Carbine Tungsten Limited

ABN: 77 115 009 106 (ASX: CNQ)

2016 Annual Report

CORPORATE DIRECTORY

Directors

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

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Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX)

ASX Code: CNQ

ABN: 77 115 009 106

CONTENTS

CHAIRMAN'S REPORT

Dear Fellow Shareholders,

It is again that time of the year where your Board, the Board of Carbine Tungsten Limited ("Carbine or "the Company") formally advises you of the progress, significant events, difficulties and achievements that the Company has delivered during the year. This past year has not been one of the Company's best years. Your Company has suffered share price declines largely due to the longer than anticipated downturn in the tungsten price. As you may recall from last year, we believed the short-term held the potential for further price weakness in APT prices but the medium to longer-term outlook remained positive. Whilst we still hold this view the price decline was more aggressive than anticipated and the price recovery somewhat slower. The APT price saw a low of US$150 per MTU and a subsequent price recovery of some 25% from that low. We still expect to see further upside in the APT price over the medium-term. The tungsten price downturn has highlighted the risk to your Company of being a single commodity play.

Last year we also foreshadowed the implementation of economising measures necessary to maintain the financial stability of your Company. To this end we have further reduced staff numbers, closed the Cairns office, minimised all site activities and relocated the corporate headquarters to Melbourne to reduce travel costs.

Your Company has also embarked on a process of diversification in order to combat its reliance on a single commodity revenue stream. Within our existing exploration leases, as well as tungsten assets, we have copper and tin exploration targets along with other minerals. Your Company has also developed extensive and valuable knowledge in various mineral recovery processes as a consequence of its extensive ongoing Research and Development program. I would refer you to our recent ASX announcements concerning the development and involvement of Carbine in an exciting, new mineral processing technology. Please be aware this technology is not confined to just tungsten but covers other precious and semi-precious metals, base metals and other various elements. We anticipate this process recovery technology will significantly add to shareholder value over the course of its development, implementation and commercialisation. Your Company has also kept its tungsten exploration costs to a minimum whilst meeting its lease requirements. However, we deferred our drilling program plans as we could see little current advantage in expanding what is an already significant JORC inferred tungsten resource given the current unfavourable tungsten price. We will however, continue with our exploration activities with a view to expanding and diversifying our mineral resources to diversify the current asset base from being purely tungsten focused.

As outlined at last year's AGM, your Company declared its intention to pursue the purchase of the Mt Carbine Quarry. To this end we commenced a due diligence program; however to-date this program remains incomplete due to the inability or lack of desire on behalf of the Quarry owner to provide proper information in relation to this business. We will persist in our efforts to complete this transaction however shareholders must realise we can only advance this matter to the extent to which we are provided with the relevant information.

Carbine has also minimised all activities at the Mt Carbine mine site. In this regard we have requested the Mining Lease Holder to contact DEHP with a modified Plan of Operations and requested that application be made to the Queensland Government Department for a rental reduction for the use of this site.

In spite of the difficult environment in which your Company finds itself, your Board is working diligently to conserve and minimise its finances whilst improving and diversifying on its business prospects to achieve an outcome for all shareholders which will deliver an uplift in shareholder value over the next twelve months.

Yours truly,

Russell Krause
Chairman

REVIEW OF OPERATIONS

Despite tungsten market conditions and pricing for Ammonia Para Tungstate (“APT”) remaining close to historically low levels throughout the 2015-2016 financial year, Carbine has focused its efforts on evaluating alternative funding and business opportunities to enable the Company to not only maintain its project-ready status for the Mt Carbine Tungsten Project but to also reinvigorate the Company and its ability to increase shareholder value.

As a direct result of these endeavours Lanstead Investors LP (“Lanstead”) became a significant shareholder of the Company during the reporting period and further information regarding these funding arrangements can be found throughout this Report. Carbine has also continued to enjoy the support of its long term off-take and stockpile funding partner, Mitsubishi Corporation RtM Japan Limited.

The following commentary provides an overview of the activities of the Company during the period.

PROJECT UPDATE

LOW GRADE STOCKPILE & OPEN PIT PROJECTS

As announced in the September 2015 Quarterly Activities Report the Company has not deviated from its strategy of maintaining the project-ready status of its Mt Carbine Tungsten Project until market conditions improve.

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

Furthermore, the Company’s proposed acquisition of the Mt Carbine and Mossman quarries has the capacity to provide an immediate positive cash flow, if purchased, to sustain the Company during the period of poor tungsten market conditions. Details pertaining to this proposed acquisition can be found later in this Report.

EXPLORATION ACTIVITIES

MT CARBINE, QUEENSLAND

IRON DUKE MAGNETIC SURVEY

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

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

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

TIN MINERALISATION IN THE MT CARBINE DISTRICT

The Mt Carbine tungsten deposit, that is the focus of planned production, is dominated by the tungsten minerals wolframite and scheelite, but it has long been known that accessory tin mineralisation is associated with the tungsten. The Mt Holmes prospect in Carbine's EPM 14871 south of Mt Carbine is similar to the Mt Carbine deposit in that it is hosted by a sheeted quartz vein complex, but visual assessment of the Mt Holmes mineralisation indicates that tin in the form of cassiterite (SnO_2) is more abundant than at Mt Carbine. Very large (up to 2.5cm) cassiterite crystals are common in the quartz veins at Mt Holmes, although appropriate sampling to determine grade has not yet been carried out.

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

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

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

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

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

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

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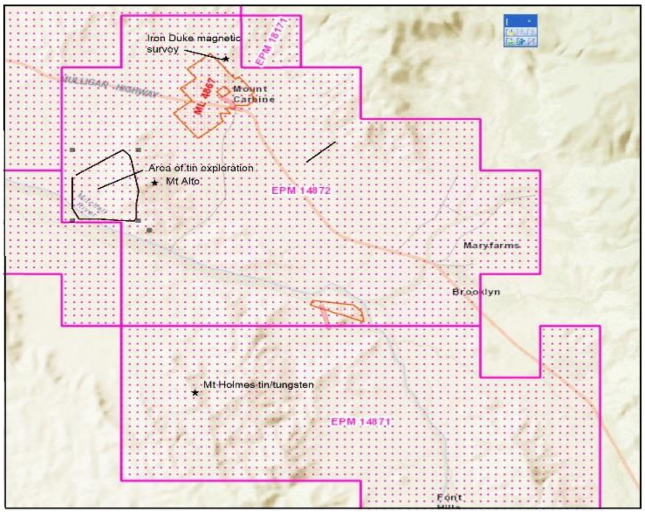
The bedrock (metasediment and locally, granite) is overlain by an indurated coarse cobble wash with an arkose (weathered granite) cement, up to 1.5m thick. This is overlain by up to 4m of uncemented arkose. The wash extends up to 900m south west of the granite/metasediment contact, over a distance of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



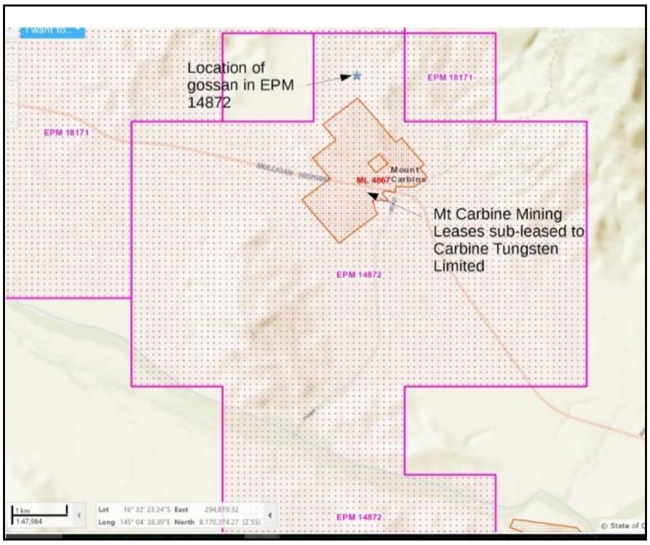
No record of the pit samples has been found, and since the extent and grade of tin mineralisation is not known a sampling program is being costed that will test the extent and grade of alluvial tin distribution, with the Carbine Tailings Retreatment Plant being utilised for sample test work. The aim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

The provenance of tin and associated minor tungsten mineralisation was also established in an area on the western watershed of Mt Alto (the outcrop of the Mt Alto Granite). This area shows a potential for modest elluvial and alluvial tin (cassiterite) mineralisation hosted by granite outwash. The tin and tungsten is derived from vertical quartz veins that strike at 2,300m and range up to 3m wide. Brecciation and multiple stages of quartz deposition is characteristic of the veins, which cut across and therefore postdate the Mt Alto Granite intrusion, and the economic significance of the veins which occur in EPM 14871 and EPM 14872 are now being investigated.

Copper/Zinc Gossan – Mt Carbine EPM 14872

As part of June 2016 Quarterly Activities Report the Company advised that EPM 14872 contained a gossan north of Carbine Hill that was concealed by historic mining activities and whilst there was no present surface exposure, its geological setting in a horizon characterized by pillowed basalt lavas and radiolarian cherts was similar to the settings of the Dianne, OK and Mt Molloy copper mines elsewhere in the Hodgkinson Province that have produced 15,500t; 7,800t and 3,800t of copper respectively but at very high grades (the Dianne shipped >40,000t of direct shipping ore at grades around 28% copper). These deposits also contained significant zinc content although no zinc was produced.

Geophysical surveys are planned to gain more information on this reported gossan, the location of which is shown on the following diagram.



Renewal Applications Approved EPM 14871 & EPM 14872

The Company was pleased to announce in its December 2015 Quarterly Activities Report that EPM 14872 (100% Carbine) was renewed for 5 years to 11 December 2020. EPM 14872 contains the extensions of the Iron Duke prospect that have been traced for 1.3km north from the boundary of ML 4867 and the Petersens Lodes prospect south east of ML 4867 that has been traced southwards for 1.3km. Both prospects are scheelite dominated, strata bound and up to 20m wide at the surface as indicated by geological mapping.

Further to this EPM 14871 (100% Carbine) was renewed in March 2016 for a further 5 years to 12 December 2020. EPM 14871, south of Mt Carbine, contains the tin-tungsten Mt Holmes prospect.

Other Research & Development and Exploration Opportunities

Carbine also completed an assessment of two gold prospects during the June 2016 quarter with these properties now being the subject of purchase negotiations. Steps are also being taken to identify lithium prospects that could be subject to future acquisition. Further announcements regarding these exploration opportunities will be made as additional information becomes available.

The Company is also actively investigating an innovative and novel metals extraction and recovery processing technology to determine its fit within the Company's broader research and development program. This metals extraction process has shown impressive potential in the recovery of metals such as copper, gold and lithium and is of particular interest for the efficient extraction of tungsten scheelite from ore bodies such as that in the 2.6km prospect at Mt Carbine. The Company intends to further detail and promote the advantages of this metal extraction process during the coming quarter.

REVIEW OF OPERATIONS

CORPORATE

PALISADE CAPITAL RETAINED FOR FINANCIAL & MARKETING CONSULTING SERVICES

The Company was pleased to announce on 2 July 2015 that it had retained Palisade Capital Corp ("Palisade") as an independent and non-exclusive consultant to provide marketing services and make introductions to financiers throughout the European, Canadian and United States investment community.

The principals of Palisade, Collin Kettell and Sean Zubick, will be primarily responsible for providing these services to the Company.

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

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

MOU - ACQUISITION OF MT CARBINE QUARRIES

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

These profitable businesses are intended to provide working capital and contribute to operational cash flows to sustain and grow Carbine whilst it conducts its tungsten project development activities awaiting tungsten market conditions and concentrate pricing to return to a more sustainable level.

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

The Company commenced a due diligence program, however to-date this program remains incomplete due to the inability or lack of desire on behalf of the Quarry owner to provide proper information in relation to this business. We will persist in our efforts to complete this transaction however shareholders must realise we can only advance this matter to the extent to which we are provided with the relevant information.

CAPITAL RAISING ACTIVITIES

NON-RENOUNCEABLE ENTITLEMENTS OFFER

In November 2015, the Company undertook a Pro-rata Non-renounceable Entitlements Offer of one (1) new ordinary share for every four (4) shares at an issue price of $0.025 per share. Despite a difficult investment climate applications were received for a total of 16,147,969 fully paid ordinary shares raising $403,700.

An additional 9,300,000 shares were placed to professional and sophisticated investors pursuant to the Shortfall Rules raising a further $232,500.

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

PLACEMENT TO LANSTEAD CAPITAL LP

On 20 November 2015 a share placement was made to Lanstead Capital LP ("Lanstead") which raised, in aggregate, A$1,000,000 through the issue of 40,000,000 shares at the placement price of $0.025 per share. On 11 March 2016, an additional placement was made to Lanstead pursuant to the Shortfall Rules raising, in aggregate, A$875,000 through the issue of 35,000,000 shares at the placement price of $0.025 per share.

As part of these placements, the Company retained A$281,250 of the aggregate A$1,875,000 subscription and the balance of A$1,593,750 was invested in a Sharing Agreement with Lanstead which enables the Company to secure much of the potential upside from share price appreciation over the next 18 months. A value payment of 8,000,000 shares was issued to Lanstead for entering into the Sharing Agreement such that, in total and at 30 June 2016, 83,000,000 shares had been issued to Lanstead pursuant to the Subscription and Sharing Agreements. This shareholding represents 19.84% of the total issued capital of the Company.

The fundraising and associated Sharing Agreements are designed to provide additional financing to progress the development of the Mt Carbine Stockpile and Open Pit projects whilst allowing the Company to secure much of the potential upside arising from an increase in its share price. As a result of these transactions, Carbine will benefit from additional working capital for immediate deployment with further amounts receivable over 18 months subject to the outcome of its investment in the Sharing Agreements.

The Board of Carbine welcomes Lanstead as a major shareholder and are very pleased with the outcome of these placements.

CHANGE OF REGISTERED OFFICE

As part of the Company's cost reduction strategies announced on 24 November 2015 Carbine's registered office address was changed as from 10 June 2016 to:

Level 2, Victory Tower
420 Collins Street
Melbourne VIC 3000
Phone: (03) 8687 2176

The Company's main operational activities and principal place of business remains at the Mt Carbine mine site.

TUNGSTEN MARKET OUTLOOK

As foreshadowed in the Chairman's Report contained within the Company's 2016 Annual Report, the APT and tungsten concentrate prices have increased by approximately 25% from its low point in the past year. This combined with the position that two significantly-sized new mines, one located in Vietnam and the other in the United Kingdom have recently entered production, has resulted in a levelling in prices for both concentrate and APT products and added to the market imbalance. It is noted that one of these new mine operations is experiencing ongoing financial pressures reportedly due to the current low pricing levels.

There has also been a decline in overall tungsten consumption that closely tracks the global gross domestic product ("GDP") figures and which appear to continuously be failing to meet previous global GDP projections. The increased reported percentage of recycled tungsten in the USA is also impacting the market demand for new mine supplied material. All the above factors have resulted in a price constrained market with APT prices trending at/or below break-even of the current production operating costs for many of the producing mines. It is highly likely that high cost tungsten producers will be facing very thin margins or be in a loss making situation and high cost mines (predominantly western world mines) may cease operations. Some reports estimate that approximately 25% of all tungsten mines are currently operating at a loss.

Despite the gradual recovery of the APT price last year the margins being realised do not currently warrant bringing additional supply to a price constrained market. The market strategy for Carbine, with its relatively short time to production project, is to improve on its project cost efficiencies whilst remaining ready to take advantage of any upturn in the market which is possible should current high cost mines begin to close.

Some analysts' reports are indicating that Chinese mine supply of tungsten concentrate has been significantly reduced and the bottoming and increase in APT price is starting to better reflect the market demand and supply cost dynamics. Many existing or new non-Chinese mines are presently operating at a loss and some new, high production cost operators are likely to fail unless pricing increases substantively in the near term. Mt Carbine with its past, proven, low operating cost and historically successful operating credentials represents the best solution for secure, profitable, long term western tungsten supply.

Tungsten remains a rare and essential industrial and strategically important military metal. The prospects for this metal remain strong and open to benefit from any pick up in world GDP and/or demand for its many potential high technology applications.

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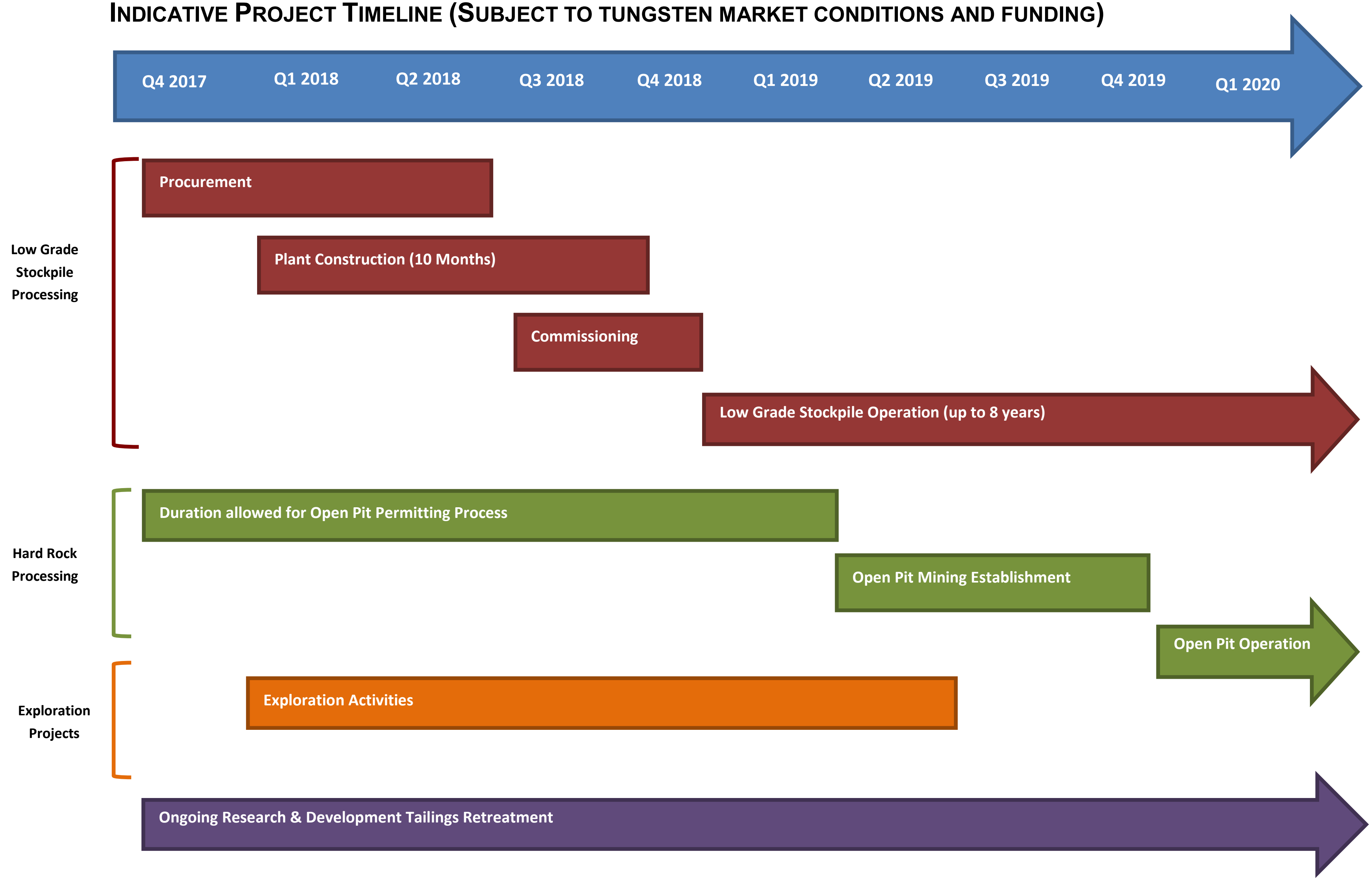
REVIEW OF OPERATIONS

INDICATIVE PROJECT TIMELINE (SUBJECT TO TUNGSTEN MARKET CONDITIONS AND FUNDING)



TENEMENT SCHEDULE

Details of mining tenements held by the Company and its child entities:-

State	Ownership	Area	Status	Notes	Expiry Date
Queensland					
ML 4867	Mt Carbine Quarries Pty Ltd 100%	358.5 ha	Granted	Subject to sub-lease agreement with Carbine Tungsten Limited with pre-emptive right to purchase. Sub-lease agreement transferred from Tungsten Resources Limited to Carbine Tungsten Limited on 1 June 2015.	31/07/2022
ML 4919	Mt Carbine Quarries Pty Ltd 100%	7.891 ha	Granted	Subject to sub-lease agreement with Carbine Tungsten Limited with pre-emptive right to purchase. Sub-lease agreement transferred from Tungsten Resources Limited to Carbine Tungsten Limited on 1 June 2015.	31/08/2023
EPM 14871	Carbine Tungsten Limited 100%	16 sub blocks	Granted	5 Year Renewal Granted	12/12/2020
EPM 14872	Carbine Tungsten Limited 100%	21 sub blocks	Granted	5 Year Renewal Granted	11/12/2020

ML = Mining Lease EPM = Exploration Permit for Minerals

MINERAL RESOURCES AND ORE RESERVES STATEMENT

SUMMARY OF RESULTS OF ANNUAL REVIEW OF RESOURCES AND RESERVES

The resources and reserves at Mt Carbine comprise three components:

1. The resources and reserves in mineralised rock proposed to be mined by open pit mining, beneath and adjacent to the existing open pit.
2. The mineralised rock that was mined and stockpiled in what is now termed the Low Grade Stockpile.
3. The tailings from the previous mining operation, principally the tailings in Tailings Storage Facility No 4.

There are also other significant mineralised stockpiles and mine dumps, particularly the Optical Ore Sorter Reject ("OOSR") stockpile from the previous mining operation, estimated to comprise several million tonnes. Except for the OOSR stockpile these have not been quantified nor sampled for grade.

1. Mineralised Hard Rock

The resources and reserves estimates for the mineralised hard rock in the Mt Carbine tungsten deposit were updated to comply with the 2012 JORC Code for reporting of reserves and resources in November 2012 (Carbine ASX announcements 20/11/2013; 24/11/2013 and 9/01/2014). No further sampling or work has been done since this update that impacts on the resource estimate and therefore the resources and reserves estimates for the Mt Carbine tungsten deposit are left unchanged.

2. Low Grade Stockpile

Carbine announced an upgrade of the Low Grade Stockpile resources in September 2012. To comply with the 2012 JORC Code a more detailed reporting of the upgrade is provided in Appendix 1 to this report.

The low grade stockpile ("LGS") is comprised of mineralised rock extracted during open pit mining operations between 1974 and 1987. Grade control practice during this open pit mining discriminated between ore sent for processing and mineralised rock deemed at the time to be too low grade to justify treatment. Independent research has since established that the grade control practice, based on an estimate of quartz vein percentage as a direct indicator of tungsten grade, was invalid.

In the historical records of this mining operation the material consigned to the stockpile is described as "mullock" or "low grade", but also includes 3.5Mt of "ore". Geological examination and drilling indicates that the previous mining at Mt Carbine was all in mineralised rock. No sampling or record of possible grade variation was kept of material sent to the stockpile.

Historical mine records indicate that there is approximately 12Mt of broken rock in the stockpile. This reconciles with the tonnes consigned to the LGS, derived from the independent estimate of total tonnes of rock mined in the previous open pit of 22Mt, less the 10Mt recorded as having been processed through the mill.

The LGS has been bulk sampled (22,000 tonnes), the sample assayed and subjected to extensive sorting trials with a pilot-scale X-ray sorter (CNQ (III) ASX announcement 23 March 2011). The sorter trials indicated that the low grade material could be pre-concentrated by sorting with an optimum 6 times upgrade. The grade of the bulk sample was 0.075% WO_3. This compares very favourably with a back-calculation from historic mine records of production and mill recovery, and based on the recent resource estimate which took account of the resource mined during the previous open pit operation, of a global average grade of 0.07% WO_3 for the low grade stockpile. Further sampling of the LGS for environmental permitting purposes involved taking 80 grab samples from the surface of the stockpile. Each sample was approximately 20kg of minus ~100mm material. The average grade of these samples was 0.088% WO_3.

Following the X-ray sorter trials previously announced and the costings determined in the Feasibility Study, Carbine has sufficient confidence in the tonnage and global average grade of the stockpile to justify its inclusion in the resource inventory at Mt Carbine as an Indicated Resource.

Trials indicated that at optimum settings, the X-ray sorter produces a pre-concentrate product that is approximately 12% of the original feed and has a grade of approximately 0.65% WO_3 at 90% WO_3 recovery, and approximately 88% of the material fed to the sorter was rejected as waste. The loss of WO_3 to waste in this sorting process was only 10% of the total tungsten in the sorter feed.

- Carbine does not intend to attempt a further definition of the possible grade and tonnage of mineralised rock in the low grade stockpile, beyond the sampling, assaying and sorter trials already carried out, because of the physical impracticality of attempting to do so.
- Local grade distribution within the stockpile is expected to vary and has not been quantified.

The plant comprising the X-ray sorter and mill to treat the stockpile material will be the same plant to process ore from the open pit.

3. Tailings

Production from the tailings No 4 stockpile was carried out until 8 December 2013. Carbine has previously stated that this stockpile contained approximately 2Mt at a global average grade of 0.1% WO_3, based on comprehensive but non-JORC compliant historical studies. The stockpile includes a basal layer 1-2m thick amounting to approximately 400,000 tonnes of slimes (<75micron particles) with a global average grade of 0.35% WO_3. Trials are continuing with the aim of achieving efficient recovery of tungsten from the slimes, but this component of the stockpile is essentially untouched and production was mostly from the >50 micron <1mm fraction of the overlying coarser tailings material.

MT CARBINE MINERAL RESOURCE SUMMARY – JULY 2014 (NO CHANGE FROM 2013) TUNGSTEN RESOURCES AS WO_3

Resource	Resource	Cut-off Grade (%)	Tonnes (Mt)	WO_3 (%)	WO_3 (mtu)
Low Grade Stockpile	Indicated	0.00	12.0	0.075	840,000
Main Zone Hard Rock	Indicated	0.05	18.0	0.140	2,520,000
Main Zone Hard Rock	Inferred	0.05	29.3	0.120	3,516,000
	Total		**59.3**		**6,876,000**

Exploration targets adjacent to Inferred and Indicated Mineral Resources in the Mt Carbine sheeted quartz vein tungsten deposit.

1. Sheeted quartz vein system:

Exploration drilling to date suggests that the Mt Carbine tungsten deposit may plunge to the north, and the deposit is open in this direction, to the south east and at depth. The deposit contains an Indicated Mineral Resource of 18Mt at 0.14% WO_3 (at a cut-off of 0.05% WO_3), and exploration of the depth extensions of the deposit will be carried out after production from this resource has commenced.

2. The Iron Duke prospect:

The Iron Duke prospect on the eastern side of the planned open pit has now been intersected in 6 drill holes, and has recently been mapped in detail on the surface and shown to extend more than 2km to the north of where it has been drilled. Surface width of the sub-vertical zone that hosts the Iron Duke mineralisation ranges from 10m to 20m over this strike length. Scheelite and minor wolframite mineralisation have been observed in rock chips along the entire length of surface exposure.

The Iron Duke mineralisation is dominated by scheelite (whereas the main Mt Carbine sheeted quartz vein tungsten deposit is dominated by wolframite) and the weighted average grade of the 6 drill intercepts in the Iron Duke is 0.32% WO_3 over an average true width of 8m. The 6 drill holes cover a strike length of 300m, and the shallowest intersection of the prospect is at a depth of 100m immediately adjacent to the planned open pit. Although the surface expression of the Iron Duke adjacent to the open pit is now covered by mine dumps, historical maps indicate that it was recognised as a scheelite prospect at the surface in 1917, and therefore there is a reasonable expectation that the prospect will extend from the surface to below its present maximum drilled depth of 195m. The Iron Duke mineralisation is not included in either the present Inferred or Indicated Mineral Resources although it will be uncovered and mined in the planned open pit.

Exploration of the Iron Duke to test grade, width and continuity has been deferred due to market conditions. The Exploration Target for the Iron Duke over a strike length of 400m immediately adjacent to the planned open pit is 3.5Mt to 6.5Mt with possible grades ranging from 0.13% WO_3 to 0.59% WO_3 (based on present drilling data), with the weighted average grade of drill hole intersections of 0.32% WO_3 possibly reflecting the average grade. This Exploration Target does not include the potential for further mineralisation along the recently established northern continuation of the prospect.

The Exploration Targets at Mt Carbine are summarised in Table 1 below:

Mineralisation system	Exploration target tonnes	Exploration target grades
Main sheeted quartz vein system – wolframite dominated	12Mt-16Mt	0.08% WO_3 to 0.16% WO_3
Iron Duke prospect – scheelite dominated	3.5Mt-6.5Mt	0.13% WO_3 to 0.59% WO_3

Hole No.	From (m)	To (m)	Interval (m)	$\%WO_3$ (XRF analysis)
CB18	163	198	35	0.299%
CB51	130.25	146.5	8.73	0.57%
CB52	94.5	112.5	18	0.18%
CB53	160.5	172.5	12	0.49%
CB54	162.5	169.35	6.85	0.59%
CB66	113.3	127.62	14.32	0.13%

Table 2. Drill intersections in the Iron Duke prospect adjacent to the open pit at Mt Carbine.

GOVERNANCE AND INTERNAL CONTROLS

The Company has followed the practice of obtaining independent, geostatistically based estimates of resources, which themselves have been independently audited. These estimates have been qualified in-house where geometallurgical research, economic modelling involving mine and processing studies and/or reconciliations of historical mine data justify modification. The prime concern in this deposit is the extreme nugget character of the mineralisation and in this respect considerable confidence is placed on existing resource estimates that they are (a) conservative with respect to grade estimation, and (b) that the previous mine operation and a nearly complete set of records of this operation document what is in effect a 10Mt bulk sample of the ore body.

COMPETENT PERSON STATEMENT

(a) The above Mineral Resources and Ore Reserves Statement is based on, and fairly represents, information and supporting documentation prepared by competent persons; and

(b) The information in this document relating to Exploration Targets and Mineral Resources is based on information compiled by Dr Andrew White, who is a Fellow of the Australian Institute of Geoscientists and principal consultant for Andrew White & Associates. Dr White has sufficient experience relevant to the style of mineralisation, mining and processing the type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC code). Dr White consents to the inclusion of matters based on his information in the form and context in which it appears in the Annual Report.

APPENDIX 1. TABLE 1, JORC CODE 2012

Section 1. Low Grade Stockpile Sampling Techniques and Data

Sampling techniques	1. Bulk sampling by means of 8 costeans dug with an excavator around the perimeter of the stockpile, costeans ranging up to 10m deep and 50m long. 2. Grab sampling at 80 locations (samples approximately 20kg each of minus 100mm material) for mineralogical and chemical characterisation of mineralised rock for environmental permitting purposes.
Drilling techniques	N/A
Drill sample recovery	N/A
Logging	N/A
Sub-sampling techniques and sample preparation	The bulk sample was coned and quartered with the excavator to 2,000 tonnes. This sub-sample was crushed to minus 50mm and screened into three size ranges: 20-50mm, 10-20mm and minus 10mm. Each size fraction was sampled by channel sampling. The grab samples were crushed to minus 3mm, split, and sub-samples pulverised and assayed for a range of elements including tungsten (the latter by fused disk XRF).
Quality of assay data and laboratory tests	The channel samples were analysed by fused disk and check analyses were carried out on site with a Niton portable XRF analyser after careful calibration of this instrument.

Verification of sampling and assaying	See above.
Location of data points	Costean locations are shown in Figure 1 and grab samples in Figure 2 below.
Data spacing and distribution	See Figures 1 and 2.
Orientation of data in relation to geological structure	N/A
Sample security	The bulk sample crushed and screened size splits are stored on site, and the crushed grab samples and pulverized splits are stored in the mine core shed.
Audits	The bulk sampling procedures were subject to review by an independent consultant retained to supervise the X-ray ore sorter trials.

Section 2. Reporting of Exploration Results

Mineral tenement and land tenure status	The resource estimates reported herein are all within Mining Leases 4867 (358.5ha, expiry 31-07-22) and 4919 (7.891ha, expiry 31-08-2023), held by Mt Carbine Quarries Pty Ltd. Carbine's wholly owned subsidiary, Tungsten Resources Pty Ltd, has a sub-lease agreement with Mt Carbine Quarries Pty Ltd that grants the right to extract metals including tungsten from the Mining Leases. The Mining Leases lie within Brooklyn Grazing Homestead Perpetual Lease. Native Title has been extinguished in the Mining Leases by Deed of Grant.
Exploration done by other parties.	No previous examination of the LGS was carried out. **Historical (1974-1987) mine records.** A nearly complete record of mine production, including amounts of mined rock consigned to the LGS has been compiled using published and unpublished archives, including reporting for State Royalty returns.
Geology	**The Deposit** The Mt Carbine tungsten deposit is a sheeted quartz vein deposit. A number of sub-parallel, sub-vertical quartz veins have been deposited in fractures developed in the host rocks (Siluro-Devonian metasediments) in a zone that drilling and mapping of historical surface workings has shown to be approximately 300m wide and at least 1.4km long, trending at about 315 degrees. **Grade Variation** Sampling, drill core logging, geostatistical analysis of drill core assay data and mapping of the open pit have determined that all the material mined during the previous operation was mineralised to some extent, and that the mineralogy of the deposit was uniform. There is little doubt that the mineralogy of the stockpile material is identical to that mined and processed. Material in the stockpile comprises a single formation, the result of alteration of Siluro-Devonian meta-sedimentary host rocks (Forsythe and Higgins, 1990). The amount of quartz veining varies within the mineralised zone and previous mining and exploration has been concentrated at the south eastern end of the mineralised zone. It is well understood that there are high grade zones within the mineralisation in this part of the deposit and that the higher grade zones are surrounded by lower grade mineralisation. Interpretation of recent drilling suggests that the main high grade zone may plunge to the north of the present open pit. The previous mine assumption that quartz vein abundance is directly correlated with grade is not supported by an independent review of quartz vein abundance and grade.
Drill hole information	N/A
Data aggregation methods	N/A
Relationship between mineralisation widths and intercept lengths	N/A

Diagrams	A plan view of sampling is shown below in Figures 1 and 2.
Balanced reporting	N/A
Other substantive exploration data	N/A
Further work	The bulk sample was subjected to a series of trials through a pilot scale X-ray ore sorter over a period of 2 months. This work demonstrated that an optimum 6 times upgrade of the tungsten content in the ore sorter accepts, and ensuing feasibility studies indicate that the LGS is economic to process by means of X-ray ore sorting and concentration of mineral in the ore sorter accepts in a conventional gravity mill.

Section 3. Estimation and Reporting of Mineral Resources

Database integrity	N/A
Site visits	The Competent Person has been closely involved in resource assessment at Mt Carbine between 1985 and 1988, 1992 and between 2009 and the present. The relevant Competent Person has conducted numerous site investigations including mapping, sampling, core logging, review of historical resources and reserve estimates, mining, metallurgical processing and recovery.
Geological interpretations	Senior geological staff including the Competent Person has developed a sound understanding of the geology and importantly, geometallurgy of the deposit.
Dimensions	The 12Mt tonnes estimated to be contained in the LGS has been derived from nearly complete historical mine records, confirmed by reconciliation of an independent estimate of total tonnes mined from the open pit (22Mt) less 10Mt material processed through the mill.
Estimation and modelling techniques	The detailed distribution of grade through the LGS is not known, as no record was kept of placement of rock consigned to the stockpile, nor was any sampling carried out. The average of assays of the three size range sub samples of the bulk sample is 0.075% WO_3. This reconciles very favourably with a back-calculation from historic mine records of production and mill recovery, and based on the recent resource estimate which took account of the resource mined during the previous open pit operation, of a global average grade of 0.07% WO_3 for the low grade stockpile. It should be noted that the historical mine records state that 3.5Mt of rock described as ore were apparently consigned to the stockpile in 1982. The grab samples average 0.088% WO_3 (fused disk XRF analysis), which is taken to indicate that the tungsten grade of the finer fraction (<200mm) of the stockpile is higher than the global average grade of the bulk sample that included fragments up to 500mm.
Moisture	Tonnages are estimated on an air dried basis.
Cut off parameters	No cut off has been applied to the stockpile grade estimation, however it is planned to screen the stockpiled material at 500mm and only crush and ore sort the minus 500mm fraction, since a growing body of data from on-going tests indicates that this fraction contains the bulk of the tungsten minerals that it is planned to recover.
Mining factors	The stockpile fills a valley and will readily be recovered by excavator and truck.
Metallurgical factors	There is no doubt that the mineralogy of the material contained in the stockpile is identical to that of the hard rock ore body. The Mt Carbine ore body is low grade in comparison with many other tungsten deposits, however the highly successful application of ore sorting to pre-concentrate this ore to a high grade mill feed has been demonstrated firstly in the previous mining operation which used optical ore sorters, and secondly by extensive recent trials of X-Ray ore sorting of bulk samples of stockpile and Run of Mine ore by Carbine. Process design and anticipated recoveries have been derived from historical mill flow sheets, reports and trials that have been confirmed by repeat metallurgical testing of bulk samples of stockpile material including Run of Mine ore.

Environmental factors	Carbine has been granted an Environmental Permit by the Queensland Department of Environment and Heritage Protection ("DEHP") to process the low grade stockpile. Based on sampling of existing stockpiles, tailings storage facilities and analytical characterisation of the mineralisation, the only elements present at hazardous values are fluorine (as fluorite) and arsenic (as arsenopyrite). Previous mine practice and the present Environmental Management Plan approved by the DEHP include measures to manage the environmental hazards these elements present. Sampling of the existing stockpiles and tailings storage facility indicate that acid mine drainage will not be a hazard created by future mining and waste storage.
Bulk density	N/A. The tonnes estimated to be contained in the stockpile have been derived independently of calculation by multiplying volume by density.
Classification	Following extensive metallurgical testing of bulk samples from the stockpile that provide robust anticipated recovery and quality of product, the LGS has been classified as an Indicated Resource.
Audits or reviews	The estimates for the LGS have been subject to internal Company review.

Section 4. Estimation and Reporting of Ore Reserves

Mineral Resource estimate for conversion to Ore Reserves	Due to the total lack of knowledge of detailed grade distribution within the stockpile, and the impracticability of detailed sampling within the body of the stockpile, it is doubtful if an ore reserve could be determined for the stockpile. However, the ore sorting trials indicate that the global average grade of the stockpile is sufficient to enable it to be economical to be processed via ore sorting, and it is anticipated that the construction of the stockpile over time led to a degree of homogenisation of the grade distribution within the stockpile.
Site visits	See Section 3.
Study status	The decision to process the stockpile was the outcome of the following independent studies: • A Feasibility Study, which is now in the process of being refined to a Final Feasibility Study standard. • Extended X-ray ore sorter trials. • Infrastructure (the mine is ideally situated with respect to infrastructure having sufficient grid power, sealed highway access, and adequate water supply). • Laboratory and pilot scale test work on appropriate bulk samples to determine parameters for flow sheet design for a gravity recovery circuit, using mainly samples from the low grade stockpile (see below). • Flow sheet design for a gravity recovery circuit. • Detailed costings for operating and capital costs. • Discounted cash flow modelling of project economics. In addition, the following factors provide additional confidence when taking into account the factors outlined above: • The Company already operates a treatment plant to recover mixed wolframite and scheelite concentrates from the main tailings dump associated with the previous mining operation. The Tailings Retreatment Plant has made regular shipments of concentrate to Carbine's major off-take partner. Operation of the tailings recovery plant provides confidence that the anticipated mill recovery can be achieved, and has also provided an opportunity to recruit and train staff to operate the proposed mill.
Cut-off parameters	See Section 3.
Mining factors	See Study status.

Metallurgical factors	A geometallurgical approach to exploitation of the Mt Carbine tungsten deposit is considered critical to a successful outcome. Following extensive test work that has confirmed the validity of the previous milling process (but with improved recovery to be anticipated), the main components in the metallurgical process will essentially be as follows: 1. Crushing; 2. Ore sorting; 3. Jigging; 4. Spiralling; 5. Tabling; 6. Dry Magnetic Separation. The key parameter from the metallurgical test work and design is recovery of >75% of WO_3 in mill feed. There are no by-product minerals, although the waste will be sold as aggregate or road base (this has not been included in the feasibility assessment of the project). Tests and previous mine practice have shown that the main contaminant, arsenic in arsenopyrite, can be cost effectively removed by flotation and that the products will be very high grade (70% and 72% WO_3) wolframite and scheelite concentrates. Previous removal of arsenic (and other minor sulphides) by flotation of small concentrate volumes has had additional environmental benefits in that the existing stockpiles and tailings have been demonstrated to have no acid mine drainage potential.
Environmental	See Section 3.
Infrastructure	The Mt Carbine mine is situated adjacent to the Mulligan Highway, has grid power to site and sufficient water on site for planned operations.
Costs	Capital Cost – AU$15M Operating Costs – AU$10.20 / tonne
Revenue factors	The present price for Ammonium Paratungstate (APT), which is the benchmark for pricing of the tungsten concentrates that will be the mine product, is around US$410 per Metric Tonne Unit (MTU). All mine studies have been based on a price of US$290 per MTU and A$ parity, however, based on published documents, the Company's market studies forecast that the demand for tungsten concentrates will grow at 4.5% per annum and that therefore the price will remain firm.
Market assessment	The Company holds an MOU with a major metal trading house for 80% off-take of product from the Low Grade Stockpile and at least 50% of the open pit mine product. Discussions with other off-takers are well advanced.
Economic	Using the estimates summarised in Costs (above) the project has an NPV at 10% discount rate of AU$19M.
Social	The Company has a policy of employing local staff by preference and is already well regarded as a significant employer in the district.
Other	See Mineral Tenement and Land Tenure Status Section 2.
Classification	N/A
Discussion of relative accuracy/confidence	The likelihood of success for the proposed stockpile treatment is underpinned by the fact that the same ore body was profitably mined for 13 years by the previous operators. The mine only closed in 1987 because of the price collapse caused by oversupply from Chinese producers dumping product on the market, resulting in the closure of most western tungsten producing mines. Prior to the price collapse, the Mt Carbine mine operators and their joint venture partners had carried out detailed plans to extend the mine life and maintain production for a further ten years. The Mt Carbine mine had not run out of ore (there was an estimated 3.5Mt of ore to be extracted from the existing pit before any mine expansion had to be considered). The ore treatment process was well documented and studies spurred by the collapsing price showed that mill recovery could be significantly increased. This has since been confirmed by test work carried out by Carbine.

MINERAL RESOURCES AND ORE RESERVES STATEMENT

Figure 1. Locations of costeans excavated for bulk sample of stockpile for X-ray ore sorter trials and determination of global average grade.

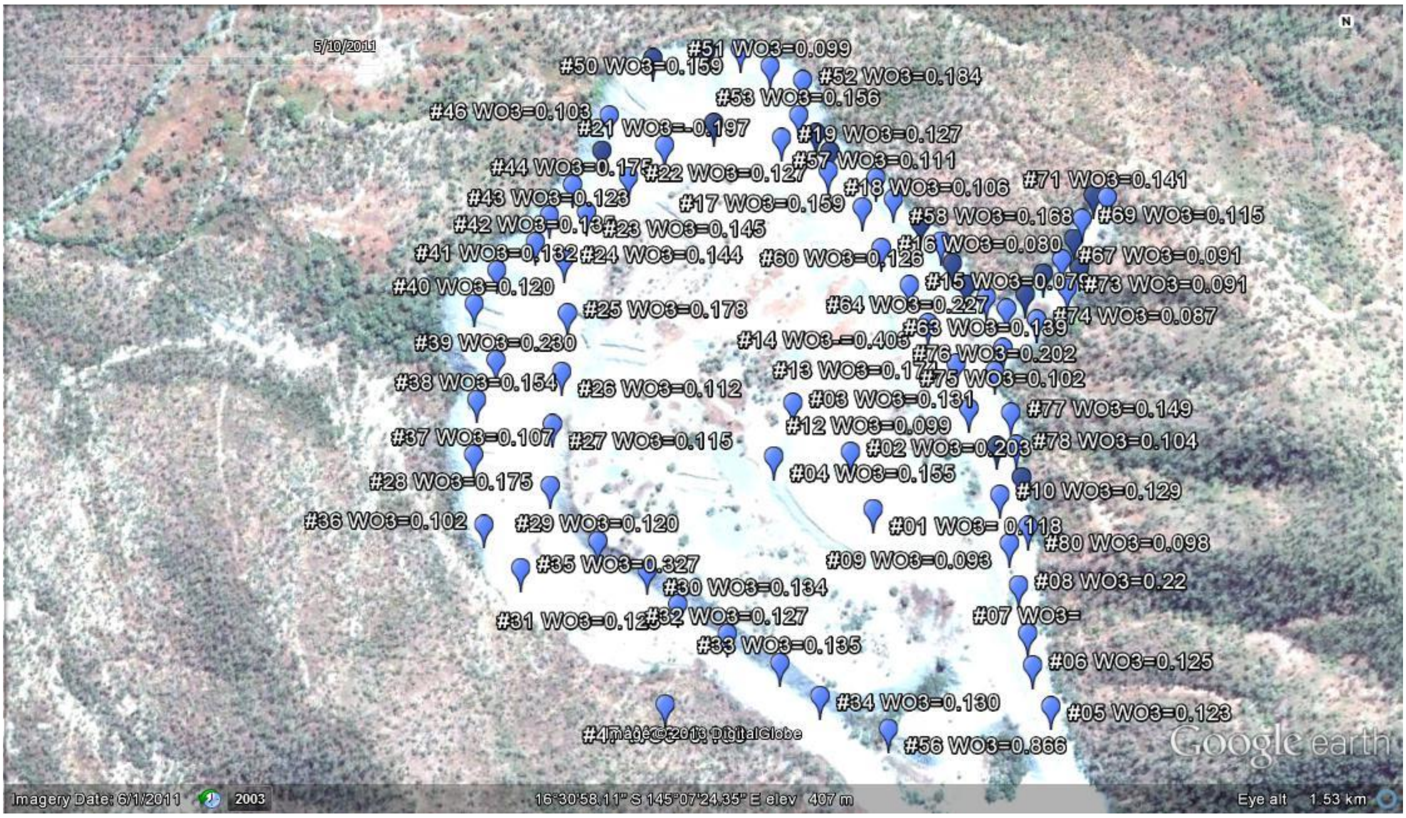


Figure 2. Aerial view of low grade stockpile showing locations of grab samples taken for characterisation of mineralogy and chemistry of stockpile for environmental permitting purposes. Each grab sample was approximately 20kg.

DIRECTORS' REPORT

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

DIRECTORS

The following persons were Directors of Carbine Tungsten Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Russell H. Krause, Non-executive Chairman

Andrew J. Morgan, CEO & Managing Director

Roland W. Nice, Non-executive Director

COMPANY SECRETARY

David Clark

PRINCIPAL ACTIVITIES

The principal activities of the Group have been to maintain the project-ready status of its Mt Carbine Tungsten Project in Far North Queensland whilst continuing exploration activities for additional tungsten reserves. The Group is also evaluating other exploration and mining technology opportunities both within and outside its existing exploration permits.

The "Review of Operations" section covers this in further detail.

RESULTS

The net result of operations for the consolidated entity after applicable income tax expense was a loss of $2,101,010 (2015: $2,415,229).

DIVIDENDS

No dividends were paid or proposed during the period.

REVIEW OF OPERATIONS

Information on the operations and financial position of the Group and its business strategies and prospects for future financial years is set out earlier in this Annual Report. The auditors have issued an unqualified opinion with an emphasis of matter in their auditors report in regards to a material uncertainty regarding going concern. This matter is disclosed in Note 1 in the financial report.

CORPORATE STRUCTURE

Carbine Tungsten Limited is a limited company that is incorporated and domiciled in Australia.

EMPLOYEES

The Company had 2 full-time employees as at 30 June 2016. The Company also uses contract geologists and other specialist consultants as required.

SIGNIFICANT CHANGES

Significant changes in the state of affairs of the Group for the financial year were as follows:

(a) Increase in contributed equity of $1,602,543 resulting from:

	Date	Shares	$
Shares issued to Lanstead Capital LP	20-11-2015	13,000,000	325,000
Shares issued to Lanstead Capital LP subject to an 18 month sharing agreement[1]	20-11-2015	30,000,000	243,833
Shares issued to participants in the 2015 Non-renounceable Entitlements Offer	18-12-2015	16,147,969	403,700
Shares issued to shortfall participants in the 2015 Non-renounceable Entitlements Offer	18-12-2015	9,300,000	232,500
Shares issued to Lanstead Capital LP as a shortfall participant in the 2015 Non-renounceable Entitlements Offer	11-03-2016	13,750,000	330,000
Shares issued to Lanstead Capital LP as a shortfall participant in the 2015 Non-renounceable Entitlements Offer and subject to an 18 month sharing agreement – 2 of 18 instalments settled[1]	11-03-2016	26,250,000	72,625
Share issue costs			(5,115)
		108,447,969	**1,602,543**

[1] Number of shares issued subject to sharing agreement with Lanstead Capital LP

(b) During or since the end of the financial year, no options were exercised.

The Directors are not aware of any other significant changes in the state of affairs of the Company occurring during the financial period, other than as disclosed in this report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

At the date of this Directors' Report, the Directors are not aware of any matter or circumstance that has arisen that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in the financial year subsequent to 30 June 2016 other than:

- The Company announcing on 14 September 2016 that it had engaged a specialist minerals technology provider to conduct a preliminary testwork program on tungsten scheelite concentrate samples as well as exploring opportunities to hold agency rights for the distribution of this technology within Australia, New Zealand and Papua New Guinea.
- The Company announcing on 22 September 2016 that it had acquired two gold prospects in New South Wales, being EL6648 Crow Mountain and EL8024 Panama Hat from Frontier Capital Limited.

LIKELY DEVELOPMENTS

The Company will remain prepared with plant procurement, construction and commissioning of the hard rock stockpile phase of the Mt Carbine Project once tungsten market conditions improve and capital funding has been secured and are continuing exploration and research and development activities with tungsten and the extraction other precious and specialty metals. Further details are in the "Review of Operations" section of this report.

ENVIRONMENTAL REGULATION & PERFORMANCE

Carbine and its related entities endeavour to remain compliant with all aspects of the environmental regulations governing their exploration and mining activities. The Directors are not aware of any other significant environmental laws or EA licence conditions that are not being complied with.

INFORMATION ON DIRECTORS

Russell H. Krause | Non-executive Chairman

Mr Krause was appointed Non-executive Chairman of Carbine Tungsten Limited on 30 June 2013 and has over 25 years' Executive Management and Director level experience in a range of corporate advisory, stockbroking, and investment banking roles with some of Australia's leading financial services firms. Mr Krause also has extensive experience in the resources sector providing equity capital markets, capital raising and corporate advisory services to a range of ASX listed mining and energy companies.

Mr Krause is currently a Director of Austex Oil Limited (ASX:AOK) (appointed 23 October 2013), Novus Capital Limited (appointed 1 October 2008), Singaporean registered Auzminerals Resource Group Pte Ltd (appointed 30 June 2009 - resigned 31 July 2015), Red Sky Energy Limited (ASX:ROG) (appointed 21 October 2014) and Elk Petroleum Limited (ASX:ELK) (appointed 13 March 2015).

Andrew J. Morgan | CEO and Managing Director

Mr Morgan was appointed in April 2012 and has over 30 years' experience in the Australian and international mining and construction industries, most recently as General Manager – Project Development for ASX-listed Paladin Energy Ltd at Paladin's Langer Heinrich Uranium Project in Namibia. Mr Morgan worked on the initial Langer Heinrich Stage 1 development and the subsequent Stage 3 expansion project. He also managed Paladin's Kayelekera Project EPCM functions and was involved with government approvals and community interface aspects of the Kayelekera uranium mine in Malawi. Before joining Paladin, Mr Morgan held senior positions and played key roles in the mine development of Lafayette Mining Limited (Owner's Representative), Rapu Rapu mine in the Philippines and Ticor (Owner's Representative) at the Richards Bay mineral sands mining and titanium smelter project in South Africa. He acted as Owner's Site Manager for Newcrest Mining Ltd at the Cadia Gold-Copper mine at Orange, NSW and as Owner's Engineering Manager at Newcrest's Gosowong Gold mine in Indonesia. Mr Morgan holds tertiary qualifications in Electrical Engineering.

Roland W. Nice (B.Sc (Metallurgical Engineering) | Non-executive Director

Mr Nice was appointed on 30 June 2013. Mr Nice is a Metallurgical Engineer with over 45 years' experience. Mr Nice has a strong track record in mineral processing and metallurgy, most recently as a consulting Metallurgical Engineer in the role of Senior Associate for Behre Dolbear Australia, where he was involved in due diligence activities and consulting on some of the world's largest poly-metallic, gold and uranium projects including Newcrest's Cadia, Ridgeway and Telfer gold projects, Barrick's Cowal gold project, LionOres's Thunderbox gold project and numerous other non-ferrous metal mining projects. Mr Nice's work as a consultant has included specific experience in tungsten processing. Prior to this, Mr Nice was the Principal at a technical consulting firm, R.W. Nice and Associates, which followed approximately 20 years in a range of roles with Pancontinental Mining Limited, including General Manager Technology and Metallurgy. While with Pancontinental, Mr Nice was intimately involved in the test work and feasibility studies that led to the development of the Paddington and Kundana gold mines (3.0 Mtpa), the Jabiluka uranium project, the Thalanga Cu-Pb-Zn mine, the QMAG magnesia operation and the Wodgina tantalum operation. He is a member of the Australian Institute of Engineers and the Canadian Institute for Mining, Metallurgy and Petroleum, and a fellow of the Australian Institute of Mining and Metallurgy.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

Directors' interests in shares and options as at 30 June 2016 are set out in the table below. Between the end of the financial year and the date of this report, no additional shares or options were acquired or disposed.

Director	Shares Directly and Indirectly Held	Options Directly and Indirectly Held	Performance Rights Directly and Indirectly Held
R.H. Krause	1,000,000	2,000,000	-
A.J. Morgan	5,998,801	2,000,000	-
R.W. Nice	1,375,000	2,000,000	-

COMPANY SECRETARY

David Clark

Mr Clark's appointment as Company Secretary on 10 July 2014 complements his existing responsibilities as Chief Financial Officer. Mr Clark is an experienced Chartered Secretary, a member of the Governance Institute of Australia and holds a Masters of Business of Administration (Executive) from the Australian Graduate School of Management (AGSM). Mr Clark has worked as Company Secretary of a privately funded group of biotechnology companies and is on the audit, risk and finance committee of an international global health organisation providing independent assurance and assistance to the organisation on audit, risk management, control and corporate governance.

MEETINGS OF DIRECTORS

Directors' attendance at Directors Meetings is shown in the following table:

Director	Meetings Eligible to Attend	Meetings Attended
R.H. Krause	9	9
A.J. Morgan	9	9
R.W. Nice	9	9

Non-executive Director, Roland Nice and Chairman, Russell Krause are members of the Company's Audit and Risk Management Committee. The Committee reviews the Company's corporate risks, financial systems, accounting policies, half-year and annual financial statements. There were two (2) Audit and Risk Management Committee Meetings during the year. Russell Krause and Roland Nice are members of the Remuneration and Nomination Committee which held one (1) meeting during the year.

AUDIT AND RISK MANAGEMENT COMMITTEE MEETINGS

Director	Meetings Eligible to Attend	Meetings Attended
R.W. Nice	2	2
R.H. Krause	2	2

SHARE OPTIONS AND PERFORMANCE RIGHTS

During or since the end of the financial year, no options were granted by Carbine Tungsten Limited to the Directors and Executives of the Group as part of their remuneration. Refer to Remuneration Report – section (g) for further details.

There are 8,000,000 unissued ordinary shares of Carbine Tungsten Limited under option at the date of this report. Refer to Note 12(b) for further details.

During or since the end of the financial year no unlisted options were exercised.

REMUNERATION REPORT - AUDITED

This report for the year ended 30 June 2016 outlines the remuneration arrangements for the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited in accordance with section 308(3C) of the Act.

The remuneration report details the remuneration arrangements of key management personnel (KMP) who are defined as those persons having the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent company.

For the purposes of this report, the term 'Executive' includes the executive directors, senior executives and general managers of the Group, whilst the term 'NED' refers to Non-Executive Directors only.

The Remuneration Report is set out under the following main headings:

(a) Policy Used to Determine the Nature and Amount of Remuneration;

(b) Key Management Personnel;

(c) Details of Remuneration;

(d) Cash Bonuses;

(e) Equity Instruments;

(f) Options and Rights Granted as Remuneration;

(g) Equity Instruments Issued on Exercise of Remuneration Options;

(h) Service Agreements; and

(i) Carbine's Financial Performance.

(a) Policy Used to Determine the Nature and Amount of Remuneration

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The Board believes that executive remuneration satisfies the following key criteria:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage / alignment of executive compensation;
- Transparency; and
- Capital management.

These criteria result in a framework which can be used to provide a mix of fixed and variable remuneration and a blend of short and long-term incentives in line with the Company's limited financial resources.

Fees and payments to the Company's Non-executive Directors and Senior Executives reflect the demands which are made on, and the responsibilities of, the Directors and the Senior Management. Such fees and payments are reviewed annually by the Board. The Company's Executive and Non-executive Directors, Senior Executives and Officers are entitled to receive Performance Rights under the Company's Awards Plan which was approved by shareholders at the Annual General Meeting on 24 November 2015.

Fees for Non-executive Directors are not linked to the performance of the Group.

Use of Remuneration Consultants

The Group has not used any remuneration consultants during the year.

Voting and Comments made at the Group's 2015 Annual General Meeting

The Group received no votes against its Remuneration Report for the 2015 financial year and did not receive any specific feedback on its remuneration practices at the 2015 Annual General Meeting or during the year.

(b) Key Management Personnel

The following persons were Key Management Personnel of the Carbine Tungsten Limited Group during the financial year:

	Position	Appointment	Resignation
Directors			
R.H. Krause	Non-Executive Chairman	30 June 2013	-
A.J. Morgan	Managing Director and Chief Executive Officer	2 April 2012	-
R.W. Nice	Non-Executive Director	30 June 2013	-
Executives			
D.W. Clark	Chief Financial Officer and Company Secretary	17 April 2014 10 July 2014	-

(c) Details of Remuneration

Directors are entitled to remuneration out of the funds of the Company but the remuneration of the Non-executive Directors may not exceed in any year the amount fixed by the Company in general meeting for that purpose. The aggregate remuneration of the Non-executive Directors has been fixed at a maximum of $200,000 per annum to be apportioned among the Non-executive Directors in such a manner as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board Meetings and otherwise in the execution of their duties as Directors.

Details of the nature and amount of each element of the remuneration of each of the Directors of Carbine Tungsten Limited and the Key Management Personnel of the Company and the consolidated entity during the year ended 30 June 2016 are set out in the following tables:

2016	Short-term employee benefits – cash salary and fees $	Post-employment Super-annuation $	Long – term employee benefits $	Share-based payments		Total $	% Performance Based
				Shares $	Options $		
Directors							
A.J. Morgan	244,238	-	-	-	-	244,238	0%
R.H. Krause	60,000	-	-	-	-	60,000	0%
R.W. Nice[1]	48,000	-	-	-	-	48,000	0%
Executives							
D.W. Clark	63,000	-	-	-	-	63,000	0%
Total key management personnel compensation	**415,238**	**-**	**-**	**-**	**-**	**415,238**	

[1] Non-executive director's fees for 3 years to 30 June 2016.

2015	Short-term employee benefits – cash salary and fees $	Post-employment Super-annuation $	Long – term employee benefits $	Share-based payments		Total $	% Performance Based
				Shares $	Options $		
Directors							
A.J. Morgan	269,040	-	-	180,000	40,000	489,040	0%
R.H. Krause	60,000	-	-	120,000	40,000	220,000	0%
R.W. Nice	-	-	-	120,000	40,000	160,000	0%
A.E. Gordon[1]	20,000	-	-	120,000	40,000	180,000	0%
Executives							
J. Basic[2]	162,587	-	-	-	-	162,587	0%
D.W. Clark	73,322	-	-	30,000	-	103,322	0%
Total key management personnel compensation	**584,949**	**-**	**-**	**570,000**	**160,000**	**1,314,949**	

[1] Resigned 10 November 2014

[2] Resigned 22 April 2015

Options and shares do not represent cash payments to Directors or Senior Executives and performance rights/share options granted may or may not be exercised by the Directors or Executives.

During the financial year to 30 June 2016 no new share Performance Rights were granted to Directors.

Options granted as a part of Director and Executive remuneration are valued using the Black-Scholes Option-pricing Model which takes into account factors including the option exercise price, the share price at time of grant, volatility of the underlying share price, the risk-free interest rate and the expected life of the option.

Fair value of options

The fair value of each option is estimated on the date of grant using the Black-Scholes Option Pricing Model with the relative weighted average assumptions applicable to each grant made.

(d) Cash Bonuses

No cash bonuses were paid to Directors or Key Management Personnel during the 2015-2016 financial year.

(e) Equity Instruments

The Company rewards Directors and Executives for their performance and aligns their remuneration with the creation of shareholder wealth by issuing shares, options or performance rights. Share-based compensation is at the discretion of the Board and no individual has a contractual right to participate in any share-based plan or receive any guaranteed benefits.

(i) Shareholdings

The trading of the shares issued pursuant to the Company's Awards Plan are subject to the Company's Securities Trading Policy; further, Directors, Key Management Personnel and employees are encouraged not to trade shares granted in order to align Director, Key Management Personnel and employee interests with those of all shareholders.

Details of equity instruments (other than options and rights) held directly, indirectly or beneficially by Directors and Key Management Personnel and their related parties are as follows:

30 June 2016	Balance at 1 July 2015	Granted as compensation	Received on exercise of Performance Rights	Other changes	Balance at 30 June 2016	Balance held nominally
Name						
R.H. Krause	1,000,000	-	-	-	1,000,000	-
A.J. Morgan	5,798,801	-	-	200,000	5,998,801	-
R.W. Nice	1,100,000	-	-	275,000	1,375,000	-
D.W. Clark	351,127	-	-	148,872	499,999	-
	8,249,928	**-**	**-**	**623,872**	**8,873,800**	**-**

There were no shares granted to key management personnel as remuneration in the 2016 Financial Year.

(ii) Options and Performance Rights Holdings

Details of options and rights held directly, indirectly or beneficially by Directors and Key Management Personnel and their related parties are as follows:

30 June 2016	Balance at 1 July 2015	Granted as compensation	Rights exercised	Other changes	Balance at 30 June 2016	Total vested at 30 June 2016	Total vested and exercisable at 30 June 2016	Total vested and unexercisable at 30 June 2016
Name								
R.H. Krause	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000	-
A.J. Morgan	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000	-
R.W. Nice	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000	-
	6,000,000	-	-	-	6,000,000	6,000,000	6,000,000	-

(iii) Loans to Key Management Personnel

No loans have been made to Directors of the Company or the Key Management Personnel of the consolidated Group, including their personally-related entities.

(iv) Other Transactions and Balances

Consulting Services

Payments made for key management personnel noted in (c) Details of Remuneration above are to JLK Consulting Pty Ltd, Projectex Pty Ltd and R.W. Nice & Associates Pty Ltd as payments for consulting services.

Aggregate amounts of liabilities at reporting date relating to consulting services with Directors and Key Management Personnel of the group are as follows:	**2016** **$**	2015 $
Current liabilities	**-**	8,910

(f) Options and Rights Granted as Remuneration

No options were granted by Carbine Tungsten Limited to the Directors and Executives of the Group during the financial year as part of their remuneration.

Valuation of Options Granted to Key Management Personnel as Remuneration in the 2015 Financial Year and expensed in the 2016 Financial Year

30 June 2015	Number of granted options	Grant date	Expiry date	Fair Value per option at grant date	Total Fair Value of Options	Share-Based Payments Expensed in the 2015 year	Share-Based Payments Expensed in the 2016 year	Share-Based Payments AASB 2 Not yet expensed
Name								
R.H. Krause	2,000,000	12 Nov 2014	12 Nov 2017	$0.02	40,000	8,400	13,358	18,242
A.J. Morgan	2,000,000	12 Nov 2014	12 Nov 2017	$0.02	40,000	8,400	13,358	18,242
A.E. Gordon[1]	2,000,000	12 Nov 2014	12 Nov 2017	$0.02	40,000	8,400	13,358	18,242
R.W. Nice	2,000,000	12 Nov 2014	12 Nov 2017	$0.02	40,000	8,400	13,358	18,242
	8,000,000			**$0.02**	**160,000**	**33,600**	**53,432**	**72,968**

[1]Resigned 10 November 2014

(g) Equity Instruments Issued on Exercise of Remuneration Options

No equity instruments were issued during the 2016 financial year to Directors or other Key Management Personnel as a result of options exercised that had previously been granted as remuneration.

(h) Service Agreements

Remuneration and other terms of employment for the Directors and Executives are formalised in Service/Appointment Agreements.

All contracts with Executives may be terminated early by either party within the stipulated notice period, subject to any termination payments as detailed below.

R.H. Krause

There is no written agreement with Mr Krause, who received in his role as Non-executive Chairman of the Company, cash payments and benefits totalling $60,000 during the 2016 financial year. The payments were made through JLK Consulting Pty Ltd, a company in which Mr Krause has a substantial interest.

A.J. Morgan

There is an agreement dated 22 June 2012 between Carbine Tungsten Limited and Projectex Pty Ltd (a company associated with A.J. Morgan) whereby Projectex Pty Ltd provides management services to Carbine Tungsten Limited in the role of Managing Director and Chief Executive Officer on a remuneration package of $240,000 per annum. A three month notice period is required to terminate the agreement. Annual performance reviews are to be completed around May/June each year.

Projectex Pty Ltd received cash payments and benefits totalling $244,238 during the 2016 financial year.

R.W. Nice

There is no written agreement with Mr Nice, who received cash payments and benefits totalling $48,000 in his role as Non-executive director during the 2016 financial year. This payment represented services provided to the Group for three years to 30 June 2016.

D.W. Clark

There is an agreement dated 8 January 2014 between Carbine Tungsten Limited and D.W. Clark whereby Mr Clark agrees to provide management services to Carbine Tungsten Limited in the role of External Accountant on an agreed upon fee structure. On 11 July 2014, Mr Clark was appointed Company Secretary. Mr Clark's contract will continue until the agreement is validly terminated. The Company or Mr Clark may terminate the contract by giving one month's written notice.

(i) Carbine's Financial Performance

Carbine's financial performance for the five years to 30 June 2016 is noted below and the relationship between results and performance is discussed.

Year ended	Measure	2016	2015	2014	2013	2012
Net loss after tax	$	(2,101,010)	(2,415,229)	(2,001,531)	(5,666,542)	(2,146,556)
Net Assets	$	10,744,570	11,189,606	12,237,120	13,393,476	16,328,341
Cash and cash equivalents	$	761,413	1,817,147	2,124,913	1,464,162	975,085
Cash flows from operating activities	$	(1,023,157)	(633,185)	(1,146,400)	(1,992,267)	(785,664)
EBITDA	$	(1,148,782)	(1,525,962)	(3,394,025)	(4,708,742)	(1,855,579)
Share price at 30 June	$	$0.030	$0.125	$0.10	$0.05	$0.10
Basic Earnings/(loss) per share	Cents	(0.56)	(0.79)	(0.69)	(2.06)	(0.97)

Financial Performance

The loss of the consolidated Group for the financial year after tax amounted to $2,101,010 (2015: $2,415,229).

The Group is creating value for shareholders through the development of the Group's Mt Carbine Hard Rock Project.

During the year the Company continued to carry out pilot and laboratory test programs at its Research and Development Tailings Retreatment Plant from which it received a Research and Development tax offset of $769,717 (2015: $1,546,780).

Financial Position

The Group's main activity during the year involved the investment of cash in the Group's Mt Carbine Hard Rock Project that provides Carbine with substantial exploration upside potential. The value of the exploration assets at 30 June 2016 is $6,176,398 (2015: $6,176,398).

For the year ended 30 June 2016, the Group had a net working capital surplus of $725,993 (2015: $332,241 surplus). Current liabilities included $269,582 (2015: $1,305,910) representing AUD equivalent of loan funds outstanding received from Mitsubishi Corporation RtM Japan Limited in 2014. The increase in the net working capital surplus was due largely to a reduction of the Mitsubishi loan by $1,036,328 during the financial year.

As the Group is an exploration and development entity, ongoing exploration and development activities are reliant on future capital raisings. During the year, the Company raised $878,283 from a Non-renounceable Entitlements Offer and placements to Lanstead Capital LP. The Group also entered into a Sharing Agreement with Lanstead Capital LP which enables the Group to secure much of the potential upside from share price appreciation over the next 18 months. The Group has received $193,450 from this Sharing Agreement to 30 June 2016.

Equity based incentives provide a viable means of recognising and rewarding performance whilst allowing the Group to invest the vast majority of its cash reserves in the development of the Mt Carbine Hard Rock Project and key exploration activities. The foundation of the equity incentive program is the Carbine Tungsten Limited Awards Plan which is designed to attract, motivate and retain employees, consultants and Non-executive Directors. The Plan is administered by the Board and determines which directors, executives, employees or consultants will be offered the opportunity to participate in the Plan. At the Company's Annual General Meeting held on 24 November 2015, shareholders approved the reissue of the Company's Awards Plan for a further 3 years. There is currently no relationship between the Company's remuneration policy and its financial performance.

End of audited remuneration report.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Indemnification

The Company has not, during or since the end of the financial period, in respect of any person who is or has been an Officer of the Company or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an Officer, including costs and expenses in successfully defending legal proceedings.

Insurance Premiums

During the financial period the Company has paid premiums to insure each of the Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of a Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The premiums paid are not disclosed as such disclosure is prohibited under the terms of the contract.

AUDIT AND NON–AUDIT SERVICES

During the financial year, the following fees for audit and non-audit services were paid or payable to the auditors BDO Audit (NTH QLD) Pty Ltd:

	2016	2015
	$	$
Audit-related services		
Amounts paid or payable to BDO Audit (NTH QLD) Pty Ltd		
- Audit services	**37,500**	36,000
Taxation services		
Amounts paid or payable to BDO Audit (NTH QLD) Pty Ltd		
- Tax compliance services (tax returns)	**7,000**	7,000
	44,500	43,000

The Directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.*

On the advice of the Audit Committee, the Directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the non-audit services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act* 2001 is set out and located after the Directors' Declaration and forms part of this Report.

CORPORATE GOVERNANCE

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the period is displayed on the Company's website.

Signed at Cairns this 30th day of September 2016 in accordance with a resolution of the Directors.

RUSSELL KRAUSE
Chairman

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
Revenue	2	**26,767**	52,777
Other income	2	**774,971**	1,557,534
Administration expenses		**(326,182)**	(363,543)
Consultant expenses		**(352,837)**	(569,318)
Depreciation	7	**(936,036)**	(951,890)
Development and testwork costs		**(117,950)**	(566,826)
Loss on revaluation of financial assets	4	**(134,983)**	-
Gain/(Loss) on revaluation of investments		**2,063**	(46,406)
Exploration written off		**(205,289)**	(168,193)
Finance costs		**(16,192)**	(62,622)
Foreign exchange losses		**(55,852)**	(247,001)
Occupancy expenses		**(117,619)**	(88,047)
Salaries and employee benefits expense		**(363,458)**	(749,839)
Superannuation		**(26,256)**	(28,571)
Travel and accommodation		**(108,210)**	(118,932)
Other expenses		**(143,947)**	(64,352)
LOSS BEFORE INCOME TAX EXPENSE		**(2,101,010)**	(2,415,229)
INCOME TAX EXPENSE	3	**-**	-
LOSS AFTER INCOME TAX EXPENSE	13	**(2,101,010)**	(2,415,229)
Other comprehensive income for the year		**-**	**-**
TOTAL COMPREHENSIVE (LOSS) ATTRIBUTABLE TO OWNERS OF CARBINE TUNGSTEN LIMITED		**(2,101,010)**	**(2,415,229)**
		Cents	**Cents**
Basic loss per share	13	**(0.56)**	(0.79)
Diluted loss per share	13	**(0.56)**	(0.79)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	**2016** **$**	2015 $
CURRENT ASSETS			
Cash assets	19(b)	**761,413**	1,817,147
Trade and other receivables		**101,699**	45,803
Financial assets	4	**973,494**	-
Prepayments		**68,035**	45,993
TOTAL CURRENT ASSETS		**1,904,641**	1,908,943
NON-CURRENT ASSETS			
Receivables	6	**729,619**	744,696
Plant and equipment	7	**3,049,071**	3,933,178
Deferred exploration and evaluation expenditure	8	**6,176,398**	6,176,398
Financial assets	4	**205,489**	3,093
TOTAL NON-CURRENT ASSETS		**10,160,577**	10,857,365
TOTAL ASSETS		**12,065,218**	12,766,308
CURRENT LIABILITIES			
Payables	9	**164,225**	270,792
Borrowings	10	**269,582**	1,305,910
Financial liabilities	11	**744,841**	-
TOTAL CURRENT LIABILITIES		**1,178,648**	1,576,702
NON CURRENT LIABILITIES			
Financial liabilities	11	**142,000**	-
TOTAL NON CURRENT LIABILITIES		**142,000**	1,576,702
TOTAL LIABILITIES		**1,320,648**	1,576,702
NET ASSETS		**10,744,570**	11,189,606
EQUITY			
Issued capital	12	**30,873,793**	29,271,250
Accumulated losses		**(20,650,098)**	(18,549,088)
Reserves		**520,875**	467,444
TOTAL EQUITY		**10,744,570**	11,189,606

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated 2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payment to suppliers and employees		**(1,787,970)**	(2,230,202)
R & D Tax concession offset received		**769,717**	1,546,780
Diesel fuel rebate		**5,504**	5,783
Interest paid		**(37,178)**	-
Interest received		**30,188**	44,454
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	19(a)	**(1,019,739)**	(633,185)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for the purchase of plant and equipment		**(65,640)**	(26,187)
Proceeds from the sale or disposal of plant and equipment		**964**	2,273
Payments for Tenement Security Deposits		**-**	(588,995)
Proceeds from the release of Tenement Security Deposits		**15,077**	118,200
			-
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(49,599)**	(494,709)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares		**1,110,899**	820,128
Payments for share issue costs		**(5,115)**	
Loans repaid		**(1,092,180)**	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		**13,604**	820,128
Net (decrease)/increase in cash held		**(1,055,734)**	(307,766)
Add opening cash brought forward		**1,817,147**	2,124,913
CLOSING CASH CARRIED FORWARD	19(b)	**761,413**	1,817,147

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Attributable to the Shareholders of Carbine Tungsten Limited			
CONSOLIDATED	**Issued Capital $**	**Accumulated Losses $**	**Reserves $**	**Total Equity $**
AT 1 JULY 2014	**27,812,168**	**(16,133,859)**	**558,811**	**12,237,120**
Loss for the period	-	(2,415,229)	-	(2,415,229)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	**(2,415,229)**	-	**(2,415,229)**
Transactions with owners in their capacity as owners				
Issue of share capital	1,482,045	-	-	1,482,045
Share issue costs	(22,963)	-	-	(22,963)
Lapse of options	-	-	(120,205)	(120,205)
Share based payments	-	-	28,838	28,838
Total transactions with owners in their capacity as owners	1,459,082	-	(91,367)	1,367,715
BALANCE AT 30 JUNE 2015	**29,271,250**	**(18,549,088)**	**467,444**	**11,189,606**
AT 1 JULY 2015	**29,271,250**	**(18,549,088)**	**467,444**	**11,189,606**
Loss for the period	-	(2,101,010)	-	(2,101,010)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	**(2,101,010)**		**(2,101,010)**
Transactions with owners in their capacity as owners				
Issue of share capital	1,607,658	-	-	1,607,658
Share issue costs	(5,115)	-	-	(5,115)
Share based payments	-	-	53,431	53,431
Total transactions with owners in their capacity as owners	**1,602,543**	-	**53,431**	**1,655,974**
BALANCE AT 30 JUNE 2016	**30,873,793**	**(20,650,098)**	**520,875**	**10,744,570**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Going Concern Basis for Preparation of Financial Statements

These financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. The ability of the Company to continue to adopt the going concern assumption will depend on future successful capital raisings, the successful development and subsequent exploitation of the Company's tenements and/or sale of non-core assets. Should the Company not be successful in raising additional funding by capital raisings or other alternative funding arrangements fail to eventuate, there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. If the Company is unable to continue as a going concern, it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts that may be different to those stated in the financial statements.

The Directors are cognisant of the fact that future development and administration activities are constrained by available cash assets.

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

(b) Basis of Preparation

These general purpose financial statements have been prepared in accordance with the requirements of the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. These financial statements have been prepared on a historical cost basis. The financial report is presented in Australian currency. The consolidated entity operates on a for-profit basis.

(c) Statement of Compliance

The financial statements have been prepared and comply with Australian Accounting Standards. The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(d) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Carbine Tungsten Limited ("the Company" or "Carbine") and its subsidiaries ("the Group") as at 30 June each year. Subsidiaries are entities over which the Company has control. Control is defined as entities which the group has rights to or is exposed to variable returns from its involvement with the entity and has the ability to use its power to affect those returns.

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

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

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

(e) Derivative Financial Instruments

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

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

The Company has placed shares with Lanstead Capital LP and at the same time entered into a Sharing Agreement in respect of the subscription for which consideration will be received monthly over an 18 month period as disclosed in the notes to these financial statements. The amount receivable each month is dependent upon the Company's share price performance. The Directors have made assumptions in the financial statements about funds receivable at the year end. However, there is significant uncertainty underlying these assumptions due to the unpredictable nature of the Company's share price. Refer to Note 4 for details.

(f) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated either on a diminishing value or straight-line basis over the estimated useful life of the asset. Plant and equipment useful life ranges from 2 – 10 years.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

An item of plant and equipment is derecognised upon disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(g) Borrowings

Borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the accounting policy for borrowing costs.

Borrowings are classified as current unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(h) Recoverable Amount of Assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use.

(i) Exploration, Evaluation, Development and Restoration Costs

Exploration and Evaluation

Exploration and evaluation expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- Such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- Exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated within costs of development.

Exploration and Evaluation – Impairment

The Directors assess at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation costs whether the above carry forward criteria are met.

Accumulated costs in respect of areas of interest are written off or a provision made in profit or loss when the above criteria do not apply or when the Directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis, provisions would be reviewed and if appropriate, written back.

Development

Development expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the Directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development property.

All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until a decision has been made to commence mining. After this decision, the costs are amortised over the life of the area of interest to which such costs relate on a production output basis.

Restoration

Provisions for restoration costs are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Remaining Mine Life

In estimating the remaining life of the mine at each mine property for the purpose of amortisation and depreciation calculations, due regard is given not only to the volume of remaining economically recoverable reserves but also to limitations which could arise from the potential for changes in technology, demand, product substitution and other issues that are inherently difficult to estimate over a lengthy time frame.

(j) Trade and Other Receivables

Trade receivables, which generally have 5-30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(k) Cash and Cash Equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts, if any.

(l) Other Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Employee Entitlements

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within 12 months after the end of the reporting period are recognised in other liabilities in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

Liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the reporting period. They are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salaries and wage levels, experience of employee departures and periods of service. Expected future payments are discounted using corporate bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Regardless of when settlement is expected to occur, liabilities for long service leave and annual leave are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

(n) Share-based Payments

The Carbine Tungsten Limited Awards Plan was approved by shareholders at the Annual General Meeting on 24 November 2015. This replaces the previous employee share option scheme approved in 2012. The Awards Plan provides the Group the ability to provide employees, including Directors and other permitted persons share based payment benefits, including Performance Rights and Options. The issue of Performance Rights or Options is subject to the rules of the Awards Plan and can be issued for nil consideration and against performance or other criteria and will not be quoted on the ASX.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (a) the extent to which the vesting period has expired and (b) 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 reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. 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.

(o) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

(p) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at reporting date.

Deferred income tax is provided on all temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry-forward of unused tax assets and unused tax losses can be utilised:

- Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

(q) Other Taxes

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

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST 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 are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

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

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

(r) Currency

Both the functional and presentation currency is Australian dollars (A$).

(s) Investment in Subsidiaries

The parent entity's investment in its subsidiaries is accounted for under the cost method of accounting in the Company's financial statements included in Note 24.

(t) Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recovery of Deferred Tax Assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Impairment of Non-financial Assets other than Goodwill and other Indefinite Life Intangible Assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

It is reasonably possible that the underlying metal price assumption may change which may then impact the estimated life of mine determinant and may then require a material adjustment to the carrying value of mining plant and equipment, mining infrastructure and mining development assets. Furthermore, the expected future cash flows used to determine the value-in-use of these assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as metal spot prices, discount rates, estimates of costs to produce reserves and future capital expenditure.

Exploration and Evaluation Assets

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation or sale of the areas of interest. Management reassesses the carrying value of the Group's tenements at each reporting period, or at a period other than that, should there be any indication of impairment. No impairment was made for the year ended 30 June 2016.

Derivative Financial Instruments

The recoverable value of derivative financial assets is dependent on the Company's share price. Management has estimated the recoverable value at year end based on the share price at that date.

2. REVENUE AND OTHER INCOME

	2016	2015
Revenue	**$**	$
Interest received – other persons/corporation	**26,767**	52,777
	26,767	52,777
Other income		
Research and development tax concession refund	**769,717**	1,546,780
Diesel fuel rebates	**5,122**	4,274
Other income	**132**	6,480
	774,971	1,557,534
Total revenue and other income	**801,738**	1,610,311

3. INCOME TAX

	2016	2015
(a) Income tax expense	**$**	$
Current income tax		
Current income tax benefit	**(549,645)**	(621,207)
Current income tax benefit not recognised	**549,645**	760,630
Deferred income tax		
Relating to deductible and taxable temporary differences	**-**	(139,423)
Income tax (benefit)/expense	**-**	-
(b) Reconciliation of income tax expense to prima facie tax payable		
Loss before income tax	**(2,101,010)**	(2,415,229)
Tax at the Australian rate of 30% (2015: 30%)	**(630,303)**	(724,569)
Tax effect of amounts which are not taxable in calculating taxable income:		
Other	**80,658**	
Deferred tax asset not recognised	**549,645**	724,569
	-	-
(c) Deferred tax		
Assets		
Tax losses available to offset against future taxable income	**1,859,661**	1,819,570
Accrued expenses	**8,808**	37,355
Employee leave liabilities	**7,183**	13,141
	1,875,652	1,870,066
Liabilities		
Capitalised exploration and evaluation expenditure	**1,852,919**	1,852,919
Prepaid expenses	**22,733**	17,147
	1,875,652	1,870,066
Net deferred tax asset	**-**	-
(d) Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses	**2,931,250**	2,381,605
	2,931,250	2,381,605

No provision for income tax is considered necessary in respect of the Company for the period ended 30 June 2016.

Deferred tax assets have not been recognised in respect of these items because it is not probable in the short to medium term that these assets will be realised. The Group has total tax losses at 30 June 2016 of $15,969,703 (2015: $14,003,916). A future income tax benefit which may arise from tax losses of 30% of approximately $4,790,911 will only be obtained if:

- The Parent and the Subsidiaries derive future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- The Parent and the Subsidiaries continue to comply with the conditions for deductibility imposed by the law; and
- No changes in tax legislation adversely affect the Parent and the Subsidiaries in realising the benefit from the deductions for the losses, i.e. current tax legislation permits carried forward tax losses to be carried forward indefinitely.

No franking credits are available for subsequent years.

Tax consolidation

The tax consolidation scheme is applicable to the Company. As at the date of this Report the Directors have not assessed the financial effect, if any, the scheme may have on the Company and the consolidated entities and accordingly the Directors have not made a decision whether or not to be taxed as a single entity. The financial effect of the tax consolidation scheme on the Group has not been recognised in the financial statements.

4. FINANCIAL ASSETS

	2016 $	2015 $
Current		
Derivative financial asset[1]	**973,494**	-
Total current		
Non Current		
Derivative financial asset[1]	**200,333**	-
Other - Shares in listed companies: Sovereign Gold Company Ltd	**5,156**	3,093
Total non current	**205,489**	**3,093**

[1] In November 2015 and March 2016, the Company entered into two separate agreements with Lanstead Capital LP ("Lanstead"), Tranche A and Tranche B Share Subscription Agreements and Tranche A and Tranche B Sharing Agreements. Under the Share Subscription Agreements 75,000,000 ordinary shares were issued to Lanstead for a cash consideration of A$1,875,000. A value payment of 8,000,000 shares was issued to Lanstead as consideration for entering into the Sharing Agreements. A$281,250 was received upon subscription with the balance of A$1,593,750 invested by the Company in Sharing Agreements, to be returned in monthly instalments commencing in January 2016 (Tranche A) and May 2016 (Tranche B).

Shares issued	**Shares**	$
Shares issued on subscription to agreement	18,750,000	281,250
Value payment issued to Lanstead	8,000,000	-
Shares subject to sharing agreement	56,250,000	1,593,750
	83,000,000	1,875,000

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

The net amount due from Lanstead at 30 June 2016 is $1,173,827 (Financial assets – current and non current).

The reconciliation of movements in derivative assets and liabilities and cash received to loss on derivative investments is shown as follows:

Reconciliation to loss on derivative investment	**$**
Cash received up to 30 June 2016	**474,700**
Lanstead Receivable at 30 June 2016	**63,510**
Net movement in derivative financial assets (fair value)	**1,173,827**
Net movement in derivative financial liability	**(875,562)**
Net movement in issued capital	**(971,458)**
Loss on derivative investment	**(134,983)**

The market value of the Sharing Agreement has been valued at the Company's share price of $0.030 as at 30 June 2016 relative to the benchmark price of $0.033. This is a level two asset under AASB 13 Fair Value Measurement.

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

Increase in the Company's share price by 25% above the benchmark share price	$26,016
Decrease in the Company's share price by 25% below the benchmark share price	($26,016)

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

The monthly instalments conclude in November 2017.

5. AUDITORS' REMUNERATION

	2016	2015
Total amounts receivable by the current auditors of the Company for:	**$**	$
- Audit of the Company's accounts	**37,500**	36,000
- Tax compliance services – tax returns	**7,000**	7,000
	44,500	43,000

6. RECEIVABLES – NON CURRENT

Tenement security deposits	**726,121**	726,121
Other security deposits	**3,498**	18,575
	729,619	744,696

The tenement deposits are restricted so that they are available for any rehabilitation that may be required on the mining exploration tenements (refer to Notes 15 and 16).

7. PLANT AND EQUIPMENT

Plant and equipment – at cost	**7,033,925**	7,015,165
Accumulated depreciation	**(3,984,854)**	(3,081,987)
	3,049,071	3,933,178

Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial year

Carrying amount at beginning		
Additions	**65,640**	26,203
Disposals	**(13,711)**	(33,520)
Depreciation expense	**(936,036)**	(951,890)
	3,049,071	3,933,178

8. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

Costs brought forward	**6,176,398**	6,176,398
Costs incurred during the period	**-**	-
Expenditure written off during period	**-**	-
Costs carried forward	**6,176,398**	6,176,398

Exploration expenditure costs carried forward are made up of:		
Expenditure on joint venture areas	**-**	-
Expenditure on non-joint venture areas	**6,176,398**	6,176,398
Costs carried forward	**6,176,398**	6,176,398

The above amounts represent costs of areas of interest carried forward as an asset in accordance with the accounting policy set out in Note 1. The ultimate recoupment of deferred exploration and evaluation expenditure in respect of an area of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect of the relevant area of interest, is not charged until a mining operation has commenced.

The Directors have not impaired any Deferred Exploration and Evaluation Expenditure for the 2016 financial year. Financial modelling for the pre-feasibility study of the Mt Carbine Project based on a 10 year rolling period indicate a positive net present value (NPV) discounted at 7% and internal rate of return (IRR) using an APT price of US$200 which is the lower-end of the tungsten price range reported in the SP Angel Report at 30 June 2016. Nothing has come to the attention of the Directors to indicate the assumptions or calculations in the financial modelling for the pre-feasibility study are unreasonable.

9. CURRENT LIABILITIES – PAYABLES

	2016 $	2015 $
Trade creditors	**21,279**	52,997
Accrued expenses	**29,361**	124,515
Royalties	**51,936**	51,936
Other	**61,649**	41,344
	164,225	270,792

10. BORROWINGS

Secured loan from Mitsubishi Corporation RtM Japan Ltd	**269,582**	1,305,910

The US$1 Million (AU$1,305,910) loan facility was established in February 2014 from Mitsubishi Corporation RtM Japan Ltd and is secured against 2.7% of the equity of Carbine's fully owned subsidiary Tungsten Resources Pty Ltd. Repayments of US$800,000 (AU$1,029,180) were made during the 2016 financial year, and the balance of the loan is scheduled to be repaid in full by the end of the 2016 calendar year. The loan bears an interest rate of 6% per annum.

11. FINANCIAL LIABILITIES

Current		
Unissued shares liability (i)	**11,281**	-
Derivative financial liability (ii)	**733,560**	-
Designated at fair value through profit and loss	**-**	-
Total current financial liabilities	**744,841**	-
Non Current		
Derivative financial liability (ii)	**142,000**	-
Total financial liabilities	**886,841**	-

(i) During the year ended 30 June 2016, a share placement liability arose due to work undertaken by a consultant and agreement was reached for the payment of these services through the issue of shares. A share placement to the consultant took place on 8 July 2016 through the issue of 460,423 shares at the placement price of $0.025 per share for a total consideration of $11,281.

(ii) As announced by the Company on 18 November 2015, the Company entered into a Sharing Agreement with Lanstead Capital LP ('Lanstead') to allow the Company to retain much of the economic interest in the 56,250,000 shares subscribed by Lanstead (see Notes 4 and 12). The derivative financial liability resulting from the Sharing Agreement is amortised over the period of the Sharing Agreement in 18 equal monthly instalments commencing from 1 January 2016 (Tranche A) and May 2016 (Tranche B).

12. CONTRIBUTED EQUITY

	2016	2015
Share Capital	**$**	$
418,415,995 (2014: 309,968,026) ordinary shares fully paid	**30,873,793**	29,271,250

(a) Movements in Ordinary Share Capital

1 July 2015 to 30 June 2016	Date	Number of Shares	Issue Price	$
Balance b/fwd		**309,968,026**		**29,271,250**
Shares issued to Lanstead Capital LP	20-11-2015	13,000,000	$0.025	325,000
Shares issued to Lanstead Capital LP subject to an 18 month sharing agreement – 6 of 18 instalments settled	20-11-2015	30,000,000	**	243,833
Shares issued to participants in the 2015 Non-renounceable Entitlements Offer	18-12-2015	16,147,969	$0.025	403,700
Shares issued to shortfall participants in the 2015 Non-renounceable Entitlements Offer	18-12-2015	9,300,000	$0.025	232,500
Shares issued to Lanstead Capital LP as a shortfall participant in the 2015 Non-renounceable Entitlements Offer	11-03-2016	13,750,000	$0.024	330,000
Shares issued to Lanstead Capital LP as a shortfall participant in the 2015 Non-renounceable Entitlements Offer and subject to an 18 month sharing agreement – 2 of 18 instalments settled	11-03-2016	26,250,000	**	72,625
Share issue costs				(5,115)
Balance as at 30 June 2016		418,415,995		30,873,793

1 July 2014 to 30 June 2015	Date	Number of Shares	Issue Price	$
Balance b/fwd		**296,745,179**		**27,812,168**
Shares issued to Directors as remuneration at a deemed value of $0.12 per share as approved by shareholders at the 2014 AGM.	12-11-2014	4,500,000	$0.12	540,000
Shares issued from the exercise of options	22-10-2014	270,000	$0.10	27,000
Shares issued from the exercise of options	31-10-2014	250,000	$0.10	25,000
Shares issued from the exercise of options	04-11-2014	500,000	$0.10	50,000
Shares issued from the exercise of options	06-11-2014	205,000	$0.10	20,500
Shares issued from the exercise of options	07-11-2014	454,546	$0.10	45,454
Shares issued from the exercise of options	10-11-2014	1,181,818	$0.10	118,182
Shares issued from the exercise of options	13-11-2014	2,909,092	$0.10	290,909
Shares issued from the exercise of options	17-11-2014	363,636	$0.10	36,364
Shares issued from the exercise of options	18-11-2014	318,182	$0.10	31,818
Shares issued for consulting services	23-12-2014	450,000	$0.12	54,000
Shares issued under employee share scheme	23-12-2014	432,173	***	47,000
Shares issued under a placement	30-06-2015	1,388,400	$0.14	195,818
Share issue costs				(22,963)
Balance as at 30 June 2015		**309,968,026**		**29,271,250**

** Number of shares issued subject to Sharing Agreement with Lanstead Capital LP
*** Issued at various prices

Terms and Conditions of Contributed Equity

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up, on the shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Option holders have no voting rights until the options are exercised.

Options

The following options are outstanding at the end of the reporting period.

(b) Movements in Options and Performance Rights

	Date	Number of Options	Exercise Price	Maturity
Unlisted Options and Performance Rights				
Options issued to Directors as remuneration approved by shareholders at the 2014 AGM	12-11-14	8,000,000	$0.20	12-11-17
Balance as at 30 June 2016		**8,000,000**		

13. EARNINGS PER SHARE

	2016	2015
	$	$
Loss after income tax attributable to the owners of Carbine Tungsten Limited used in calculating basic and diluted earnings per share	**(2,101,010)**	(2,415,229)
	Number	Number
Weighted average number of ordinary shares on issue used in the calculation of basic loss per share	**359,930,611**	303,827,033
Weighted average number of ordinary shares used in calculating diluted earnings per share. Note options outstanding at reporting date have not been brought to account as they are anti-dilutive.	**359,930,611**	303,827,033
	Cents	Cents
Basic (loss) per share (cents)	**(0.56)**	(0.79)
Diluted loss per share (cents)	**(0.56)**	(0.79)

Conversion, call, subscription or issue after 30 June 2016:

Since the end of the financial period, and before the reporting date of these financial statements, the following conversions to, call of, or subscriptions for ordinary shares or issues of potential ordinary shares have taken place:

	2016	2015
	No of shares	No of shares
Subscriptions for ordinary shares	**460,423**	-
Total subscriptions for ordinary shares	**460,423**	-

14. KEY MANAGEMENT PERSONNEL COMPENSATION

Short-term employee benefits	**415,238**	584,949
Post-employment benefits	**-**	-
Other long-term benefits	**-**	-
Termination benefits	**-**	-
Share based payments	**-**	730,000
Balance at the end of period	**415,238**	1,314,949

15. CONTINGENT LIABILITIES

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

16. COMMITMENTS

Exploration Licence Expenditure Requirements

In order to maintain the Company's tenements in good standing with the various mines departments, the Company will be required to incur exploration expenditure under the terms of each licence. These expenditure requirements will diminish if the Group joint ventures projects to third parties. It is likely that the granting of new licences and changes in licence areas at renewal or expiry will change the expenditure commitment of the Group from time to time.

	2016	2015
	$	$
Payable not later than one year	**340,000**	455,000
Payable later than one year but not later than two years	**1,040,000**	-
	1,380,000	455,000

17. INVESTMENT IN SUBSIDIARIES

	Equity Interest		Cost of Parent Entity's Investment	
Parent Entity	**2016**	2015	**2016**	2015
Carbine Tungsten Limited	**%**	%	**$**	$
Controlled Entities				
South Eastern Resources Pty Ltd	**100**	100	**-**	-
Cast Resources Pty Ltd	**100**	100	**2**	2
Troutstone Resources Pty Ltd	**100**	100	**2**	2
Kaowest Pty Ltd	**100**	100	**2**	2
Icon Resources Africa Pty Ltd	**100**	100	**10**	10
Tungsten Resources Pty Ltd (In Liquidation)	**100**	100	**10**	10

Carbine Tungsten Limited and all of its subsidiaries are located and incorporated in Australia.

18. SUBSEQUENT EVENTS

There have been no material events subsequent to 30 June 2016 that have not previously been reported other than:

- The Company announcing on 14 September 2016 that it had engaged a specialist minerals technology provider to conduct a preliminary testwork program on tungsten scheelite concentrate samples from its Mt Carbine mine project. Carbine is also exploring opportunities to hold agency rights for the distribution of this technology within Australia, New Zealand and Papua New Guinea.
- The Company announcing on 22 September 2016 that it had acquired two gold prospects in New South Wales, being EL6648 Crow Mountain and EL8024 Panama Hat from Frontier Capital Limited.

19. STATEMENT OF CASH FLOWS

Reconciliation of net cash outflow from operating activities to operating loss after income tax		**2016**	2015
		$	$
(a)	Operating loss after income tax	**(2,101,010)**	(2,415,229)
	Depreciation	**936,036**	951,890
	Options expense	**53,431**	-
	Loss on disposal of assets	**12,747**	31,248
	(Revaluation) Devaluation of investment to market value	**(2,063)**	46,406
	Share based creditor and employee payments	**11,281**	544,872
	Unrealised foreign exchange loss	**55,851**	244,260
	Lanstead Capital LP receivable	**63,510**	-
	Loss on revaluation of derivative financial asset	**134,983**	-
	Change in assets and liabilities:		
	(Increase) in receivables	**(55,896)**	(231,004)
	(Increase) in other assets	**(22,042)**	(8,822)
	Increase/(decrease) in trade and other creditors	**(106,567)**	203,194
	Net cash outflow from operating activities	**(1,019,739)**	(633,185)

(b) For the purpose of the Statement of Cash Flows, cash includes cash on hand, at bank, deposits and bank bills used as part of the Company's cash management function. The Company does not have any unused credit facilities.

The balance at 30 June 2016 comprised:

Cash assets	**761,413**	1,817,147
Cash on hand	**761,413**	1,817,147

(c) The following non-cash financing and investing activities were incurred by the Company during the year.

Shares issued to creditors and employees for services rendered	**-**	641,000
Sharing Agreement with Lanstead Capital LP	**1,227,768**	-

Share Placement and Sharing Agreement

On 20 November 2015 a share placement was made to Lanstead Capital LP ("Lanstead") to raise, in aggregate, A$1,000,000 through the issue of 40,000,000 shares at the placement price of $0.025 per share. On 11 March 2016, an additional placement was made to Lanstead to raise, in aggregate, A$875,000 through the issue of 35,000,000 shares at the placement price of $0.025 per share. As part of these placements, the Company retained A$281,250 of the aggregate A$1,875,000 subscription and the balance of A$1,593,750 was invested in a Sharing Agreement with Lanstead which enables the Company to secure much of the potential upside from share price appreciation over the next 18 months. A value payment of 8,000,000 shares was issued to Lanstead for entering into the Sharing Agreement such that, in total and at 30 June 2016, 83,000,000 shares have been issued to Lanstead pursuant to the Subscription Agreements. The balance of A$1,227,768 invested in the Sharing Agreement is not shown in the Consolidated Statement of Cash flows for the year to 30 June 2016.

20. CORPORATE INFORMATION

The Financial Report of the Group for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on 16th September 2016.

Carbine Tungsten Limited is a company limited by shares and incorporated in Australia. Its shares are publicly traded on the Australian Stock Exchange under the ticker code "CNQ".

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise cash, short term deposits and available for sale investments.

The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as trade receivable and trade payables, which arise directly from its operations. It is, and has been throughout the entire period under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are cash flow interest rate risk and equity price risk. Other minor risks are summarised below. The Board reviews and agrees policies for managing each of these risks.

(a) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements. The consolidated entity does not hold any collateral.

(b) Cash Flow Interest Rate Risk

The Company's exposure to the risks of changes in market interest rates relates primarily to the Company's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Company to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The consolidated entity does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount by maturity of the Company's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments. Also included is the effect on profit and equity after tax if interest rates at that date had been 10% higher or lower with all other variables held constant as a sensitivity analysis.

The Company has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the consolidated entity continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Note	Interest Bearing				Non-Interest Bearing		Total Carrying Amount	
		Fixed		Floating					
		2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
		$	$	**$**	$	**$**	$	**$**	$
Financial Assets:									
Cash at bank		**-**	-	**761,413**	1,817,147	**-**	-	**761,413**	1,817,147
Trade and other receivables		**-**	-	**-**	-	**93,957**	45,803	**93,957**	45,803
Financial assets	4	**-**	-	**-**	-	**1,178,983**	-	**1,178,983**	-
Total		**-**	-	**761,413**	1,817,147	**1,272,940**	45,803	**2,034,353**	1,862,950
Weighted average Interest rate		**-**	-	**1.7%**	2.8%	**-**	-	**1.7%**	2.8%
Financial Liabilities		**-**	-	**-**	-	**-**	-	**-**	-
Trade and other Payables	8	**-**	-	**-**	-	**(164,225)**	(270,792)	**(164,225)**	(270,792)
Borrowings	10	**(269,582)**	(1,305,910)	-	-	**-**	-	**(269,582)**	(1,305,910)
Financial liabilities	11	**-**	-	**-**	-	**(886,841)**	-	**(886,841)**	-
Total		**(269,582)**	(1,305,910)	-	-	**(1,051,066)**	(270,792)	**(1,320,648)**	(1,576,702)
Weighted average Interest rate		**6.00%**	3.00%	-	-	**-**	-	**6.00%**	6.00%
Net financial assets (liabilities)		**(269,582)**	(1,305,910)	**761,413**	1,817,147	**221,874**	(224,989)	**713,705**	286,248

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short-term and long-term Australian dollar interest rates. A 10% sensitivity would move short-term interest rates at 30 June 2016 from around 2.50% to 2.75% representing a 25 basis points shift. With the continuing uncertain financial markets, the current low interest rates are expected to continue and any change would likely be only a small decrease and this level of sensitivity is considered reasonable. Only interest revenue from variable rate deposits and cash balances is impacted resulting in a decrease or increase in overall income.

(c) Price Risk

The Group is exposed to equity securities price risk. The Group has derivative financial assets, and investments held and classified on the Statement of Financial Position as available-for-sale, both as shown in Note 4.

(d) Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash reserves and marketable securities and through the continuous monitoring of budgeted and actual cash flows.

	2016	2015
Contracted maturities for payables year ended 30 June 2015	**$**	$
Payable:		
- less than 6 months	**433,807**	923,747
- 6 to 12 months	**-**	662,721
- 1 to 5 year	**-**	-
- later than 5 year	**-**	-
Total	**433,807**	1,586,468

(e) 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 - 2016

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Ordinary shares	**5,156**	**-**	**-**	**5,156**
Derivative financial assets	**-**	**1,173,817**	**-**	**1,173,817**
Total assets	**5,156**	**1,173,817**	**-**	**1,178,973**
Liabilities				
Derivative financial liabilities	**-**	**875,560**	**-**	**875,560**
Total liabilities		**875,560**	**-**	**875,560**

Consolidated - 2015

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Ordinary shares	3,093	-	-	3,093
Options	-	-	-	-
Total assets	3,093	-	-	3,093

There were no transfers between levels during the financial year

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

(f) Commodity Price Risk

The Company is exposed to commodity price risk. This risk arises from its activities directed at exploration and mining development of mineral commodities. If commodity prices fall, the market for companies exploring and/or mining for these commodities is affected. The Company does not currently hedge its exposures.

(g) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Company's foreign currency transactions are not significant at this stage, but will be reviewed as the mining operations increase. There is no hedging currently in place for foreign exchange risk.

(h) Fair Values

For financial assets and liabilities, the fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form, other than listed investments. The Company has no financial assets including derivative financial assets and liabilities where the carrying amount exceeds the net fair values at reporting date. The Company's receivables at reporting date are detailed in Notes 4 and 6 and comprise primarily a derivative financial asset receivable from Lanstead Capital LP and GST input tax credits refundable by the Australian Taxation Office. The balance (if any) of receivables comprises prepayments (if any). The credit risk on financial assets of the Company which have been recognised on the Statement of Financial Position is generally the carrying amount.

(i) Capital Risk Management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. Consistently with others in the industry, the consolidated entity monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity" as shown in the Statement of Financial Position plus net debt. The gearing ratio as at 30 June 2016 and 30 June 2015 was 0% as net debt was negative in both years.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements and covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2015 Annual Report. The consolidated entity is not subject to externally imposed capital requirements.

22. SHARE-BASED PAYMENTS

(a) Share based payments

	2016	2015
	$	$
Share-based payments expense	**53,431**	549,634
Share-based payments capitalised	**-**	-
Total share-based payments	**53,431**	549,634

	2016	2015
Schedule of share-based payments	**$**	$
Shares		
4,500,000 shares issued to Directors as remuneration at a deemed value of $0.12 per share as approved by shareholders at the 2014 AGM	-	540,000
450,000 shares issued to Consultants for past services rendered to the parent company on 23 December 2014	-	54,000
432,173 shares issued to employees pursuant to the Company's Awards Plan and to satisfy bonus conditions of historical employee contracts on 23 December 2014	-	47,000
Total allocated against Issued Capital	**-**	**641,000**
Options		
8,000,000 options issued to Directors as remuneration at an exercise price of $0.20 and expiring on 12 November 2017 as approved by shareholders at the 2014 AGM	**53,431**	33,601
Reversal of 2010 options valuation from lapse of options	-	(120,205)
Reversal of accrual upon issue of shares to employee on 30 December 2013	-	-
Accrual at June 2014 prior to issue and reversal of accrual upon issue of shares to employee on 23 December 2014	-	(4,762)
Subtotal allocated against Share Based Payment Reserve	**53,431**	**(91,366)**
Closing balance	**53,431**	**549,634**

(b) Options

The following table details the number, weighted average exercise prices (WAEP) and movements in share options issued for capital raising purposes, employment incentives or as payments to third parties for services during the year.

	2016	**2016**
	Number	**WAEP**
Outstanding at the beginning of the year	8,000,000	$0.20
Granted during the year	-	-
Converted/expired during the year	-	**-**
Outstanding at the end of the year	**8,000,000**	**$0.20**

(c) Options Issued

8,000,000 unlisted options were issued to Directors as remuneration at an exercise price of $0.20 and expiring on 12 November 2017 as approved by shareholders at the 2014 AGM and vesting immediately. The options must be exercised on or before the expiry date in cash. No listed or unlisted options were issued in the current financial year.

Unlisted Options

The fair value of the 8,000,000 equity settled share options granted is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the year ended 30 June 2016.

Fair value at grant date	$0.02
Share price at grant date	$0.11
Exercise price	$0.20
Expected volatility	50%
Expected life	3 years
Dividend yield	0%
Risk-free interest rate	2.98%
Number of options issued	8,000,000
Valuation	$160,000

The total value of these options was $160,000 at the date they were granted.

Listed Options

No listed options were issued during the year ended 30 June 2015 (2014: Nil).

(e) Options lapsed during the reporting period

No options lapsed during the reporting period without exercise.

(f) Awards Plan

The Carbine Tungsten Limited Awards Plan was approved by shareholders at the Annual General Meeting on 24 November 2015. This replaces the previous employee share option scheme approved in 2012. The purpose of the Awards Plan is to attract, motivate and retain eligible employees. It enables the Group to provide employees, including Directors and other permitted persons share based payment benefits, including Performance Rights and Options. The issue of Performance Rights or Options is subject to the rules of the Awards Plan and can be issued for nil consideration and against performance or other criteria and will not be quoted on the ASX.

The Board may amend the Plan's rules at any time subject to the requirements of the ASX Listing Rules.

Set out below are summaries of the options and rights granted under the plans:

2016 Grant Date	**Expiry Date**	**Exercise price**	**Balance at the start of the year**	**Granted**	**Exercised**	**Expired/ forfeited**	**Balance at the end of the year**
Share Option Plan							
12 Nov 2014	12 Nov 2017	$0.20	8,000,000	-	-	-	8,000,000
Total			**8,000,000**	**-**	**-**	**-**	**8,000,000**
Weighted average exercise price			$0.20	-	-	-	$0.20

2015 Grant Date	**Expiry Date**	**Exercise price**	**Balance at the start of the year**	**Granted**	**Exercised**	**Expired/ forfeited**	**Balance at the end of the year**
Share Option Plan							
16 Dec 2009	17 Nov 2014	$0.14	450,000	-	-	(450,000)	-
16 Dec 2009	17 Nov 2014	$0.19	950,000	-	-	(950,000)	-
12 Nov 2014	12 Nov 2017	$0.20	-	8,000,000	-	-	8,000,000
			1,400,000	**8,000,000**	**-**	**(1,400,000)**	**8,000,000**
Weighted average exercise price			**$0.174**	**-**	**-**	**-**	**$0.20**
Total			**1,400,000**	**8,000,000**	**-**	**(1,400,000)**	**8,000,000**
Weighted average exercise price			$0.174	-	-	-	$0.20

Set out below are the options and rights exercisable at the end of the financial year:

Grant Date	Expiry Date	2016 Number	2015 Number
Options			
12 November 2014	12 November 2017	8,000,000	8,000,000
Total Options		**8,000,000**	**8,000,000**

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.4 years (2015: 2.4 years).

During the financial year, no securities were granted under the Awards Plan. During the previous financial year, the following securities were granted under the Awards Plan:

Securities issued under Awards Plan	Date	Securities Issued	Valuation	Total Value
Shares issued to Directors as remuneration at a deemed value of $0.12 per share as approved by shareholders at the 2014 AGM.	12-11-14	4,500,000	$0.12	540,000
Options issued to Directors as remuneration with an exercise price of $0.20 per option and expiring on 12 November 2017 as approved by shareholders at the 2014 AGM.	12-11-14	8,000,000	$0.02	160,000
Shares issued under employee share scheme	23-12-14	432,173	**	47,000

** Issued at various prices

23. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Adoption of New Standards and Interpretations

Changes in accounting policies on initial application of Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year. From 1 July 2015, the Group has adopted all the standards and interpretations mandatory for annual periods beginning on or after 1 July 2015. Adoption of these standards and interpretations did not have any effect on the statements of financial position or performance of the Consolidated Entity. The Consolidated Entity has not elected to early adopt any new standards or amendments.

New Accounting Standards and Interpretations Issued Not Yet Effective

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They have been issued but are not yet effective and are available for early adoption at 30 June 2016, but have not been applied in preparing this financial report.

Reference and title	Details of New Standard / Amendment / Interpretation	Application date for the Group
AASB 16 (issued February 2016)	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. This standard will not apply to leases to explore for or use minerals.	**1 July 2019**
AASB 15 Revenue from contracts with customers	AASB 15 establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.	**1 July 2018**

Reference and title	Details of New Standard / Amendment / Interpretation	Application date for the Group
AASB 9 / IFRS 9 Financial Instruments AASB 2010-7 and AASB 2012-6 Amendments to AAS's arising from AASB 9	The revised IFRS 9 will eventually replace AASB 139 and all previous versions of IFRS 9. The revised standard includes changes to the: • classification and measurement of financial assets and financial liabilities • expected credit loss impairment model • hedge accounting. Financial assets are measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Apart from the 'own credit risk' requirements, classification and measurement of financial liabilities is unchanged from existing requirements.	**1 July 2018**

The Group has not yet determined the extent of the impact, if any, of the above standards.

Apart from the above, other accounting standards, amendments and interpretations that will be applicable in future periods have been considered, however their impact is considered insignificant to the Group

24. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Carbine Tungsten Limited. The information presented has been prepared using accounting policies that are consistent with those presented in Note 1.

	2016	2015
	$	$
ASSETS		
Current assets	**1,904,614**	1,908,916
Non –current assets	**10,160,604**	10,857,365
TOTAL ASSETS	**12,065,218**	12,766,281
LIABILITIES		
Current liabilities	**1,178,648**	1,576,702
Non current liabilities	**142,000**	-
TOTAL LIABILITIES	**1,320,648**	1,576,702
NET ASSETS	**10,744,570**	11,189,579
EQUITY		
Issued capital	**30,873,793**	29,271,250
Reserves	**520,875**	467,444
Accumulated losses	**(20,650,098)**	(18,549,115)
TOTAL EQUITY	**10,744,570**	11,189,579
FINANCIAL PERFORMANCE		
Profit (loss) for the year	**(2,101,010)**	(2,415,229)
Other comprehensive income/(loss) for the year	**-**	-
Total comprehensive profit/(loss)	**(2,101,010)**	(2,415,229)

Contingent Liabilities

As at 30 June 2016 and 30 June 2015 the Company had no contingent liabilities.

Contractual Commitments

As at 30 June 2016 and 30 June 2015 the Company had no contractual commitments other than those disclosed in Note 19.

Guarantees Entered into by Parent Entity

As at 30 June 2016, the Company has not provided any financial guarantees.

Loans to Subsidiaries

Loans are made by the parent entity to its wholly-owned subsidiaries to fund exploration and development activities. Loans outstanding between the Company and its subsidiaries are non-interest bearing, unsecured and are repayable upon notice having regard to the financial stability of the Company.

	2016	2015
Investments in Subsidiaries Accounted for At Cost	**$**	$
Loans to subsidiaries	-	6,355,357
Intercompany loans written-off on transfer to parent entity	-	(6,355,357)
Net loans to subsidiaries	-	-

Inter-company loans were written-off in full as deferred exploration and evaluation expenditure equalling the loan accounts that were transferred to the parent entity.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the Financial Statements, comprising the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and accompanying Notes, are in accordance with the Corporations Act 2001 and:

    a) comply with Accounting Standards, which, as stated in the accounting policy Note 1, to the financial statements, constitutes explicit and unreserved compliance with international Financial Reporting Standards (IFRS); and

    b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the company and consolidated group;

2. the Chief Executive Officer and the Chief Finance Officer have each declared that:

    a) the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001;*

    b) the Financial Statements and notes for the financial year comply with Accounting Standards; and

    c) the Financial Statements and Notes for the financial year give a true and fair view; and

3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with the resolution of the Board of Directors.

On behalf of the Board

A J Morgan

CEO and Managing Director

Cairns, 30th September 2016

AUDITOR'S INDEPENDENCE DECLARATION

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

As lead auditor of Carbine Tungsten Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

No contraventions of any applicable code of professional conduct in relation to the audit.

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

G Mitchell

Greg Mitchell

Director

BDO

BDO Audit (NTH QLD) Pty Ltd

Cairns, 30 September 2016

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INDEPENDENT AUDITOR'S REPORT

To the members of Carbine Tungsten Limited and Controlled Entities

Report on the Financial Report

We have audited the accompanying financial report of Carbine Tungsten Limited and Controlled Entities, which comprises the consolidated statement of financial position as at 30 June 2016, 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 entities 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 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 about 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.

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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Carbine Tungsten Limited and Controlled Entities, would be in the same terms if given to the directors as at the time of this auditor's report.

INDEPENDENT AUDITOR'S REPORT

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Opinion

In our opinion:

(a) the financial report of Carbine Tungsten Limited and Controlled Entities 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 30 June 2016 and of its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 25 of the directors' report for the year ended 30 June 2016. 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 Tungsten Limited and Controlled Entities for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO

BDO Audit (NTH QLD) Pty Ltd

G Mitchell

Greg Mitchell

Director

Cairns, 30 September 2016

SHAREHOLDER INFORMATION

Information relating to shareholders at 13 September 2016 (per ASX Listing Rule 4.10)

Substantial Shareholders	**Shareholding**
Lanstead Capital L.P.	83,000,000
Leon Eugene Pretorius	36,000,001

Distribution of Shareholders as at 13 September 2016	**Number**	**Ordinary**
Number of Ordinary Shares Held	**of Holders**	**Shares**
1 – 1,000	52	8,101
1,001 – 5,000	62	224,002
5,001 – 10,000	128	1,128,731
10,001 – 100,000	548	23,363,984
100,001 – and over	374	394,151,600
	1,164	**418,876,418**

At the prevailing market price of 2.9 cents per share, there are 340 shareholders with less than a marketable parcel of $500.

Top 20 Shareholders of Ordinary Shares as at 13 September 2016	**Shares**	**% Shares issued**
Lanstead Capital L.P.	83,000,000	19.81
Dr Leon Eugene Pretorius	36,000,001	8.59
Mota-Engil Minerals & Mining Investments BV	16,000,000	3.82
Baglora Pty Ltd <Mott Family Super Fund A/C>	15,850,165	3.78
TBB NSW Pty Ltd <The Watson No 1 A/C>	13,691,190	3.27
Alan Scott Nominees Pty Ltd <Superannuation Fund A/C>	5,500,000	1.31
Max Mobile Auto Clinic Pty Ltd	5,218,146	1.25
Silva Pty Ltd	5,105,000	1.22
JA Johnstone Pty Ltd <Waterhouse Super Fund A/C>	4,931,818	1.18
Andrew James Morgan	4,184,801	1.00
Mr Paul Marchetti	4,012,480	0.96
Mr Raymond Thomas Page	4,008,000	0.96
JFSF Holdings Pty Ltd <The Jane Family S/F A/C>	4,000,000	0.95
Bridge Point Pty Ltd <Dwyer Superannuation A/C>	3,681,818	0.88
Nicholson Super Pty Ltd <Nicholson Family S/F A/C>	3,626,833	0.87
Terstan Nominees Pty Ltd <Morrows P/L Super Fund A/C>	3,623,298	0.87
Bullock Point Pty Ltd <Bishop Family Super Fund A/C>	3,515,014	0.84
Golden Reef Enterprises Pty Ltd <Golden Reef Enterprises Fam A/>	3,221,826	0.77
IPZ Pty Ltd <Sheffield-Parker & Gatto Super>	2,888,889	0.69
WGS Pty Ltd	2,750,000	0.66
Total of Top 20 Holdings	224,809,279	53.68
Other Holdings	194,067,139	46.32
Total Fully Paid Shares Issued	418,876,418	100.00

Employee Share based Performance Plan

At a General Meeting held 24 November 2015 shareholders approved the adoption of the Carbine Tungsten Limited Awards Plan. The purpose of the Plan is to attract, motivate and retain employees, provide employees an incentive and provide the ability to grant Performance Rights or Options to employees, including Non-Executive Directors. This replaces the previous Employee Share Option Scheme approved in 2012.

Voting rights

There are no restrictions on voting rights. On a show of hands every member present or by proxy shall have one vote and upon a poll each share shall have one vote. Where a member holds shares which are not fully paid, the number of votes to which that member is entitled on a poll in respect of those partly-paid shares shall be that fraction of one vote which the amount paid up bears to the total issued price thereof. Option holders have no voting rights until the options are exercised.

Audit Committee

At the date of the Report of the Directors, the Company has a Committee of two Non-executive Directors that meets with the Company's external auditors at least once during each half-year. These meetings take place prior to the finalisation of the Half-Year Financial Statements and Annual Report, and prior to the signing of the Audit Report.

NOTES

CARBINE TUNGSTEN

Reawakening the Mt Carbine Tungsten Mine