



CARBINE RESOURCES
LIMITED

ABN 81 122 976 818

FINANCIAL REPORT FOR THE HALF-YEAR ENDED
30 JUNE 2016

CORPORATE DIRECTORY

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

CORPORATE DIRECTORY	1
CONTENTS.....	2
DIRECTORS' REPORT	3
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	6
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
CONSOLIDATED STATEMENT OF CASH FLOWS.....	8
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	9
DIRECTORS' DECLARATION.....	16
AUDITOR'S INDEPENDENCE DECLARATION.....	17
INDEPENDENT AUDITOR'S REVIEW REPORT.....	18

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Carbine Resources Limited and the entities it controlled ("the Group" or "Carbine") at the end of, or during, the half-year ended 30 June 2016.

DIRECTORS

The name of Directors who held office during or since the end of the half-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 John Fitzgerald	Non-Executive Chairman	(Appointed 13 April 2016)
Mr Anthony James	Managing Director	(Appointed 13 April 2016)
Mr Graham Brock	Non-Executive Director	(Appointed 13 April 2016)
Mr Evan Cranston	Non-Executive Director	
Mr Stephen Dobson	Non-Executive Director	(Resigned 13 April 2016)
Mr Patrick Walta	Executive Director	(Resigned 13 April 2016)
Mr Tom Bahen	Non-Executive Director	(Resigned 13 April 2016)

REVIEW OF OPERATIONS

The loss for the half-year after income tax was \$2,732,157 (30 June 2015: \$1,303,253 loss).

Exploration Activities

During the half year ended 30 June 2016, the Company completed the 3,082m resource definition drill program at the Mount Morgan Gold-Copper Project. Subsequent to the half year, the Company was pleased to announce (see ASX: 30 August 2016):

- Total JORC Resources at its Mount Morgan gold-copper tailings treatment project in Queensland have increased by 215% to 850,000 oz.
- This Mineral Resource also includes a total of 7.9 million tonnes of pyrite, 36 thousand tonnes of copper and 49 tonnes of silver.
- The Definitive Feasibility Study on Mount Morgan is on track for completion at the end of September 2016.

Corporate Activities

On 12 January 2016, 12,500,000 ordinary shares at 6 cents per share were issued to GR Engineering Services Ltd (GRES) (ASX: GNG) to raise \$750,000 as part of a strategic partnership with GRES to progress the Mount Morgan Project. 1,170,000 further ordinary shares were issued to GRES, at a total value of \$124,591, during the half year for payment of services.

On 13 April 2016, the Company appointed an experienced mining executive team to drive the development of the Mount Morgan Gold-Copper Project through final feasibility and into the construction and ultimately the operations phase.

The appointments comprise:

- John Fitzgerald as Non-Executive Chairman,
- Anthony (Tony) James as Managing Director,
- Graham Brock as Non-Executive Director, and
- Chris Newman as Geology Manager.

In conjunction with the Board and Management changes, the Company undertook a \$500,000 placement of 3.333 million shares at 15 cents to the incoming Board members, executives and their associates. The issue price represented a 9.9% discount to the 30 day VWAP.

SUBSEQUENT EVENTS

Subsequent to the reporting period:

- On 8 August 2016, the Company issued 35,000,000 ordinary shares at a share price of \$0.20 per share in a placement to sophisticated, professional and institutional investors, raising \$7 million (before costs).

There were no other events subsequent to the end of the half year ended 30 June 2016 that would have a material effect on these financial statements

AUDITOR'S INDEPENDENCE DECLARATION

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

Dated at Perth this 13th day of September 2016.

Signed in accordance with a resolution of the Directors.



John Fitzgerald
Chairman

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2016

		CONSOLIDATED HALF-YEAR	
	Notes	30 June 2016	30 June 2015
		\$	\$
Revenue from continuing operations		31,136	53,367
Other Income		-	5,589
Exploration & evaluation costs	2	(1,842,011)	(858,496)
Depreciation		(803)	(15,256)
Share based payment expense	7	(194,749)	-
Employee, director and consultant expenses		(608,904)	(173,072)
General and administration expenses		(284,078)	(314,372)
Loss on revaluation of financial assets	8	(86,200)	-
Impairment of receivable		-	(1,013)
Loss before income tax expense		(2,985,609)	(1,303,253)
Income Tax Expense		-	-
Loss after income tax from continuing operations attributable to members of Carbine Resources Limited		(2,985,609)	(1,303,253)
Discontinued operations			
Profit for the half year from discontinued operations	9	253,452	-
Loss for the half year		(2,732,157)	(1,303,253)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange difference on disposal of subsidiary		(253,452)	-
Exchange difference on translation of foreign operations		-	(1,495)
Total other comprehensive (loss) / income		(253,452)	(1,495)
Total comprehensive loss attributable to members of Carbine Resources Limited		(2,985,609)	(1,304,748)
Loss per share attributable to the ordinary equity holders of the company		Cents	Cents
Basic loss per share		(1.78)	(0.93)
Diluted loss per share		(1.78)	(0.93)
Loss per share from continuing operations attributable to the ordinary equity holders of the company		Cents	Cents
Basic loss per share		(1.95)	(0.93)
Diluted loss per share		(1.95)	(0.93)

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 30 JUNE 2016

		CONSOLIDATED	
	Notes	30 June 2016	31 December 2015
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		1,459,187	2,218,072
Trade and other receivables	3	60,889	21,504
Other current assets		16,690	9,058
TOTAL CURRENT ASSETS		1,536,766	2,248,634
NON-CURRENT ASSETS			
Financial assets	8	338,200	424,400
Plant and equipment	4	3,280	4,083
Exploration and evaluation expenditure	2	-	-
TOTAL NON-CURRENT ASSETS		341,480	428,483
TOTAL ASSETS		1,878,246	2,677,117
CURRENT LIABILITIES			
Trade and other payables		750,156	132,758
TOTAL CURRENT LIABILITIES		750,156	132,758
TOTAL LIABILITIES		750,156	132,758
NET ASSETS		1,128,090	2,544,359
EQUITY			
Issued Capital	5	24,011,033	22,636,442
Reserves		2,891,307	2,950,010
Accumulated losses		(25,774,250)	(23,042,093)
TOTAL EQUITY		1,128,090	2,544,359

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 HALF-YEAR ENDED 30 JUNE 2016

	CONSOLIDATED				
	Contributed Equity	Accumulated Losses	Share Based Payments Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 January 2016	22,636,442	(23,042,093)	2,696,558	253,452	2,544,359
Loss for the half year from continuing operations	-	(2,985,609)	-	-	(2,985,609)
Profit from discontinued operations	-	253,452	-	-	253,452
Deconsolidation of subsidiary	-	-	-	(253,452)	(253,452)
Total comprehensive income/ (loss) for the half year	-	(2,732,157)	-	(253,452)	(2,985,609)
Transactions with owners in their capacity as owners:					
Securities issued	1,374,591	-	-	-	1,374,591
Share based payments	-	-	194,749	-	194,749
	1,374,591	-	194,749	-	1,569,340
Balance at 30 June 2016	24,011,033	(25,774,250)	2,891,307	-	1,128,090

	CONSOLIDATED				
	Contributed Equity	Accumulated Losses	Share Based Payments Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 January 2015	22,636,442	(21,186,664)	2,513,228	242,662	4,205,668
Total comprehensive income/(loss) for the half year	-	(1,303,253)	-	-	(1,303,253)
Exchange difference on translation of foreign operations	-	-	-	(1,495)	(1,495)
Total comprehensive income/ (loss) for the half year	-	(1,303,253)	-	(1,495)	(1,304,748)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	-	-
	-	-	-	-	-
Balance at 30 June 2015	22,636,442	(22,489,917)	2,513,228	241,167	2,900,920

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 HALF-YEAR ENDED 30 JUNE 2016

	CONSOLIDATED HALF-YEAR	
	30 June 2016	30 June 2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(320,270)	(381,552)
Exploration expenditure, prospects, management fees	(1,724,488)	(755,741)
Interest received	35,628	64,631
Net cash (outflow) from operating activities	(2,009,130)	(1,072,662)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of plant and equipment	-	5,589
Net cash inflow from investing activities	-	5,589
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares, net of capital raising costs	1,250,000	-
Net cash inflow from financing activities	1,250,000	-
Net (decrease) in cash and cash equivalents held	(759,130)	(1,067,073)
Cash and cash equivalents at the beginning of the period	2,218,072	4,184,803
Differences in foreign exchange	245	(468)
Cash and cash equivalents at the end of the period	1,459,187	3,117,262

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2016

1. BASIS OF PREPARATION

These general purpose interim financial statements of Carbine Resources Limited and its controlled entity (the Group) for the half-year reporting period ended 30 June 2016 have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This half-year report was authorised for issue in accordance with a resolution of the Board of Directors on 12th September 2016. Carbine Resources Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

The interim financial statements do not include all notes of the type normally included within the annual financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2015 and any public announcements made by Carbine Resources Limited during the interim financial reporting period in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

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

The same accounting policies and methods of computation have been followed in the interim financial report as were applied in the most recent annual financial statements except in relation to the matters discussed below:

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2016 affected any of the amounts recognised in the current period or any prior period, although it caused minor changes to the Group's disclosures.

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

2. EXPLORATION AND EVALUATION EXPENDITURE

	CONSOLIDATED	
	30 June 2016	30 June 2015
	\$	\$
Exploration and evaluation expenditure during the half year	1,842,011	858,496
Exploration and evaluation costs expensed	(1,842,011)	(858,496)
Total exploration and evaluation	-	-

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2016

3. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	30 June 2016	31 December 2015
	\$	\$
Current		
Net GST refundable	58,045	12,031
VAT receivable (note a)	-	-
Other receivable	2,844	9,473
	60,889	21,504

a. Impaired VAT Receivable

At 31 December 2015 the Group wrote off all VAT receivable in Burkina Faso. At 31 December 2014 the Group had \$879,804 in VAT receivable that was fully impaired but not then written off. The Group determined that it was not probable that it would generate this revenue and the whole of the VAT receivable was written off in 2015. No other receivables are past due or 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.

4. PLANT AND EQUIPMENT

	CONSOLIDATED	
	30 June 2016	31 December 2015
	\$	\$
Opening net book value	4,083	17,082
Additions	-	3,416
Foreign exchange	-	(78)
Depreciation charge for the period	(803)	(16,236)
Disposals	-	(101)
Closing net book value	3,280	4,083
 Cost	 4,831	 15,699
Accumulated depreciation and impairment	(1,551)	(11,586)
Net book value	3,280	4,083

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2016

5. ISSUED CAPITAL

	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	No. of Shares	No. of Shares	\$	\$
<i>(a) Ordinary Shares fully paid</i>				
Balance at beginning of period	140,017,394	140,017,394	22,636,442	22,636,442
Placement to GR Engineering	12,500,000	-	750,000	-
Shares issued to GR Engineering for payment of services	1,170,000	-	124,591	-
New director placement	3,333,333	-	500,000	-
Balance at end of period	157,020,727	140,017,394	24,011,033	22,636,442

	30 June 2016	31 December 2015
	No. of Options	No. of Options
<i>(b) Unlisted Options</i>		
Balance at beginning of period	27,000,000	28,000,000
Options granted in the period	-	7,000,000
Options exercised	-	-
Options expired	-	(8,000,000)
Options lapsed or cancelled on failure to vest	-	-
	27,000,000	27,000,000

(c) Performance Rights

13,000,000 performance rights were granted during the half year as detailed in note 7.

6. SEGMENT INFORMATION

	Australia	West Africa	Reconciling items	Total
	\$	\$	\$	\$
30 June 2016				
Total segment revenue	31,136	-	-	31,136
Inter segment revenue	-	-	-	-
External revenue	31,136	-	-	31,136
Segment profit/(loss)	(2,985,609)	253,452	-	(2,732,157)
30 June 2015				
Total segment revenue	53,367	-	-	53,367
Inter segment revenue	-	-	-	-
External revenue	53,367	-	-	53,367
Segment loss	(1,272,712)	(30,541)	-	(1,303,253)

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2016

6. SEGMENT INFORMATION (CONTINUED)

	Australia	West Africa		Total
Segment assets	\$	\$		\$
30 June 2016	1,878,246	-	-	1,878,246
31 December 2015	2,662,708	14,409	-	2,677,117

7. SHARE BASED PAYMENTS

On 31 May 2016, Carbine's shareholders approved the Performance Rights Plan and approved the issue of up to 13,000,000 Performance Rights to directors under the Performance Rights Plan. Upon vesting, each Performance Right will, at the election of the holder, convert into one fully paid ordinary share in the Company for nil consideration. If a Milestone is achieved by the relevant Milestone Date, the Performance Rights will vest on the date the Milestone relating to that Performance Right has been satisfied. The Performance Rights were granted in four tranches as detailed:

Performance Rights	Number Granted	Milestones	Milestone Date
Tranche 1	1,950,000	ASX announcement of successful completion of a definitive feasibility study for the Mount Morgan Project.	30 September 2016
Tranche 2	4,550,000	ASX announcement of successful completion of the project funding arrangements for the Mount Morgan Project.	31 March 2017
Tranche 3	2,600,000	ASX announcement of successful completion of construction of the mine for the Mount Morgan Project.	31 December 2017
Tranche 4	3,900,000	ASX announcement of achievement of commercial production of the Mount Morgan Project	30 June 2018
Total	13,000,000		

These performance rights were granted on 31 May 2016 and are each valued at the closing share price on 31 May 2016 of \$0.16 each for a total value of \$2,080,000. A total of \$194,749 has been expensed for these Performance Rights over their respective expected vesting periods, with each tranche expected to vest at the relevant Milestone Date.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2016

8. NON-CURRENT FINANCIAL ASSETS

	CONSOLIDATED	
	30 June 2016	31 December 2015
	\$	\$
Term deposit held as a security bond	50,000	50,000
Value of 10,000,000 unquoted share options in Boss Resources Ltd (ASX Code: BOE) (Boss) received as a guarantee fee at the grant date	-	154,900
Value of 10,000,000 unquoted share options in Boss Resources Ltd (ASX Code: BOE) (Boss) at the beginning of the period	374,400	-
Movement in value of 10,000,000 Boss options to period end	(86,200)	219,500
Total non-current financial assets at fair value	<u>338,200</u>	<u>424,400</u>

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

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

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

At 30 June 2016, these options were revalued at \$0.02882 each for a total value of \$288,200, based on a Black-Scholes valuation with no dividends, an expiry date of 31 August 2018, an exercise price of \$0.02, a share price at 30 June 2016 of \$0.041, a volatility of 101% and a risk free interest rate of 1.58%pa. The decrease in value of \$86,200 was recognised by the Group as an expense.

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2016

9. DISPOSAL OF SUBSIDIARY

In January 2016, fully owned subsidiary Carbine Resources SARL was dissolved with the disposal of all assets and settlement of all liabilities. As this subsidiary was responsible for all operations in Burkina Faso, it represented the West African segment presented in note 6. This was recognised as a disposal group at 31 December 2015, and a discontinued operation at 30 June 2016, with the following results and balances. No consideration was received for the disposal of Carbine Resources SARL.

Book values of net assets over which control was lost

	CONSOLIDATED	
	30 June 2016	31 December 2015
	\$	\$
Current Assets		
Cash and cash equivalents	-	14,409
Total Current Assets	-	14,409
Total Assets	-	14,409
Current Liabilities		
Other current liabilities	-	(14,409)
Total Current Liabilities	-	(14,409)
Total Liabilities	-	(14,409)
Net Assets derecognised	-	-
Consideration received	-	-
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary	253,452	-
Loss during the period to date of disposal	-	-
Profit on disposal of subsidiary	253,452	-

Profit on disposal of subsidiary

The profit on disposal of subsidiary is disclosed as discontinued operations in the statement of profit or loss and other comprehensive income.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2016

10. COMMITMENTS

Acquisition of Raging Bull Metals

The Group had no contingent assets as at 30 June 2016 (31 December 2015: None). The Group's contingent liabilities are as detailed below.

During 2014, the Group gained control of Raging Bull Metals Pty Ltd (RBT) with the acquisition of 75% of the ordinary shares of RBT from Raging Bull Mining Pty Ltd (RBN), and the ability to solely determine mineral exploration and development activities regarding any mineral exploration interests or mining projects held by RBT.

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

Carbine will earn 75% of RBT by solely funding the Project to completion of a BFS. Carbine has the right to negotiate with RBN to acquire the remaining 25% of RBT.

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

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

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

Executive Services Commitments

The agreement with the new managing director enables a payment of \$150,000, before applicable superannuation, for termination without cause or \$300,000 on a change in control. The agreement with the new geology manager enables a payment of \$58,750, before applicable superannuation, for termination without cause or \$117,500 on a change in control.

11. EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to the reporting period:

- On 8 August 2016, the Company issued 35,000,000 ordinary shares at a share price of \$0.20 per share in a placement to sophisticated, professional and institutional investors, raising \$7 million (before costs).

There were no other events subsequent to the end of the half year ended 30 June 2016 that would have a material effect on these financial statements

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 15 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Carbine Resources Limited will be able to pay its debts as and when they become due and payable.

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



John Fitzgerald
Chairman

Dated at Perth this 13th day of September 2016

13 September 2016

The Directors

Carbine Resources Limited
Suite 23, 513 Hay Street
SUBIACO WA 6008

Dear Sirs

RE: CARBINE RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Carbine Resources Limited.

As Audit Director for the review of the financial statements of Carbine Resources Limited for the period ended 30 June 2016, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

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



Samir Tirodkar
Director

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Carbine Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Carbine Resources Limited (the consolidated entity). The consolidated entity comprises both Carbine Resources Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Carbine Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

Independence

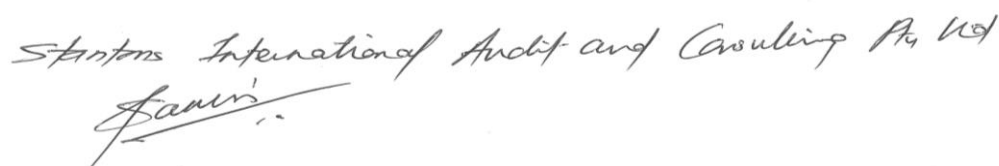
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Carbine Resources Limited on 13 September 2016.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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



Samir Tirodkar
Director

West Perth, Western Australia
13 September 2016