Carbine Tungsten Limited

ABN: 77 115 009 106 (ASX CODE: CNQ)

CARBINE TUNGSTEN

Half Year Financial Report

31 DECEMBER 2012

CORPORATE DIRECTORY

DIRECTORS

Leon Pretorius	Chairman
Andrew James Morgan	CEO & Managing Director
Andrew White	Non-executive Director (Resigned 31 January 2013)
Anthony Gordon	Non-executive Director (Appointed 26 November 2012)
Peter Donkin	Non-executive Director (Appointed 25 February 2013)

COMPANY SECRETARY

Robert Waring (Resigned 31 January 2013)

Tom Bloomfield (Appointed 31 January 2013)

PRINCIPAL AND REGISTERED OFFICE

50 Scott Street, Bungalow QLD 4870

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Facsimile: +61 (0)7 4052 2444

E-mail: admin@carbinetungsten.com.au

Website: www.carbinetungsten.com.au

SHARE REGISTRY

Computershare Investor Services Pty Limited

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Telephone (internationally): +61 (0)3 9415 4000

AUDITORS

BDO

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Cairns QLD 4870

Telephone: +61 (0)7 4046 0000

Facsimile: +61 (0)7 4051 3484

BANKERS

Commonwealth Bank of Australia

STOCK EXCHANGE LISTING

Listed on the Australian Securities Exchange (ASX)

ASX Code: CNQ

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DIRECTORS' REPORT

Your Directors submit their Report for the half year ended 31 December 2012.

DIRECTORS

A change in Directors occurred shortly after the period of this Report. The names of the Company's Directors in office during the half-year and at the date of this Report are as follows:

Leon Pretorius (Chairman)
Andrew James Morgan (Managing Director)
Andrew White (Non-Executive Director) – Resigned 31 January 2013
Anthony Gordon (Non-Executive Director) – Appointed 26 November 2012
Peter Donkin (Non-Executive Director) – Appointed 25 February 2013

REVIEW & RESULTS OF OPERATIONS

The net result of operations after applicable income tax expense for the half year ended 31 December 2012 was a loss of $3,840,702 (2011 – loss $1,358,442).

REVIEW OF OPERATIONS

The first half of the 2012/2013 financial year has proven to be a highly productive period for Carbine Tungsten Limited (CNQ) with the achievement of a number of key milestones and improvements that have positively impacted upon the Company's future performance, value and productivity.

Information on the operations and financial position of the Group, its business strategies and prospects for future financial years is set out in the next sections of this Report, however the major highlights of this period were:-

- Execution of a Memorandum of Understanding (MOU) between CNQ and Mota-Engil, Minerals & Mining Investments BV (Mota-Engil), a Portuguese based, multi-national mining, construction and engineering conglomerate. This agreement culminated in a strategic investment of $2 million by Mota-Engil via a subscription for 16 million CNQ shares at 12.5 cents per share.

- Finalisation of the "Hard Rock" Feasibility Study which identified the following highly favourable project economics:-

Project Life	15 Years
Capital Expenditure (including working capital)	$53.8 million (+/- 20% variance)
Pre-tax Internal Rate of Return (IRR)	60%
Net Present Value (NPV)	$161 million at a discount rate of 8%
Payback Period	1.5 Years

  The completion of this Study signalled the commencement of CNQ's transition from a tailings retreatment operator to a pure play tungsten producer through the dedication of its resources to the development of the Hard Rock Project.

- Receipt of two Letters of Interest (LOI) from well-known and respected international companies showing strong interest in securing a large percentage of the projected output from the Hard Rock stockpiles and open-pit mining project. One of the off-takers also indicated that a significant portion of the Hard Rock Project's funding requirements could potentially be met by a loan or equity facility arranged by them.

- Granting of Queensland Government approval to proceed with the Environmental Management Plan (EMP) for processing the Hard Rock stockpiles with no requirement for an Environmental Impact Study. This was a significant step forward in the permitting and approvals process.

- Appointment of Tony Gordon and Peter Donkin to the Board of CNQ as Non-Executive Directors.

- The execution of a MOU with its existing off-take partner, Mitsubishi Corporation Unimetals (MCU), outlining their support in the development of the existing hard rock stockpile and historical open-pit tungsten mine as well as their intention to provide funding for the Hard Rock Project. MCU has commenced their consideration to fund $15 million of the capital requirement to undertake the planned development program of the existing stockpiles, which is CNQ's immediate focus.

DIRECTORS' REPORT

FINANCIAL

The Company's cash position as at 31 December 2012 was $1,026,905.

SUBSEQUENT EVENTS

No event has occurred subsequent to 31 December 2012 requiring disclosure in, or amendment to, these financial statements, apart from:

1. ASX announcement on 31 January 2013 regarding the resignation of Non-executive Director, Dr Andrew White, the change of Company Secretary and the change of the Company's registered office.

2. ASX announcement on 4 February 2013 advising that the Company would offer a Share Purchase Plan to raise up to A$6 million to advance the Mt Carbine Tungsten Project.

3. ASX Announcement on 14 February 2013 advising of the sale of Fitzroy Resources Limited (FRY) shares.

4. ASX announcement on 25 February 2013 advising of the appointment of Non-executive Director, Peter Donkin, to the Board.

5. ASX Announcement on 25 February 2013 advising of the signing of a MOU with MCU for their support and funding for the development of the existing hard rock stockpile and historical open-pit tungsten mine ('The Hard Rock Project').

6. ASX Announcement on 14 March 2013 advising that $340,725 had been raised via the Share Purchase Plan through the subscription of 4,543,009 shares.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is attached to this report.

Signed at Cairns this 14th day of March 2013 in accordance with a resolution of Directors.

LE Pretorius
Chairman

REVIEW OF OPERATIONS

MT CARBINE TUNGSTEN MINE

The Company continues to export high grade tungsten concentrate to its customer, MCU, with its latest shipment being despatched from the Mt Carbine site on 8th March 2013. Following the Company's first shipment of high-grade tungsten concentrate in June 2012, the Board of Directors of CNQ signed a further Off-take Agreement with MCU for its high-grade tungsten concentrate.

An advance payment facility was built into this Agreement to assist with the completion of the production upgrade and ramp-up of the Mt Carbine Tailings Retreatment Plant which was carried out during the month of September 2012.

The aim of this upgrade was to overcome the underperformance issues associated with the plant's front-end (rotary and vibrating screens). The Board were pleased to announce that the incorporation of direct feed and scrubbing equipment into this section of the plant resulted in the achievement of production rates approaching designed throughput capacity.

Newly Installed Scrubber at Work

These encouraging production results clearly demonstrated that from a research and development perspective the project was capable of achieving high recovery rates from the existing tailings deposit.

At the date of this Report the Tailings Retreatment Plant had despatched 60 tonnes of high grade tungsten concentrate to MCU.

Whilst the Company's primary focus in the coming months will be on undertaking the necessary developmental activities associated with the Hard Rock Project, it will continue to optimise the Tailings Retreatment Plant wherever possible to further increase recoveries and provide ongoing cash flow.

The Company also continues to closely monitor its safety and environmental activities to ensure ongoing compliance with local, state and federal legislative requirements. For the six month period to 31 December 2012 the Company maintained its zero "Lost Time Injury" safety record.

Furthermore, the Company continues to engage locally based staff and contractors wherever possible in order to achieve an equitable spread of benefits within the communities in which it operates.

"HARD ROCK" PROJECT

The Hard Rock Feasibility Study completed in July 2012 demonstrated the viability of this Project based on the currently inferred resources that are present within the existing mine lease area. These resources encompass the previously stockpiled material readily available at the surface (~12 million tonnes at 0.075% WO_3) which offers a four-to-five year operational capability, along with the open-pit resource which was evaluated over a ten-year operational period.

It is envisaged that further exploration will likely increase the resource and thereby the mine's operational duration due to the currently defined resource being open at depth in three directions as shown in Figure 1 below.

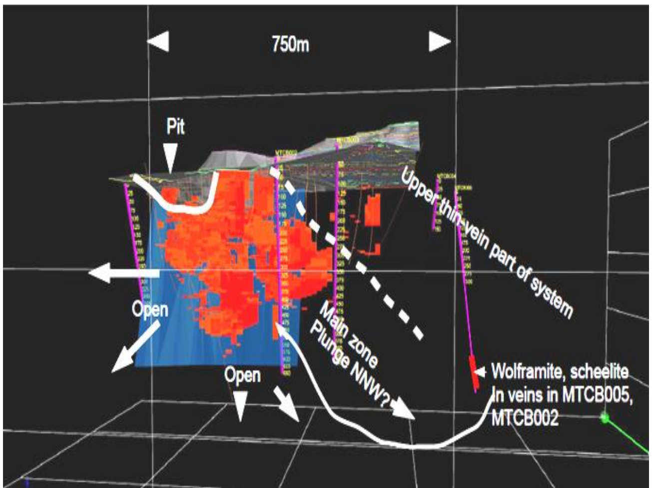


Figure 1. Cross section of the ore body at Mt Carbine looking west, showing mineralisation >0.22% tungsten and areas where the ore body is open to further exploration.

The Feasibility Study also had the added advantage of a known, proven, similar operation as a reference point due to the open-pit and processing facility being previously operated as a successful large-scale mining operation for over 13 years prior to its closure in 1987. Furthermore, a wealth of practical historical data exists for much of the evaluations and conclusions contained within the Study.

Despite its initial problems, the Tailings Retreatment Project has played a very important role in confirming that the planned process will recover Scheelite efficiently and overall mill recovery is anticipated to be over 80%, with the inclusion of the present Tailings Retreatment Plant in the overall mill design.

REVIEW OF OPERATIONS

MT. CARBINE PROJECT OUTLINE

NPV	$161 million
Resources	
Mine	47Mt @ 0.13% WO_3
Stockpile	12Mt @ 0.07% WO_3
Tailings	2Mt @ 0.1% WO_3
Reserves	
Mine	18Mt @ 0.14% WO_3
Rock feed rate	3 Mtpa
Rock feed grade	0.12% WO_3
Ore sorted feed rate	350 ktpa
Ore sorted feed grade	0.7% WO_3
Processing recovery	76%
Production WO_3	261,550 MTUpa
Project capital	$55M
Operating costs	137 $/MTU
Budget sale price	290 $/MTU

Based on the above information the Feasibility Study estimates that the Hard Rock Project and Tailings Retreatment Plant will produce approximately 21,800 mtu per month.

The Project has already generated a high level of end-user interest with the following Letters of Intent (LOI) being received:-

- In November 2012 an International Trading House indicated a strong interest in securing approximately 50% of the projected output from the Hard Rock stockpiles and open-pit mining project. Furthermore, this potential off-taker indicated that a significant portion of the Hard Rock Project's funding requirements could potentially be met by a loan or equity facility.

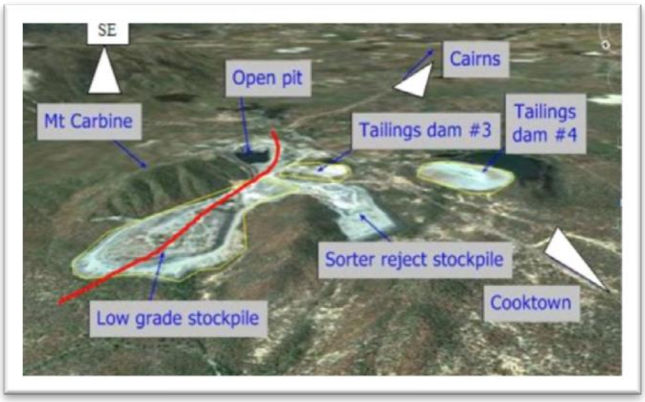
- The second LOI was received in early December 2012 from a major western tungsten producer indicating their interest in securing between 50% and 100% of the Project's planned production output.

These LOI's follow on from a $2 million strategic placement investment made by the multi-national construction and mining group, Mota-Engil in August 2012. The Board believes that this collaborative relationship will offer mutually beneficial key strategic growth and expansion opportunities within the tungsten mining industry, a business that Mota-Engil have considerable past expertise in.

The Board strongly believes that the interest shown to date clearly demonstrates the level of confidence that well-known and respected international companies have placed in the Project. In addition, it also reflects the quality and potential of the Mt Carbine tungsten project to make a major contribution, in the near future, to the global supply of tungsten concentrates.

Both LOI's are subject to further Board evaluation and ongoing detailed discussions are continuing with both parties.

The initial environmental permitting and engineering phase of what is considered in many aspects a 'brown fields' project, commenced in late 2012. Approvals have since been granted by the Queensland Government to proceed with the Environmental Management Plan (EMP) for processing the Hard Rock stockpiles. It is expected that the approval process for the Hard Rock stockpiles should be completed by the third quarter of 2013 while the open-pit approvals are expected to be finalised no later than the fourth quarter of 2013.

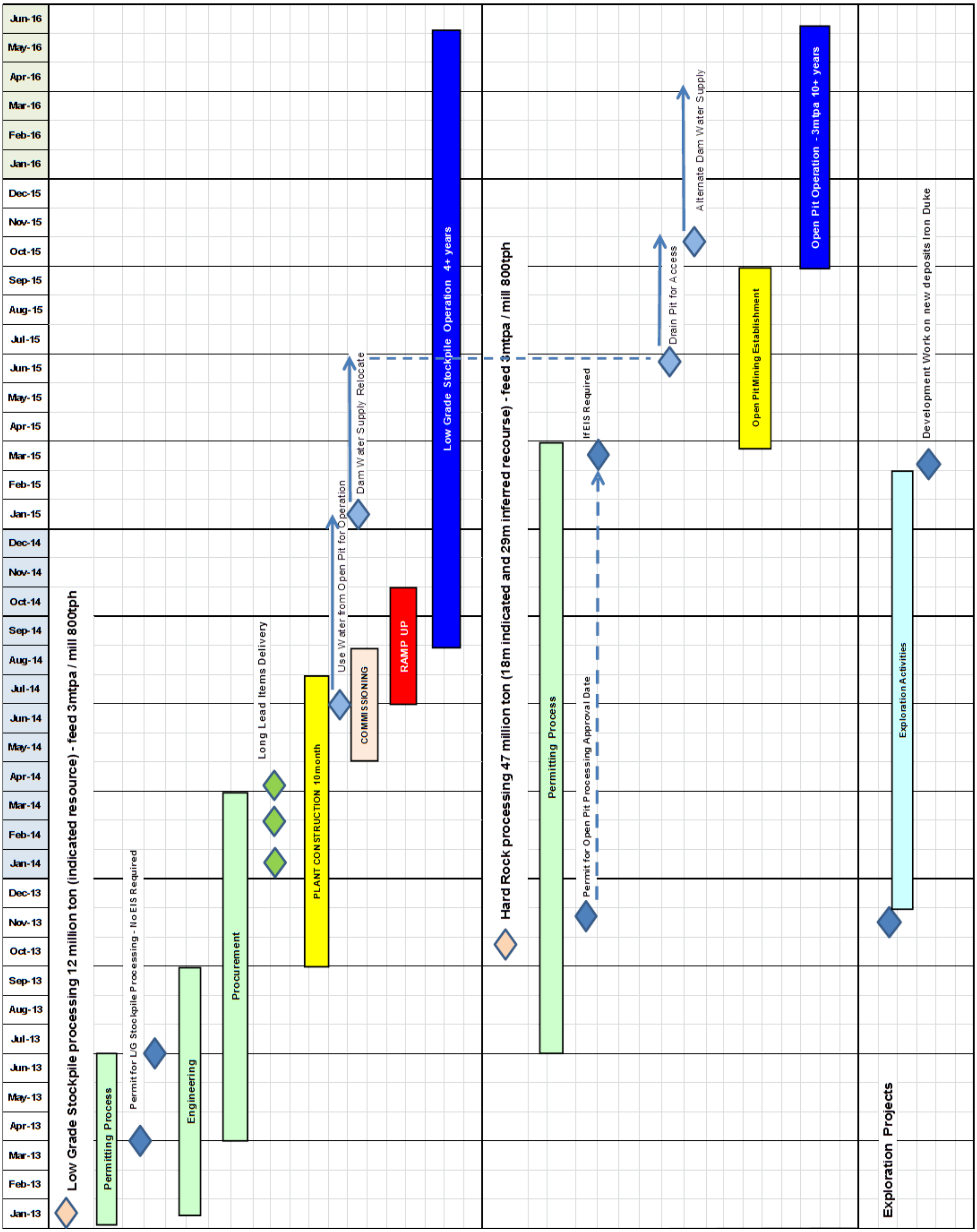


Early construction activities have also commenced in relation to the clearing of existing infrastructure in preparation for its re-use. The Company intends to commence construction activities in 2013 and be producing an average of 260,000 mtu of high-grade tungsten concentrate in 2014.

Following is a copy of the Hard Rock Project's timeline.

REVIEW OF OPERATIONS

"HARD ROCK" PROJECT – TIMELINE



REVIEW OF OPERATIONS

"HARD ROCK"- CAPITAL RAISING ACTIVITIES

In order to fund the expenditure associated with achieving Queensland Government permitting approvals and to provide additional working capital, a Share Purchase Plan (SPP) was offered to all shareholders up to a maximum of 30% of the issued capital.

The Directors of CNQ believe the granting of these approvals is critical for providing surety to capital funding investors that the Project would proceed in accordance with its stipulated timeframe.

If fully subscribed the SPP has the potential to raise approximately $6 million through the issue of 82,788,815 shares at a price of 7.5 cents. Shareholders were invited to purchase up to $15,000 worth of shares under the SPP at a price of 7.5 cents per share. This price represented an 18.5% discount on the Company's value average weighted price (VWAP) share price over the preceding 30 days on which sales in the Company's shares were recorded.

All shareholders on the register on 1 February 2013 (record date) were entitled to participate. Offers closed on Friday 8 March 2013 with the SPP raising $340,725 through the subscription of 4,543,009 shares.

The Board of CNQ would like to thank all shareholders that participated in the SPP for their ongoing support

"HARD ROCK"
MEMORANDUM OF UNDERSTANDING

The Board of CNQ were pleased to announce the signing of a MOU with their existing off-take partner, MCU, outlining their support for the development of CNQ's existing hard rock stockpiles and historical open-pit tungsten mine ('The Hard Rock Project').

The MOU covers both potential funding and technical collaboration for the development of the Hard Rock Project, and includes an off-take consideration for 80% of the tungsten stockpiles and 50% of the ore produced from the historical open-pit tungsten mine.

Furthermore, MCU has started their consideration to fund $15 million of the capital required by CNQ to undertake the planned development program for the existing stockpiles, which is CNQ's immediate focus.

The Board is confident, based on the relationship it has developed with MCU since 2011, that it can advance from an MOU to a Joint Venture Agreement within due course. Once again the Board views the MOU as a representation of the potential of its Hard Rock Project.

SHARE DIVESTMENT
FITZROY RESOURCES LIMITED

In line with the Company's desire to focus solely on the development of its tungsten assets, CNQ sold its shareholding in Fitzroy Resources Limited (Fitzroy) in February 2013. The proceeds from the sale of 7,500,000 Fitzroy shares amounted to $337,700.

Proceeds from the SPP and the sale of Fitzroy shares will ensure that CNQ is well funded to progress activities associated with the permitting and approvals process for the Hard Rock stockpiles.

CORPORATE

RETIRING DIRECTOR - DR ANDREW WHITE

Dr Andrew White was first appointed to the Board of Carbine Tungsten Limited (formerly known as Icon Resources Limited) on 8 November 2005.

Dr White is a strong advocate of the Mt Carbine Project and has dedicated much of his time over recent years to ensuring that the Company succeeds in its endeavours to become a leading world-class producer of high-grade tungsten concentrate.

Even though the Board accepted Dr White's resignation with much regret his valued expertise as a Geologist and extensive knowledge of the Mt Carbine Project remains available to CNQ on a consultancy basis.

The Board thanks Dr White for his contributions and wishes him well with his future endeavours.

Dr White's resignation from the CNQ Board came into effect as from 31 January 2013.

NON-EXECUTIVE DIRECTOR APPOINTMENTS

ANTHONY GORDON

Mr Anthony Gordon was appointed as a Non-Executive Director of CNQ on 26 November 2012. Mr Gordon has over 25 years' experience in financial markets, primarily stockbroking, and has held Directorships and Senior Management positions with a number of leading Australian stockbroking and financial services companies.

Over this time Mr Gordon's primary focus has been the listed resources sector and he brings extensive experience in Australia, Asia and North American markets.

The Board of Directors of CNQ welcomes Mr Gordon to its Board and looks forward to his valued contributions.

REVIEW OF OPERATIONS

PETER DONKIN

Mr Peter Donkin was appointed as a Non-Executive Director of CNQ on 25 February 2013. Mr Donkin has extensive experience in the global metals & mining industry, having worked in senior positions in the investment banking sector for over 28 years. Most recently, Mr Donkin was the Managing Director of the Mining Finance Division of Societe Generale in Australia, and worked in a range of positions for the bank for 21 years in both their Sydney and London offices.

The Board believes that Mr Donkin's experience in the mining industry, and particularly with the major investment bank, Societe Generale, will greatly assist the Company at this critical time in its growth cycle.

CHANGE OF COMPANY SECRETARY & REGISTERED OFFICE

The Board of Directors were also pleased to announce the appointment of Mr Tom Bloomfield as Company Secretary, effective from 31 January 2013. Mr Bloomfield is an experienced Chartered Company Secretary and acts for numerous other listed and unlisted companies.

With Mr Bloomfield's appointment, Mr Rob Waring resigned as Company Secretary. The Board thanks Mr Waring for his contributions to the Company and wishes him every success for the future.

The Company also changed its registered office to 50 Scott Street, Cairns.

OTHER PROJECTS

TARA PROSPECT (NSW) SILVER PROSPECTIVITY – CLARIFICATION

Further investigations have revealed that the previously announced high silver values cannot be validated and therefore planning around the Tara prospect will be focused on the Project's tin potential only.

RESOURCE ESTIMATE UPGRADE

As detailed in our 2012 Annual Report the Mt Carbine tungsten deposit JORC Code resource estimate was upgraded during the month August 2012, using a cut-off grade of 0.05% WO_3:

Indicated Mineral Resource	Inferred Resource
18.1 million tonnes at 0.14% WO_3, in situ hard rock. 12 million tonnes at 0.07% WO_3 in low grade stockpile (mineralised rock stockpiled from previous mining operation)	29.3 million tonnes at 0.12 % WO_3

Testing of Ultra Fines Centrifuge recovering tungsten particles down to three micron.

Mt Carbine Tungsten Deposit – vertical, sub-parallel, quartz Veins hosting wolframite and scheelite mineralization.

12 Million Tonnes of Stockpiled Ore Material

REVIEW OF OPERATIONS

TUNGSTEN MARKET OUTLOOK

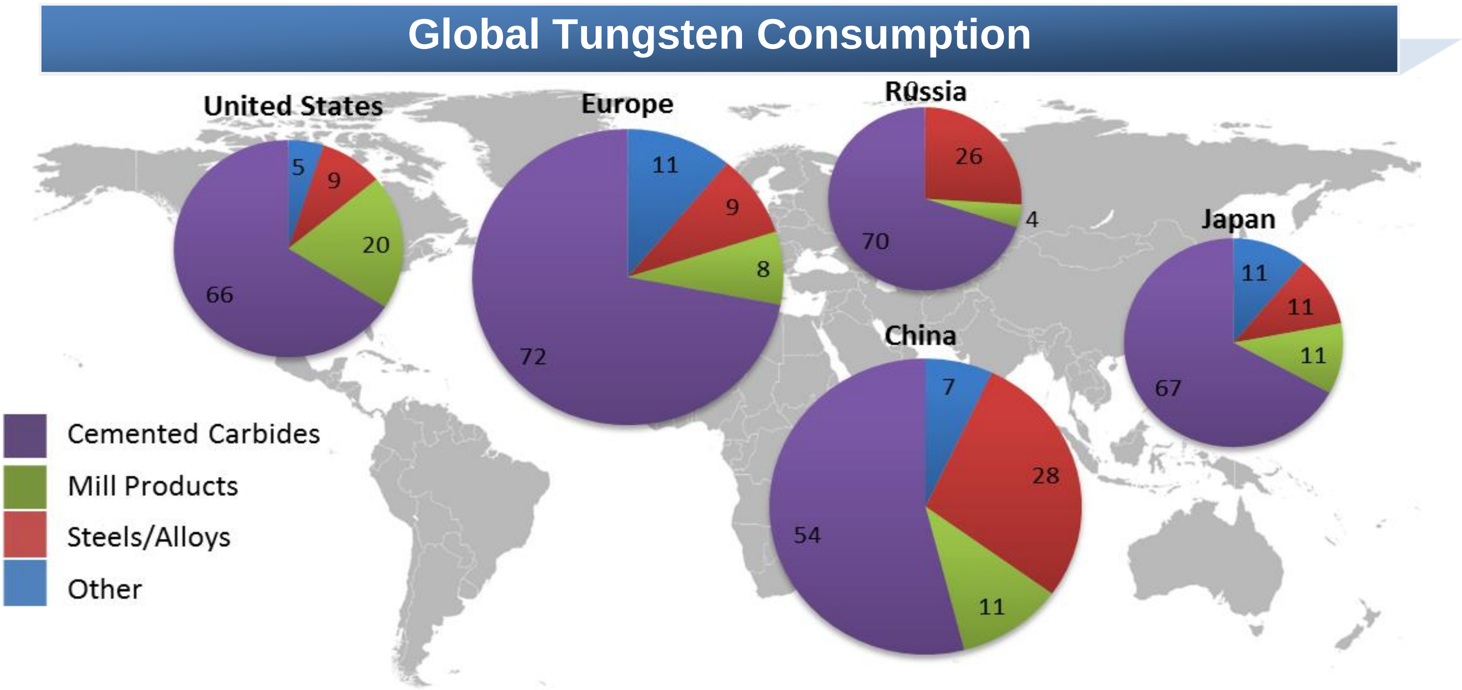
Following is a brief outline of the market outlook for three of the world's largest tungsten producing countries:-

China
- Produces 80% of the world's tungsten.
- Domestic demand is overtaking supply which has resulted in China rapidly eliminating its export subsidies.
- Approximately 50% of mines have closed.
- China cannot be considered an exporter of tungsten.

North America
- Production not dedicated to domestic market.
- Generally sold to the highest bidder.
- Asia becoming a major customer.

United States of America
- Domestic demand is approx. 20,000 MT per year.
- 75% of this demand is imported while the balance is recovered domestically from recycling scrap.

Based on this the Board of CNQ believe that this outlook will culminate in a highly buoyant global tungsten market with limited supply.



COMPENTENT PERSONS' STATEMENT

The information in this Resource Statement that relates to Exploration Results and Mineral Resources and Ore Reserves is based on information compiled by Dr Andrew White, who is a Fellow of the Australian Institute of Geoscientists and a Director of CNQ. 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 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr White consents to the inclusion in the Annual Report for 2012 of the matters based on his information in the form and context in which it appears.

AUDITORS' INDEPENDENCE DECLARATION

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AUSTRALIA

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

As lead auditor for the review of Carbine Tungsten Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

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

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

Greg Mitchell

Director

BDO

BDO Audit (NTH QLD) Pty Ltd

Cairns, 14 March 2013

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Half-year ended 31 December 2012

	Note	31 Dec 2012 $	31 Dec 2011 $
REVENUE	2	**845,188**	97,765
Administration expenses		**(373,858)**	(157,333)
Audit services		**(23,000)**	(18,500)
Consultant expenses		**(194,135)**	(166,326)
Depreciation expense		**(12,137)**	(21,573)
Employee benefits expense		**(195,785)**	(134,979)
Exploration expenditure written-off	6	**(10,683)**	(309,317)
Loan impairment expense	5	**(300,000)**	-
Loss on revaluation of investments		**(988,625)**	(562,500)
Travel and Accommodation		**(49,044)**	(34,424)
Office rentals		**(39,929)**	(31,059)
Mt Carbine Operations	10	**(2,494,978)**	-
Other expenses		**(3,716)**	(20,196)
LOSS BEFORE INCOME TAX EXPENSE		**(3,840,702)**	(1,358,442)
Income tax expense		**-**	-
NET LOSS FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		**(3,840,702)**	(1,358,442)
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		**(3,840,702)**	(1,358,442)
Basic loss per share		(**0.014)**	(0.007)
Diluted loss per share		(**0.014)**	(0.007)

Consolidated Statement of Financial Position

at 31 December 2012

	Note	31 Dec 2012	30 June 12
		$	$
CURRENT ASSETS			
Cash and cash equivalents		**1,026,905**	975,085
Trade and other receivables	3	**349,039**	809,806
Stock on hand		**110,000**	-
Prepayments		**38,154**	58,805
TOTAL CURRENT ASSETS		**1,524,098**	1,843,696
NON-CURRENT ASSETS			
Tenement and other security deposits		**244,833**	163,433
Plant and equipment		**6,207,171**	6,360,327
Other financial assets	4	**574,375**	1,528,000
Loans	5	**22,293**	-
Deferred exploration and evaluation expenditure	6	**7,398,583**	7,293,945
TOTAL NON-CURRENT ASSETS		**14,447,255**	15,345,705
TOTAL ASSETS		**15,971,353**	17,189,401
CURRENT LIABILITIES			
Trade and other payables		**1,133,795**	861,060
TOTAL CURRENT LIABILITIES		**1,133,795**	861,060
TOTAL LIABILITIES		**1,133,795**	861,060
NET ASSETS		**14,837,558**	16,328,341
EQUITY			
Issued capital	7	**26,499,992**	24,239,992
Reserves		**644,049**	554,049
Accumulated losses		**(12,306,488)**	(8,465,705)
Non-controlling interest		**5**	5
TOTAL EQUITY		**14,837,558**	16,328,341

The above statement should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows
Half-year ended 31 December 2012

	31 Dec 2012	31 Dec 2011
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payment to suppliers and employees	**(2,100,109)**	(696,548)
Other income	**828,530**	(831)
Interest received	**16,658**	98,596
NET CASH FLOWS USED IN OPERATING ACTIVITIES	**(1,254,921)**	(598,783)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	**(309,245)**	(1,553,220)
Investments	**-**	412,500
Loans provided/repaid	**(322,293)**	-
Expenditure on mining interests (exploration, mining)	**(115,321)**	(2,954,683)
Tenement and other security deposits	**(81,400)**	(11,765)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(828,259)**	(4,107,168)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	**2,135,000**	7,291,937
Equity raising expenses	**-**	(74,785)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**2,135,000**	7,217,152
NET INCREASE (DECREASE) IN CASH HELD	**51,820**	2,511,201
Add opening cash brought forward	**975,085**	375,408
CLOSING CASH CARRIED FORWARD	**1,026,905**	2,886,609

The above statement should be read in conjunction with the accompanying notes

Consolidated Statement of Changes in Equity

Half-year ended 31 December 2012

CONSOLIDATED	Attributable to the shareholders of Carbine Tungsten Limited				
	Issued Capital $	**Accumulated Losses $**	**Reserves $**	**Non-controlling interest $**	**Total Equity $**
AT 1 JULY 2011	13,324,204	(6,319,148)	554,049	5	7,559,110
Loss for the period	-	(1,358,442)	-	-	(1,358,442)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	(1,358,442)	-	-	(1,358,442)
Transactions with owners in their capacity as owners:					
Issue of share capital	7,217,152	-	-	-	7,217,152
AT 31 DECEMBER 2011	**20,541,356**	**(7,677,590)**	**554,049**	**5**	**13,417,820**
AT 1 JULY 2012	24,239,992	(8,465,704)	554,049	5	16,328,342
Prior period adjustment	-	(82)	-	-	(82)
Loss for the period	-	(3,840,702)	-	-	(3,840,702)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	(3,840,702)	-	-	(3,840,702)
Transactions with owners in their capacity as owners:					
Cost of share based payments	-	-	90,000	-	90,000
Issue of share capital	2,260,000	-	-	-	2,260,000
AT 31 DECEMBER 2012	**26,499,992**	**(12,306,488)**	**644,049**	**5**	**14,837,558**

The above statement should be read in conjunction with the accompanying notes

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of Carbine Tungsten Limited as at 30 June 2012.

It is also recommended that the half-year financial report be considered together with any public announcements made by Carbine Tungsten Limited during the half-year ended 31 December 2012 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(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, and believe that the current cash reserves of the Company are sufficient to fund forecast exploration.

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) Statement of Compliance

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis and held for trading financial assets have been measured at fair value through profit or loss.

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

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Carbine Tungsten Limited (Carbine Tungsten or the Company) and its subsidiaries (the Group) as at 31 December each year.

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 on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(d) Significant Accounting Policies

The half-year financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2012.

(e) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income

The consolidated entity has applied AASB 2011-9 amendments as from 1 July 2012. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation.

2. REVENUE FROM ORDINARY ACTIVITIES

	31 December 2012 $	31 December 2011 $
Interest received – other persons/corporations	**16,658**	98,596
Sale of Tungsten Concentrate	**715,811**	-
Fuel tax rebate	**74,719**	-
Other income	**3,000**	(831)
Gain on Tenement sale	**35,000**	-
	845,188	97,765

3. RECEIVABLES - CURRENT

	31 December 2012 $	30 June 2012 $
Interest receivable	**7,202**	5,549
Refund for GST paid	**93,806**	172,949
Other	**248,031**	631,308
	349,039	809,806

4. OTHER FINANCIAL ASSETS

Fitzroy Resources Limited – shares	**375,000**	600,000
Fitzroy Resources Limited – options	**5,875**	766,500
Gossan Hill Gold Limited - shares	**151,500**	151,500
Spencer Resources Limited – shares	**42,000**	10,000
	574,375	1,528,000

5. LOANS

	$	$
Loan to Gossan Hill Gold Limited	**322,293**	-
Provision for loan impairment	**(300,000)**	-
	22,293	-

6. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	$	$
Costs brought forward	**7,293,945**	4,811,238
Costs incurred during the period	**115,321**	2,799,842
Expenditure written off during the period	**(10,683)**	(317,135)
Costs carried forward	**7,398,583**	7,293,945

7. ISSUED CAPITAL

(a) Movements in ordinary share capital	Date	Number of shares	Issue price	$
1 July 2012 brought forward		**256,982,718**		**24,239,992**
Shares issued under a placement	09-08-12	16,000,000	$0.125	2,000,000
Shares issued under a Rights Issue shortfall	07-12-12	1,500,000	$0.09	135,000
Shares issued under a Rights Issue shortfall	07-12-12	480,000	$0.09	*0
Shares issued to Directors	07-12-12	1,000,000	$0.125	125,000
Balance as at 31 December 2012		**275,962,718**		**26,499,992**

* Funds received and accounted for prior to 30 June 2012

(b) Options and Performance Rights	Issue Date	Number of Options	Exercise price	Maturity
Unlisted Options and Performance Rights				
Options issued free under Company's ESOP	26-06-09	1,500,000	$0.35	30-11-2013
Options issued free under Company's ESOP	16-12-09	450,000	$0.15	17-11-2014
Options issued free under Company's ESOP	16-12-09	950,000	$0.20	17-11-2014
Performance Rights issued	07-12-12	2,400,000		
Balance as at 31 December 2012		**5,300,000**		

8. CONTINGENT ASSETS AND LIABILITIES

The Group has provided guarantees totaling $244,833 ($122,500 in respect of mining tenements and $122,333 for other). These guarantees in respect of mining 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.

9. SEGMENT INFORMATION

The group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The group's sole activity is mineral exploration and resource development wholly within Australia therefore it has aggregated all operating segments into the one reportable segment being mineral exploration.

The reportable segment is represented by the primary statements forming these financial statements.

10. MT CARBINE OPERATIONS

Mt Carbine operations	**2,494,978**	-
	2,494,978	-

Direct costs in the operations of the Mt Carbine tailings re-treatment plant during the period. The pre-feasibility study was completed during the period so costs are no longer able to be capitalized under AASB6 Exploration for and Evaluation of Mineral Resources.

11. SUBSEQUENT EVENTS

No event has occurred subsequent to 31 December 2012 requiring disclosure in, or amendment to, these financial statements, apart from:

1. ASX announcement on 31 January 2013 regarding the resignation of Non-executive Director, Dr Andrew White, the change of Company Secretary and the change of the Company's registered office.

2. ASX announcement on 4 February 2013 advising that the Company would offer a Share Purchase Plan to raise up to A$6 million to advance the Mt Carbine Tungsten Project.

3. ASX Announcement on 14 February 2013 advising of the sale of Fitzroy Resources Limited (FRY) shares.

4. ASX announcement on 25 February 2013 advising of the appointment of Non-executive Director, Peter Donkin, to the Board.

5. ASX Announcement on 25 February 2013 advising of the signing of a MOU with MCU for their support and funding for the development of the existing hard rock stockpile and historical open-pit tungsten mine ('The Hard Rock Project').

6. ASX Announcement on 14 March 2013 advising that $340,725 had been raised via the Share Purchase Plan through the subscription of 4,543,009 shares.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Carbine Tungsten Limited, I state that:

In the opinion of the Directors:

a) the financial statements and notes of the Company:

   i) give a true and fair view of the Company's financial position as at 31 December 2012 and the performance for the half-year ended on that date; and

   ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

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

On behalf of the Board

DR L E PRETORIUS
Chairman

Cairns, 14 March 2013

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Carbine Tungsten Limited

We have reviewed the accompanying half-year financial report of Carbine Tungsten Limited, which comprises the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Carbine Tungsten Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Independence

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

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

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report which indicates that the ability of the company to continue to adopt the going concern basis of accounting, to maintain continuity of normal business activities, and to pay its debts as and when they fall due is dependent upon the successful raising in the future of necessary funding through equity, successful exploration and subsequent exploitation of the company's tenements, and/or sale of non-core assets. In the absence of these matters being successful, particularly the raising of funding through equity, there exists a material uncertainty that may cast significant doubt about the disclosing entity's ability to continue as a going concern and therefore, the disclosing entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO

BDO Audit (NTH QLD) Pty Ltd

Greg Mitchell

Director

Cairns, 14 March 2013

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