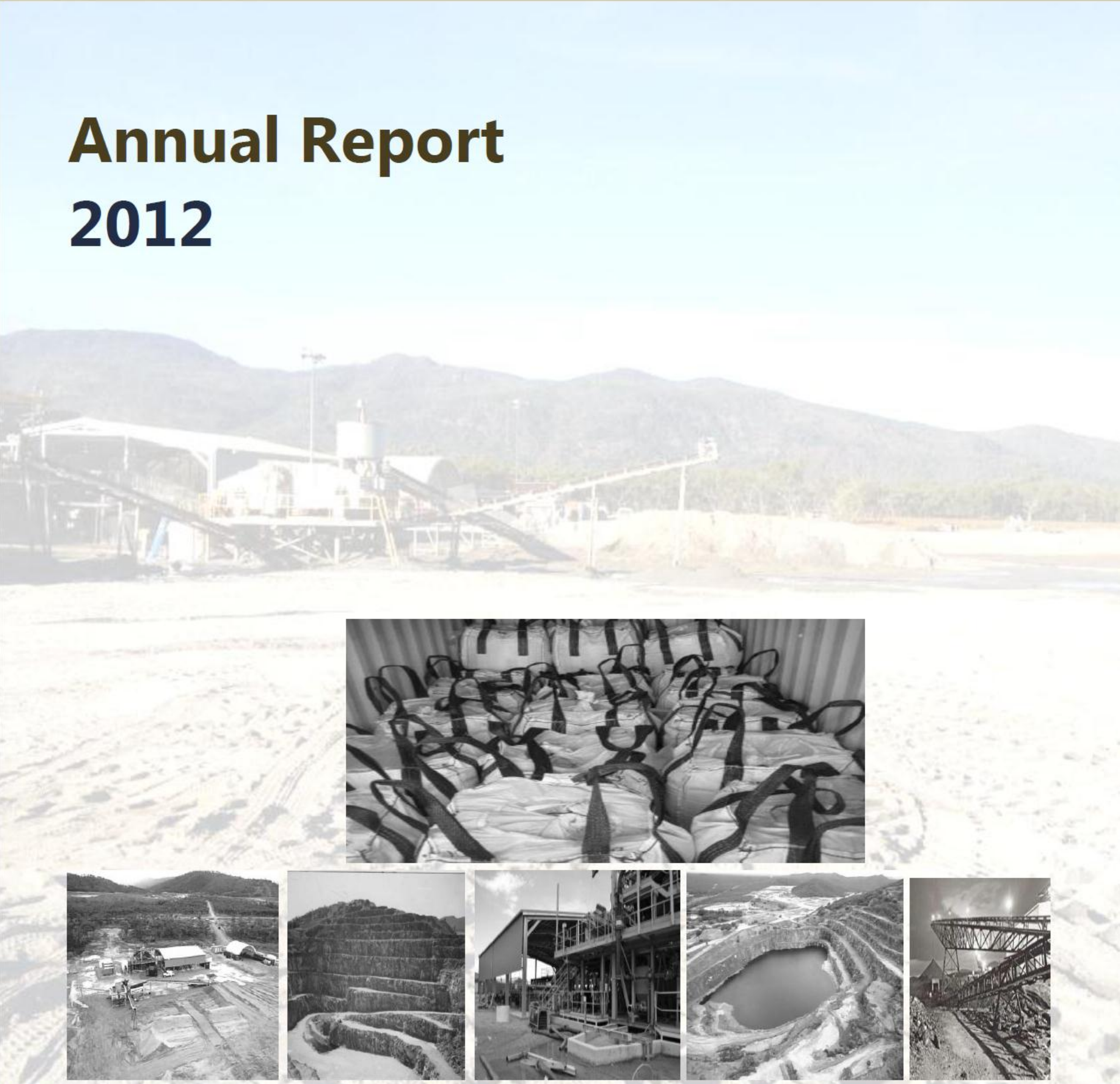
Carbine Tungsten Limited

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

CARBINE TUNGSTEN

Annual Report 2012



CORPORATE DIRECTORY

Directors

Dr Leon Pretorius	Executive Chairman
Andrew James Morgan	CEO & Managing Director
Dr Andrew White	Non-executive Director

Company Secretary

Robert Waring

Cairns Office

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Share Register

Computershare Investor Services Pty Ltd

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Telephone (within Australia): 1300 850 505

Telephone (internationally): +61 3 9415 4000

Auditors

BDJ Partners Chartered Accountants

North Sydney NSW 2060

Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX)

ASC Code: CNQ

ABN: 77 115 009 106

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CHAIRMAN'S REPORT

Dear Fellow Shareholders,

The past year has been a momentous one in Carbine Tungsten Limited's history as it morphed from a junior exploration company to a tungsten producer.

To get to this position was not easy and many targets were not met but I am confident that we now truly have in Jim Morgan, one of the best hands-on Project Development Managers one could wish to have, as our Company's Managing Director and CEO.

Since joining the Company on 2 April 2012, Jim has successfully dealt with a number of legacy issues and it has not been an easy time for him, but true to the person I have got to know over the past almost 7 years, he persevered and has made good where others would have failed or given up.

As you are all aware there were two very successful Rights Issues to raise funds for the construction of the Tailings Re-treatment Plant and working capital. The first shipment of product was despatched to Mitsubishi Unimetals Corporation Ltd (MCU) in late June 2012. Subsequently MCU have signed another Off-take Agreement with a pre-payment facility that will fund the changes to the front-end of the processing plant. It is now expected that this modified plant will produce a consistent product supply going forward.

I would like to thank the Company's employees who often performed beyond what could be expected of them.

What is important to note is that this Tailings Re-treatment Plant has proven that it is possible to recover most of the tungsten previously lost in the fines that are hosted in the existing tailings stockpiles. This makes a very significant contribution to the economics of the planned hard rock processing plant. The Tailings Re-treatment Plant that is now operating from the tailings stockpiles will in future operate and upgrade the fines slurry stream to be piped from the hard rock plant once that is operational in 2014.

Much effort was put into the feasibility study of the Hard Rock Project which will see the processing of the existing low-grade waste material and also the re-opening of the open pit mining operations. Jim's longstanding relationship with a number of consultants and operators has been invaluable during this period. Specifically, Mota-Engil who decided to make a $2 million strategic investment in the Company to kick start the actual project and to fund deposits on long-lead items of equipment was a major achievement and lent impetus to the procedure. This deliberated investment by a multi-national construction and mining Company and the assistance being given by the Mota-Engil Group, who have extensive experience in tungsten mining is proving to be invaluable in the engineering and design phase of the Hard Rock Project.

Due to the extraordinary weak and difficult world-wide stock market conditions and the failure of a number of significant initial public offerings (IPO) during the past year, the Board of Gossan Hill Gold (GOS) have decided to abandon its IPO. Instead the GOS Board is pursuing options of merging GOS with a suitably capable ASX listed company that offers the opportunity to develop and improve the value of the assets that are to be vended into them by GOS. The Company is confident that this action by the GOS Board will result in a good outcome for its stake holding in the GOS assets. That transaction once completed will fulfil the undertaking I gave previously that Carbine Tungsten Limited would become a mainly tungsten producing company by divesting all other projects and assets it held.

We are looking forward to a very busy and exciting year ahead. The Hard Rock Project Feasibility Study has shown it will be robust and economically rewarding. The Board is cognisant of being careful not to dilute shareholder equity either in the Company or the project and is exploring a range of options to fund this development. The Board is confident that the fundamental advantages of a readily achievable, low capital expenditure, long-term Australian tungsten mine project is very attractive in the current short and uncertain tungsten supply market conditions.

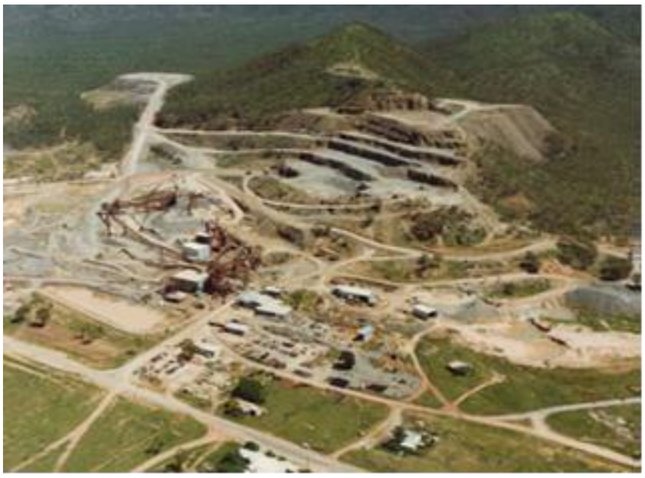
Andy White, who has been with the Company since its listing, has informed the Board that he wishes to resign as a Director, but will stay on in the short-term until a suitable replacement Director is found. Following this, Andy's invaluable technical expertise and extensive knowledge of the Mt Carbine Project will remain available as needed to the Company on a consultative basis. On behalf of the Company and the Board I would like to express my gratitude towards Andy's efforts over the years.

Leon Pretorius
CHAIRMAN

REVIEW OF OPERATIONS

MT CARBINE TUNGSTEN MINE

During the 2011/2012 financial year the Company formerly known as Icon Resources Limited successfully completed its transition from a mineral exploration company to a producer, known as Carbine Tungsten Limited (ASX Code: CNQ).



Mt Carbine mine circa 1980, with highway in foreground

The achievement of this milestone has resulted in CNQ moving one step closer towards achieving its aim of becoming a major Australian tungsten producer, based on its flagship project, the Mt Carbine tungsten mine in North Queensland.

The Company's safety and environmental activities, policies and procedures have accordingly been modified to take account of the higher level of operational activity. The Company has a fundamental principal and belief to engender the values of providing a safe work place and promoting a safe work culture and mentality of care for all its employees and contractors. The responsible environmental management of the Company's developments, operations and activities is similarly seen as a basic and fundamental principle of our current and future business activities.

The Company's policy is to engage locally based staff and contractors where possible and cost effective, and it endeavours to utilise locally based services and facilities where appropriate to provide support for its operational needs.

The Company desires to fairly spread the external benefits of its further growth within the local and regional communities where appropriate. This is a key component of the company's growth objectives.

The initial re-awakening of the Mt Carbine mine commenced upon the commissioning and official opening of the Mt Carbine Tailings Re-treatment Plant on 26 March 2012. The opening was attended by both interstate and local shareholders, investors, international customers and local community dignitaries and stakeholders.

This was followed by the signing of a Letter of Intent by Mitsubishi Unimetals Corporation Limited (MCU) agreeing to purchase all concentrates produced from the Mt Carbine Tailings Re-treatment Plant subject to the product being of an acceptable quality and grade. CNQ's first shipment of bulk tungsten concentrate was despatched from Mt Carbine on 28 June 2012. Partial payment for this shipment was promptly received from MCU after meeting all FOB shipping and contractual requirements. The balance of payment was received on 3 September 2012, following the customer's quality and assay acceptance, bringing the total payment for this shipment to USD$288,845.60.

During the production ramp-up phase it became evident that the Tailings Re-treatment Plant was capable of producing significantly higher-grade concentrate and higher overall recovery at the fines separation stage than had initially been predicted. This result has major implications for the next stage of development proposed for Mt Carbine, since the Company is now confident it can achieve an overall recovery of more than 80% of the tungsten in stockpile material and ore planned to be processed. This is in comparison with a historical recovery of only 60% achieved by the previous mining operation.

However, the plant as a whole had underperformed due to poor design and incorrect construction materials pertaining to its front-end (mainly rotary and vibrating screens). This has resulted in lower plant throughput and decreased plant availability rates due to the production team having to maintain production ramp-up rates whilst simultaneously carrying out running repairs.

In an effort to overcome these production problems the Company has engaged a number of consultants with expertise in this field to assist in analysing the problems and to recommend improvements to the plant.

As part of their recommendations a number of equipment items have been purchased and the front-end materials handling section of the plant has been rearranged in order to improve reliability and reduce concentrate particle losses particularly at the front-end screening points. The need to process a range of fines and conglomerated plasticised lump materials has led to the Company installing a scrubber to better handle this range of materials.

New front end scrubber

REVIEW OF OPERATIONS

The Company has partly installed the required equipment and has planned a short one week period of production shutdown during late September 2012 in order to make the final connections to the process plant and recommence production ramp-up and production during October 2012. The plant will also be connected to the mains power supply during the shutdown period allowing for the hired generator system to be removed.

Whilst these unforeseen problems have presented a challenge, the Tailings Re-treatment Plant is still viewed as a very important research and development project for the ultimate success of the Hard Rock Project and for the Company as a whole.

CNQ has commenced preliminary site works for its Hard Rock Project development. Fortunately there are a large number of existing civil infrastructures and operational facilities that had been run down, covered in or been unused for over 20 years.

These facilities are gradually being cleared for inspection and where suitable reused as part of the Hard Rock Project's plant infrastructure.

These areas include a laboratory and office complex facility, workshop and storage yard facility and several major concrete plant structures that are likely to be suitable for reuse. The open-pit and plant roads, dams, electricity supply, telephone connections, other general amenities and layout of the past operating mine facility are generally in good order. This in many aspects makes the development of the new Hard Rock Project a "brown field" redevelopment and provides many advantages to the project in terms of cost and schedule reductions for the Hard Rock Project site development.

CARBINE TUNGSTEN

The appointment of an Environmental Consultant for the Hard Rock Project has been made. Their initial assessments and subsequent discussions with the relevant government permitting agencies for the Hard Rock Project have been positive.

Funding options for the Hard Rock Project are expected to come from a mix of off-taker pre-payment \ investment packages and debt and/or appropriate equity investments made by major banks and sophisticated investors. To that end the Company has been in serious discussions with major international tungsten trading and end-user companies who have expressed keen interest either in negotiating for all or portions of the Hard Rock Project's future production capacity. Initial due diligence and site visits have been conducted by a number of these companies and other banking and sophisticated investor groups. In general, the interest in the project funding seems to be firm.

The Company will continue to explore the best options for funding its Hard Rock Project and is very mindful of trying to ensure that shareholder value be maintained during the funding process. These arrangements are commercially sensitive for the Company and further developments will be the subject of public ASX release.

"HARD ROCK" FEASIBILITY STUDY

Previously, CNQ had stated its plan to process the low-grade stockpiles at the surface (>12 million tonnes at 0.075% WO_3) as Stage 2 of the re-development of the Mt Carbine mine, to be followed by Stage 3, hard rock mining.

In this plan, Stage 2 would have been a five-to-seven-year project and Stage 3 would have followed on for a greater than 15-year project. Following discussions with customers, it is apparent that current demand will easily absorb a higher production of concentrate than envisaged in the staged development.

REVIEW OF OPERATIONS

In order to take advantage of the strong market for tungsten concentrates, together with the encouraging exploration drilling results, discussed below, CNQ's new management proposes to bring forward the above two stages of the project and treat them as one "Hard Rock" phase.

The Feasibility Study to evaluate the viability of re-establishing the Mt Carbine tungsten mine as an open-pit mining and processing operation which included the processing of the low grade stockpile was completed in August 2012.

The study which was solely limited to the existing in-pit and stockpiled resources and probable ore reserves (see resource upgrade below), displayed highly-favourable project economics.

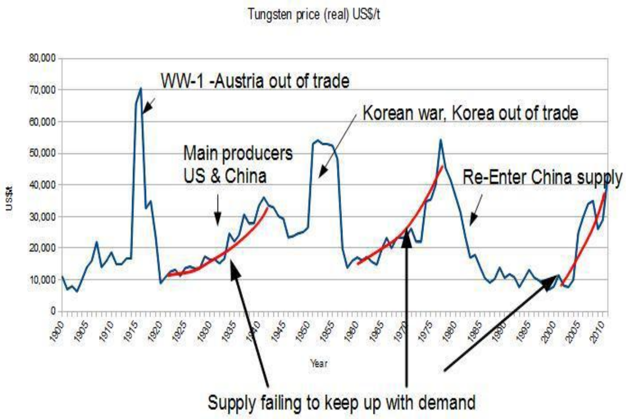
The key findings of the study were: **Capital expenditure, including working capital, is estimated to be A$53.8 million, returning a pre-tax Internal Rate of Return (IRR) of 60% and Net Present Value (NPV) of A$161 million at a discount rate of 8%**. This is based on a product concentrate sales price averaging US$290 per metric tonne unit (mtu) over the ten-year period under consideration in the study. The project also has a payback period of 1.5 years. These project parameters are considered economically conservative and very robust.

CNQ intends to commence construction activities on the Hard Rock Project in early 2013 and to be producing an average of 260,000 MTU per annum of high-grade tungsten concentrate starting in 2014. This future development will be funded by finance sought from a combination of strategic investment partners and interested take-off customers who are keen to secure future product supply in the tungsten concentrate business.

Initial funding amounting to A$2,000,000 has been raised via a share placement, consisting of 16,000,000 shares at $0.125 per share, with Motal-Engil Minerals & Mining Investments. Other funding options for the Hard Rock Project are being investigated and will be ongoing for a number of months.

TUNGSTEN PRICE

CNQ has conducted its own research into the historical behaviour of the price of tungsten since the 1900's. The below graph shows the tungsten price in real terms relative to the 2011 USD and highlights that sharp increases in the price are the consequence of the removal of major supply from world trade. This research also suggests that very few of the proposed new sources of tungsten will come into production before 2014, indicating that there is likely to be a period of several years of rising tungsten prices in spite of the possible global slow-down.



CAPITAL RAISING ACTIVITIES

CNQ completed its 8 for 10 Non-Renounceable Rights Issue in July 2011. This issue raised $4,492,112 through 59,894,824 new shares being issued at $0.075 per share with an additional $2,508,500 raised during the quarter through the placement of an additional 33,446,667 shares. The purpose of this capital raising activity was to provide sufficient funds to construct and commission the Tailings Re-treatment Plant, to finalise the study for processing the low-grade stockpiles as well as carrying out exploration with the goal of enlarging the hard rock reserve.

Unfortunately a number of delays in the completion of the Tailings Re-treatment Plant and skills shortages resulted in significant increases in the project's cost structure. Therefore a further 1 for 4 Non-Renounceable Rights Issue for 43,160,569 shares resulted in a further $3,880,000 being raised in March 2012.

These additional funds were predominantly used to finalise the commissioning of the Mt Carbine Tailings Re-treatment Plant as well as the completion of the Low-Grade Stockpile Feasibility Study.

REVIEW OF OPERATIONS

MANAGING DIRECTOR / CEO

As a result of Mr Ian Sheffield-Parker resigning from his position as Managing Director on 19 January 2012, Non-executive Director, Dr Andrew White stepped in to fill this temporary vacancy until Mr Andrew James (Jim) Morgan could take up the full-time role of Managing Director / Chief Executive Officer on 2 April 2012. Mr Morgan 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 their Langer Heinrich Uranium Project in Namibia. Prior to joining Paladin, Mr Morgan held senior positions and played key roles in mine development for Lafayette Mining Limited, Ticor, and acted as Owners Site Manager for Newcrest Mining Ltd for the Cadia Gold-Copper mine at Orange NSW, and Owners Engineering Manager at Newcrest's Gosowong Gold mine in Indonesia. Mr Morgan also holds tertiary qualifications in Electrical Engineering.

The Board of Directors is confident that Mr Morgan will bring strong project management, engineering and construction depth to both the Board and Senior Management team of CNQ.

The Board of Directors would also like to thank Dr White for his efforts whilst acting in this interim position as well as welcoming Mr Jim Morgan to the position of Managing Director / Chief Executive Officer.

EXPLORATION

MT CARBINE - DRILLING

Five holes were drilled during the year, within the planned exploration diamond core-drilling program, to test possible extensions to the sheeted quartz vein-hosted tungsten mineralisation at Mt Carbine. Two diamond holes were drilled to test depth extensions near the present pit and another three holes were drilled to test strike and dip (plunge) extensions. There were high-grade intersections in the two near-mine drill holes. Hole MTCB002 intersected sheeted quartz vein-hosted mineralisation below 425 metres, in a position suggesting the main ore body plunges to the north (see Figure 1).

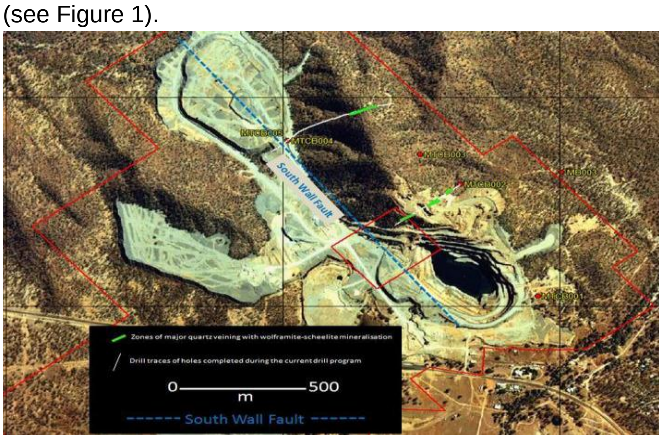


Figure 1below is a plan view showing location of exploration drill holes MTCB 002, 004 and 005, and upward projects of intersection of sheeted quartz vein-hosted tungsten (wolframite and scheelite) mineralization.

Intersects of tungsten mineralisation (as measured by fused disk XRF assay) included 6.17 metres at 0.21% WO_3 from 40.8 metres and 12.37 metres at 0.133% WO_3 from 81 metres in hole MTCB001, thus extending the known mineralisation 100 metres to the south-east of the pit. The deep hole that was drilled immediately to the north-west of the pit intersected a number of narrow high-grade zones, including 0.3 metres at 5.58% WO_3 from 495.95 metres in Hole MTCB002, extending the high-grade mineralisation 180 metres to the north-west of the pit and open to vertical depths of 440 metres.

Holes MTCB004 and MTCB005 confirmed the extension of the tungsten sheeted quartz vein system by 700 metres to the north-west of the open pit. Including the open pit, this increases the total strike length of the system to approximately 1,100 metres.

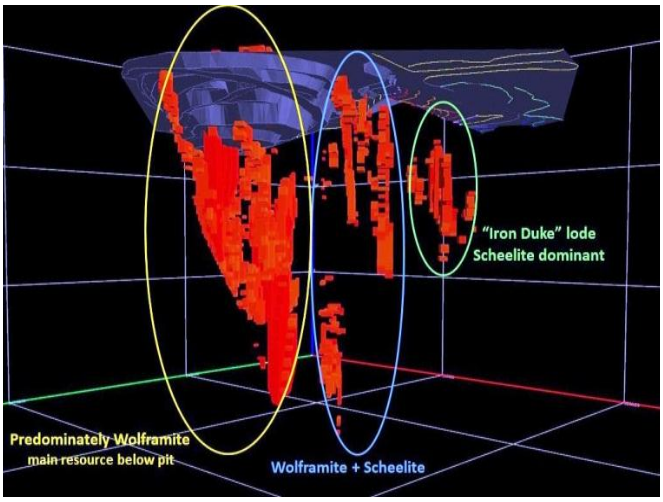


Figure 2. 3-D view of the high grade (>0.22% WO_3) zones in the Mt Carbine resource and mineral system looking along strike toward the north-west, showing the current resource relative to the existing open pit and highlighting the wolframite and scheelite mineralogical zones.

Following the studies of the ore panels, as depicted in Figures 2 and 3, CNQ's consultants and executives have re-examined the basis for the previous owner's plans to convert the mine from an open-pit to an underground operation. Substantial mineralisation exists directly beneath the pit and the newly discovered mineralisation along strike to the south-east may present the opportunity for the long-term continuation of open-pit mining.

The design of the new processing plant will also allow the plant to separate and efficiently process scheelite material that was not considered an economic option by the previous owners.

REVIEW OF OPERATIONS

RESOURCE UPGRADE

The Company announced a major upgrade of resources and a maiden ore reserve statement as one of the outcomes of the comprehensive range of investigations incorporated into the Feasibility Study. The previously announced 47 million tonnes Inferred Resource at an average grade of 0.13%WO_3, using a cut off of 0.05%WO_3 was updated to the following statement of resources and reserves:

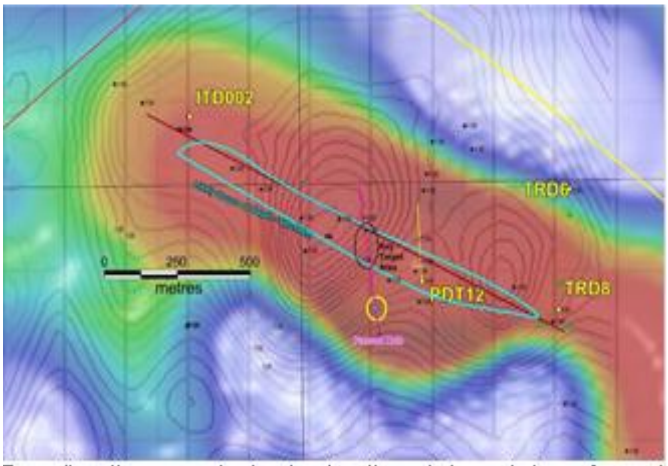
Indicated Mineral Resource	Inferred Resource
18.1 million Tonnes at 0.14% WO_3, in situ hard rock. 12 million Tonnes at 0.07% WO_3 in low grade stockpile (mineralised rock stockpiled from previous mining operation)	29.3 million tonnes at 0.12 % WO_3

The studies, which included pit optimization studies, incorporating a mine production schedule, also enabled the Company to announce a maiden **Probable Ore Reserve of 18 million tonnes at 0.14% WO_3** using a cut-off of 0.05% WO_3.

OTHER PROJECTS

Tara Prospect (NSW) Silver Prospectivity

The Tara prospect has been tested for tin mineralisation and remains an attractive tin prospect, but a review of data by CNQ's geological team indicates that the prospect also has very significant silver prospectivity, with bonanza grade intercepts in two holes 400 metres apart (12 metres at 3,598 g/t or 116 ounces per tonne silver from 116.6 metres in hole TRD8, and 1.3 metres at 643.2 g/t silver from 181.9 metres in hole TRD6, both drilled by Pan Australian in the mid-1980s). It is proposed to drill a deep diamond core hole to test the geophysical target for both its silver and tin potential. The hole has been targeted using the extensive geophysical and geological database on the Tara prospect that CNQ has developed over the past four years.



Tara silver-tin prospect, showing location of planned deep diamond drill holes to test for silver and tin mineralisation.

IPO for Gossan Hill Gold Limited

CNQ has previously advised its shareholders that it planned to spin-out the gold prospects held by CNQ into a new company, Gossan Hill Gold Limited (Proposed ASX Code: GOS), with the intention of raising sufficient funds via an Initial Public Offer (IPO) to adequately test the gold prospects. As well as the two main gold prospects (Peel Fault and Weabonga) vended into GOS by CNQ, it was fortunate in negotiating the acquisition of two other gold prospects (Mt Adrah from Bright Star Resources Limited and Bauloora from Robust Resources Ltd).

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A priority offer of shares in GOS was made to CNQ shareholders (as well as to Bright Star and Robust shareholders), but unfortunately despite intense efforts to achieve the IPO, neither minimum subscription nor minimum shareholder spread were achieved due to very weak market conditions. Instead the GOS Board is seeking a "back door" listing with a suitable company to maximize the value of GOS to its shareholders.

Statement of Resources

Table 1 summarises the estimated resources in Mining Leases 4867 and 4919, Mt Carbine tungsten deposit, North Queensland.

Table 1: Resource estimate Mt Carbine tungsten deposit, using 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

Within this resource estimate, due to the completion of a number of studies for the purpose of the feasibility study, Carbine Tungsten Limited also considers that at a mining rate of 3Mtpa, a cut-off of 0.05% WO_3 and a price for the product of US$290 per mtu, the Indicated Mineral Resource is also a Probable Ore Reserve (18 million tonnes of 0.14% WO_3).

The resource estimate upgrade is based on a number of key components:

- Historical records from the mine operation between 1974 and 1987, including recent logging, sampling and assaying of the complete set of historical drill core from 49 drill holes that formed the basis for the previous mining operation;
- Previous successful open pit extraction of ore that was only terminated when a global collapse in the tungsten price rendered the mine uneconomic;
- Previous ore sorting and milling records;

REVIEW OF OPERATIONS

- An independent geostatistical study of the historic mine geological data in 1993-1994;
- Independent geostatistical analysis and resource estimates in 2010 and 2012;
- Reviews of milling and concentrate production carried out at the end of the previous milling operation;
- The drilling and assaying of an additional 14 cored holes in the immediate environs of the open pit, which confirms that the mineralization is consistent in the direction of the proposed open pit extension.
- Geometallurgical investigations carried out by Carbine Tungsten Limited including the geometallurgical assessment of the economic potential of the Mt Carbine tungsten deposit and low grade stockpiles, since it has established that overall mill recovery of WO_3 can be increased by 37% from the historical 60% average recovery to approximately 82% average recovery by the additional recovery of tungsten that previously was lost to fines/slimes;
- Sampling, assaying and X-ray ore sorter trials of the low grade stockpile, optical ore sorter reject stockpile and Run of Mine stockpile.
- Pit optimization studies of the current resource as part of the feasibility study. Critically, confidence in the grade estimate and amenability to open pit mining is strongly reinforced by the fact that the previous mine extracted 13.5 million tonnes of ore from the open pit to produce 14,800 tonnes of high grade wolframite (72% WO_3) and scheelite (68% WO_3) products (in essence a 13.5 million tonne bulk sample).

The "bulk sample" demonstrated beyond doubt that the deposit on a very large scale is reasonably homogeneous although with higher grade zones, and given the approach to processing (ore sorting and gravity separation) reliably and predictably is able to produce a saleable product on a consistent basis over the proposed project life.

Original Open Cut Mine, 1987

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.

PHOTO GALLERY

MT CARBINE TAILINGS RE-TREATMENT PLANT

Tailings Re-Treatment Plant

New Front End

Power Connection to Tailings Re-treatment Plant

Shaker Tables

Tungsten separation on shaker tables

PHOTO GALLERY

MT CARBINE TAILINGS RE-TREATMENT PLANT OFFICIAL OPENING

CNQ Directors with Mitsubishi Corp. Unimetals Representatives

Jim Morgan & Geoff Nicholson with former TRC Mayor, Tom Gilmore

FIRST CONCENTRATE SHIPMENT TO MITSUBISHI

PHOTO GALLERY

MT CARBINE HARD ROCK PROJECT, REUSING PAST INFRASTRUCTURE

Clearing of existing hard rock crusher civil structures

Hard Rock plant pad clearance

Refurbishment of existing laboratory and office complex

Laboratory facilities in use

Office meeting room facilities

TENEMENT SCHEDULE

Name	Number	Expiry Date	Status	Licence Holder
New South Wales				
Tara	EL 6532	14/03/12	Granted	Carbine Tungsten Ltd*
Queensland				
Mt Carbine No 1	ML 4867	31/07/22	Granted	Mt Carbine Quarries Pty Ltd#
Mt Carbine New DCL	ML 4919	31/08/23	Granted	Mt Carbine Quarries Pty Ltd#
Mt Carbine Extended	EPM 14871	12/12/10	Granted	Tungsten Resources Ltd
Mt Holmes	EPM 14872	11/12/10	Granted	Tungsten Resources Ltd
Elizabeth Creek	EPM 14589			**

Registered sub-lease to Carbine Tungsten's wholly owned subsidiary, Tungsten Resources Pty Ltd.

* Tenement renewals lodged.

** Being transferred to AMMG Ltd.

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 2012.

DIRECTORS

The following persons were Directors of Carbine Tungsten Limited (which changed its name from Icon Resources Ltd on 13 September, 2011) during the whole of the financial year and up to the date of this report, unless otherwise stated:

Dr Leon E Pretorius, *Executive Chairman*

Andrew J (Jim) Morgan, *Non-executive Director appointed 19 January, 2012, Managing Director appointed 2 April, 2012*

Dr Andrew H White, *Non-Executive Director*

Ian Sheffield-Parker, *Managing Director (resigned 19 January 2012)*

COMPANY SECRETARY

Robert J Waring

PRINCIPAL ACTIVITIES

The principal activity of the Group involved its successful transition from exploration of mineral deposits to becoming a tungsten concentrate producer. Exploration has continued for tin, tungsten and gold.

The main focus has continued to be on the development of the Mt Carbine tungsten mine near Cairns in North Queensland.

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 $2,146,556.

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.

CORPORATE STRUCTURE

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

EMPLOYEES

The Company had 22 full-time employees as at 30 June 2012. 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 $10,915,788 resulting from:

	Date	Shares	$
Shares issued from a Rights issue @ $0.075 per share	20-07-11	59,894,824	4,492,112
Shares issued under a placement @ $0.075 per share	22-09-11	33,446,667	2,508,500
Shares issued from a Rights issue @ $0.075	07-10-11	2,693,333	202,000
Shares issued to directors @ $0.15	07-10-11	594,327	89,149
Shares issued from a Rights issue @ $0.09	21-03-12	26,478,146	2,383,033
Shares issued from a placement @ $0.09	04-04-12	14,702,423	1,323,218
Share issue costs	30-06-12	-	(82,224)
		137,809,720	**10,915,788**

DIRECTORS' REPORT

(b) Mt Carbine Tungsten Project – work continued on the project with an initial sale and export shipment of tungsten concentrate achieved in July 2012. Further details are in the "Review of Operations" section of this report.

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 of 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 2012 other than:

a) the issue of 16,000,000 ordinary shares on 9 August 2012 to Mota- Engil to raise $2,000,000.

Likely Developments

The earlier announced three-stage plan for development and expansion of the Mt Carbine tungsten mine has been revised to bring forward the last two stages and develop these together as the one "Hard Rock" Project. This will achieve larger scale production in a shorter time frame and take advantage of continuing firm world prices for tungsten. Further details are in the Directors' Report on operations.

INFORMATION ON DIRECTORS

Dr Leon E Pretorius BSc (Hons) MSc PhD FAusIMM(CP) MAIG PrNatSci

Executive Director and Chairman

Dr Pretorius is a Geochemist and brings to the Company 41 years of international mineral and mining experience. He has also been involved as a public Company Director in Australia and overseas for more than 25 years and most recently in Australia. Prior to joining Carbine Tungsten Limited's Board he was an Executive Director of Paladin Energy Limited until April 2005 and Managing Director of Deep Yellow Limited until March 2010. He is still the Managing Director of Deep Yellow Limited's 100% owned Namibian subsidiary Reptile Uranium Namibia (Pty) Ltd.

During the past five years Dr Pretorius has served as a Director of the listed company Deep Yellow Limited.

Andrew James (Jim) Morgan

CEO and Managing Director

Mr Morgan 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. Jim 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, Jim 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. He holds tertiary qualifications in electrical engineering.

Dr Andrew H White BSc (Hons), PhD GAICD FAIG FSEG

Non-executive Director

Dr White is a Geologist with over 45 years of experience in exploration, project development and financial evaluation of mining investments. He was Non-executive Chairman of Carbine Tungsten Limited (formerly Icon Resources Ltd) from the Company's inception till March 2010 when Dr Pretorius took over the role. He is the author of the text "Management of Mineral Exploration".

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

Directors' interests in shares and options as at 30 June 2012 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.

DIRECTORS' REPORT

At 30 June 2012

Director	Shares Directly and Indirectly Held	Options
Leon Pretorius	31,520,001	-
Andrew James (Jim) Morgan	-	-
Andrew White	4,897,067	-

Robert J Waring BEc CA FCIS FFin FAICD MAusIMM

Company Secretary

Mr Waring's experience has been gained over 40 years in financial and corporate roles including 20 years in Company Secretarial roles for ASX listed companies and 16 years as a Director of an ASX listed company. He is a Director of the Spencer Hamilton Group, which provides secretarial and corporate advisory services to a range of listed and unlisted companies.

MEETINGS OF DIRECTORS

Director's attendance at Directors meetings are shown in the following table:

Director	Meetings Eligible to Attend	Meetings Attended
Andrew James (Jim) Morgan	3	3
Leon Pretorius	6	6
Ian Sheffield-Parker	3	3
Andrew White	6	6

Non-executive Directors, Dr Pretorius and Dr White 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 Audit Committee meetings during the year. Dr Pretorius and Dr White are also members of the Remuneration and Nomination Committee, which held one meeting during the year.

SHARE OPTIONS

Unissued ordinary shares of Carbine Tungsten Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
21 December 2007	30 November 2012	$0.44	500,000
18 January 2008	30 November 2012	$0.44	760,870
18 January 2008	30 November 2012	$0.29	400,000
26 June 2009	30 November 2013	$0.34	1,500,000
16 December 2009	17 November 2014	$0.14	450,000
16 December 2009	17 November 2014	$0.19	950,000
Total			4,560,870

The holders of these options do not have any rights under the options to participate in any share issue of the company or of any other entity.

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.

REMUNERATION REPORT - AUDITED

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

DIRECTORS' REPORT

(d) Cash bonuses

(e) Share-based payment bonuses

(f)' Options and rights granted as remuneration

(g) Equity instruments issued on exercise of remuneration options

(h) Value of options to key management personnel and executives

(i) Service agreements

(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.

Key Management Personnel's remuneration is not generally linked to the Company's performance due to the nature of the Consolidated Entity's activities.

Fees and payments to the Non-executive Directors and Key Management Personnel 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 Executive and Non-executive Directors, Senior Executives and Officers are entitled to receive options under the Company's employee share option scheme.

(b) Key Management Personnel

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

Name	Position held
L E Pretorius	Executive Chairman
A J Morgan	CEO & Managing Director (from 2 April 2012)
A H White	Non-executive Director
I Sheffield-Parker	Managing Director (resigned 19 January 2012)
Key management personnel of the consolidated entity	
T S Peisker	Project Manager (appointed 16 December 2011)

(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 who received the highest emoluments during the year ended 30 June 2012 are set out in the following tables:

DIRECTORS' REPORT

2012	Short-term employee benefits	Post-employment benefits	Long-term benefits		Share based payments					
	Salary or Consulting fees $	Cash bonus $	Non monetary benefits $	Super-annuation $	Long service leave $	Termi-nation benefits $	Shares and or Options $	Total $	Proportion of remun-eration that is perform-ance based %	% of Value of remun-eration that consists of options %
A J Morgan	60,000	-	-	-	-	-	-	60,000	-	-
L E Pretorius	-	-	30,000	-	-	-	-	30,000	-	-
I S Sheffield-Parker	147,094		19,149	13,239				179,482	-	-
A H White	63,986	-	10,000	-	-	-	-	73,986	-	-
Other key management personnel										
T Peisker	77,066	-	-	6,676	-	-	-	83,742	-	-
Total key management personnel compensation	**348,146**	**-**	**59,149**	**19,915**	**-**	**-**	**-**	**427,210**	**-**	**-**

2011	Short-term employee benefits	Post-employment benefits	Long-term benefits		Share based payments					
	Salary or Consulting fees $	Cash bonus $	Non monetary benefits $	Super-annuation $	Long service leave $	Termi-nation benefits $	Shares and or Options $	Total $	Proportion of remun-eration that is perform-ance based %	% of Value of remun-eration that consists of options %
S B Bartrop	-	-	-	-	-	-	-	-	-	-
J R Bishop	120,090	-	-	9,500	-	-	-	129,590	-	-
L E Pretorius	-	-	-	-	-	-	-	-	-	-
I Sheffield-Parker	156,728	-	-	14,106	-	-	-	170,834	-	-
A H White	7,873	-	-	-	-	-	-	7,873	-	-
Other key management personnel										
D Milburn	173,272	-	-	12,052	-	-	-	185,324	-	-
Total key management personnel compensation	**457,963**	**-**	**-**	**35,658**	**-**	**-**	**-**	**493,621**	**-**	**-**

DIRECTORS' REPORT

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

There were some shares issued to Directors as part remuneration during the financial year to 30 June 2012, these are shown in the above tables under non-monetary benefits. The value of any shares granted are recognised as expenses in the financial statements and are expensed, resulting in an increase in Directors and Employee Benefits Expense for the relative financial year.

During the financial year to 30 June 2012, no options were granted to Directors or Key Management Personnel as part of their remuneration.

Any options granted as a part of Director and Executive remuneration are valued using the Black and 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 2011-2012 financial year.

(e) Share-based payment bonuses

No options or shares in payment of bonuses were issued to Directors or Key Management Personnel during the 2011-2012 financial year.

(f) Options and rights granted as remuneration

There were no options or rights granted to Key Management Personnel and Executives as compensation during the 2011-2012 financial year. Any options granted are vested on issue date and available to be exercised until expiry.

(g) Equity Instruments issued on exercise of remuneration options

No equity instruments were issued to Directors or Key Management Personnel as a result of options being exercised that had previously been granted as compensation during the 2011-2012 financial year.

(h) Value of options to key management personnel and executives

Details of the value of options granted, exercised and lapsed during the 2011-2012 financial year to Key Management Personnel and Executives as part of their remuneration are summarised below:

2012 Name	Value of options at grant date* $	Value of options exercised at exercise date** $	Value of options lapsed at date of lapse*** $
A J Morgan	-	-	-
L E Pretorius	-	-	-
I S Sheffield-Parker	-	-	-
A H White	-	-	-
Other key management personnel			
T S Peisker	-	-	-

* The value of options granted during the period differs to the expense recognised as part of each Key Management Persons' or Executives remuneration in (c) above because this value is the grant date value calculated in accordance with AASB 2 *Share-based Payment*.

** The value of options exercised at exercise date has been determined as the intrinsic value of the options at exercise date, i.e. the excess of the market value at exercise date over the strike price of the option.

*** Options lapsed due to vesting conditions not being satisfied. The value of options at date of lapse is determined assuming that the vesting condition has been satisfied.

(i) 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 number of months notice, subject to termination payments as detailed below.

Dr L E Pretorius

There is no written contract with Dr Pretorius, who received payments and benefits totalling $30,000 in his role as a Director of the Company.

A J Morgan

There is an agreement dated 22 June 2012 between Carbine Tungsten Limited and Projectex Pty Ltd (a company associated with AJ 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.

Projectex Pty Ltd received payments totalling $60,000 during the period.

T S Peisker

There is an agreement dated 16 December 2011 between Carbine Tungsten Limited and Mr Peisker whereby the Company employed him as a Project Manager at an annual salary of $150,000 plus SGC Superannuation to be reviewed annually. He received payments and benefits totalling $83,742 during the period.

I S Sheffield-Parker

There is an agreement dated 17 April 2010 between Icon Resources Ltd (now Carbine Tungsten Limited) and Mr Sheffield-Parker whereby the Company employed him as a Project Manager at an annual salary package of $165,000 per annum (inclusive of super), but subject to review after an initial 3 month trial period. The remuneration package was increased to $200,000 (inclusive of SGC Superannuation) from 1 January 2011 when he became Managing Director. He received payments and benefits totalling $179,482 during the period. Mr Sheffield-Parker resigned on 19 January 2012.

Dr A White

There is no written contract with Dr White, who received payments and benefits totalling $10,000 in his role as a Director of the Company and consulting fees and expenses of $63,986 on normal commercial terms.

DIRECTORS' INTERESTS

The relevant interest of each Director (including their associates) in the share capital of the Company as at 30 June 2012 are set out in Note 17 to the Financial Statements.

SHARE CAPITAL AND OPTIONS

A detailed breakdown of the Company's capital, including options (unquoted options and employee options) and convertible instruments is contained in Note 13 to the Financial Statements.

DIRECTORS, OFFICERS, EMPLOYEES AND CONSULTANTS SHARE OPTION PLAN

The Company has established the Carbine Tungsten Limited Employees and Officers Share Options Plan ("the Plan") to assist in the attraction, retention and motivation of the Company's Directors, Officers, Employees and Senior Consultants.

A summary of the rules of the Plan is as follows. All Directors, Officers, Employees and Senior Consultants (whether full- or part-time) will be eligible to participate in the Plan after a qualifying period of 12 months employment with the Company or its subsidiaries (or, in the case of a senior consultant, having provided consulting services to the Company or its subsidiaries on a continuous basis for at least 12 months), although the Board may waive this requirement.

The allocation of options under the Plan is at the discretion of the Board.

If permitted by the Board, options may be issued to a nominee of a Director, Officer, Employee or Senior Consultant (for example, to a spouse or family company).

Each option allows the option holder to subscribe for one fully paid ordinary share in the Company and will expire five years from its date of issue. Options will be issued free. The exercise price of options will be determined by the Board subject to a minimum price equal to the market value of the Company's shares at the time the Board resolves to issue the options. The total number of options issued under the Plan, when aggregated with other options issued under the Plan during the previous five years must not exceed five percent of the Company's issued share capital at the time

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

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.

DIVERSITY POLICY

Even though Carbine Tungsten Limited does not have a defined Diversity Policy it recognises its talented and diverse workforce as a key competitive advantage and believes in treating all people with dignity and respect. Carbine Tungsten Limited strives to create and foster a supportive and understanding environment in which all individuals realise their maximum potential within the Company, regardless of their differences. It is committed to employing the *best* people to do the *best* job possible irrespective of ethnicity, gender, language, age, sexual orientation, religion, socio-economic status, physical and mental ability, thinking styles, experience and education.

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and Board diversity and the importance of benefiting from all available talent.

	2012		2013–2014	
	No.	**%**	**No.**	**%**
Women on the Board	-	-	-	-
Women in senior management roles	-	-	-	-
Women employees in the company	3	13.6	3	13.6

AUDIT AND NON–AUDIT SERVICES

During the financial year, the following fees for non-audit services were paid or payable to the auditor, BDJ Partners:

	Consolidated 2012 $	Consolidated 2011 $
Audit-related services		
Amounts paid or payable to BDJ Partners		
- Audit of regulatory returns	23,000	22,000
Taxation services		
Amounts paid to BDJ Partners		
- Tax compliance services – tax returns	3,000	3,000
	26,000	25,000

DIRECTORS' REPORT

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.*

ENVIRONMENTAL PERFORMANCE

Carbine Tungsten Limited and related entities hold exploration licences issued by the Mines Department of two state governments which specify guidelines for environmental impacts in relation to exploration activities. The licence conditions provide for the full rehabilitation of the areas of exploration in accordance with the various Mines Departments' guidelines and standards. There have been no significant known breaches of the licence conditions.

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.

Signed at Sydney this 27th day of September 2012 in accordance with a resolution of the Directors.

DR L E PRETORIUS
Executive Chairman

STATEMENT OF COMPREHENSIVE INCOME

AS AT 30 JUNE 2012

	Note	Consolidated		Parent Entity	
		2012	2011	**2012**	2011
		$	$	**$**	$
REVENUE	2	**822,042**	2,123,312	**822,042**	2,123,312
Administration expenses		**(294,149)**	(368,762)	**(294,149)**	(368,762)
Consultant expenses		**(458,876)**	(82,963)	**(458,876)**	(82,963)
Depreciation	8	**(290,977)**	(21,569)	**(290,977)**	(21,569)
General expenses		**(29,664)**	(1,940)	**(29,664)**	(1,940)
Loss on revaluation of investments		**(900,000)**	-	**(900,000)**	-
Exploration written off		**(317,135)**	(1,167,581)	**(34,063)**	(1,056,109)
Occupancy expenses		**(72,692)**	(33,463)	**(72,692)**	(33,463)
Salaries and employee benefits expense		**(474,736)**	(186,091)	**(474,736)**	(186,091)
Travel and accommodation		**(129,312)**	(30,935)	**(129,312)**	(30,935)
Other expenses from ordinary activities		**(1,057)**	(878)	**(1,057)**	(878)
PROFIT (LOSS) BEFORE INCOME TAX EXPENSE		**(2,146,556)**	229,130	**(1,863,484)**	340,602
INCOME TAX EXPENSE	3	-	-	**-**	-
PROFIT (LOSS) AFTER INCOME TAX EXPENSE	14	**(2,146,556)**	229,130	**(1,863,484)**	340,602
NET PROFIT (LOSS) ATTRIBUTABLE TO MEMBERS OF CARBINE TUNGSTEN LTD		**(2,146,556)**	229,130	**(1,863,484)**	340,602
Basic gain(loss) per share (cents per share)	15	**(0.01)**	0.002	**(0.008)**	0.003
Diluted gain(loss) per share (cents per share)	15	**(0.01)**	0.002	**(0.008)**	0.003

STATEMENT OF FINANCIAL POSITION

YEAR ENDED 30 JUNE 2012

	Note	Consolidated 2012 $	Consolidated 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
CURRENT ASSETS					
Cash assets		**975,085**	375,381	**975,085**	375,381
Receivables	5	**809,806**	59,213	**809,779**	59,185
Prepayments		**58,805**	14,701	**58,805**	14,701
TOTAL CURRENT ASSETS		**1,843,696**	449,295	**1,843,669**	449,267
NON-CURRENT ASSETS					
Shares in controlled entities	6	**-**	-	**19**	19
Tenement security deposits	7	**163,433**	152,308	**152,933**	135,808
Plant and equipment	8	**6,360,327**	92,313	**6,360,327**	92,313
Deferred exploration and evaluation expenditure	9	**7,293,945**	4,811,238	**573,602**	577,713
Loans to controlled entities	10	**-**	-	**8,234,036**	5,470,146
Investments	11	**1,528,000**	2,268,000	**1,528,000**	2,268,000
TOTAL NON-CURRENT ASSETS		**15,345,705**	7,323,859	**16,848,917**	8,543,999
TOTAL ASSETS		**17,189,401**	7,773,154	**18,692,586**	8,993,266
CURRENT LIABILITIES					
Payables	12	**861,060**	214,044	**861,060**	214,044
TOTAL CURRENT LIABILITIES		**861,060**	214,044	**861,060**	214,044
TOTAL LIABILITIES		**861,060**	214,044	**861,060**	214,044
NET ASSETS		**16,328,341**	7,559,110	**17,831,526**	8,779,222
EQUITY					
Issued capital	13	**24,239,992**	13,324,204	**24,239,992**	13,324,204
Accumulated losses	14	**(8,465,705)**	(6,319,148)	**(6,962,515)**	(5,099,031)
Reserves	14	**554,049**	554,049	**554,049**	554,049
Non-controlling interest		**5**	5	**-**	-
TOTAL EQUITY		**16,328,341**	7,559,110	**17,831,526**	8,779,222

STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2012

	Note	Consolidated 2012 $	Consolidated 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Payment to suppliers and employees		**(917,692)**	(309,759)	**(917,692)**	(309,759)
Other income		**3,508**	472,496	**3,508**	472,496
Interest received		**128,520**	18,083	**128,520**	18,083
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	25	**(785,664)**	180,820	**(785,664)**	180,820
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of plant and equipment		**(6,599,453)**	(2,881)	**(6,599,453)**	(2,881)
Expenditure on mining interests (exploration)		**(2,759,842)**	(1,916,876)	**10,048**	(468,018)
Tenement security deposits		**(11,125)**	10,500	**(17,125)**	10,500
Investments		**(160,000)**	(1,500)	**(160,000)**	(1,500)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(9,530,420)**	(1,910,757)	**(6,766,530)**	(461,899)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances to controlled entities		**-**	-	**(2,763,890)**	(1,448,858)
Loans received/repaid		**-**	(80,000)	**-**	(80,000)
Proceeds from issue of shares		**10,998,012**	2,253,750	**10,998,012**	2,253,750
Equity raising expenses		**(82,224)**	(95,138)	**(82,224)**	(95,138)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**10,915,788**	2,078,612	**8,151,898**	629,754
Net increase in cash held		**599,704**	348,675	**599,704**	348,675
Add opening cash brought forward		**375,381**	26,706	**375,381**	26,706
CLOSING CASH CARRIED FORWARD	25	**975,085**	375,381	**975,085**	375,381

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2012

CONSOLIDATED	Attributable to the shareholders of Carbine Tungsten Limited				
	Issued Capital	Accumulated Losses	Reserves	Non-controlling interest	Total Equity
	$	$	$	$	$
AT 1 JULY 2010	11,165,592	(6,548,277)	554,049	5	5,171,369
Gain/(Loss) for the period	-	229,129	-	-	229,129
Issue of share capital	2,158,612	-	-	-	2,158,612
Share based payments reserve	-	-	-	-	-
AT 30 JUNE 2011	**13,324,204**	**(6,319,148)**	**554,049**	**5**	**7,559,110**
AT 1 JULY 2011	13,324,204	(6,319,148)	554,049	5	7,559,110
Gain/(Loss) for the period	-	(2,146,556)	-	-	(2,146,556)
Issue of share capital	10,915,788	-	-	-	10,915,788
Share based payments reserve	-	-	-	-	-
AT 30 JUNE 2012	**24,239,992**	**(8,465,704)**	**554,049**	**5**	**16,328,342**

PARENT	Attributable to the shareholders of Carbine Tungsten Limited			
	Issued Capital	Accumulated Losses	Reserves	Total Equity
	$	$	$	$
AT 1 JULY 2010	11,165,592	(5,439,633)	554,049	6,280,008
Gain/(Loss) for the period	-	340,602	-	340,602
Issue of share capital	2,158,612	-	-	2,158,612
Cost of share based payments taken directly to equity	-	-	-	-
AT 30 JUNE 2011	**13,324,204**	**(5,099,031)**	**554,049**	**8,779,222**
AT 1 JULY 2011	13,324,204	(5,099,031)	554,049	8,779,222
Gain/(Loss) for the period	-	(1,863,484)	-	(1,863,484)
Issue of share capital	10,915,788	-	-	10,915,788
Cost of share based payments taken directly to equity	-	-	-	-
AT 30 JUNE 2012	**24,239,992**	**(6,962,515)**	**554,049**	**17,831,526**

NOTES TO AND FORMING PART OF THE ACCOUNTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards.

The financial report has been prepared on a historical cost basis except for land and buildings, which have been measured at fair value.

(b) Statement of Compliance

The financial report has been prepared and complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the 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 (CNQ or the "Company") and its subsidiaries ("the Group") as at 30 June 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 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) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated either on a diminishing value or straight-line basis over the estimated useful life of the asset.

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.

(e) Borrowing Costs

Borrowing costs are recognised as an expense when incurred.

(f) Intangible Assets

Acquired both separately and from a business combination

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is taken to the income statement through the "administrative expenses" line item.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

NOTES TO AND FORMING PART OF THE ACCOUNTS

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

(g) 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 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.

(h) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date, being the date that the Group commits to purchase he asset.

(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.

NOTES TO AND FORMING PART OF THE ACCOUNTS

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 cost whether the above carry forward criteria are met.

Accumulated costs in respect of areas of interest are written off or a provision made in the Income Statement 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) Mine Property Held for Sale

Where the carrying amount of mine property and related assets will be recovered principally through a sale transaction rather than through continuing use, the assets are reclassified as Mine Property Held for Sale and carried at the lower of the assets' carrying amount and fair value less costs to sell – where such fair value can be reasonably determined, and otherwise at its carrying amount. Liabilities and provisions related to mine property held for sale are similarly reclassified as Liabilities – Mine Property Held for Sale and, Provisions – Mine Property Held for sale, as applicable, and carried at the value at which the liability or provisions expected to be settled.

(k) 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.

(l) Cash and Cash Equivalents

Cash and short-term deposits in the Balance Sheet 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.

NOTES TO AND FORMING PART OF THE ACCOUNTS

(m) 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 the income statement 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.

(n) Employee Entitlements

Liabilities for wages and salaries are recognised and are measured as an amount unpaid at the reporting date at current pay rates in respect of employee's services up to that date. Current employee contracts entitle them to annual leave and long service leave. A liability in respect of superannuation at the current Superannuation Guarantee rate has been accrued at the reporting date.

(o) Share-based Payments

An employee share option scheme has been established where selected employees, consultants, contractors and Directors of the Company are issued with options over ordinary shares in Carbine Tungsten Limited. The options, issued for nil consideration, are issued in accordance with a performance review by the Directors. The options cannot be transferred and will not be quoted on the ASX. Options expire if not exercised 90 days after a participant resigns from the Company. The cost of these equity-settled transactions is determined by reference to the fair value at the date at which they are granted. The fair value of the options is determined by using the Black and Scholes Option Pricing Model.

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 balance 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.

(p) Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(q) 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.

NOTES TO AND FORMING PART OF THE ACCOUNTS

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.

(r) 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 the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet 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, and 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 balance sheet 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 balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(s) 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 Cash Flow Statement 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.

NOTES TO AND FORMING PART OF THE ACCOUNTS

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

(t) Currency

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

(u) Comparatives

Where applicable, comparative figures have been adjusted to conform to any changes in presentation for the current financial year.

(v) Investment in Controlled Entities

The Company's investment in its controlled entities is accounted for under the equity method of accounting in the Company's financial statements.

	Consolidated		Parent	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
2. REVENUE FROM ORDINARY ACTIVITIES				
Interest received – other persons/corporation	**130,606**	18,083	**130,606**	18,083
R & D Tax concession offset	**611,266**	411,221	**611,266**	411,221
Sale of Tenements	**-**	1,632,733	**-**	1,632,733
Other income	**80,170**	61,275	**80,170**	61,275
	822,042	2,123,312	**822,042**	2,123,312
3. INCOME TAX				
(a) Income tax expense				
Current tax	**-**	-	**-**	-
Deferred tax	**-**	-	**-**	-
(Over) under provision in prior years	**-**	-	**-**	-
	-	-	**-**	-
Income tax expense is attributable to:				
Profit from continuing operations	**-**	-	**-**	-
Aggregate income tax expense	**-**	-	**-**	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Gains/(Losses) from continuing operations before income tax expense	**(2,146,249)**	229,130	**(1,863,177)**	340,602
Tax at the Australian tax rate of 30%	**(643,875)**	68,739	**(558,953)**	68,739
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Additional deductions	**-**	-	**-**	-
(Over) under provision prior year	**-**	-	**-**	-
Non-allowable deductions	**-**	-	**-**	-
Other	**-**	-	**-**	-
Income taxes not brought to account	**(643,875)**	68,739	**(558,953)**	68,739

NOTES TO AND FORMING PART OF THE ACCOUNTS

	Consolidated 2012 $	Consolidated 2011 $	Parent 2012 $	Parent 2011 $
(c) Current tax liabilities				
Balance at beginning of year	**-**	-	**-**	-
Income tax paid	**-**	-	**-**	-
Current year's income tax on profit	**-**	-	**-**	-
Under (over) provided in prior year	**-**	-	**-**	-
Balance at end of year	**-**	-	**-**	-

No provision for income tax is considered necessary in respect of the Company for the period ended 30 June 2012.

No recognition has been given to any future income tax benefit which may arise from operating losses not claimed for tax purposes. The Company has estimated its losses not claimed of $8,974,142. These amounts have not been brought to account in calculating any future tax benefit.

A benefit of 30% of approximately $2,692,242 will only be obtained if:

- the Parent and the Controlled Entities 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 Controlled Entities continue to comply with the conditions for deductibility imposed by the law, and
- no changes in tax legislation adversely affect the Parent and the Controlled Entities 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.

	Consolidated 2012 $	Consolidated 2011 $	Parent 2012 $	Parent 2011 $
4. AUDITORS' REMUNERATION				
Total amounts receivable by the current auditors of the Company for:				
Audit of the Company's accounts	**23,000**	18,500	**23,000**	22,000
Tax compliance services – tax returns	**3,000**	3,600	**3,000**	3,000
	26,000	22,100	**26,000**	25,000
5. RECEIVABLES – CURRENT				
Cash on hand	**27**	27	**-**	-
Interest	**5,549**	178	**5,549**	178
Refund for GST paid	**172,949**	41,199	**172,949**	41,199
Other	**631,281**	17,809	**631,281**	17,808
Other receivables	**809,806**	59,213	**809,779**	59,185

NOTES TO AND FORMING PART OF THE ACCOUNTS

	Consolidated 2012 $	Consolidated 2011 $	Parent 2012 $	Parent 2011 $
6. SHARES IN CONTROLLED ENTITIES				
South Eastern Resources Pty Ltd	**-**	-	**-**	-
Cast Resources Pty Ltd	**-**	-	**2**	2
Troutstone Resources Pty Ltd	**-**	-	**2**	2
Icon Resources Africa Pty Ltd	**-**	-	**5**	5
Tungsten Resources Pty Ltd	**-**	-	**10**	10
	-	-	**19**	19
7. TENEMENT SECURITY DEPOSITS				
Tenement security deposits	**136,808**	145,308	**126,308**	128,808
Other security deposits	**26,625**	7,000	**26,625**	7,000
Cash with government mines department	**163,433**	152,308	**152,933**	**135,808**

The tenement deposits are restricted so that they are available for any rehabilitation that may be required on exploration tenements (refer to Note 20).

	Consolidated 2012 $	Consolidated 2011 $	Parent 2012 $	Parent 2011 $
8. PLANT AND EQUIPMENT				
Plant and equipment – at cost	**6,735,049**	207,555	**6,735,049**	207,555
Accumulated depreciation	**(374,722)**	(115,242)	**(374,722)**	(115,242)
	6,360,327	92,313	**6,360,327**	92,313
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	**92,313**	111,001	**92,313**	111,001
Additions	**6,559,454**	7,481	**6,559,454**	7,481
Disposals	**(463)**	(4,599)	**(463)**	(4,599)
Depreciation expense	**(290,977)**	(21,570)	**(290,977)**	(21,570)
	6,360,327	92,313	**6,360,327**	92,313
9. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE				
Costs brought forward	**4,811,238**	4,935,709	**577,713**	1,799,570
Costs incurred during the period	**2,799,842**	1,043,110	**29,952**	(165,748)
Expenditure written off during period	**(317,135)**	(1,167,581)	**(34,063)**	(1,056,109)
Costs carried forward	**7,293,945**	4,811,238	**573,602**	577,713
Exploration expenditure costs carried forward are made up of:				
Expenditure on joint venture areas	**-**	-	**-**	-
Expenditure on non joint venture areas	**7,293,945**	4,811,238	**573,603**	577,713
Costs carried forward	**7,293,945**	4,811,238	**573,603**	577,713

NOTES TO AND FORMING PART OF THE ACCOUNTS

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.

	Consolidated		Parent	
	2012	2011	**2012**	2011
	$	$	**$**	$
10. LOANS TO CONTROLLED ENTITIES				
Unsecured loans to controlled entities (interest free)	**-**	-	**8,234,036**	5,470,146
Loans represent exploration and development expenditure by controlled entities				
11. INVESTMENTS				
Fitzroy Resources Limited – shares	**600,000**	1,500,000	**600,000**	1,500,000
Fitzroy Resources Limited – Options	**766,500**	766,500	**766,500**	766,500
Gossan Hill Gold Limited	**151,500**	1,500	**151,500**	1,500
Spencer Resources shares	**10,000**	-	**10,000**	-
	1,528,000	2,268,000	**1,528,000**	2,268,000
12. CURRENT LIABILITIES – PAYABLES				
Trade creditors	**592,863**	133,058	**592,863**	133,058
Accrued expenses	**169,967**	54,856	**169,967**	54,856
Other	**98,230**	26,131	**98,230**	26,131
	861,060	214,045	**861,060**	214,045
13. CONTRIBUTED EQUITY				
Share capital				
256,982,718 ordinary shares fully paid	**24,239,992**	13,324,204	**24,239,992**	13,324,204

(a) Movements in ordinary share capital	Date	Number of shares	Issue price	$
1 July 2011 to 30 June 2012				
Balance b/fwd		119,172,998		13,324,204
Shares issued from a Rights Issue	20-07-11	59,894,824	$0.075	4,492,112
Shares issued under a placement	22-09-11	33,446,667	$0.075	2,508,500
Shares issued from a Rights Issue	07-10-11	2,693,333	$0.075	202,000
Shares issued	07-10-11	594,327	$0.15	89,149
Shares issued from a Rights Issue	21-03-12	26,478,146	$0.09	2,383,033
Shares issued from a placement	04-04-12	14,702,423	$0.09	1,323,218
Shares issue costs	11-04-12	-	-	(82,224)
Balance as at 30 June 2012		**256,982,718**		**24,239,992**

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 shares held.

NOTES TO AND FORMING PART OF THE ACCOUNTS

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 balance date.

(b) Movements in Options	Date	Number of Options	Exercise price	Maturity
Unlisted Options				
1 July 2011 to 30 June 2012				
Options issued free to John Richard Bishop	21-12-07	500,000	$0.44	30-11-2012
Options issued free under Company's ESOP	18-01-08	760,870	$0.44	30-11-2012
Options issued free under Company's ESOP	18-01-08	400,000	$0.29	30-11-2012
Options issued free under Company's ESOP	26-06-09	1,500,000	$0.34	30-11-2013
Options issued free under Company's ESOP	16-12-09	450,000	$0.14	17-11-2014
Options issued free under Company's ESOP	16-12-09	950,000	$0.19	17-11-2014
Balance as at 30 June 2012		**4,560,870**		

14. RESERVES

	Consolidated		Parent	
	2012	2011	**2012**	2011
	$	$	**$**	$
(a) Options expense reserve				
Balance at 1 July 2011	**554,049**	554,049	**554,049**	554,049
Share-based payment expense	**-**	-	**-**	-
Balance as at 30 June 2012	**554,049**	554,049	**554,049**	554,049
(b) Accumulated losses				
Balance at the beginning of period	**(6,319,148)**	(6,548,277)	**(5,099,031)**	(5,439,633)
Operating profit (loss) after income tax expense	**(2,146,250)**	229,129)	**(1,863,177)**	340,602
Balance as at 30 June 2012	**(8,465,398)**	(6,319,148)	**(6,962,208)**	(5,099,031)

15. PROFIT (LOSS) PER SHARE

	Consolidated		Parent	
	2012	2011	**2012**	2011
	$	$	**$**	$
Basic profit (loss) per share (cents per share)	**0.01**	0.002	**0.003**	0.003
Diluted loss per share (cents per share)	**0.01**	0.002	**0.003**	0.003
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted loss per share is 221,712,036.				
Profit (Loss) used in calculating basic and diluted profit (loss) per share	**(2,146,556)**	229,130	**(1,863,484)**	340,602

NOTES TO AND FORMING PART OF THE ACCOUNTS

Conversion, call, subscription or issue after 30 June 2012:

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 has taken place:

Movements in ordinary share capital	Date	Number of shares	Issue price	$
Balance as at 30 June 2012		**256,982,718**		
Shares issued under a placement	09-08-12	16,000,000	$0.125	2,000,000
Balance as at 09 August 2012		**272,982,718**		

16. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	Consolidated		Parent	
	2012	2011	**2012**	2011
	$	$	**$**	$
Short-term employee benefits	**348,146**	457,963	**348,146**	457,963
Post-employment benefits	**19,915**	35,658	**19,915**	35,658
Other long-term benefits	**-**	-	**-**	-
Termination benefits	**-**	-	**-**	-
Share based payments	**59,149**	-	**59,149**	-
Balance at the end of period	**427,210**	493,621	**427,210**	493,621

Further information regarding the identity of Key Management Personnel and their compensation can be found in the Audited Remuneration Report (contained in the Directors' Report) located earlier in this Annual Report.

(b) Equity instruments

Options and Rights Holdings

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

30 June 2012 Name	Balance at 1 July 2011	Granted as compen-sation	Options Exercised	Other changes	Balance at 30 June 2012	Total vested at 30 June 2012	Total vested and exercisable at 30 June 2012	Total vested and unexercis-able at 30 June 2012
L E Pretorius	-	-	-	-	-	-	-	-
A J Morgan	-	-	-	-	-	-	-	-
A H White	-	-	-	-	-	-	-	-
T S Peisker	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

30 June 2011 Name	Balance at 1 July 2010	Granted as compen-sation	Options Exercised	Other changes	Balance at 30 June 2011	Total vested at 30 June 2011	Total vested and exercisable at 30 June 2011	Total vested and unexercis-able at 30 June 2011
L E Pretorius	5,000,000	-	-	(5,000,000)	-	-	-	-
I S Sheffiled-Parker	-	-	-	-	-	-	-	-
A H White	-	-	-	-	-	-	-	-
D Milburn	1,861,111	-	-	(111,111)	1,750,000	1,750,000	-	-
	6,861,111	-	-	(5,111,111)	1,750,000	1,750,000	-	-

NOTES TO AND FORMING PART OF THE ACCOUNTS

(c) Shareholdings

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

30 June 2012 Name	Balance at 1 July 2011	Granted as compensation	Received on exercise of options or rights	Other changes	Balance at 30 June 2012	Balance held nominally
L E Pretorius	13,000,000	200,000	-	18,320,001	31,520,001	-
A J Morgan	-	-	-	-	-	-
A H White	4,330,400	66,667	-	500,000	4,897,067	4,478,905
T S Peisker	-			-	-	-
	17,330,400	266,667	-	18,820,001	36,417,068	4,478,905

30 June 2011 Name	Balance at 1 July 2010	Granted as compensation	Received on exercise of options or rights	Other changes	Balance at 30 June 2011	Balance held nominally
L E Pretorius	8,000,000	-	-	5,000,000	13,000,000	-
I S Sheffield-Parker	-	-	-	-	-	-
A H White	4,330,400	-	-	-	4,330,400	3,978,905
D Milburn	2,021,111			-	2,021,111	-
	14,351,511	-	-	5,000,000	19,351,511	3,978,905

(d) Loans to key management personnel

There are no loans made by the company to key management personnel or their related parties.

(e) Other transactions and balances

Consulting services

Carbine Tungsten Limited Managing Director, Mr Morgan is a Director and shareholder in Projectex Pty Ltd, a former Director, Mr Bishop, is a Director and shareholder of Mitre Geophysics Pty Ltd, and Director, Dr White is a principal of Andrew White and Associates. Each of these entities have provided specialist consulting services to the Group during the financial year as shown below. These services were based upon normal commercial terms and conditions.

	Consolidated	
	2012	2011
	$	$
Consulting services provided by Director associated entities recognised as an expense during the year		
A J Morgan (Projectex Pty Ltd)	**60,000**	-
J R Bishop (Mitre Geophysics Pty Ltd)	**-**	14,216
A H White (Andrew White and Associates)	**63,986**	7,873
	123,986	22,089

Aggregate amounts of liabilities at balance date relating to consulting services with directors of the group are as follows:	Consolidated	
	2012	2011
	$	$
Current liabilities	**-**	-

NOTES TO AND FORMING PART OF THE ACCOUNTS

17. RELATED PARTY DISCLOSURES

The Directors in office during the entire financial year were Dr Pretorius and Dr White while Mr Morgan held office from 19 January 2012 due to Mr Sheffield-Parker resigning on 19 January 2012.

Interests and movements in the shares and options of the Company held by Key Management Personnel and Directors and their Director-related entities as at 30 June 2012:

Fully Paid Ordinary Shares

at 30 June 2012

Key management personnel	Balance 1.7.11	Net changes Number	Balance 30.6.12	Balance held Nominally Number
L E Pretorius	13,000,000	18,520,001	31,520,001	-
A J Morgan	-	-	-	-
A H White	4,330,400	566,667	4,897,067	4,478,905
T S Peisker	-	-	-	-
	17,330,400	**19,086,668**	**36,417,068**	**3,978,905**

Options

at 30 June 2012

Key management personnel	Balance 1.7.11	Net changes Number	Balance 30.6.12	Balance held Nominally Number
L E Pretorius	-	-	-	-
A J Morgan	-	-	-	-
A H White	-	-		
T S Peisker	-	-	-	-
	-	**-**	**-**	**-**

Key Management Personnel interests in shares and options includes holdings in their names and in the names of Director related entities.

Remuneration Options: Granted and Vested during the Year

During the financial year to 30 June 2012, no options were granted to Key Management Personnel.

Shares and options held by Directors included those held by the Directors and their Director-related entities, including the spouses of such Directors and relatives of such Directors. All shares and options, that have been granted were issued or granted on terms no more favourable than to other shareholders or option holders.

Mr Morgan is a Director and shareholder in Projectex Pty Ltd, a company that provides technical and management services to the Company. Services provided during the period ended 30 June 2012 which are referred to in the Remuneration of Directors in Note 16(a) amounted to $60,000.

Dr White is a Director and has a significant financial interest in Andrew White Associates, a partnership that provides geological and exploration management services to the Company. Services provided during the period ended 30 June 2012 are referred to in the remuneration of Directors in Note 16 (a) which amounted to $77,066.

Services provided by Director-related entities were under normal commercial terms and conditions. No other benefits have been received or are receivable by Directors, other than those already disclosed in the notes to the accounts.

18. JOINT VENTURES

The Company currently has no exposure to any joint venture agreements.

NOTES TO AND FORMING PART OF THE ACCOUNTS

19. FINANCIAL REPORT BY SEGMENT

The Company operates predominantly in the one business and in one geographical area, namely Australian mineral exploration, mining evaluation and development.

20. CONTINGENT LIABILITIES

The Group has provided guarantees totalling $136,808 in respect of mining 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.

21. EMPLOYEE ENTITLEMENTS

An employee share option plan has been established where selected officers and employees of the Company can be issued with options over ordinary shares in Carbine Tungsten Limited. The options, issued for nil consideration, will be issued in accordance with a performance review by the Directors. The options cannot be transferred and will not be quoted on the ASX. The Company has issued a number of options in the current financial year and details are shown in Note 13.

22. FINANCIAL INSTRUMENTS

Interest rate risk exposure

At balance date, the Company was exposed to a floating weighted average interest rate as follows:

	Consolidated		**Parent**	
	2012	2011	**2012**	2011
Weighted average rate of cash balances	**3.50%**	4.55%	**3.50%**	4.55%
Cash balances	**$975,085**	$375,381	**$975,085**	$375,381

Bank negotiable certificates of deposit are normally invested for 30 days and other cash at bank balances are at call. All other financial assets and liabilities are non-interest bearing.

Net fair value of financial assets and liabilities, on balance sheet and credit risk

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Company approximates their carrying value. Credit risk is minimal at balance date.

23. 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 as the Company joint ventures projects to third parties. It is the Company's exploration strategy to farm-out where appropriate to larger companies to fund drilling programmes. In addition, the Company has commitments to expend funds towards earning or retaining an interest under joint venture agreements.

	Consolidated		**Parent**	
	2012	2011	**2012**	2011
	$	$	**$**	$
Payable not later than one year	**485,000**	600,000	**235,000**	500,000
Payable later than one year but not later than two years	**265,000**	500,000	**265,000**	400,000
	750,000	1,100,000	**500,000**	900,000

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 Company from time to time.

24. SUBSEQUENT EVENTS

There have been no material events subsequent to 30 June 2012 that have not previously been reported, other than:

(a) the issue of 16,000,000 ordinary shares on 9 August 2012 as a result of a Placement raising $2,000,000

NOTES TO AND FORMING PART OF THE ACCOUNTS

25. STATEMENT OF CASH FLOWS

Reconciliation of net cash outflow from operating activities to operating loss after income tax

		Consolidated		Parent	
		2012	2011	**2012**	2011
		$	$	**$**	$
(a)	Operating (loss) after income tax	**(2,146,556)**	229,130	**(1,863,484)**	340,602
	Depreciation	**290,977**	21,569	**290,977**	21,569
	(Gain)Loss on disposal of asset	**462**	(1,392,734)	**462**	(1,392,734)
	Write down of investment to market value	**900,000**	-	**900,000**	-
	Change in assets and liabilities:				
	(Increase)/decrease in receivables	**(750,593)**	241,482	**(750,593)**	241,482
	(Increase)/decrease in other assets	**(44,104)**	241,482	**(44,104)**	241,482
	(Decrease)/increase in trade and other creditors	**647,015**	(86,208)	**647,015**	(86,208)
	Exploration expenditure written off	**317,135**	1,167,581	**34,063**	1,056,109
	Net cash outflow from operating activities	**(785,664)**	180,820	**(785,664)**	180,820

(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 cash management function. The Company does not have any unused credit facilities.

	Consolidated		Parent	
	2012	2011	**2012**	2011
	$	$	**$**	$
The balance at 30 June 2012 comprised:				
Cash assets	**975,085**	375,381	**975,085**	375,381
Cash on hand	**975,085**	375,381	**975,085**	375,381

26. CORPORATE INFORMATION

The Financial Report of the Group for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the Directors on 27 September 2012.

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".

27. 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 either summarised below. The Board reviews and agrees policies for managing each of these risks.

(a) 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.

NOTES TO AND FORMING PART OF THE ACCOUNTS

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.

Consolidated

	Notes	Floating Interest Rate		Non-Interest Bearing		Total Carrying Amount		Interest Rate Risk Sensitivity 2012			
								-10%		+10%	
		2012	2011	**2012**	2011	**2012**	2011	**Profit**	**Equity**	**Profit**	**Equity**
		$	$	**$**	$	**$**	$	**$**	**$**	**$**	**$**
Financial Assets:											
Cash at bank		**975,085**	375,381	**-**	-	**975,085**	375,381	(3,412)	(3,412)	3,412	3,412
Short-term deposits		**-**	-	**-**	-	**-**	-	-	-	-	-
Trade and other receivables	5	**-**	-	**806,521**	59,213	**806,521**	59,213	-	-	-	-
Total		**975,085**	375,381	**806,494**	59,213	**1,781,606**	434,594	**-**	**-**	**-**	**-**
Weighted average Interest rate		**3.50%**	4.55%								
Financial Liabilities											
Trade and other Payables	12	**-**	-	**(861,060)**	214,045	**(861,060)**	214,045	-	-	-	-
Total		**-**	-	**(861,060)**	214,045	**(861,060)**	214,045	**-**	**-**	**-**	**-**
Weighted average Interest rate		**0.00%**	0.00%								
Net financial assets (liabilities)		**975,085**	375,381	**(54,566)**	(154,832)	**920,546**	220,549	**-**	**-**	**-**	**-**

NOTES TO AND FORMING PART OF THE ACCOUNTS

Parent

	Notes	Floating Interest Rate		Non-Interest Bearing		Total Carrying Amount		Interest Rate Risk Sensitivity 2012			
								-10%		+10%	
		2012	2011	**2012**	2011	**2012**	2011	**Profit**	**Equity**	**Profit**	**Equity**
		$	$	**$**	$	**$**	$	**$**	**$**	**$**	**$**
Financial Assets:											
Cash at bank		**975,085**	375,381			**975,085**	375,381	(3,412)	(3,412)	3,412	3,412
Short-term deposits		**-**	-	**-**	-	**-**	-	-	-	-	-
Trade and other receivables	5	**-**	-	**806,494**	59,213	**806,494**	59,213	-	-	-	-
Total		**975,085**	375,381	**806,494**	59,213	**1,781,579**	434,594	**-**	**-**	**-**	**-**
Weighted average Interest rate		**3.5%**	4.55%								
Financial Liabilities											
Trade and other Payables	12	**-**	-	**(861,060)**	214,045	**(861,060)**	214,045	-	-	-	-
Total		**-**	-	**(861,060)**	214,045	**(861,060)**	214,045	**-**	**-**	**-**	**-**
Weighted average Interest rate		**0.00%**	0.00%								
Net financial assets (liabilities)		**975,085**	375,381	**(54,566)**	(154,832)	**920,519**	220,549	**-**	**-**	**-**	**-**

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 2012 from around 3.5% to 3.15% representing a 35 basis points shift. With the continuing uncertain financial markets, the current low interest rates are expected to continue, any change would likely to be only a small decrease, and this level of sensitivity is considered reasonable.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances is impacted resulting in a decrease or increase in overall income.

(b) Price Risk

The Company is not exposed to equity securities price risk. The Company has no investments held and classified on the balance sheet as available-for-sale.

NOTES TO AND FORMING PART OF THE ACCOUNTS

(c) 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.

	Consolidated		Parent	
	2012	2011	**2012**	2011
	$	$	**$**	$
Contracted maturities of payables year ended 30 June 2012 Payable:				
- less than 6 months	**861,060**	214,044	**861,060**	214,044
- 6 to 12 months	**-**	-	**-**	-
- 1 to 5 year	**-**	-	**-**	-
- later than 5 year	**-**	-	**-**	-
Total	**861,060**	214,044	**861,060**	214,044

(d) 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.

(e) 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.

(f) Net Fair Values

For financial assets and liabilities, the net 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 where carrying amount exceeds net fair values at balance date. The Company's receivables at balance date are detailed in Note 5 and comprise primarily GST input tax credits refundable by the ATO. 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 Balance Sheet is generally the carrying amount.

28. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

– AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;

NOTES TO AND FORMING PART OF THE ACCOUNTS

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

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

– AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments are not expected to significantly impact the Group.

– AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009–11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

– AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009–11, 2010–7, 101, 102, 108, 110, 116, 17, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

NOTES TO AND FORMING PART OF THE ACCOUNTS

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are not expected to significantly impact the Group.

– AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially re-classifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

– AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB101, AASB124, AASB134, AASB1049 & AASB 2011–8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

(i) for an offer that may be withdrawn – when the employee accepts;

(ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and

(iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the Financial Statements, comprising the Statement of 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 Note1, 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 2012 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

A J Morgan
CEO and Managing Director
Sydney, 27 September 2012

AUDITOR'S INDEPENDENCE DECLARATION

bdjpartners audit pty limited

ACN:154 694 925

CHARTERED ACCOUNTANTS

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A J Dowell CA
S Dadich CA

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Auditor's Independence Declaration

To the directors of Carbine Tungsten Limited

As engagement partner for the audit of Carbine Tungsten Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

BDJ Partners Audit Pty Limited

....

Steven Dadich
Director

27 September 2012

INDEPENDENT AUDITOR'S REPORT

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ACN:154 694 925
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Independent Auditor's Report

To the members of Carbine Tungsten Limited

Report on the Financial Report

We have audited the accompanying financial report of Carbine Tungsten Limited, which comprises the statements of financial position as at 30 June 2012, the statements of comprehensive income, the statements of changes in equity and the statements 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 company and the consolidated entity.

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.

INDEPENDENT AUDITOR'S REPORT

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, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Carbine Tungsten Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2012 and of their performance for the year ended on that date; and

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

(b) the consolidated financial statements and notes also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. 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 for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

BDJ Partners Audit Pty Limited

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Steven Dadich
Director

28 September 2012

CORPORATE GOVERNANCE STATEMENT

The Board of Carbine Tungsten Limited (CNQ) is responsible for corporate governance and strives for high standards in this regard. The Board monitors the business and affairs of CNQ on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board draws on relevant best practice principles, particularly those issued by the ASX Corporate Governance Council in August 2007 with 2010 amendments. At a number of its meetings the Board examines CNQ's corporate governance practices and the progress towards a review of its practice compared to the best practice principles proposed by the ASX Corporate Governance Council. While CNQ is attempting to adhere to the principles proposed by the ASX, it is mindful that there may be some instances where compliance is not practicable for a company of CNQ's size.

The August 2007 ASX Corporate Governance Council publication "Corporate Governance Principles and Recommendations" second edition, is referred to for guidance purposes, however all listed companies are required to disclose the extent to which they have followed the recommendations, to identify any recommendations that have not been followed and reasons for not doing so. The Company's Board of Directors has reviewed the recommendations. The Company's comments on Diversity are set out on Page 20 of this report.

In many cases the Company was already achieving the standard required. In other cases the Company will have to consider new arrangements to enable compliance. In a limited number of instances, the Company may determine not to meet the standard set out in the recommendations, largely due to the recommendation being considered by the Board to be unduly onerous for a company of this size.

The CNQ Corporate Governance Committee, consisting of Dr Pretorius (Committee Chairman), Dr White and Mr Morgan, meets as and when required, including prior to the finalisation of the Annual Report. A summary of the Company's written policies on corporate governance matters has been prepared and included in the Corporate Governance section of the CNQ website. The following paragraphs set out the Company's position relative to each of the eight principles contained in the ASX Corporate Governance Council's report.

Principle 1: Lay solid foundations for management and oversight
The Company has formalised and disclosed the functions reserved to the Board and those delegated to management, and has processes in place for evaluating the performance of senior executives. However, the Company has a small Board of three Directors (two Non-Executive Directors and the Managing Director) and a small team of staff, so roles and functions have to be flexible to meet specific requirements.

Principle 2: Structure the Board to add value
The Company complies with most of the recommendations within this area as the Chairman is separate From the Managing Director. The Company does not comply with the recommendation that a majority of Directors are independent because one is the Managing Director, and the Chairman, Dr Pretorius, is a substantial shareholder. Two of the Company's three Directors are Non-Executives and one of the Non-Executives, Dr White, has undertaken consultancy work for the Company within the past three years. The Company has a Board Nomination Committee. An internal performance evaluation of the Board was carried out during the year.

Each Director of the Company has the right to seek independent professional advice at the expense of the Company. Prior approval of the Chairman is required, but this will not be unreasonably withheld.

Principle 3: Promote ethical and responsible decision-making
The Company has a policy concerning trading in its securities by Directors, management, staff and significant consultants, which is set out below. The Company has a formal code of conduct.

Principle 4: Safeguard integrity in financial reporting
At this stage the Company's financial statements are prepared by a contract accountant who confirms to the Audit Committee in writing that the Company's financial reports represent a true and fair view, in all material respects, of the Company's financial condition and operational results, and are in accordance with relevant accounting standards. The Managing Director reviews and approves the financial statements before they are submitted to the Audit Committee and also meets with and confirms this in writing to the Board. They also comment on whether the financial reports are based on a sound system of risk management and internal control, and whether the system is operating efficiently and effectively.

The Company has an Audit Committee which consists of the two Non-Executive Directors: Dr White (Committee Chairman) and Dr Pretorius. These Directors have applicable expertise and skills, and are suitably qualified for this Committee. This structure does not meet the ASX's guidance regarding independence, in that it should have a majority of independent Directors. The Audit Committee reports to the Board after each Committee meeting. In conjunction with the full Board, the Committee meets with and reviews the performance of the external auditors (including scope and quality of the audit).

CORPORATE GOVERNANCE STATEMENT

Principle 5: Make timely and balanced disclosure
The Company, its Directors and consultants are very aware of the ASX's continuous disclosure requirements, and operate in an environment where strong emphasis is placed on full and appropriate disclosure to the market. The Company has adopted formal written policies regarding disclosure. It uses strong informal systems underpinned by experienced individuals. The Company maintains a register of matters considered for possible market disclosure.

Principle 6: Respect the rights of shareholders
All significant information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Company's operations, the material used in the presentation is released to the ASX and posted on the Company's website. Written procedures have also been established for reviewing whether any price-sensitive information has been inadvertently disclosed, and if so, this information is also immediately released to the market.

Whilst the Company does not have a communications strategy to promote effective communication with shareholders, as it believes this is excessive for small companies, the Company does communicate regularly with shareholders.

The Company has requested the external auditor to attend general meetings and this has been supported by the Company's audit partner at BDJ Partners.

Principle 7: Recognise and manage risk
The Company is a small production company and is developing a set of formal policies on risk oversight and management of material business risks. These issues are actively considered at all times in the Company's activities. Risk management arrangements are the responsibility of the Board of Directors and Senior Management collectively. During the year, the Company has established a Risk Management Committee of Dr White (Committee Chairman) and Mr Morgan that meets as and when required, including prior to the finalisation of the Annual Report. The Company has also established a Risks Register. Risk Factors are an agenda item for each Board Meeting and the Senior Management will periodically report to the Board in writing on risk management and internal controls. The Company has an Occupational Health and Safety Policy with which all of the Company's staff, contractors and consultants must comply.

Principle 8: Remunerate fairly and responsibly
The Company has a Remuneration and Board Nomination Committee consisting of Dr White (Committee Chairman) and Dr Pretorius that meets as and when required, to review performance matters and remuneration. There has been an internal performance evaluation of the Board during the past financial year, and its composition will be reviewed at a Board Meeting at least annually by the Remuneration and Board Nomination Committee. The Directors work closely with management and have full access to all the Company's files and records. Directors believe that the size of the Company makes individual salary and consultant negotiations more appropriate than formal remuneration policies. The Remuneration Committee will seek independent external advice and market comparisons as necessary. In accordance with Corporations Act requirements, the Company discloses the fees or salaries paid to all Directors, plus the highest paid officers. The Company has an Employee Share Option Plan that was introduced in 2006 and has made a number of issues under the Plan since that time.

Ethical standards
The Board's policy is for the Directors and management to conduct themselves with the highest ethical standards. All Directors and employees will be expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Securities trading and trading windows
Directors, employees and key consultants must consult with the Chairman of the Board or the Managing Director before dealing in shares of the Company. Purchases or sales in the Company's shares by Directors, employees and key consultants may not be carried out in a closed period, but only in the "window", being the period commencing two days subsequent to and ending 30 days following the date of announcement of the Company's annual or half yearly results, its quarterly reports or a major announcement leading, in the opinion of the Board, to an informed market. However, Directors, employees and key consultants are prohibited from buying or selling the Company's shares at any time if they are aware of price-sensitive information that has not been made public.

SHAREHOLDER INFORMATION

Information relating to shareholders at 20 August 2012 (per ASX Listing Rule 4.10)

Substantial Shareholders	Shareholding
Leon Eugene Pretorius	31,520,001
Mota-Engil Minerals & Mining Investments BV	16,000,000

Distribution of Shareholders as at 20 August 2012 Number of Ordinary Shares Held	Number of Holders	Ordinary Shares
1 – 1,000	41	4,417
1,001 – 5,000	67	233,292
5,001 – 10,000	157	1,364,694
10,001 – 100,000	605	27,080,174
100,001 – and over	352	244,300,142
	1,222	**272,982,719**

At the prevailing market price of 8 cents per share, there are 127 shareholders with less than a marketable parcel of $500.

Top 20 Shareholders of Ordinary Shares as at 20 August 2012	Shares	% Shares issued
Dr Leon Eugene Pretorius	31,520,001	11.55
Mota-Engil Minerals & Mining Investments BV	16,000,000	5.86
Baglora Pty Ltd <Mott Family Super Fund A/C>	11,368,049	4.16
Mr Neil Watson + Ms Margaret Moroney <Rossdale Super Fund A/C>	4,624,002	1.69
Mr Neil Kenneth Watson + Ms Margaret Helen Moroney <Rossdale Super Fund A/C>	4,185,403	1.53
Silva Pty Ltd	4,100,000	1.50
Mr David John Hanks	3,635,000	1.33
Alan Scott Nominees Pty Ltd <Superannuation Fund A/C>	3,600,000	1.32
Fallon Nominees Pty Ltd <Fallon Family A/C>	3,580,231	1.31
JP Morgan Nominees Australia Limited <Cash Income A/C>	3,538,520	1.30
Nicholson Super Pty Ltd <Nicholson Family S/F A/C>	3,526,833	1.29
Bullock Point Pty Ltd <Bishop Family Super Fund A/C>	3,515,014	1.29
Mr Stephen Bruce Bartrop+Ms Kerryn Wendy Chisholm <Fund on the Beach S/F A/C>	3,365,339	1.23
Golden Reef Enterprises Pty Ltd <Golden Reef Enterprises Fam A/C>	3,221,826	1.18
Mr Paul Marchetti	3,210,000	1.18
JA Johnstone Pty Ltd <Waterhouse Super Fund A/C>	3,000,000	1.10
IPZ Pty Ltd <Sheffield-Parker & Gatto Super Fund>	2,888,889	1.06
Mr James Florian Pearson <The J Pearson Family A/C>	2,777,779	1.02
Mr Roger Adrian Aldred Parker + Mrs Margaret Denise Parker	2,717,334	1.00
Mr David Hanks	2,600,000	0.95
Total of Top 20 Holdings	116,974,220	42.85
Other Holdings	156,008,499	57.15
Total Fully Paid Shares Issued	272,982,719	100.00

Employee Share Option Plan

At a General Meeting held in March 2006, shareholders approved the adoption of the Company's Employee Share Option Plan (ESOP). In December 2007 and January 2008 a total of 1,660,870 options were issued under the ESOP. In June 2009 a total of 1,500,000 options were issued under the ESOP and a total of 1,400,000 options were issued during the 2010/2011 financial year.

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.