
27 August 2013	1,000,000	Director options	Exercise price of $0.40 each
2 September 2013	850,000	Director options	Exercise price of $0.30 each
13 September 2013	750,000	Director options	Exercise price of $0.40 each

At the date of this report the Group has no listed options and 8,425,000 unlisted options over ordinary shares in Carbine Resources Limited as follows:

- 425,000 unlisted options at an exercise price of $0.38 with an expiry date of 1 April 2014;
- 2,000,000 unlisted options at an exercise price of $0.075 with an expiry date of 11 June 2015;
- 2,000,000 unlisted options at an exercise price of $0.10 with an expiry date of 11 June 2015;
- 1,000,000 unlisted options at an exercise price of $0.115 with an expiry date of 11 June 2015; and
- 3,000,000 unlisted options at an exercise price of $0.20 with an expiry date of 11 June 2015.

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 2013 that would have material effect on these financial statements.

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

Mr Tom Bahen **Non-Executive Director**

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

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

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

Mr Evan Cranston **Non-Executive Director**

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

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

Mr Grant Mooney **Non-Executive Director and Company Secretary**

Mr Mooney is the principal of Perth-based corporate advisory firm Mooney & Partners, specialising in corporate compliance administration to public companies. He has gained extensive experience in the areas of corporate and project management since commencing Mooney & Partners in 1999. His experience extends to advice on capital raisings, mergers and acquisitions and corporate governance. Mr Mooney is a member of the Institute of Chartered Accountants in Australia.

Currently, Mr Mooney serves as a Director and Company Secretary to several ASX listed companies across a variety of industries including technology and resources. He is a Director of ASX listed resource companies Barra Resources Limited, Phosphate Australia Limited, Wild Acre Metals Limited, and Talga Resources Limited and is Chairman of renewable energy company Carnegie Wave Energy Limited. Mr Mooney was previously a director of ASX-Listed Attila Resources Limited to October 2012.

DIRECTORS' MEETINGS

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

	Board Meetings Eligible to Attend as a Director	Board Meetings Attended while in Office
Tom Bahen (appointed 20 May 2013)	3	3
Evan Cranston	3	3
Paul Kitto (resigned 31 January 2013)	Nil	N/A
Grant Mooney	3	3
Peter Sheehan (resigned 20 May 2013)	Nil	N/A

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 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	-	*2,422,799	-	-
Mr Evan Cranston	-	-	1,000,000	-
Mr Grant Mooney	-	**135,000	-	***1,000,000

* Shares held by Mr Tom Bahen are held by Kobia Holdings Pty Ltd
** Shares held by Mr Grant Mooney are held by Mooney & Partners Pty Ltd
*** Options held by Mr Grant Mooney are held by Ocean Flyers Pty Ltd (The S&G Mooney Super Fund A/C)

REMUNERATION REPORT (AUDITED)

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

Details of Key Management Personnel:

- Mr Tom Bahen – Non-Executive Director (appointed 20 May 2013)
- Mr Evan Cranston – Non-Executive Director
- Dr Paul Kitto – Non-Executive Director (resigned 31 January 2013)
- Mr Grant Mooney – Non-Executive Director and Company Secretary
- Mr Peter Sheehan – Managing Director (resigned 20 May 2013)

Compensation of Key Management Personnel

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

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

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

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

2013	**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 (appointed 20 May 2013)	22,590	2,624	2,079	-	27,293	0%
Mr Evan Cranston	54,500	4,237	-	-	58,737	0%
Dr Paul Kitto (resigned 31 January 2013)	4,167	360	375	-	4,902	0%
Mr Grant Mooney)	-		-	-	-	0%
Sub-total Non-Executive Directors	81,257	7,221	2,454	-	90,932	0%
Executive Director						
Mr Peter Sheehan (resigned 20 May 2013)	162,908	1,625	15,625	-	180,158	0%
Other Key Management Personnel						
Mr Grant Mooney*	52,000	4,237	-	-	56,237	0%
Total	**296,165**	**13,083**	**18,079**	**-**	**327,327**	**0%**

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

2012	**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 Evan Cranston	55,000	3,389	-	21,000	79,389	26%
Dr Paul Kitto	50,000	3,389	4,500	21,000	78,889	27%
Mr Grant Mooney (appointed 18 January 2012)	-	3,231	-	21,000	24,231	87%
Sub-total Non-Executive Directors	105,000	10,009	4,500	63,000	182,509	35%
Executive Directors						
Ms Aoife McGrath (resigned 18 January 2012)	40,854	167	-	-	41,021	0%
Mr Peter Sheehan (appointed 22 February 2012)	225,004	2,907	20,250	156,000	404,161	39%
Sub-total Executive Directors	265,858	3,074	20,250	156,000	445,182	35%
Other Key Management Personnel						
Mr Grant Mooney*	60,000	-	-	-	60,000	0%
Total	**430,858**	**13,083**	**24,750**	**219,000**	**687,691**	**32%**

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

Compensation Options

There were a total of 8,000,000 compensation options issues to Directors during the financial year ended 31 December 2012 as part of the Long Term Incentives as detailed above and as approved by shareholders at the Annual General Meeting held on 31 May 2012.

Service Agreements

The Group entered into a Service Agreement with Mr Peter Sheehan, Managing Director, on 20 February 2012. The agreement provided for an annual salary of $250,000, reviewed annually, for an indefinite period and severable by either party provided that three months written notice is given. This service agreement, except for enduring elements, was terminated at Mr Sheehan's resignation on 20 May 2013.

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

No other remuneration arrangements were in place during the financial year ended 31 December 2013.

Share Based Payment Compensations

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. No options were granted during the year and all outstanding options issued to Directors in prior years were granted in prior years with no vesting conditions. Further information on the options is set out in notes 16 and 17 to the financial statements.

Key Management Personnel	Numbers of options granted during the year	Value of options at grant date *	Numbers of options vested during the year	% vested during the year	Numbers of options lapsed during the year	Value at lapse date **
Non-Executive Directors						
Mr Evan Cranston	-	-	-	-	2,000,000	-
Mr Tom Bahen	-	-	-	-	-	-
Dr Paul Kitto	-	-	-	-	2,000,000	-
Mr Grant Mooney	-	-	-	-	750,000	-
Executive Directors						
Mr Peter Sheehan	-	-	-	-	-	-
	-	**-**	**-**	**-**	**4,750,000**	**-**

* The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration
** The value at lapse date of options that were granted as part of remuneration and that lapsed during the year because a vesting condition was not satisfied. The value is determined at the time of lapsing, but assuming the condition was satisfied.

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

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 %
Non-Executive Directors						
Mr Evan Cranston	31/5/2012	1,000,000	21,000	31/05/2012	11/06/2015	100
Mr Grant Mooney	31/5/2012	1,000,000	21,000	31/05/2012	11/06/2015	100

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

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 $13,083 (2012: $13,083).

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

OTHER INFORMATION

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

NON ASSURANCE SERVICES

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

Auditor's Independence Declaration

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

Dated at Perth this 26th day of March, 2014

Signed in accordance with a resolution of the Directors

Mr Evan Cranston
Non-Executive Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

		CONSOLIDATED	
	Notes	**2013**	**2012**
		$	**$**
Revenue from continuing operations	2(a)	177,384	241,492
Other income	2(b)	13,190	2,816,308
Exploration & evaluation costs	8	(366,617)	(2,385,310)
Loss on disposal of financial assets		(240,800)	
Reversal of impairment/(impairment) of receivable	5	14,261	(231,348)
Depreciation	2(c)	(65,810)	(130,733)
Share based payment expenses	17	(16,382)	(63,666)
Employee, director and consultant expenses	2(d)	(330,230)	(439,896)
General and administration expenses	2(e)	(281,742)	(302,817)
Loss before income tax expense		(1,096,746)	(495,970)
Income tax expense	3	-	-
Loss after income tax from continuing operations attributable to owners of Carbine Resources Limited		(1,096,746)	(495,970)
Loss attributable to members of Carbine Resources Limited		**(1,096,746)**	**(495,970)**
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Exchange difference on translation of foreign operations	20(b)	78,648	664
Total other comprehensive income/(loss)		(1,018,098)	(495,306)
Total comprehensive loss attributable to members of Carbine Resources Limited		**(1,018,098)**	**(495,306)**
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the company		**Cents**	**Cents**
Basic loss per share	12	(0.78)	(0.35)
Diluted loss per share	12	(0.78)	(0.35)

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 2013

	Notes	CONSOLIDATED 2013 $	2012 $
Current Assets			
Cash and cash equivalents	4	5,308,154	4,920,642
Trade and other receivables	5	51,151	30,868
Financial assets	9a	-	1,260,000
Other current assets	6	18,513	26,240
Total Current Assets		5,377,818	6,237,750
Non-Current Assets			
Property, plant and equipment	7	61,037	214,594
Exploration and evaluation expenditure	8	-	-
Financial assets	9b	50,000	50,000
Total Non-Current Assets		111,037	264,594
Total Assets		5,488,855	6,502,344
Current Liabilities			
Trade and other payables	10	34,570	35,637
Provisions		-	10,706
Total Current Liabilities		34,570	46,343
Total Non-Current Liabilities		-	-
Total Liabilities		34,570	46,343
Net Assets		**5,454,285**	**6,456,001**
Equity			
Issued Capital	11	22,636,442	22,636,442
Reserves	20	2,603,857	2,508,827
Accumulated losses		(19,786,014)	(18,689,268)
Total Equity		**5,454,285**	**6,456,001**

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 2013

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

	CONSOLIDATED				
	Contributed Equity	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total Equity
	$	$	$		$
Balance at 1 January 2012	**22,636,442**	**(18,193,298)**	**2,277,680**	**166,817**	**6,887,641**
Loss for the year	-	(495,970)	-	-	(495,970)
Exchange difference on translation of foreign operations	-	-	-	664	664
Total comprehensive income/ (loss) for the year	**-**	**(495,970)**	**-**	**664**	**(495,306)**
Transactions with owners in their capacity as owners:					
Share based payments	-	-	345,402	-	345,402
Cancelled options	-	-	(281,736)	-	(281,736)
	-	-	63,666	-	63,666
Balance at 31 December 2012	**22,636,442**	**(18,689,268)**	**2,341,346**	**167,481**	**6,456,001**

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 2013

	Note	CONSOLIDATED 2013 $	2012 $
Cash Flows From Operating Activities			
Payments to suppliers and employees		(602,614)	(872,877)
Exploration expenditure, prospects, management fees		(294,089)	(3,350,269)
Other operating income		6,387	-
Increase in utility deposits		-	(1,398)
Decrease in utility deposit		2,799	243
Interest received		134,336	241,492
Net cash (outflow) from operating activities	18	**(753,181)**	**(3,982,809)**
Cash Flows From Investing Activities			
Payment for plant and equipment		-	(66,461)
Proceeds from disposal of plant and equipment		117,458	42,743
Proceeds from sale of tenements		-	96,025
Proceeds from sale of investments		1,019,200	1,382,892
Net cash inflow from investing activities		**1,136,658**	**1,455,199**
Cash Flows From Financing Activities			
Proceeds from issue of shares, net of capital raising costs		-	-
Net cash inflow from financing activities		**-**	**-**
Net increase/(decrease) in cash and cash equivalents held		**383,477**	**(2,527,610)**
Cash and cash equivalents at the beginning of the year		4,920,642	7,447,790
Differences in foreign exchange		4,035	462
Cash and cash equivalents at the end of the year	4	**5,308,154**	**4,920,642**

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 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Preparation

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

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

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

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

Historical cost convention

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

(a) Cash and Cash Equivalents

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

(b) Income Tax

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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

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

(c) Mineral Exploration and Evaluation and Development Expenditure

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

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

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

(d) Property, Plant and Equipment

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

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

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

Depreciation

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

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

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

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

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

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

(e) Impairment of Assets

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

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

(f) Employee Benefits

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

(g) Financial Instruments

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

Recognition

The group classifies its financial assets in the following categories:

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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 balance sheet.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Financial Liabilities

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

Fair Value of Assets and Liabilities

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

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

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

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

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

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

Valuation techniques

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

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

Fair value hierarchy

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

Level 1

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

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(h) Trade Receivables

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

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

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

(i) Revenue Recognition

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

(j) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Carbine Resources Limited) and all of the subsidiaries (including any structured entities). 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 15.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(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.

Transactions and balances

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

Group companies

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

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

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

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

(l) Earnings Per Share

Basic earnings per share

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

Diluted earnings per share

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

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

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

(m) Leases

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

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

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

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

(n) Share-Based Payment Transactions

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

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

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

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

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

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

(o) Provisions

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

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

(p) Contributed Equity

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

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

(q) Other taxes

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

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

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

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

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

(r) New and amended standards adopted by the group

The group has applied the following standards and amendments for first time in their annual reporting period commencing 1 January 2013:

- AASB 2011-9, Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income
- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 128 Investments in Associates and Joint Ventures, AASB 127 Separate Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
- AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and other Amendments* which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period
- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*
- AASB 119 *Employee Benefits (September 2011) and* AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*
- AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle* and
- AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities*

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2013 affected any of the amounts recognised in the current period or any prior period, although it caused certain changes to the Group's accounting policies. However, amendments made to AASB 101 *Presentation of Financial Statements* effective 1 July 2012 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met. Amendments to AASB 12 *Disclosure of Interests in Other Entities* require additional information to be disclosed in respect of each subsidiary that has a material non controlling interest. Amendments to AASB 13 *Fair Value Measurement* require enhanced disclosure regarding assets and liabilities that are measured at fair values.

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(s) New accounting standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group.

At the date of the authorization of the financial statements, the standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', and AASB 2012-6 'Amendments to Australian Accounting Standards-Mandatory Effective date of AASB 9 and Transition Disclosures'	1 January 2015	31 December 2015
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	31 December 2014
AASB 2012-3 'Amendments to Australian Accounting Standards-Disclosures-Offsetting Financial Assets and Liabilities' (Amendments to AASB 132)	1 January 2014	31 December 2014
AASB 2013-3 ' Amendments to Australian Accounting Standards for Recoverable Amount Disclosures for Non Financial Assets' (Amendments to AASB 136)	1 January 2014	31 December 2014
AASB 2013-4 ' Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]'	1 January 2014	31 December 2014
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]'	1 January 2014	31 December 2014

The Group has decided not to early adopt any of the new and amended pronouncements. Of the above new and amended Standards and Interpretations the Group's assessment of those new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010). These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

- AASB 2011-4: Amendments to Australian Accounting Standards to remove the individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods commencing on or after 1 July 2013).

This standard makes amendments to AASB 124; Related Party Disclosures to remove the individual key management personnel disclosure requirements (including paragraphs Aus 29.1 to Aus 29.9.3).

This standard will not significantly impact the Group’s financial report as a whole.

AASB 2012-3 ‘Amendments to Australian Accounting Standards Disclosures-Offsetting Financial Assets and Liabilities’ (Amendments to AASB 132) (applicable for annual reporting periods commencing on or after 1 January 2014).

This standard is not expected to significantly impact the Group’s financial report as a whole.

AASB 2013-3 ‘Amendments to Australian Accounting Standards for Recoverable Amount Disclosures for Non Financial Assets ‘(Amendments to AASB 136)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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The AASB has made amendments to the disclosures required by AASB 136 Impairment of Assets which:

- remove the requirement to disclose the recoverable amount of all cash generating units (CGU) that contain goodwill or identifiable assets with indefinite lives if there has been no impairment; this disclosure was introduced with AASB 13 and will become applicable from 1 January 2014
- require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognised or reversed
- require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed.

This standard is not expected to have a material impact on the Group financial report.

AASB 2013-4 and AASB 2013-5 are not relevant to the Group.

(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 2012 or 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(v) Critical Accounting Estimates and Judgments

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

Share based payments

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

Impairment of VAT receivable

As at 31 December 2013 the Group had VAT receivable in Burkina Faso of $911,896 (2012: $764,826). The VAT is recoverable against generation of revenue for which the Group would be required to remit VAT. The Group determined that at this stage of exploration it was not yet probable that it would generate this revenue and the whole of the VAT receivable has been treated as impaired. Refer to Note 5 for further details.

Exploration and Evaluation

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

Deferred Taxation

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

2. REVENUE, OTHER INCOME AND EXPENSES

	CONSOLIDATED 2013 $	2012 $
(a) Revenue from continuing operations		
Interest revenue	177,384	240,211
Other revenue	-	1,281
	177,384	241,492
(b) Other income		
Gain on sale of mineral exploration interests	-	1,936,025
Gain on disposal of plant and equipment	6,803	18,156
Proceeds on sale of other assets	6,387	-
Foreign exchange gain	-	59,235
Increase in fair value of financial assets	-	802,892
	13,190	2,816,308
(c) Depreciation		
Plant and equipment	(65,810)	(130,733)
(d) Employee, director and consultant expenses		
Superannuation expenses	(18,079)	(25,774)
Other expenses	(312,151)	(414,122)
Total employee, director and consultant expenses	(330,230)	(439,896)
(e) General and administration expenses		
Operating lease - rental	(36,000)	(36,000)
Administration fees	(75,000)	(68,750)
Other expenses	(170,742)	(198,067)
Total general and administrative expenses	(281,742)	(302,817)

3. INCOME TAX EXPENSES

	2013	2012
The components of income tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax benefit reported in the Statement of Profit or Loss and Other Comprehensive Income	-	-

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

	2013	2012
Accounting Loss before income tax	(1,096,746)	(495,970)
Amount calculated on the domestic rates applicable to profits or losses in the countries concerned at the Group's weighted average statutory rate of 23.7%. (2012: 10.3%)	(310,669)	(51,037)
Temporary differences	45,353	47,726
Tax effect of expenses that are never deductible for tax purposes	5,403	16,456
Unrecognised DTA losses	259,913	(13,145)
Utilisation of carried forward tax losses	-	-
Income tax attributable to the Group	-	-
The applicable weighted average effective rate are as follows:	0%	0%
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	4,675,888	5,401,945

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	CONSOLIDATED	
	2013	2012
	$	$
Deferred tax assets/ (losses)		
- temporary differences	71,393	(46,735)
- tax losses (operating losses)	4,604,495	5,448,680
- tax losses (capital losses)	-	-
	4,675,888	5,401,945

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% (2012: 30%) and 22.5% (2012: 22.5%) respectively. The effective weighted average income tax rate for 2012 was only 10.3% because an income tax profit was realised in Australia while an income tax loss was realised in Burkina Faso. There were sufficient accumulated tax losses in Australia for this to not create an Australian income tax liability.

4. CASH AND CASH EQUIVALENTS

Cash at bank	5,306,101	4,917,538
Petty Cash	2,053	3,104
	5,308,154	4,920,642

The effective interest rate on short term bank deposits was 3.77% (2012: 3.50%)

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	5,306,101	4,917,538
Petty Cash	2,053	3,104
	5,308,154	4,920,642

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	4,107	7,228
VAT receivable	911,896	764,826
Opening balance of impairment of VAT receivable	(764,826)	(533,478)
Increase in impairment of VAT receivable	(147,070)	(231,348)
Other receivable	47,044	23,640
	51,151	30,868

As at 31 December 2013 the Group had VAT receivable in Burkina Faso of $911,896 (2012: $764,826). The VAT is recoverable against generation of revenue for which the Group would be required to remit VAT. The Group determined that at this stage of exploration it was not yet probable that it would generate this revenue and the whole of the VAT receivable has been treated as

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

impaired. The increase in the impairment of VAT receivable of $147,070 (2012: $231,348) includes $161,331 (2012: nil) caused by exchange differences on translation of foreign operations less a reduction in the amount receivable in the functional currency of the local operations of $14,261 (2012: increase of $231,348) that has been recognised as a gain/(expense) in profit or loss. No other receivables are past due nor impaired.

Due to the short term nature of the receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk at the end of the reporting period is the total mentioned above. Further details on the Group's risk management policy can be found at note 19.

6. OTHER CURRENT ASSETS

	CONSOLIDATED	
	2013	**2012**
	$	**$**
Prepayments	10,713	9,023
Other current asset	7,800	17,217
	18,513	26,240

7. PLANT AND EQUIPMENT

	CONSOLIDATED				
	Furniture & Equipment	**Establishment Expenses & Deferred Charges**	**Patent, Licensing, Software**	**Motor Vehicle**	**Total**
	$	**$**	**$**	**$**	**$**
Year ended 31 December 2012					
Opening net book value	115,702	144	30,843	159,641	306,330
Additions	14,691	-	-	51,770	66,461
Foreign Exchange	(704)	(4)	(361)	(1,656)	(2,725)
Depreciation charge for the year	(35,604)	(140)	(11,382)	(83,607)	(130,733)
Disposals	(152)	-	-	(24,587)	(24,739)
Closing net book value	93,933	-	19,100	101,561	214,594
At 31 December 2012					
Cost	159,039	143	35,198	256,252	450,632
Accumulated depreciation and impairment	(65,106)	(143)	(16,098)	(154,691)	(236,038)
Net book value	93,933	-	19,100	101,561	214,594
Year ended 31 December 2013					
Opening net book value	93,933	-	19,100	101,561	214,594
Additions	-	-	-	-	-
Foreign Exchange	9,041	-	2,529	11,212	22,782
Depreciation charge for the year	(22,327)	-	(12,394)	(31,089)	(65,810)
Disposals	(57,802)	-	-	(52,727)	(110,529)
Closing net book value	22,845	-	9,235	28,957	61,037
At 31 December 2013					
Cost	71,302	-	42,704	64,630	178,636
Accumulated depreciation and impairment	(48,457)	-	(33,469)	(35,673)	(117,599)
Net book value	22,845	-	9,235	28,957	61,037

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8. EXPLORATION AND EVALUATION EXPENDITURE

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

	CONSOLIDATED	
	2013	2012
	$	$
Carrying amount at beginning of year	-	-
Carrying amount of sold mineral exploration interests	-	-
Carrying amount at the end of year	-	-
Exploration and evaluation incurred	366,617	2,385,310
Exploration costs expensed	(366,617)	(2,385,310)
	-	-

9. FINANCIAL ASSETS

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

Value of PXG shares held at beginning of year	1,260,000	-
8,000,000 Shares in Phoenix Gold Ltd (ASX Code: PXG) received in 2012 in consideration for sale of mineral exploration interests at a price of $0.23 per share	-	1,840,000
(Loss)/ Gain in value of shares in PXG sold	(240,800)	462,892
Proceeds on sale shares in PXG	(1,019,200)	(1,382,892)
Gain in value of remaining shares held at year end	-	340,000
Value of PXG shares held at year end at quoted price on ASX	-	1,260,000
Total current financial assets at fair value	-	1,260,000

(b) Non- Current Financial Assets

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

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

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

10. TRADE AND OTHER PAYABLE - CURRENT

Trade payables – unsecured	14,270	4,394
Other payables and accruals – unsecured	20,300	31,243
Total trade and other payables	34,570	35,637

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

11. ISSUED CAPITAL

	CONSOLIDATED			
	2013		2012	
	No. of Shares	$	No. of Shares	$
(a) Ordinary shares fully paid				
Balance at beginning of year	140,017,394	22,636,442	140,017,394	22,636,442
Issue of shares	-	-	-	-
Costs of capital raising	-	-	-	-
Balance at end of year	140,017,394	22,636,442	140,017,394	22,636,442

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

(b) Options

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

	CONSOLIDATED	
Date and details of grant/exercise/forfeited	**No. of Options**	**Exercise Price**
Issued options opening balance	16,025,000	Various
Options granted in the period	-	Various
Options exercised	-	N/A
Options expired	(7,600,000)	Various
Balance at 31 December 2013	8,425,000	

Further details are disclosed in note 18.

12. EARNINGS PER SHARE

(a) Basic earnings per share

	CONSOLIDATED	
	2013	2012
	$	$
Basic loss per share (cents per share)	(0.78)	(0.35)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	140,017,394	140,017,394
Net loss used in the calculation of basic earnings per share	(1,096,746)	(495,970)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(b) Diluted earnings per share

	CONSOLIDATED	
	2013	**2012**
	$	**$**
Diluted earnings/(loss) per share (cents per share)	(0.78)	(0.35)
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted earnings per share	140,017,394	140,017,394
Net profit/(loss) used in the calculation of diluted earnings per share	(1,096,746)	(495,970)

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

13. AUDITORS' REMUNERATION

Remuneration of Auditor of the Company:		
Auditing or reviewing the group financial report BDO Audit (WA) Pty Ltd	23,715	30,383
Auditing or reviewing the group financial report Stantons International Audit and Consulting Pty Ltd	26,035	-
Auditing or reviewing the subsidiary financial report ACECA International SARL	2,090	1,891
	51,840	32,274

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, Western Australia and Burkina Faso (West Africa), which are the Group's strategic business units.

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

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

Other segment information

(i) Segment revenue

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(ii) Accounting Profit or Loss

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

(iii) Segment assets

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

(iv) Segment liabilities

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2012	Australia	West Africa	Reconciling items	Total
	$	$	$	$
Interest revenue	240,211	-	-	240,211
Other revenue	1,281	-		1,281
Total segment revenue	241,492	-	-	241,492
Inter-segment revenue	-	-	-	-
External revenue	241,492	-	-	241,492
Other income	2,735,449	80,860	-	2,816,309
Total expenses	(808,537)	(2,745,234)	-	(3,553,771)
Accounting profit / (loss)	2,168,404	(2,664,374)	-	(495,970)
Total expenses include				
Depreciation	(3,619)	(127,114)	-	(130,733)
Exploration and evaluation expenses	44	(2,385,354)		(2,385,310)
Share based payments	(63,666)	-	-	(63,666)
Total segment assets	6,247,520	254,824	-	6,502,344
Total segment liabilities	(40,802)	(5,541)	-	(46,343)
Segment net assets	6,206,718	249,283	-	6,456,001

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 2013. Entities controlled by Kingslane received $36,000 during the year for office rent.

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

A company related to Mr Grant Mooney, Mooney & Partners Pty Ltd, received $52,000 during the year for company secretarial services.

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

Controlled Entity

	Country of Incorporation	Percentage Owned (%)	
Subsidiaries of Carbine Resources Limited:		**2013**	**2012**
Carbine Resources SARL	Burkina Faso	100	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

16. KEY MANAGEMENT PERSONNEL DISCLOSURES

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

- Mr Tom Bahen (Non-Executive Director) (Appointed 20 May 2013)
- Mr Evan Cranston (Non-Executive Director)
- Mr Grant Mooney (Non-Executive Director)
- Dr Paul Kitto (Non-Executive Director) (Resigned 31 January 2013)
- Mr Peter Sheehan (Managing Director) (Resigned 20 May 2013)

Remuneration by Category

Key Management Personnel

	2013 $	2012 $
Short-term	309,248	443,941
Post-employment	18,079	24,750
Share-based payment	-	219,000
	327,327	687,691

Option holdings of Key Management Personnel

2013

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

2012

Key Management Personnel	Balance at 1-Jan-12	Granted as Remuneration	Options Exercised	Other Changes	Balance at 31-Dec-12 or resignation	Total Vested 31-Dec-12	Total Exercisable 31-Dec-12
Evan Cranston	2,000,000	1,000,000	-	-	3,000,000	3,000,000	3,000,000
Paul Kitto**	2,000,000	1,000,000	-	-	3,000,000	3,000,000	3,000,000
Aoife McGrath*****	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000
Grant Mooney***	750,000	1,000,000	-	-	1,750,000	1,750,000	1,750,000
Peter Sheehan****	-	5,000,000	-	-	5,000,000	5,000,000	5,000,000
	6,750,000	8,000,000	-	-	14,750,000	14,750,000	14,750,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Shareholdings of Key Management Personnel

2013

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

2012

Key Management Personnel	Balance at 1-Jan-12 or appointment	Received as Remuneration	Options Exercised	Net Changes (other)	Balance at 31-Dec-12 or resignation
Evan Cranston	-	-	-	-	-
Paul Kitto**	3,200,000	-	-	-	3,200,000
Aoife McGrath*****	1,500,000	-	-	-	1,500,000
Grant Mooney***	135,000	-	-	-	135,000
Peter Sheehan****	-	-	-	-	-
	4,835,000	-	-	-	4,835,000

*Appointed 20 May 2013 **Resigned 31 January 2013 *** Appointed 18 January 2012
****Appointed 22 February 2012 and resigned 20 May 2013 *****Resigned 18 January 2012

Loans to Key Management Personnel

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

Other transactions and balances with Key Management Personnel

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

A balance of $4,000 in respect of company secretarial fees to Mooney & Partners Pty Ltd for the month of December 2013 was outstanding as at 31 December 2013.

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.

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

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

* These options were cancelled during 2012.

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Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Value at grant date $	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
Consolidated and parent entity									
25-Aug-10	24-Aug-13	$0.30	2,000,000	-	472,914	-	2,000,000	-	-
25-Aug-10	24-Aug-13	$0.40	2,000,000	-	444,940	-	2,000,000	-	-
28-Aug-10	27-Aug-13	$0.30	1,000,000	-	236,662	-	1,000,000	-	-
28-Aug-10	27-Aug-13	$0.40	1,000,000	-	222,706	-	1,000,000	-	-
3-Sep-10	2-Sep-13	$0.30	850,000	-	225,216	-	850,000	-	-
14-Sep-10	13-Sep-13	$0.40	750,000	-	168,023	-	750,000	-	-
4-Apr-11	1-Apr-14	$0.38	350,000	-	84,904	-	-	350,000	350,000
4-Apr-11	1-Apr-14	$0.38	75,000	-	18,194	-	-	75,000	75,000
31-May-12	11-Jun-15	$0.075	2,000,000	-	68,000	-	-	2,000,000	2,000,000
31-May-12	11-Jun-15	$0.10	2,000,000	-	60,000	-	-	2,000,000	2,000,000
31-May-12	11-Jun-15	$0.115	1,000,000	-	28,000	-	-	1,000,000	1,000,000
31-May-12	11-Jun-15	$0.20	3,000,000	-	63,000	-	-	3,000,000	3,000,000
			16,025,000	-	2,092,599	-	7,600,000*	8,425,000	8,425,000
Weighted average exercise price			0.24				0.35	0.15	0.15

No options were forfeited during the year..

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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The weighted average remaining contractual life of share options outstanding at the end of the period was 1.38 years (2012: 1.56 years).

The assessed fair values at grant date of options granted on 31 May 2012 was as detailed above. The fair values at grant date were independently determined using a Black-Scholes option pricing model. The volatility rate was 95% and the risk free interest rate was 2.14%. The share price at grant date was 6.0 cents per share. The options had a total value of $219,000.

The total value of options granted and vesting immediately during the year ended 31 December 2013 was nil (2012: $219,000). In addition, an amount of $16,382 (2012: $126,402) was expensed over the vesting period for options granted in previous years.

(b) Employee Shares Plan

There were no shares issued during the 2013 financial year as part of an employee share scheme (2012: nil).

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

	CONSOLIDATED	
	2013	**2012**
	$	**$**
Loss after income tax	(1,096,746)	(495,970)
Add:		
- Depreciation	65,810	130,733
- Share based payments	16,382	63,666
- Loss/(profit) on sale of assets	240,800	(2,757,073)
Changes in assets and liabilities during the year:		
Decrease in prepayments	7,727	11,983
(Increase)/decrease in receivables	(20,283)	87,199
(Decrease) in payables and provisions	(11,773)	(1,026,426)
Foreign exchange differences	44,902	3,079
Net cash used in operations	(753,181)	(3,982,809)

19. FINANCIAL INSTRUMENTS

Financial Risk Management

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Financial Risk

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

	CONSOLIDATED 2013 $	2012 $
Cash at bank	5,308,154	4,920,642

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	5,308,154	4,920,642
Other Current Financial Assets		
Trade and other receivables	51,151	30,868
Financial assets at fair value	-	1,260,000
	51,151	1,290,868
Non-Current Financial Assets		
Financial assets at fair value	50,000	50,000
	50,000	50,000
Financial Liabilities		
Trade and other payables	34,570	35,637
	34,570	35,637

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 2013, $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’.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013 the Group had VAT receivable in Burkina Faso of $911,896 (2012: $764,826). The VAT is recoverable against generation of revenue for which the Group would be required to remit VAT. The Group determined that at this stage of exploration it was not yet probable that it would generate this revenue and the whole of the VAT receivable has been treated as impaired. As detailed in note 5, in 2013 there has been a net increase in the impairment by $147,070. This is due to a reversal of previously recognised impairment of VAT receivable of ($14,261), owing to a reduction in the amount receivable in the functional currency of Burkina Faso, and a foreign exchange movement of $161,331 for the amount receivable.

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

Interest Rate Risk

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

2012	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	3.48	4,900,216	-	20,426	4,920,642
Receivables	-	-	-	30,868	30,868
Current financial assets at fair value	-	-	-	1,260,000	1,260,000
Non current financial assets at fair value	4.55	-	50,000	-	50,000
Financial Liabilities					
Payables	-	-	-	(35,637)	(35,637)
Net Financial Assets	**3.49**	**4,900,216**	**50,000**	**1,275,657**	**6,225,873**

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

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

2012		-1%		1%	
	Carrying Amount $	Profit $	Equity $	Profit $	Equity $
Cash and cash equivalents	4,920,642	(49,206)	(49,206)	49,206	49,206
Trade receivables	30,868	-	-	-	-
Current financial assets at fair value	1,260,000	-	-	-	-
Non-current financial assets at fair value	50,000	(500)	(500)	500	500
Trade payables	(35,637)	-	-	-	-
Total increase/(decrease)	6,225,873	(49,706)	(49,706)	49,706	49,706

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

Price Risk

There were no equity securities held at 31 December 2013.

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

The Group is not exposed to commodity price risk.

The below table summarises the impact of potential increases/decreases in the share price of PXG on the Group's loss for 2012 and on equity. The analysis is based on the assumption that the share price of PXG had increased or decreased by 10%, with all other variables held constant.

2012		**-10%**		**10%**	
	Carrying Amount	**Profit**	**Equity**	**Profit**	**Equity**
	$	**$**	**$**	**$**	**$**
Current Financial Assets At Fair Value Through Profit and Loss	1,260,000	(126,000)	(126,000)	126,000	126,000
Total increase/(decrease)	1,260,000	(126,000)	(126,000)	126,000	126,000

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 - 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Assets				
Ordinary shares	-	-	-	-
Total assets	-	-	-	-

Consolidated - 2012				
Assets				
Ordinary shares	1,260,000	-	-	1,260,000
Total assets	1,260,000	-	-	1,260,000

There were no transfers between levels during 2013 or 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

Fair Value Estimation

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

Unrecognised Financial Instruments

The Group does not have any unrecognised financial instruments.

Foreign exchange risk

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

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

	31 December 2013		31 December 2012	
	USD	CFA	USD	CFA
	$	$	$	$
Cash and cash equivalents	-	19,297	-	24,391
Trade receivables	-	3,996	-	12,961
Trade payables	-	(6,337)	-	(5,541)
Total	-	16,956	-	31,811

Had the Australian dollar weakened/strengthened by 10% against the CFA with all other variables held constant, the Group's post-tax profit and equity would have been $1,696 (2012: $3,181) higher or lower.

Capital Management Risk

Capital is defined as the wealth owned or employed in the Group. The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits of 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 2013

20. RESERVES

(a) Share-Based Payment Reserve

This reserve is used to record the value of options and shares provided as payment for services received.

	CONSOLIDATED	
	2013	2012
	$	$
Movements		
Opening balance	2,341,346	2,277,680
Reversal of options cancelled before vesting	-	(281,736)
Amount expensed over vesting period for options granted in prior year	16,382	126,402
Shares issued to Directors and Employees	-	219,000
Closing balance	2,357,728	2,341,346

(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	167,481	166,817
Foreign currency translation	78,648	664
Closing balance	246,129	167,481

21. COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments

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

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

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

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

The 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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.

22. SUBSEQUENT EVENTS

There were no events subsequent to the end of the financial period ended 31 December 2013 that would have material effect on these financial statements.

23. PARENT ENTITY INFORMATION

The following detailed information is related to the parent entity, Carbine Resources Limited at 31 December 2013. The information presented here has been prepared using consistent accounting policies as discussed in Note 1.

	PARENT	
	2013	**2012**
	$	**$**
Current assets	5,346,725	6,191,374
Non-current assets	52,534	56,146
Total assets	**5,399,259**	**6,247,520**
Current liabilities	28,203	40,801
Non-current liabilities	-	-
Total liabilities	**28,203**	**40,801**
Contributed equity	22,636,442	22,636,442
Accumulated losses	(19,623,114)	(18,771,069)
Share based payment reserve	2,357,728	2,341,346
Total equity	**5,371,056**	**6,206,719**
Loss for the year	(852,045)	(1,223,987)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	**(852,045)**	**(1,223,987)**

Guarantees

There are no guarantees entered into by the parent entity in the financial year ended 31 December 2013 in relation to the debt of a subsidiary.

Contingent liabilities

There are no contingent liabilities of the Company or the Group.

Contractual commitments

At 31 December 2013, Carbine Resources Limited had not entered into any contractual commitments other than as detailed in note 21.

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 2013 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 Evan Cranston
Non-Executive Director

Dated at Perth this 26th day of March, 2014

Stantons International Audit and Consulting Pty Ltd
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26 March 2014

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 2013, 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)

Samir Tirodkar
Director

Stantons International Audit and Consulting Pty Ltd
trading as
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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 2013, 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 2013 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 7 to 11 of the directors' report for the year ended 31 December 2013. 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 2013 complies with section 300A of the *Corporations Act 2001.*

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

Stantons International Audit and Consulting Pty Ltd

Samir Tirodkar
Director

West Perth, Western Australia
26 March 2014