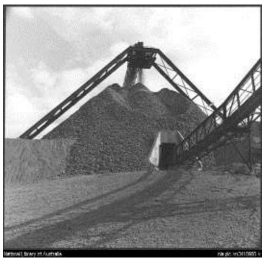
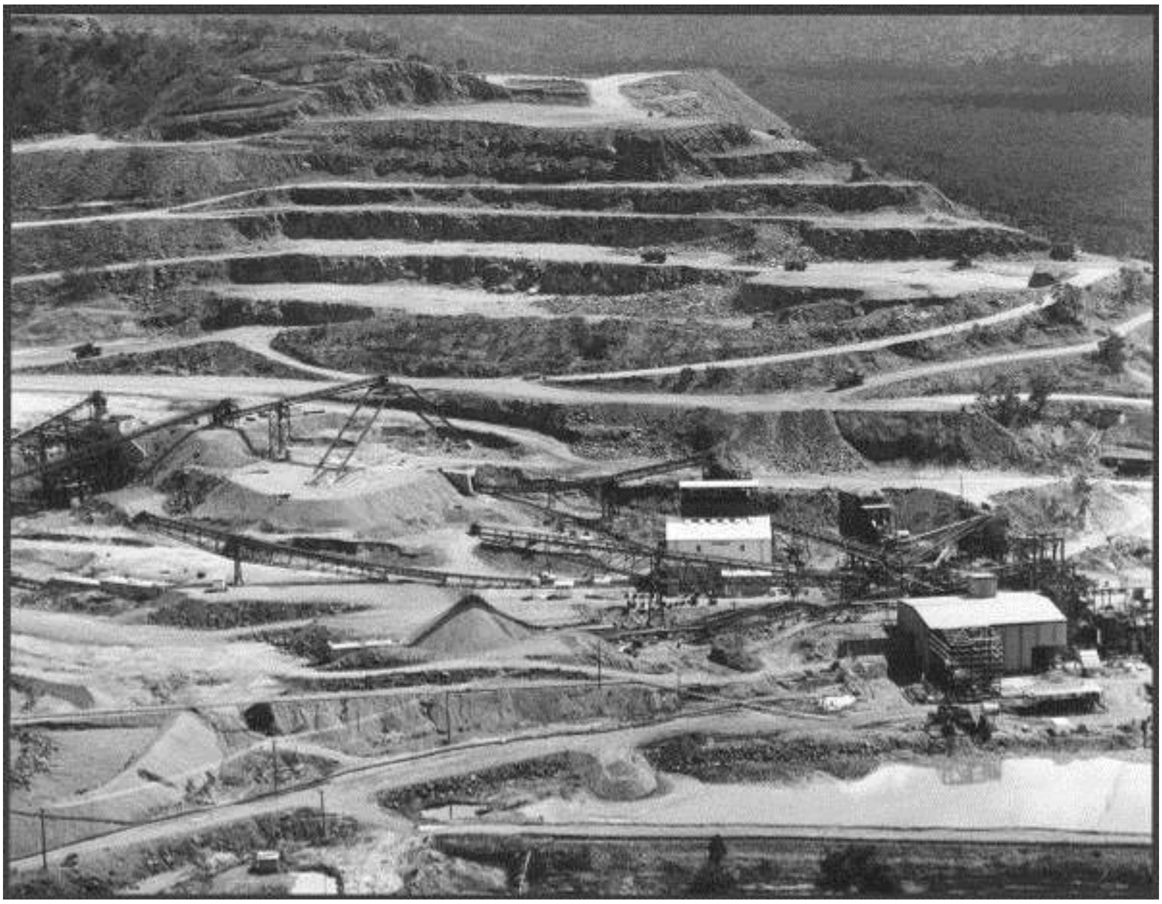
CARBINE TUNGSTEN

Carbine Tungsten Limited

ABN: 77 115 009 106 (ASX: CNQ)

2013 Annual Report

CORPORATE DIRECTORY

Directors

Russell H. Krause	Non-executive Chairman *(Appointed 30 June 2013)*
Andrew J. Morgan	CEO & Managing Director
Roland W. Nice	Non-executive Director *(Appointed 30 June 2013)*
Anthony E. Gordon	Non-executive Director *(Appointed 26 November 2012)*

Company Secretary

Tom Bloomfield *(Appointed 31 January 2013)*

Robert Waring *(Resigned 31 January 2013)*

Registered Office

50 Scott Street, Bungalow QLD 4870

Telephone: +61 (0)7 4052 2400

Facsimile: +61 (0)7 4052 2444

Website: www.carbinetungsten.com.au

Email: info@carbinetungsten.com.au

Share Register

Computershare Investor Services Pty Ltd

Yarra Falls

452 Johnston Street

Abbotsford VIC 3067

Telephone (within Australia): 1300 850 505

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

Auditors

BDO Audit (NTH QLD) Pty Ltd

25-27 Aplin Street

Cairns QLD 4870

Telephone: +61 (0)7 4046 0000

Facsimile: +61 (0)7 4051 3484

Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX)

ASX Code: CNQ

ABN: 77 115 009 106

CONTENTS

CHAIRMAN'S REPORT

Dear Shareholders,

I am happy to report that over the past twelve months your Company, Carbine Tungsten Limited ("Carbine" or "the Company"), has again achieved significant milestones in unlocking value for shareholders by concentrating on developing your Mt Carbine assets.

In your last Annual Report Dr Leon Pretorius advised Carbine had "morphed from a junior exploration company to a tungsten producer". This process of growth and development has continued over the last year and with continued careful planning will continue into the future. Let me reaffirm to you that our goal of delivering a fully operational tungsten producing mine remains our focus and we firmly believe that this is the best way to add value for all shareholders.

Our Tailings Retreatment Plant and the research and development work carried on in conjunction with this operation, has given us a greatly increased knowledge of the metallurgy of the Mt Carbine resource. This detailed work will contribute significantly to the plant design and process around production and treatment of our hard rock stockpiles for which we have recently received approval to mine.

Our Managing Director, Jim Morgan, and his dedicated team at Mt Carbine, should be congratulated for their hard work and effort over the past twelve months culminating in the approvals to allow us to move to the second stage of our production plan being the mining of the hard rock stockpiles. Also of note is the work of our Chief Metallurgist and Director, Roland (Rolly) Nice, who, has significantly contributed to this process.

As mentioned above, on 15 August this year we achieved a major milestone in the process of "reawakening Mt Carbine" as our Environmental Approval to commence production from the "Hard Rock" stockpiles was received.

This together with the completion of the "Hard Rock" Feasibility Study, indicating a pre-tax Rate of Return (IRR) of 60% on a Net Present Value (NPV) of $161 million at a discount rate of 8%, clearly outlines the path forward for the redevelopment of the Mt Carbine mine. This feasibility study coupled with a weakening Australian Dollar and increasing tungsten price, provides your Board with comfort that the economic realities around Carbine as an investment are sound and point to a positive future for shareholders.

Earlier in the year we signed a Memorandum of Understanding (MOU) with Mitsubishi Corporation RtM Japan Ltd ("Mitsubishi RtMJ") surrounding off-take of production and project funding. Your Board is looking to finalise these arrangements in the coming months. As part of this process your Board is in advanced discussions with capital providers to secure the funding required to commence delivery of the mine, driving increased production and allowing further development of the Mt Carbine resource.

Our project at Mt Carbine and its production via tailings retreatment and stockpile production and development, has generated significant interest from the tungsten community around the globe. We have had many visitors on site over the past twelve months. In early July we had the pleasure of hosting the Senior Management from Japan of Mitsubishi RtMJ. This included Mr Kenji Tani, President of Mitsubishi RtMJ, and his senior management team. We have had Stockbrokers and Analysts visit site together with Journalists, Government representatives and members of the Resource community.

On the 26 September we had the pleasure of hosting eighty (80) members of the International Tungsten Industry Association (ITIA). The ITIA held its conference in Sydney earlier that week and attracted delegates from all over the globe. The ITIA took eighty of these delegates to North Queensland to look at the two producing tungsten mines in North Queensland and during the course of the day we had four busloads of international delegates out to site to review our operations. Many delegates, particularly those from China, were very impressed with our ability to retreat tailings and produce tungsten concentrate.

I would also like to remind shareholders of the exploration upside of your company, Carbine, is not simply confined to its existing stated JORC resource which is summarised later in this report. Early stage work including, some drilling at Iron Duke and sampling and mapping at Petersen's Lode and Iron Duke, have indicated the potential for near-surface Wolframite and Scheelite mineralisation. The Iron Duke prospect lies within the planned open-pit envelope and the Petersen's Lode prospect is within two kilometres of the existing permitted area. Whilst considerably more work needs to be completed on these prospects initial work shows them to be of significant grade and resource potential.

I also believe shareholders must look at the recent performance of their company in light of the difficult global economic and stock market circumstances in which it has operated over the past twelve months. In an environment of economic uncertainty, partly due to Federal Government Elections, Carbon and Resources taxes, political and civil unrest in a number of foreign countries and the general volatility of commodity prices, our company has managed to develop its assets and move closer to its goal of growing profitable tungsten concentrate production.

Whilst the stock market has not been kind to us in the past year, your Board has continued to work towards the development of the company's assets to ensure medium and long term viability of what is one of the most exciting tungsten operations on the near term global production horizon.

CHAIRMAN'S REPORT

On behalf of your Board I would like to thank all shareholders for their continued support, and I would like to confirm that we will be working as diligently as possible to develop the company's assets and create as much shareholder value as possible over the course of what promises to be a period of rapid and successful realisation of your company's plans over the next twelve months.

Russell Krause
Chairman

REVIEW OF OPERATIONS

The 2012-2013 financial year has marked a highly active period for Carbine with the achievement of a number of key milestones that have had a positive impact on the Company's future performance, value and productivity.

This has been achieved through Carbine's continued focus on building existing production from its Tailings Retreatment Plant and through the development of the Hard Rock Project encompassing the on-site tungsten stockpiles and former open-cut mine.

The following commentary provides an overview of the activities of the Company from its first shipment of high-grade tungsten concentrate in late June 2012 to the awarding of Environmental Authority EPML00956913 for the existing tungsten stockpiles within the Mt Carbine Hard Rock Project.

HARD ROCK PROJECT

FEASIBILITY STUDY

The completion of the "Hard Rock" Feasibility Study in August 2012 marked the beginning of the development phase of the Hard Rock Project.

The key findings of the Study were: **Capital expenditure including working capital, estimated to be $53.8 million, returning a pre-tax Internal Rate of Return (IRR) of 60% and a Net Present Value (NPV) of $161 million at a discount rate of 8%.** This was based on an average concentrate sales price of US$290 per metric tonne unit (mtu) over the ten-year period under consideration. The findings also revealed a payback period of 1.5 years. The production of 260,000 mtu per annum is currently scheduled to commence during the 2014 calendar year.

The Study also included the previously stockpiled material that is readily available at the surface without requiring any additional mining activity prior to processing. The stockpile (~12 million tonnes at 0.075% WO_3) offers a four-to-five year at a 3 Mtpa feed rate capability that is immediately accessible for processing.

The Board believes that the Feasibility Study not only put a clear value on the hard rock asset but also confirmed the Project's viability as a result of its very short production delivery period and low CAPEX in comparison to other published tungsten projects being considered globally.

The development timeline for this Project can be found on Page 9.

FUNDING

As a result of the above findings the Company received strong interest for funding and production off-take with the following Letters of Intent ("LOI") being assessed by the Board as part of its ongoing CAPEX funding program for the Hard Rock Project:

- The first LOI received in November 2012 outlined a strong interest in securing approximately 50% of the projected production output from the hard rock stockpiles and open-cut mine. It also indicated that a significant portion of the funding requirements for the Hard Rock Project may be met by a loan or project level equity facility.

- The second LOI received from a major western tungsten producer in December 2012 indicated an interest in securing between 50% and 100% of the planned production output from the open-cut segment of the Hard Rock Project.

These LOI's are subject to further evaluation by the Board and on-going detailed discussions with these parties are progressing well.

On 24 February 2013, the Directors of Carbine were also pleased to announce the execution of a MOU with its existing off-take partner, Mitsubishi RtMJ. The MOU covered potential funding, technical collaboration and an off-take consideration for up to 80% of the hard rock stockpiles and 50% of the ore produced from the historical open-cut tungsten mine. As part of this agreement, Mitsubishi RtMJ outlined their intention to provide a US$15 million investment to commence processing the ~12 million tonnes of previously mined stockpiled material that is readily available at the surface.

As part of the due diligence process associated with Mitsubishi RtMJ's US$15 million investment, representatives from Carbine's Board and senior management team accompanied Mitsubishi RtMJ's President, Mr Kenji TANI, to the Mt Carbine mine site in July 2013. Immediately following the site visit, Mitsubishi RtMJ's President, Mr Kenji TANI, conducted an interview with Japan Metal Bulletin in which he reiterated Mitsubishi RtMJ's interest in providing funding for the development of the Hard Rock Project and resulting off-take participation, specifically citing the terms of the signed MOU.

The Board believes that this high level of end-user interest clearly demonstrates the confidence that well-known and respected international companies have placed in the Mt Carbine Hard Rock Project. Furthermore, it reflects the quality and potential of this Project to make a major contribution to the supply of tungsten concentrates to the global tungsten market in the near future.

The Company also continues to generate increased credibility and interest in its operations from the tungsten industry and investment community with preparations underway for the Mt Carbine site visit by the International Tungsten Industry Association's international delegates during September 2013. This visit is expected to increase and expand the current levels of interest shown in the Hard Rock Project.

Environmental Approvals

Following the submission of an Environmental Management Plan to the Queensland Government's Department of Environment and Heritage Protection ("DEHP") on 14 March 2013, Carbine was delighted to announce that it had achieved a significant milestone in its transition from tailings retreatment to Hard Rock production, with the DEHP issuing the Environmental Authority for EPML00956913 in August 2013. This EPML covers the existing tungsten stockpiles that form part of the Hard Rock Project. These stockpiles have an estimated mine life potential of ~5 years and an annual processing capacity of 3 million tonnes per annum.

This Environmental Authority will also allow Carbine to accelerate its negotiations with potential funding partner, Mitsubishi RtMJ.

CNQ would like to thank the DEHP for establishing a positive and professional working relationship in the granting of this approval.

Hard Rock Stockpiles

The 2010-2011 feasibility assessment of the low grade stockpiles was based on the economics of processing an average grade (0.075% WO_3) of the bulk sample taken for the extensive X-Ray ore sorter trials, however all subsequent samples are showing significantly higher grades.

A total of 90 representative 10kg samples were subsequently taken for environmental and ongoing metallurgical test work during 2013 which have assayed from 0.11% WO_3 to .22% WO_3. If these significantly higher grades remain consistently representative of the stockpile, a dramatic reduction of operating costs per mtu of production will result.

TAILINGS RETREATMENT PLANT

High-grade tungsten concentrate continues to be shipped to Carbine's existing off-take partner, Mitsubishi RtMJ, on a regular basis since its first consignment was despatched from the Tailings Retreatment Plant in June 2012.

A further Off-take Agreement was entered into with Mitsubishi RtMJ in September 2012 for the continued supply of high-grade tungsten concentrate from the Company's Tailings Retreatment Plant. This contract also contained an advance payment facility to assist Carbine in completing its production upgrade and ramp-up of the Tailings Retreatment Plant.

During the upgrade, the Tailings Retreatment Plant continued to produce concentrate whilst new equipment was installed to overcome the problematic performance issues associated with its front-end materials handling section (scrubbing, conveying and vibrating screens). After a brief shut-down the upgrade work was completed at the end of September 2012 with testing and production ramp-up taking place on 1 October 2012.

Even though improved production rates were achieved as a result of this upgrade, during the December 2012 quarter, the Tailings Retreatment Plant was also adversely affected by the extraordinary dry weather and resultant bushfire events. These weather related disruptions hampered consistent operations and resulted in temporary water supply and power supply interruptions. Despite these adversities, the December 2012 concentrate production target was achieved 7 days behind schedule.

The trialling of additional ultra-fines recovery equipment during the same period further demonstrated that this research and development project was capable of achieving high recovery rates from the existing tailings deposit.

To enable further optimisation work to be undertaken on increasing the plant's recovery rates an advance production payment of US$400,000 was received from Mitsubishi RtMJ in May 2013. These funds were secured against future shipments of concentrate from the Tailings Retreatment Plant. This optimisation program would include trials aimed at increasing the recovery of the higher grade ultra-fines material in addition to heavy media separation jigging to improve the recovery of larger sized material.

The expected advances in production and recovery, as a result of the above optimisation work, will be directly applicable to the stockpile and open-cut Hard Rock Project material once these are brought into production.

Whilst the Company's primary focus will be on undertaking the necessary development activities to commence processing the existing Hard Rock stockpiles and to bring the Hard Rock open-cut mine into production, the Company will continue to optimise the Tailings Retreatment Plant where possible to further increase recoveries and provide ongoing cash flow.

ENVIRONMENT, STAFF & COMMUNITY COMMITMENT

The Company's safety and environmental activities, policies and procedures will continue to be modified to take into account changes in its operational levels.

The responsible environmental management of the Company's developments, operations and activities is seen as a basic and fundamental principle of its current and future business activities.

The Company has a fundamental principal and belief to engender the values of providing and promoting a safe workplace, work culture and mentality of care for all its employees and contractors.

Carbine continues to strive to fulfil its policy of engaging 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 activities.

REVIEW OF OPERATIONS

FUTURE PROSPECTS & EXPLORATION ACTIVITIES

The Mt Carbine Hard Rock Project is also host to the following prospective exploration targets that provide Carbine with substantial exploration upside potential:

MT CARBINE, QUEENSLAND

During the reporting period an extensive review was completed of historical geophysical, geological and geochemical data in the two Exploration Permits 14871 and 14872 held by Carbine that surround the Mt Carbine Mining Leases. Two prospects, the Iron Duke and Petersen's Lodes, exist within the EPMs and in the case of Iron Duke, the Mining Leases. These prospects are dominated by scheelite mineralisation. Mapping and sampling indicate both prospects have extensive strike length and work is now underway to prepare these prospects for exploration drilling. Figure1 shows the "stitched" 1986 Geometrics airborne magnetic data and the high resolution Helimag survey data acquired by Carbine Tungsten Limited from Kangaroo Metals in 2011.

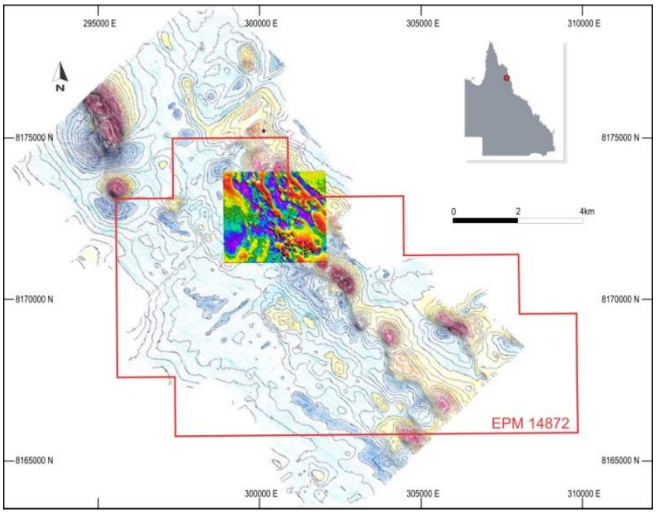


Figure 1 -. Diagram of stitch of 1986 airborne magnetic survey data (contours) with high resolution Helimag survey data acquired from Kangaroo Metals Ltd in 2010.

IRON DUKE – MT CARBINE, QUEENSLAND

Although the present resource estimate does not include any Iron Duke mineralisation, this prospect lies within the planned open-pit envelope. The average true width of the prospect is 8m from 6 drill holes and the weighted average grade is 0.32% WO_3. Drilling is planned to establish the resource within Iron Duke prior to the commencement of open-cut mining.

Mapping indicates that the Iron Duke prospect has a strike length of at least 2.2km. The shallowest drill intercept is 100m below the surface and future drilling will be aimed at establishing continuity of mineralisation to the surface.

PETERSEN'S LODES – MT CARBINE, QUEENSLAND

Examination of Petersen's Lode within EPM 14872 confirms a sub-vertical 10m wide zone of scheelite mineralisation hosted by sheared and altered metasediments that has been traced by geological mapping and sampling for 1.3km along strike. This prospect is approximately1-2km south-east of Mt Carbine and more detailed exploration is planned. The only record of production from Petersen's Lode is 950 tonnes of scheelite concentrate from ore with a grade of 0.6% WO_3.

MT CARBINE RESOURCE

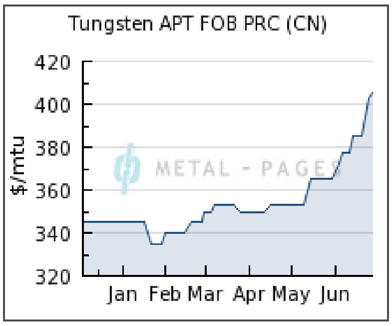
During the period Carbine also undertook a review of estimated resources and as a consequence the following resource estimate was announced for the Mt Carbine project:

Indicated Mineral Resource	Inferred Resource
18.1 million tonnes at 0.14% WO_3	29.3 million tonnes at 0.12 %WO_3

TUNGSTEN PRICING

APT prices have continued to rise since February 2013 due to strong demand from international markets. This trend was expected to continue as further pressure is placed on an already supply-constrained market as a result of the time to bring mines into production and a number of other prospective tungsten projects experiencing significant viability and regulatory permitting hurdles.

Coupled with the lower Australian dollar these increased prices will have significant economic benefits for both the Tailings Retreatment and Hard Rock Projects.



The APT Europe Price was quoted at $380+/mtu at the end of June 2013.

CORPORATE

The Company underwent a corporate restructure during 2013 to strengthen and re-position itself in preparation for the development phase of the Hard Rock Project and following the resignation of Non-executive Director, Dr Andrew White, on 31 January 2013 and Dr Leon Pretorius as Chairman on 30 June 2013.

This resulted in the Board's technical and corporate expertise being significantly strengthened through the appointment of Russell Krause, Roland Nice and Tony Gordon. Both Dr Leon Pretorius and Dr Andrew White remain available to the company as consultants and continue their invaluable knowledge and technical support for the company in that capacity.

REVIEW OF OPERATIONS

The current composition of the Board of Directors is as follows:

Russell Krause, Non-executive Chairman
Appointed 30 June 2013

Mr Krause has over 25 years' Executive Management and Director level experience in a range of corporate advisory, stockbroking, and investment banking roles. Mr Krause also has extensive experience in the resources sector providing equity capital markets, capital raising and corporate advisory services to a range of ASX listed mining and energy companies.

Mr Krause is currently a Director of ASX-listed Oil & Gas producer, Austex Oil Limited (ASX:AOK), Singaporean registered AuzMinerals Resources Group Pte Ltd, and Novus Capital Limited.

Andrew James (Jim) Morgan, 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 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.

Roland Nice, Non-executive Director
Appointed 30 June 2013

Mr Nice is a Metallurgical Engineer with over 45 years' experience with a strong track record in mineral processing and metallurgy. Most recently Mr Nice acted as a consulting Metallurgical Engineer in the role of Senior Associate for Behre Dolbear Australia, where he was involved in due diligence activities and consulting on some of the world's largest poly-metallic, gold and uranium projects including Newcrest's Cadia, Ridgeway and Telfer gold projects, Barrick's Cowal gold project, LionOre's Thunderbox gold project and numerous other non-ferrous metal mining projects. Mr Nice's work as a consultant has included specific experience in tungsten processing.

Mr Nice holds a B.Sc (Metallurgical Engineering) from Queen's University, Canada, and is a member of the Australian Institute of Engineers and the Canadian Institute for Mining, Metallurgy and Petroleum, and a fellow of the Australian Institute of Mining and Metallurgy.

Tony Gordon, Non-executive Director
Appointed 26 November 2013

Mr Gordon has over 25 years' experience in financial markets and has held Directorships and senior management positions with a number of Australian stockbroking and financial services companies.

Over this time his focus has been on the listed resources sector. More recently Mr Gordon has provided advice to a number of Chinese, South East Asian and North American projects that are held by Australian listed and un-listed entities.

During the period the Company also appointed Mr Tom Bloomfield as Company Secretary following the resignation of Mr Robert Waring on 31 January 2013 as well as changing its registered office and principal place of business to 50 Scott Street, Cairns Qld 4870.

The Board of Carbine would like to thank those retiring Directors and officeholders for their service and invaluable contribution to the Mt Carbine Project.

RESEARCH & DEVELOPMENT TAX REFUND

During the June 2013 quarter the Company received a $1.32 million research and development tax refund as part of its research and development activities at the Tailings Retreatment Plant.

CAPITAL RAISING ACTIVITIES

SHARE PURCHASE PLAN (SPP)

In February 2013, the Board of Carbine announced that it would offer shareholders the opportunity to acquire shares through an SPP, at a price of 7.5 cents per share. All shareholders who were registered on the record date of 1 February 2013 and whose registered address was in Australia or New Zealand were entitled to apply for up to $15,000 of shares free of brokerage.

The objective of the SPP was to provide working capital to progress the environmental management and engineering studies to secure the permits and approvals required to commence development of the Hard Rock Project.

The SPP closed on Friday 8 March 2013 and raised $340,725 through the subscription for 4,543,009 shares.

The Board would like to thank those participating shareholders for their ongoing support.

REVIEW OF OPERATIONS

SALE OF SHARES - FITZROY RESOURCES LIMITED

As part of the Company's objective to focus purely on its tungsten assets, the Board of Carbine completed an on market sale of 7,500,000 ordinary shares in Fitzroy Resources Limited (ASX: FRY), valued at $337,700, in February 2013. The funds generated from this sale and that of the SPP were used to progress Carbine's transition from its existing Tailings Retreatment operations to the commencement of the development and exploration activities associated with the Hard Rock Project.

OTHER PROJECTS

Carbine's strategy to focus predominately on tungsten production, with the exception of its tin prospect at Tara (NSW), has also resulted in the joint venturing or selling of its other prospects as detailed below:

ELIZABETH CREEK & CONSTANCE RANGE, QUEENSLAND

Carbine has entered into an agreement with Australian Minerals & Mining Group Ltd (AMMG) for the sale of EPM 14589 and EPM 17589. In December 2012, AMMG announced that it had commenced the due diligence phase for the potential acquisition of the above iron deposits that had previously been explored by BHP.

IRON POT CREEK, QUEENSLAND

Spencer Resources Limited (ASX: SPA) ("Spencer) announced in December 2012 that it had commenced exploratory drilling at Crystal Mount, EPM 17071 (Iron Pot Creek, Queensland). Carbine holds a 25% interest in this exploration permit with Spencer Resources Limited holding the remaining 75%.

Spencer drilled one deep cored hole into the Crystal Mount prospect, which intersected intense phyllic alteration before entering unaltered granite. No significant gold or copper mineralisation was intersected and the tenement was relinquished in the 2013-2014 financial year.

GOSSAN HILL GOLD LIMITED

On 12 April 2013, Sovereign Gold Company Limited ("Sovereign") announced that it had acquired 93.91% of Gossan Hill Gold Limited's ("Gossan") shares. In return for its acceptance of this offer, Carbine received a cash consideration of $103,125 and now holds 1,031,250 fully paid ordinary shares in Sovereign. These shares are escrowed for a period of twelve months to 14 April 2014.

Sovereign has recently made several promising announcements with respect to a potentially large gold discovery at the Mt Adrah prospect which was included in the Gossan tenements it acquired.

TARA, NSW

Prospective Silver value assumptions from earlier core assays underwent further investigation which indicated that these Silver values could not be validated. Therefore future planning around the Tara prospect will be focused on its tin and tungsten potential.

In the current reporting period Carbine completed a review of the extensive data set from previous exploration including drilling results and geophysical surveys. It was concluded that Tara is highly prospective for a sheeted quartz vein system containing low grade tin and possibly tungsten mineralisation.

If this interpretation is correct and based on Carbine's experience at its tungsten mine in North Queensland, there is a strong possibility that such a low grade resource could be substantially upgraded for processing by X-ray ore sorting. Accordingly the review has identified drill targets to test this concept.

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 consultant to 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 2013 of the matters based on his information in the form and context in which it appears.

AUDIT OPINION

The auditors have issued an unqualified opinion with an emphasis of matter in their auditor's report in regards to a material uncertainty regarding going concern. This matter is disclosed in Note 1 in the financial report.

HARD ROCK PROJECT - DEVELOPMENT TIMELINE

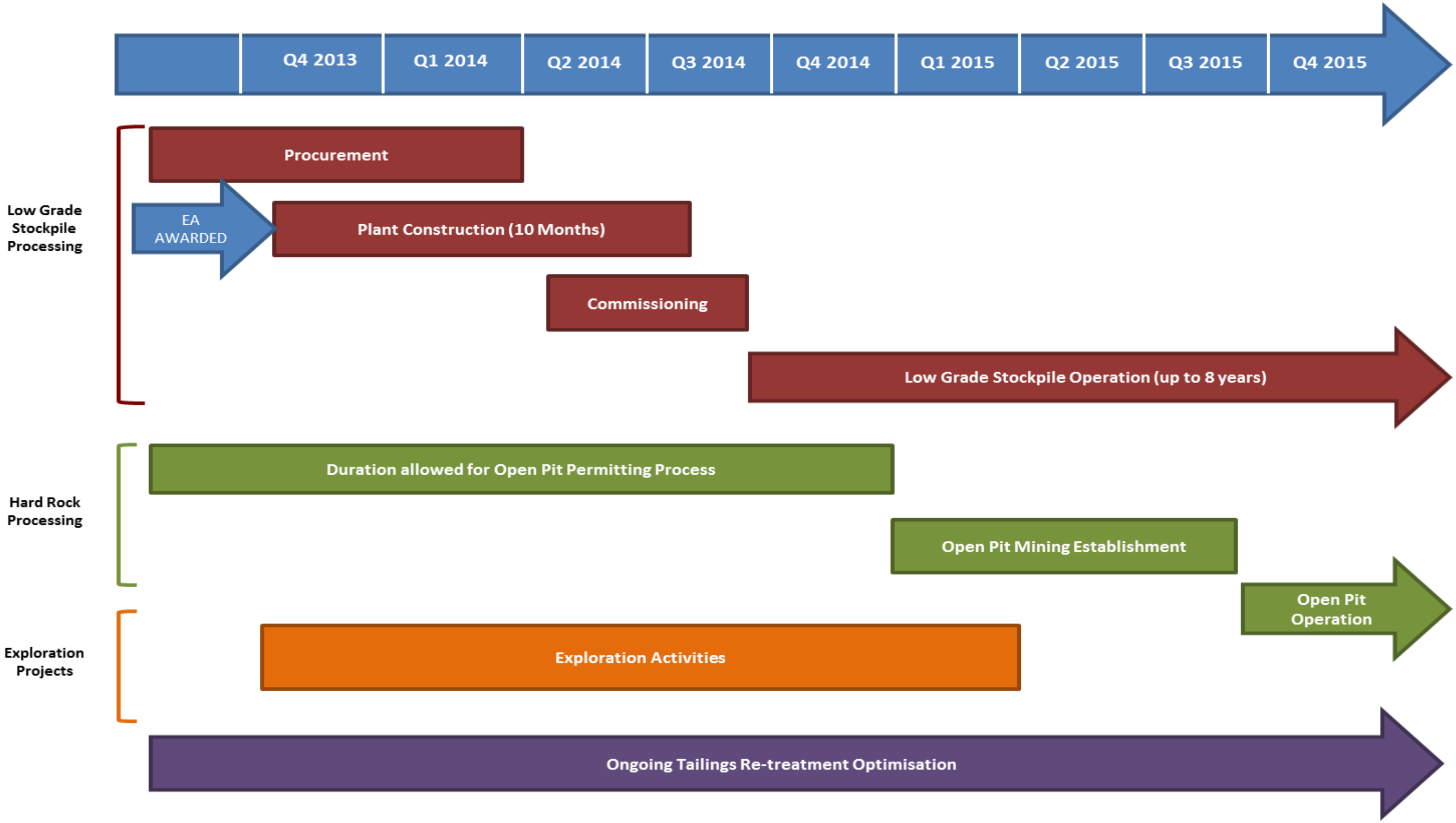


PHOTO GALLERY

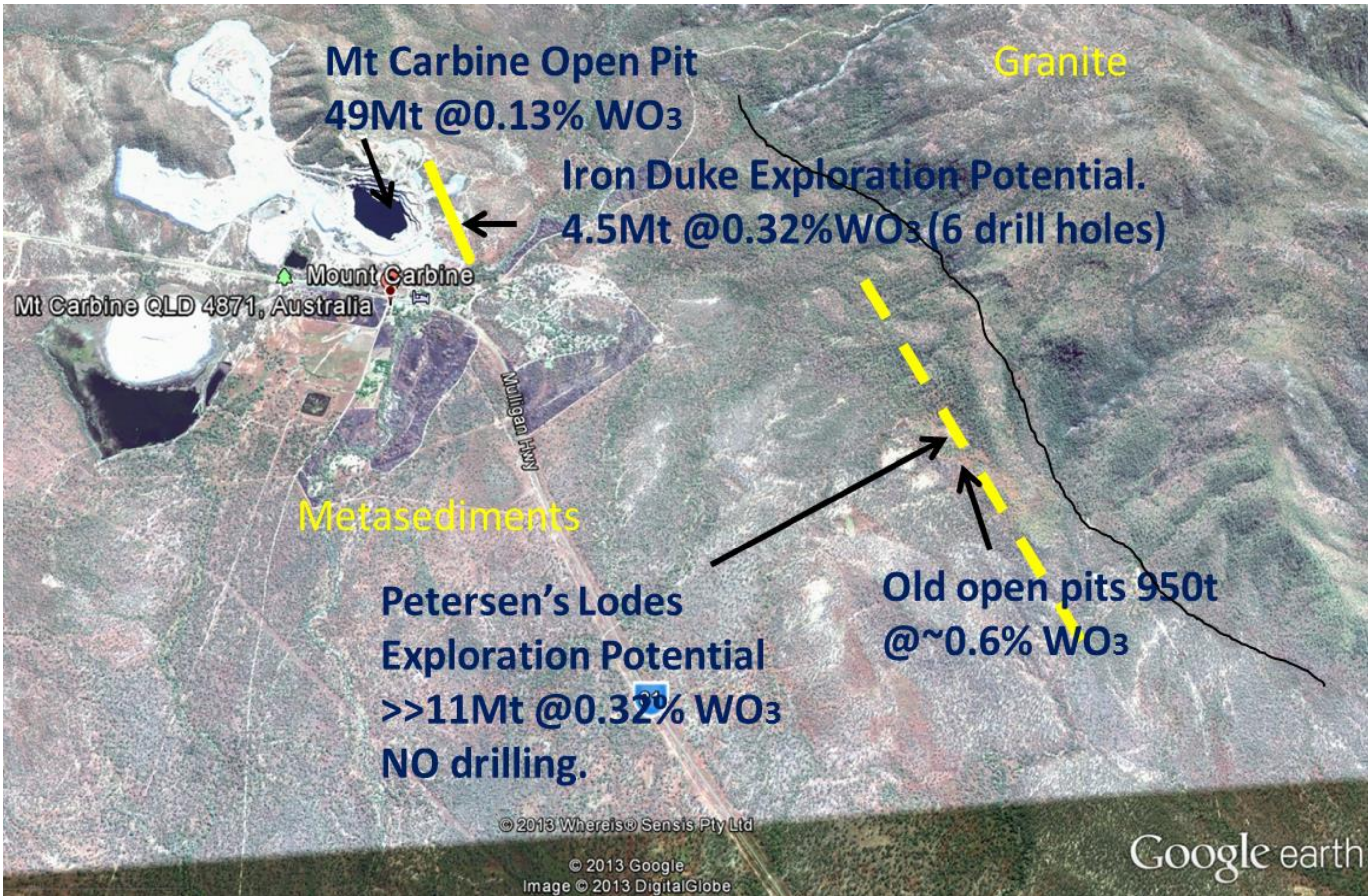
New Front End Scrubber – Tailings Retreatment Plant , Mt Carbine

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

Tungsten concentrate production at the Mt Carbine Tailings Retreatment Plant

PHOTO GALLERY

12 Million Tonnes of Stockpiled Ore Material



Aerial Depiction – Prospective Exploration Targets, Mt Carbine

TENEMENT SCHEDULE

Tenement Name	Number	Licence Holder	Expiry
New South Wales			
Tara	EL6532	Carbine Tungsten Ltd	14 March 2014
Queensland			
Mt Carbine	ML 4867	Mt Carbine Quarries Pty Ltd #	31 July 2022
Mt Carbine	ML 4919	Mt Carbine Quarries Pty Ltd #	31August 2023
Mt Carbine Extended	EPM 14871	Tungsten Resources Limited	12 December 2015
Mt Holmes	EPM 14872	Tungsten Resources Limited	11 December 2015
Elizabeth Creek	EPM 14589	Cast Resources Pty Limited	4 August 2013
Constance Range	EPM 17895	Troutstone Pty Ltd	24 May 2014

Registered sub-lease to Carbine Tungsten Limited's wholly owned subsidiary, Tungsten Resources Limited

EL = Exploration Licence EPM = Exploration Permit

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 2013.

DIRECTORS

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

Russell H. Krause, Non-executive Chairman *(Appointed 30 June 2013)*

Dr Leon E. Pretorius, Chairman *(Resigned 30 June 2013)*

Andrew J. Morgan, CEO & Managing Director

Anthony E. Gordon, Non-executive Director *(Appointed 26 November 2012)*

Roland W. Nice, Non-executive Director *(Appointed 30 June 2013)*

Peter Donkin, Non-executive Director *(Appointed 22 February 2013, Resigned 26 April 2013)*

Dr Andrew H. White, Non-executive Director *(Resigned 31 January 2013)*

COMPANY SECRETARY

Tom Bloomfield *(Appointed 31 January 2013)*

Robert J. Waring *(Resigned 31 January 2013)*

PRINCIPAL ACTIVITIES

The principal activity of the Group involved its successful transition from a junior mineral exploration company to a tungsten concentrate producer. The Group also continued exploration activities for additional tungsten, tin and gold reserves.

The main focus of the Group 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 $4,946,517.

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 11 full-time employees as at 30 June 2013. 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 $2,725,925 resulting from:

	Date	Shares	$
Shares issued under a placement @ $0.125	09-08-12	16,000,000	2,000,000
Shares issued under a Rights Issue Shortfall @ $0.09 per share	07-12-12	1,980,000	135,000*
Shares issued in lieu of Directors fees @ $0.125	07-12-12	1,000,000	125,000
Shares issued from SPP @ $0.075	18-03-13	4,543,009	340,725
Shares issued under employee share scheme @ (various prices)	13-05-13	430,866	35,200
Shares issued from vesting Performance Rights @ $0.09	13-05-13	1,000,000	90,000
		24,953,875	**2,725,925**

*part funds received and accounted for in prior period

(b) Mt Carbine Tungsten Project – work continued on the project with further export shipments of tungsten concentrate during the year. 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 2013 other than:

a) the issuing of Environmental Authority for EPML00956913 in August 2013 covering the existing hard rock tungsten stockpiles that form part of Carbine's Hard Rock Project .

Likely Developments

The Company will commence processing the hard rock stockpiles once all the regulatory approvals have been obtained and is also continuing optimisation work on the Tailings Retreatment Plant. Further details are in the "Review of Operations" section of this report.

Environmental Regulation

The consolidated entity is subject to and is compliant with all aspects of environmental regulations governing its exploration and mining activities. The Directors are not aware of any environmental law that is not being complied with.

INFORMATION ON DIRECTORS

Russell H. Krause

Non-executive Chairman

Mr Krause was appointed Non-executive Chairman on 30 June 2013 and has over 25 years' Executive Management and Director level experience in a range of corporate advisory, stockbroking, and investment banking roles with some of Australia's leading financial services firms. Mr Krause also has extensive experience in the resources sector providing equity capital markets, capital raising and corporate advisory services to a range of ASX listed mining and energy companies. Mr Kause is currently a Director of ASX-listed Oil and Gas producer, Austax Oil Limited (ASX:AOK), Singaporean registered AuzMinerals Resource Group Pte Ltd, and Novus Capital Limited.

Dr Leon E. Pretorius (B.Sc (Hons) MSc PhD FAusIMM(CP) MAIG PrNatSci) – Resigned 30 June 2013

Executive Director and Chairman

Dr Pretorius is a Geochemist who brought 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. Dr Pretorius resigned on 30 June 2013.

Andrew J. Morgan

CEO and Managing Director

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

Anthony E. Gordon

Non-executive Director

Mr Gordon was appointed on 26 November 2012. Mr Gordon has over 25 years of experience in financial markets and has held Directorships and Senior Management positions with a number of leading Australian stockbroking and financial services companies. Over this time Mr Gordon's primary focus has been the listed resources sector and he brings extensive experience in Australia, Asia and North America. More recently Mr Gordon has provided advice to a number of Chinese, South East Asian and North American projects that are held by Australian listed and un-listed entities.

Peter Donkin – Appointed 22 February 2013 / Resigned 26 April 2013

Non-executive Director

Mr Donkin was appointed on 22 February 2013 and has extensive experience in the global metals & mining industry, having worked in senior positions in the investment banking sector for over 28 years. Most recently, Mr Donkin was the Managing Director of the Mining Finance Division of Societe Generale in Australia, and worked in a range of positions for the bank for 21 years in both their Sydney and London offices. Mr Donkin is currently a Director of Paladin Energy Limited and Allegiance Coal Ltd, and was previously a Director of Sphere Minerals Ltd. He holds degrees in Bachelor of Economics and Bachelor of Law from University of Sydney. Mr Donkin resigned on 26 April 2013.

Roland W. Nice (B.Sc (Metallurgical Engineering)

Non-executive Director

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

Dr Andrew H. White (B.Sc (Hons), PhD GAICD FAIG FSEG) – Resigned 31 January 2013

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". Dr White resigned on 31 January 2013.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

Directors' interests in shares and options as at 30 June 2013 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.

At 30 June 2013

Director	Shares Directly and Indirectly Held	Performance Rights directly and Indirectly held
R.H. Krause	-	-
A.J. Morgan	3,584,761	1,400,000
A.E. Gordon	72,000	-
R.W. Nice	-	-

Tom Bloomfield - Appointed 31 January 2013

Company Secretary
Mr Bloomfield is an experienced Chartered Company Secretary and acts for numerous other listed and unlisted companies. He holds a Law Degree and is currently undertaking a Masters Degree at Sydney University. He has experience working with and consulting to a range of international and domestic clients. He is currently General Manager of Corporate Secretarial Services at Boardroom Pty Limited.

Robert J. Waring (B.Ec CA FCIS FFin FAICD MAusIMM) - Resigned 31 January 2013

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
R.H. Krause	-	-
L.E. Pretorius	6	6
A.J. Morgan	6	6
P. Donkin	1	1
A.E. Gordon	3	3
R.W. Nice	-	-
A.H. White	4	4

Non-executive Director, Anthony Gordon and Chairman, Russell Krause (previously Leon Pretorius and Andrew 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. Russell Krause and Anthony Gordon (previously Leon Pretorius and Andrew White) are members of the Remuneration and Nomination Committee, which held no meetings during the year.

AUDIT COMMITTEE MEETINGS

Director	Meetings Eligible to Attend	Meetings Attended
L.E. Pretorius	2	2
A.E. Gordon	1	1
R.H. Krause	-	-
A.H. White	1	1

SHARE OPTIONS AND PERFORMANCE RIGHTS

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

Date options/Performance Rights Granted	Expiry date	Issue price of shares	Number under option
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
7 December 2012			1,400,000
Total			**4,300,000**

The holders of these options and performance rights 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;

(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.

Fees and payments to the Company's Non-executive Directors and Senior Executives reflect the demands which are made on, and the responsibilities of, the Directors and the Senior Management. Such fees and payments are reviewed annually by the Board. The Company's Executive and Non-executive Directors, Senior Executives and Officers are entitled to receive Performance Rights under the Company's Awards Plan which was approved by shareholders at the Annual General Meeting on 8 November 2012.

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

Use of Remuneration Consultants

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

Voting and comments made at the Group's 2012 Annual General Meeting

The Group received no votes against its Remuneration Report for the 2012 financial year and did not receive any specific feedback on its remuneration practices either at the 2012 Annual General Meeting or during the year.

(b) Key Management Personnel

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

Name	Position held
R.H. Krause	Non-executive Chairman (Appointed 30 June 2013)
L.E. Pretorius	Chairman (Resigned 30 June 2013)
A.J. Morgan	CEO & Managing Director (Appointed 2 April 2012)
P. Donkin	Non-executive Director (22 February 2013 - 29 April 2013
A.E. Gordon	Non-executive Director (Appointed 26 November 2012)
R.W. Nice	Non-executive Director (Appointed 30 June 2013)
A.H. White	Non-executive Director (Resigned 31 January 2013)
Key management personnel of the consolidated entity	
T.S. Peisker	Project Manager (1 July 2012 to 7 June 2013)

(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 2013 are set out in the following tables:

2013	Short-term employee benefits $	Post-employment Superannuation $	Long – term employee benefits $	Share-based payments $	Total $	Consisting of options/performance rights %
A.J. Morgan*	240,000	-	-	86,000	326,000	26%
R.H. Krause	-	-	-	-	-	-
L.E. Pretorius	-	-	-	86,000	86,000	100%
P. Donkin	-	-			-	-
A.E. Gordon	34,500	-	-	-	34,500	-
A.H. White	23,762	-	-	43,000	66,762	64%
Other key management personnel						
T.S. Peisker	182,235	13,219	-	10,000	205,454	5%
Total key management personnel compensation	**480,497**	**13,219**	**-**	**225,000**	**718,716**	

*Mr Morgan received 400,000 shares (valued at $50,000) as a part payment for a sign-on fee to take up the position of Managing Director.

2012	Short-term employee benefits $	Post-employment Superannuation $	Long – term employee benefits $	Share-based payments $	Total $	Consisting of options/performance rights %
A.J. Morgan	60,000	-	-	-	60,000	-
L.E. Pretorius	-	-	-	30,000	30,000	-
I.S. Sheffield-Parker*	147.094	13,239		19,149	179,482	-
A.H. White	63,986	-	-	10,000	73,986	-
Other key management personnel						
T.S. Peisker	77,066	6,676	-	-	83,742	-
Total key management personnel compensation	**348,146**	**19,915**	**-**	**59,149**	**427,210**	

*Mr Sheffield-Parker resigned on 19 January 2012.

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

During the financial year to 30 June 2013 a number of shares were issued to Directors for payment of services and their Directors fees for the financial year to 30 June 2012. The issue of these shares was approved by shareholders at the Annual General Meeting on 8 November 2012. These values are included in the above tables under share based payments. 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. Details of the shares issued are shown below:

Name	Issue Date	No. of Shares	Issue Price $	Value $
A.J. Morgan	7 December 2012	400,000	0.125	50,000
L.E. Pretorius	7 December 2012	400,000	0.125	50,000
A.H. White	7 December 2012	200,000	0.125	25,000
		1,000,000		**125,000**

During the financial year to 30 June 2013, a number of share Performance Rights were granted to Directors as part of their remuneration, these are shown below:

Name	Issue date	No. of Rights	Fair value $	Vesting date
A.J. Morgan	7 December 2012	1,800,000	162,000	Various dates
L.E. Pretorius	7 December 2012	400,000	36,000	Various dates
A.H. White	7 December 2012	200,000	18,000	Various dates
		2,400,000	**216,000**	

The issue of the Performance Rights was approved by shareholders at the Company's Annual General Meeting on 8 November 2012.

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 2012-2013 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 2012-2013 financial year.

(f) Options and rights granted as remuneration

Details of Performance Rights granted to Directors and Key Management Personnel as compensation during the 2012-2013 financial year are shown in the table above. Any Rights granted are vested on the dates specified and available to be exercised after those dates.

(g) Equity Instruments issued on exercise of remuneration options

Details of equity instruments that were issued to Directors or Key Management Personnel as a result of Performance Rights being exercised that had previously been granted as compensation during the 2012-2013 financial year are shown in Note 15(b).

(h) Value of Performance Rights to key management personnel and executives

Details of the value of Performance Rights granted, exercised and lapsed during the 2012-2013 financial year to Directors and Key Management Personnel as part of their remuneration are shown in the table above and in Note 15(b).

(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 notice period, subject to any termination payments as detailed below.

R.H. Krause

There is no written agreement with Mr Krause, who received no payments in his role as a Director, having been appointed on 30 June 2013.

Dr L.E. Pretorius - Resigned 30 June 2013

There is no written contract with Dr Pretorius, who received share based payments and benefits totalling $86,000 in his role as a Director during the period 1 July 2012 to 30 June 2013.

A.J. Morgan

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

Projectex Pty Ltd received payments totalling $220,000 and Mr Morgan received share based payments of $86,000 during the period.

Share based payments of $86,000 consisted of $50,000 for past services as a Non-executive Director during the period 19 January 2012 to 2 April 2012 plus partly as a sign-on bonus upon taking up the role as Managing Director and $36,000 for Performance Rights issued and vested during the period.

P. Donkin – Appointed 22 February 2013 / Resigned 26 April 2013

There is no written agreement with Mr Donkin, who received no payments during his period as a Director.

A.E. Gordon

There is no written agreement with Mr Gordon, who received payments and benefits of $17,500 in his role as a Director of the Company, and consulting fees of $17,000 during the period 26 November 2012 to 30 June 2013. The payments were made through Hanuman Corporate Pty Ltd, a company in which Mr Gordon has a substantial interest.

R.W. Nice

There is no written agreement with Mr Nice, who received no payments in his role as a Director, having been appointed on 30 June 2013.

Dr A.H. White - Resigned 31 January 2013

There is no written agreement with Dr White, who received payments and benefits totalling $43,000 in his role as a Director of the Company and consulting fees and expenses of $23,762 on normal commercial terms.

T.S. Peisker - 1 July 2012 to 7 June 2013

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. One month's notice is required for termination of the agreement by either party. He received payments and benefits totalling $205,454 during the period 1 July 2012 to 7 June 2013.

End of audited Remuneration Report.

DIRECTORS' INTERESTS

The relevant interest of each Director (including their associates) in the share capital of the Company as at 30 June 2013 are set out in Note 15 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 11 to the Financial Statements.

DIRECTORS, OFFICERS, EMPLOYEES AND CONSULTANTS AWARDS PLAN

The Carbine Tungsten Limited Awards Plan was approved by shareholders at the Annual General Meeting on 8 November 2012. This replaces the previous employee share option scheme approved in 2006. The purpose of the Awards Plan is to attract, motivate and retain eligible employees. It enables the Group to provide employees, including Directors and other permitted persons share based payment benefits, including Performance Rights and Options. The issue of Performance Rights or Options is subject to the rules of the Awards Plan and can be issued for nil consideration and against performance or other criteria and will not be quoted on the ASX.

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

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Indemnification

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

Insurance Premiums

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

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

AUDIT AND NON–AUDIT SERVICES

During the financial year, the following fees for non-audit services were paid or payable to the auditors, BDJ Partners (up 8 November 2012) and BDO Audit (NTH QLD) Pty Ltd (appointed on 8 November 2012):

	2013 $	2012 $
Audit-related services		
Amounts paid or payable to BDJ Partners		
- Audit of regulatory returns	21,000	23,000
Amounts paid or payable to BDO Audit (NTH QLD) Pty Ltd		
-Audit of regulatory returns	10,000	-
Taxation services		
Amounts paid to BDJ Partners		
- Tax compliance services – tax returns	3,500	3,000
	34,500	26,000

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

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

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

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 Cairns this 27th day of September 2013 in accordance with a resolution of the Directors.

RUSSELL KRAUSE
Chairman

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

AT 30 JUNE 2013

	Note	2013	2012
		$	$
REVENUE FROM ORDINARY ACTIVITIES AND OTHER INCOME	2	**3,019,879**	130,586
Cost of Sales			
Cost of sales		**(2,470,005)**	-
Administration expenses		**(644,942)**	(294,147)
Consultant expenses		**(451,374)**	(458,876)
Depreciation	8	**(932,330)**	(290,977)
Loss on revaluation of investments		**(1,361,013)**	(900,000)
Exploration written off		**(11,314)**	(317,135)
Finance costs		**(14,156)**	(2)
Foreign exchange losses		**(53,923)**	-
Occupancy expenses		**(77,515)**	(72,692)
Salaries and employee benefits expense		**(1,544,790)**	(445,004)
Superannuation		**(115,712)**	(29,732)
Share based payments		**(131,033)**	-
Travel and accommodation		**(88,090)**	(129,312)
Other expenses		**(70,199)**	(30,721)
LOSS BEFORE INCOME TAX EXPENSE		**(4,946,517)**	(2,830,012)
INCOME TAX EXPENSE	3	-	-
LOSS AFTER INCOME TAX EXPENSE	13	**(4,946,517)**	(2,830,012)
Other comprehensive income for the year		**-**	**-**
TOTAL COMPREHENSIVE (LOSS) ATTRIBUTABLE TO OWNERS OF CARBINE TUNGSTEN LIMITED		**(4,946,517)**	(2,146,556)
Loss for the year is attributable to:			
Non-controlling interest		**-**	-
Owners of Carbine Tungsten Limited		**4,946,517**	2,146,556
		Cents	Cents
Basic loss per share	14	**1.80**	0.97
Diluted loss per share	14	**1.79**	0.97

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2013

	Note	2013 $	2012 $
CURRENT ASSETS			
Cash assets	24(b)	**1,464,162**	975,085
Trade and other receivables	5	**167,015**	809,806
Stock on hand	6	**134,011**	-
Prepayments		**43,700**	58,805
TOTAL CURRENT ASSETS		**1,808,888**	1,843,696
NON-CURRENT ASSETS			
Tenement security deposits	7	**282,081**	163,433
Plant and equipment	8	**5,726,725**	6,360,327
Deferred exploration and evaluation expenditure	9	**7,405,966**	7,293,945
Financial assets	10	**166,987**	1,528,000
TOTAL NON-CURRENT ASSETS		**13,581,759**	15,345,705
TOTAL ASSETS		**15,390,647**	17,189,401
CURRENT LIABILITIES			
Payables	11	**1,277,146**	861,060
TOTAL CURRENT LIABILITIES		**1,277,146**	861,060
TOTAL LIABILITIES		**1,277,146**	861,060
NET ASSETS		**14,113,501**	16,328,341
EQUITY			
Issued capital	12	**26,965,917**	24,239,992
Accumulated losses	13(b)	**(13,412,303)**	(8,465,705)
Reserves	13(a)	**559,882**	554,049
Non-controlling interest		**5**	5
TOTAL EQUITY		**14,113,501**	16,328,341

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2013

	Note	Consolidated 2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payment to suppliers and employees		**(5,012,146)**	(917,692)
Proceeds from customers		**1,469,596**	-
R & D Tax concession offset		**1,319,484**	-
Other income		**206,204**	3,508
Interest received		**24,595**	128,520
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	25(a)	**(1,992,267)**	(785,664)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		**(351,612)**	(6,599,453)
Expenditure on mining interests (exploration)		**(112,021)**	(2,759,842)
Tenement security deposits		**(118,648)**	(11,125)
Investments		**337,700**	(160,000)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(244,581)**	(9,530,420)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans received/repaid		**-**	-
Proceeds from issue of shares		**2,725,925**	10,998,012
Equity raising expenses		**-**	(82,224)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**2,725,925**	10,915,788
Net increase in cash held		**489,077**	599,704
Add opening cash brought forward		**975,085**	375,381
CLOSING CASH CARRIED FORWARD	25(b)	**1,464,162**	975,085

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2013

	Attributable to the Shareholders of Carbine Tungsten Limited				
CONSOLIDATED	**Issued Capital**	**Accumulated Losses**	**Reserves**	**Non-controlling interest**	**Total Equity**
	$	**$**	**$**	**$**	**$**
AT 1 JULY 2011	13,324,204	(6,319,148)	554,049	5	7,559,110
Profit/(Loss) for the period	-	(2,146,556)	-	-	(2,146,556)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive loss for the period	**13,324,204**	**(8,465,704)**	**554,049**	**5**	**5,412,554**
Transactions with owners in their capacity as owners					
Issue of share capital	10,915,788	-	-	-	10,915,788
Share based payments	-	-	-	-	-
BALANCE AT 30 JUNE 2012	**24,239,992**	**(8,465,704)**	**554,049**	**5**	**16,328,342**
AT 1 JULY 2012	24,239,992	(8,465,704)	554,049	5	16,328,342
Prior period adjustment	-	(82)	-	-	(82)
Profit/(Loss) for the period	-	(4,946,517)	-	-	(4,946,517)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive loss for the period	**-**	**(4,946,517)**	**-**	**-**	**(4,946,517)**
Transactions with owners in their capacity as owners					
Issue of share capital	2,725,925	-	-	-	2,725,925
Share based payments	-	-	5,833	-	5,833
BALANCE AT 30 JUNE 2013	**26,965,917**	**(13,412,303)**	**559,882**	**5**	**14,113,501**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Going Concern Basis for Preparation of Financial Statements

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

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

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

(b) Basis of Preparation

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

(c) Statement of Compliance

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

(d) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Carbine Tungsten Limited ("the Company" or "Carbine") and its subsidiaries ("the Group") as at 30 June each year.

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

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

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

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

(e) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated either on a diminishing value or straight-line basis over the estimated useful life of the asset. Plant and equipment useful life ranges from 2 – 8 years.

Impairment

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

An item of plant and equipment is derecognised upon disposal.

Any gain or loss arising on derecognition 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.

(f) Borrowing Costs

Borrowing costs are recognised as an expense when incurred.

(g) 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.

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.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value on a "first in first out" basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Cost is determined on the following basis:

- Tungsten on hand is valued on an average total production cost method.
- Ore stockpiles are valued at the average cost of mining and stockpiling the ore, including haulage.
- A proportion of related depreciation and amortisation charge is included in the cost of inventory.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated future selling price in the ordinary course of business, based on prevailing metal prices, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Recoverable Amount of Assets

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

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

(j) 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.

(k) Exploration, Evaluation, Development and Restoration Costs

Exploration and Evaluation

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

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

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

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

Exploration and Evaluation – Impairment

The Directors assess at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation 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.

(l) 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 are expected to be settled.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(q) Share-based Payments

The Carbine Tungsten Limited Awards Plan was approved by shareholders at the Annual General Meeting on 8 November 2012. This replaces the previous employee share option scheme approved in 2006. The Awards Plan provides the Group the ability to provide employees, including Directors and other permitted persons share based payment benefits, including Performance Rights and Options. The issue of Performance Rights or Options is subject to the rules of the Awards Plan and can be issued for nil consideration and against performance or other criteria and will not be quoted on the ASX.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (a) the extent to which the vesting period has expired and (b) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at 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.

(r) 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.

(s) Revenue

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

Sale of goods

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

Interest

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

Dividends

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

(t) 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.

(u) 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.

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

(v) Currency

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

(w) Comparatives

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

(x) Investment in Controlled Entities

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

2. REVENUE FROM ORDINARY ACTIVITIES AND OTHER INCOME

	2013	2012
	$	$
Interest received – other persons/corporation	**24,595**	130,606
Sale of Tungsten Concentrate	**1,469,596**	-
R & D Tax concession offset	**1,319,484**	611,266
Sale of Tenements	**3,000**	-
Other income	**203,204**	80,170
	3,019,879	822,042

3. INCOME TAX

	2013	2012
(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

	2013	2012
Losses from continuing operations before income tax expense	**(4,946,517)**	(2,146,249)
Tax at the Australian tax rate of 30%	**(1,483,955)**	(643,875)
Tax effect of amounts which are not taxable in calculating taxable income:		
(Over)/under provision prior year	**-**	-
Non-allowable deductions	**-**	-
Other	**-**	-
Income taxes not brought to account	**(1,483,955)**	(643,875)

(c) Current tax liabilities

	2013	2012
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 2013.

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.

	2013	2012
4. AUDITORS' REMUNERATION	**$**	$
Total amounts receivable by the current auditors of the Company for:		
- Audit of the Company's accounts	**31,000**	23,000
- Tax compliance services – tax returns	**3,500**	3,000
	34,500	26,000
5. RECEIVABLES – CURRENT		
Interest	**867**	5,549
Refund for GST paid	**66,698**	172,949
Trade Receivables	**27,231**	-
Other	**72,219**	631,308
Other receivables	**167,015**	809,806

6. INVENTORY

Stock on hand 1 July 2012	**-**	-
Additions	**134,011**	-
Disposals	**-**	
Total Tungsten concentrate on hand as at 30 June 2013 – at cost	**134,011**	-

Tungsten concentrate on hand as at 30 June 2013 consisted of 456.28 mtu and has a net realisable value of $134,011 based on a rate of $293.70 per mtu.

7. TENEMENT SECURITY DEPOSITS

Tenement security deposits	**133,000**	136,808
Other security deposits	**149,081**	26,625
Cash with government mines department	**282,081**	163,433

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

8. PLANT AND EQUIPMENT

Plant and equipment – at cost	**6,990,819**	6,735,049
Accumulated depreciation	**(1,264,094)**	(374,722)
	5,726,725	6,360,327
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	**6,360,327**	92,313
Additions	**351,612**	6,559,454
Disposals	**(52,884)**	(463)
Depreciation expense	**(932,330)**	(290,977)
	5,726,725	6,360,327

9. DEFERRED EXPLORATION AND VALUATION EXPENDITURE

Costs brought forward	**7,293,945**	4,811,238
Costs incurred during the period	**123,335**	2,799,842
Expenditure written off during period	**(11,314)**	(317,135)
Costs carried forward	**7,405,966**	7,293,945

Exploration expenditure costs carried forward are made up of:	**2013** **$**	2012 $
Expenditure on joint venture areas	**-**	-
Expenditure on non-joint venture areas	**7,405,966**	7,293,945
Costs carried forward	**7,405,966**	7,293,945

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.

10. FINANCIAL ASSETS

Fitzroy Resources Limited – Shares	**-**	600,000
Fitzroy Resources Limited – Options	**-**	766,500
Gossan Hill Gold Limited*	**-**	151,500
Spencer Resources Shares	**12,300**	10,000
Sovereign Gold Company Ltd	**154,687**	-
	166,987	1,528,000

***Note**: The shares held in Gossan Hill Gold Limited were disposed of on 15 April 2013 under an Implementation Deed dated 11 March 2013 whereby Sovereign Gold Company Limited (SOC) acquired the shares held by Carbine Tungsten Limited in Gossan Hill Gold Limited in exchange for $103,125 in cash and 1,031,250 SOC shares.

11. CURRENT LIABILITIES – PAYABLES

Trade creditors	**430,727**	592,863
Accrued expenses	**144,029**	169,967
Royalties	**73,719**	-
Advance - MCU	**437,982**	-
Other	**190,689**	98,230
	1,277,146	861,060

12. CONTRIBUTED EQUITY

Share capital

281,936,594 ordinary shares fully paid	**26,965,917**	24,239,992

(a) Movements in ordinary share capital	**Date**	**Number of Shares**	**Issue Price**	**$**
1 July 2012 to 30 June 2013				
Balance b/fwd		256,982,719		24,239,992
Shares issued under a placement	09-08-12	16,000,000	$0.125	2,000,000
Shares issued under Rights Issue Shortfall	07-12-12	1,500,000	$0.09	135,000
Shares issued under Rights Issue Shortfall	07-12-12	480,000	$0.09	0*
Shares issued in lieu of Directors fees	07-12-12	1,000,000	$0.125	125,000
Shares issued from SPP	18-03-13	4,543,009	$0.075	340,725
Shares issued under employee share scheme	13-05-13	430,866	**	35,200
Shares issued from vesting Performance Rights	13-05-13	1,000,000	$0.09	90,000
Balance as at 30 June 2013		**281,936,594**		**26,965,917**

*Funds received and accounted for prior to 30 June 2012

**various issue prices

Terms and Conditions of Contributed Equity

Ordinary Shares

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

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

Options

The following options are outstanding at balance date.

(b) Movements in Options and Performance Rights	**Date**	**Number of Options**	**Exercise Price**	**Maturity**
Unlisted Options and Performance Rights				
1 July 2012 to 30 June 2013				
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
Performance Rights issued	07-12-12	2,400,000		
Performance Rights exercised	13-05-13	(1,000,000)		
Balance as at 30 June 2013		**4,300,000**		

13. RESERVES

	2013	2012
(a) Share based payments reserve	**$**	$
Balance at 1 July 2012	**554,049**	554,049
Share-based payments to employees	**5,833**	-
Balance as at 30 June 2013	**559,882**	554,049

(b) Accumulated losses		
Balance at the beginning of period	**(8,465,705)**	(6,319,149)
Operating profit (loss) after income tax expense	**(4,946,517)**	(2,146,556)
Balance as at 30 June 2013	**(13,412,222)**	(8,465,705)

14. EARNINGS PER SHARE

Loss after income tax attributable to the owners of Carbine Tungsten Limited used in calculating basic and diluted earnings per share	**(4,946,517)**	(2,146,556)
	Number	Number
Weighted average number of ordinary shares on issue used in the calculation of basic loss per share	**274,445,809**	221,712,036
Adjustments for calculation of diluted earnings per share:		
Options and Rights	**2,259,936**	
Weighted average number of ordinary shares used in calculating diluted earnings per share	**276,705,745**	
	Cents	Cents
Basic (loss) per share per share	**1.80**	0.97
Diluted loss per share per share	**1.79**	0.97

Conversion, call, subscription or issue after 30 June 2013:

Since the end of the financial period, and before the reporting date of these financial statements, there has been no conversions to, call of, or subscriptions for ordinary shares or issues of potential ordinary shares has taken place.

15. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key Management Personnel Compensation

	2013	2012
	$	$
Short-term employee benefits	**480,497**	348,146
Post-employment benefits	**13,219**	19,915
Other long-term benefits	**-**	-
Termination benefits	**-**	-
Share based payments	**225,000**	59,149
Balance at the end of period	**718,716**	427,210

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 Performance 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 2013	**Balance at 1 July 2012**	**Granted as compensation**	**Rights exercised**	**Other changes**	**Balance at 30 June 2013**	**Total vested at 30 June 2013**	**Total vested and exercisable at 30 June 2013**	**Total vested and unexercis-able at 30 June 2013**
Name								
L E Pretorius	-	400,000	(400,000)	-	-	-	-	-
R.H. Krause	-	-	-	-	-	-	-	-
A.J. Morgan	-	1,800,000	(400,000)	-	1,400,000	-	-	1,400,000
A.E. Gordon	-	-	-	-	-	-	-	-
R.W. Nice	-	-	-	-	-	-	-	-
A H White	-	200,000	(200,000)	-	-	-	-	-
	-	2,400,000	(1,000,000)	-	1,400,000	-	-	1,400,000

30 June 2012	**Balance at 1 July 2011**	**Granted as compensatio n**	**Options Exercised**	**Other change s**	**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**
Name								
L.E. Pretorius	-	-	-	-	-	-	-	-
A.J. Morgan	-	-	-	-	-	-	-	-
A.H. White	-	-	-	-	-	-	-	-
T.S. Peisker	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

(c) Shareholdings

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

30 June 2013	Balance at 1 July 2012	Granted as compensation	Received on exercise of Performance Rights	Other changes	Balance at 30 June 2013	Balance held nominally
Name						
L.E. Pretorius*	31,520,001	400,000	400,000	680,000	33,000,001	-
R.H. Krause	-	-	-	-	-	-
A.J. Morgan	-	400,000	400,000	2,784,761	3,584,761	-
A.E. Gordon	-	-	-	72,000	72,000	72,000
R.W. Nice	-	-	-	-	-	-
A.H. White*	4,897,067	200,000	200,000	-	5,297,067	4,478,905
	36,417,068	1,000,000	1,000,000	3,536,761	41,953,829	4,550,905

30 June 2012	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
Name						
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

*
Note: Director L.E. Pretorius resigned on 30 June 2013 and Director A.H. White resigned on 31 January 2013.

Loans to Key Management Personnel

There are no loans made by the Company to Key Management Personnel or their related parties.

(d) Other Transactions and Balances

Consulting Services

Carbine Tungsten Limited's Managing Director, Mr Morgan is a Director and shareholder in Projectex Pty Ltd, Director Mr Gordon is a Director and shareholder in Hanuman Corporate Pty Ltd, and former Director, Dr White is a principal of Andrew White and Associates. All 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 and recognised as an expense during the period.

	2013	2012
	$	$
A.J. Morgan (Projectex Pty Ltd)	**240,000**	60,000
A.E. Gordon (Hanuman Corporate Pty Ltd)	**34,500**	-
A.H. White (Andrew White and Associates)	**23,762**	63,986
	298,262	123,986

Aggregate amounts of liabilities at balance date relating to consulting services with Directors of the group are as follows:		
Current liabilities	**-**	-

16. RELATED PARTY DISCLOSURES

The Directors in office during the entire financial year were Mr Morgan and Dr Pretorius.

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 2013:

Fully Paid Ordinary Shares

at 30 June 2013

Key management personnel	Balance 1.7.12	Net changes Number	Balance 30.6.13	Balance held Nominally Number
R.H. Krause	-	-	-	-
A.J. Morgan	-	3,584,761	3,584,761	-
A.E. Gordon	-	72,000	72,000	72,000
R.W. Nice	-	-	-	-
	-	**3,656,761**	**3,656,761**	**72,000**

Performance Rights

at 30 June 2013

Key management personnel	Balance 1.7.12	Net changes Number	Balance 30.6.13	Balance held Nominally Number
R.H. Krause	-	-	-	-
A.J. Morgan	-	1,400,000	1,400,000	-
A.E. Gordon	-	-	-	-
R.W. Nice	-	-	-	-
	-	**1,400,000**	**1,400,000**	**-**

Key Management Personnel's interests in shares, Performance Rights and Options include holdings in their names and in the names of related entities.

Remuneration Performance Rights: Granted and Vested During the Year

During the financial year to 30 June 2013, a number of share Performance Rights were granted to Directors as part of their remuneration, these are shown below:

Director	Number Performance Rights granted	Date granted
A.J. Morgan	1,800,000	7 December 2012
L.E. Pretorius	400,000	7 December 2012
A.H. White	200,000	7 December 2012

The issue of the above Performance Rights was approved by shareholder at the Company's Annual General Meeting on 8 November 2012.

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 2013 which are referred to in the Remuneration of Directors in Note 15 cash benefits amounted to $240,000 and share based payments amounted to $86,000.

Mr Gordon is a Director and shareholder in Hanuman Corporate Pty Ltd, a company that provides corporate services to the Company. Services provided during the period ended 30 June 2013 which are referred to in the Remuneration of Directors in Note 15 amounted to $34,500.

Dr White is a Director and has a significant financial interest in Andrew White and Associates, a partnership that provides geological and exploration management services to the Company. Services provided during the period ended 30 June 2013 are referred to in the Remuneration of Directors in Note 15 which amounted to $23,762.

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.

17. JOINT VENTURES

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

18. FINANCIAL REPORT BY SEGMENT

The consolidated entity operates predominantly in the one business and in one geographical area, namely Australian mineral exploration, mining evaluation and development. The consolidated entity has started to export tungsten concentrate obtained from its Tailings Retreatment Plant to a Japanese buyer, Mitsubishi Corporation RtM Japan (Mitsuibshi RtMJ) and they have an agreement to take all the production for the immediate future.

19. CONTINGENT LIABILITIES

The Group has provided guarantees totalling $133,000 in respect of mining exploration tenements and environmental bonds. These guarantees in respect of mining and exploration tenements are secured against deposits with the relative State Department of Mines. The Company does not expect to incur any material liability in respect of the guarantees.

20. EMPLOYEE ENTITLEMENTS

The Carbine Tungsten Limited Awards Plan was approved by shareholders at the Annual General Meeting on 8 November 2012. This replaces the previous employee share option scheme approved in 2006. The purpose of the Awards Plan is to attract, motivate and retain eligible employees. It enables the Group to provide employees, including Directors and other permitted persons share based payment benefits, including Performance Rights and Options. The issue of Performance Rights or Options is subject to the rules of the Awards Plan and can be issued for nil consideration and against performance or other criteria and will not be quoted on the ASX.

21. FINANCIAL INSTRUMENTS

Interest Rate Risk Exposure

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

	2013	2012
Weighted average rate of cash balances	**2.00%**	3.50%
Cash balances	**$1,464,162**	$975,085

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.

22. COMMITMENTS

Exploration Licence Expenditure Requirements

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

	2013	2012
	$	$
Payable not later than one year	**335,000**	485,000
Payable later than one year but not later than two years	**455,000**	265,000
	790,000	750,000

23. INVESTMENT IN CONTROLLED ENTITIES

	Equity Interest		Cost of Parent Entity's Investment	
Parent Entity	**2013**	2012	**2013**	2012
Carbine Tungsten Limited	**%**	%	**$**	$
Controlled Entities				
South Eastern Resources Pty Ltd	**100**	100	**-**	-
Cast Resources Pty Ltd	**100**	100	**2**	2
Troutstone Resources Pty Ltd	**100**	100	**2**	2
Kaowest Pty Ltd	**100**	100	**2**	2
Icon Resources Africa Pty Ltd	**49**	49	**5**	5
Tungsten Resources Pty Ltd	**100**	100	**10**	10

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

24. SUBSEQUENT EVENTS

There have been no material events subsequent to 30 June 2013 that have not previously been reported, other than:

a) the issuing of Environmental Authority for EPML00956913 in August 2013 covering the existing hard rock tungsten stockpiles that form part of Carbine's Hard Rock Project .

25. STATEMENT OF CASH FLOWS

Reconciliation of net cash outflow from operating activities to operating loss after income tax		**2013**	2012
		$	$
(a)	Operating loss after income tax	**(4,946,517)**	(2,146,556)
	Depreciation	**932,330**	290,977
	(Gain) Loss on disposal of asset	**52,884**	462
	Write down of investment to market value	**1,361,013**	900,000
	Disposal of financial assets	**(337,700)**	-
	Change in assets and liabilities:		
	(Increase)/decrease in receivables	**662,960**	(750,593)
	(Increase)/decrease in other assets	**(134,011)**	(44,104)
	(Decrease)/increase in trade and other creditors	**410,941**	647,015
	Share based payment reserve	**5,833**	-
	Exploration expenditure written off	**-**	317,135
	Net cash outflow from operating activities	**(1,992,267)**	(785,664)

(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.

The balance at 30 June 2013 comprised:

Cash assets	**1,464,162**	975,085
Cash on hand	**1,464,162**	975,085

26. CORPORATE INFORMATION

The Financial Report of the Group for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the Directors on 27th September 2013.

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

(a) Credit Risk

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

The consolidated entity has a credit risk exposure with Mitsubishi RtMJ which at 30 June 2013 owed the consolidated entity $27,231 and being 100% of trade receivables, (2012: Nil). This amount is in terms of the agreement and no impairment has been made as at 30 June 2013.

(b) Cash Flow Interest Rate Risk

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

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

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

	Notes	Floating Interest Rate		Non-Interest Bearing		Total Carrying Amount		Interest Rate Risk Sensitivity 2013			
								-10%		+10%	
		2013	2012	**2013**	2012	**2013**	2012	**Profit**	**Equity**	**Profit**	**Equity**
		$	$	**$**	$	**$**	$	**$**	**$**	**$**	**$**
Financial Assets:											
Cash at bank		**1,464,162**	975,085	**-**	-	**1,464,162**	975,085	(3,953)	(3,953)	3,953	3,953
Short-term deposits		**-**	-	**-**	-	**-**	-	-	-	-	-
Trade and other receivables	5	**-**	-	**167,015**	806,521	**167,015**	806,521	-	-	-	-
Total		**1,464,162**	975,085	**167,015**	806,494	**1,631,177**	1,781,606	**-**	**-**	**-**	**-**
Weighted average Interest rate		**2.15%**	3.50%								
Financial Liabilities											
Trade and other Payables	10	**-**	-	**(1,277,146)**	(861,060)	**(1,277,146)**	(861,060)	-	-	-	-
Total		**-**	-	**(1,277,146)**	(861,060)	**(1,277,146)**	(861,060)	**-**	**-**	**-**	**-**
Weighted average Interest rate		**0.00%**	0.00%								
Net financial assets (liabilities)		**1,464,162**	975,085	**(1,110,131)**	(54,566)	**354,031**	920,546	**-**	**-**	**-**	**-**

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 2013 from around 2.75% to 2.48% representing a 27 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.

(c) Price Risk

The Group is exposed to equity securities price risk. The Group has investments held and classified on the balance sheet as available-for-sale as per Note 9.

(d) Liquidity Risk

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

Contracted maturities of payables year ended 30 June 2013 Payable:	**2013** **$**	2012 $
- less than 6 months	**1,277,146**	861,060
- 6 to 12 months	**-**	-
- 1 to 5 year	**-**	-
- later than 5 year	**-**	-
Total	**1,277,146**	861,060

(e) Fair Value of Financial Instruments

The following tables detail the consolidated entity's fair values of financial instruments categorised by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Consolidated - 2013

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Ordinary shares	166,987	-	-	166,987
Options	-	-	-	-
Total assets	166,987	-	-	166,987

Consolidated - 2012

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Ordinary shares	610,000	-	-	610,000
Options	-	-	918,000	918,000
Total assets	610,000	-	918,000	1,528,000

There were no transfers between levels during the financial year

Movements in Level 3 financial instruments during the current and previous financial year are set out below:

Consolidated

	Fair value through profit or loss$	**Total** **$**
Balance at 1 July 2011	**768,000**	**768,000**
Gains/(losses) recognised in Surplus / (Deficit) for the year	**-**	
Additions	150,000	150,000
Disposals	**-**	**-**
Balance at 30 June 2012	**918,000**	**918,000**
Gains/(losses) recognised in Surplus / (Deficit) for the year	(766,500)	(766,500)
Additions	-	-
Disposals	(151,500)	(151,500)
Balance at 30 June 2013		**-**
Total gains/(losses) for the year included in Surplus / (Deficit) for the year that relate to level 3 assets held at the end of the year	**(766,500)**	**(766,500)**

Changing one or more inputs would not significantly change the fair value of Level 3 financial instruments.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

(f) Commodity Price Risk

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

(g) Foreign Exchange Risk

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

(h) 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 the carrying amount exceeds the 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 Australian Taxation Office. The balance (if any) of receivables comprises prepayments (if any). The credit risk on financial assets of the Company which have been recognised on the Balance Sheet is generally the carrying amount.

(i) Capital Risk Management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. Consistently with others in the industry, the consolidated entity monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt. As the consolidated entity has no borrowings the gearing ratio calculation has not been shown.

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

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

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

The capital risk management policy remains unchanged from the 30 June 2012 Annual Report. The consolidated entity is not subject to externally imposed capital requirements.

28. SHARE-BASED PAYMENTS

On 7 December 2012, 1,000,000 shares were issued to Directors covering past services to the parent company and unpaid Directors fees for year ended 30 June 2012 at an issue price of $0.125 per share and a total transactional value of $125,000 and as identified in in Key Management Personnel disclosures (Note 15) and the Remuneration Report in the Directors' Report.

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 by 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 per cent of the Company's issued share capital at the time.

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

Awards Plan

The Carbine Tungsten Limited Awards Plan was approved by shareholders at the Annual General Meeting on 8 November 2012. This replaces the previous employee share option scheme approved in 2006. The purpose of the Awards Plan is to attract, motivate and retain eligible employees. It enables the Group to provide employees, including Directors and other permitted persons share based payment benefits, including Performance Rights and Options. The issue of Performance Rights or Options is subject to the rules of the Awards Plan and can be issued for nil consideration and against performance or other criteria and will not be quoted on the ASX.

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

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

2013

Grant Date	Expiry Date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited	Balance at the end of the year
Share Option Plan							
21 Dec 2007	30 Nov 2012	$0.44	500,000	-	-	500,000	-
18 Jan 2008	30 Nov 2012	$0.44	760,870	-	-	760,870	-
18 Jan 2008	30 Nov 2012	$0.29	400,000	-	-	400,000	-
26 Jun 2009	30 Nov 2013	$0.34	1,500,000	-	-	-	1,500,000
16 Dec 2009	17 Nov 2014	$0.14	450,000	-	-	-	450,000
16 Dec 2009	17 Nov 2014	$0.19	950,000	-	-	-	950,000
			4,560,870			**1,660,870**	**2,900,000**
Weighted average exercise price			$0.312	-	-	-	$0.260
Performance Rights							
7 Dec 2012	30 Nov 2012	$0.00	-	600,000	600,000	-	-
7 Dec 2012	1 Jan 2013	$0.00	-	400,000	400,000	-	-
7 Dec 2012	1 Jul 2013	$0.00	-	400,000	-	-	400,000
7 Dec 2012	31 Dec 2013	$0.00	-	1,000,000	-	-	1,000,000
				2,400,000	**1,000,000**		**1,400,000**
Weighted average exercise price			-	$0.00	-	-	$0.53
Total			**4,560,870**	**2,400,000**	**1,000,000**	**1,660,870**	**4,300,000**
Weighted average exercise price			$0.312	-	-	-	$0.348

2012

Grant Date	Expiry Date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited	Balance at the end of the year
Share Option Plan							
21 Dec 2007	30 Nov	$0.44	500,000	-	-	-	500,000
18 Jan 2008	30 Nov 2012	$0.44	760,870	-	-	-	760,870
18 Jan 2008	30 Nov 2012	$0.29	400,000	-	-	-	400,000
26 Jun 2009	30 Nov 2013	$0.34	1,500,000	-	-	-	1,500,000
16 Dec 2009	17 Nov 2014	$0.14	450,000	-	-	-	450,000
16 Dec 2009	17 Nov 2014	$0.19	950,000	-	-	-	950,000
Total			**4,560,870**	**-**	**-**	**-**	**4,560,870**
Weighted average exercise price			$0.312	-	-	-	$0.312

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

Grant Date	Expiry Date		2013 Number	2012 Number
Options				
21 December 2007	30 November 2012		-	500,000
18 January 2008	30 November 2012		-	760,870
18 January 2008	30 November 2012		-	400,000
26 June 2009	30 November 2013		1,500,000	1,500,000
16 December 2009	17 November 2014		450,000	450,000
16 December 2009	17 November 2014		950,000	950,000
Total Options			**2,900,000**	**4,560,870**
Performance Rights				
7 December 2012	1 July 2013		400,000	-
7 December 2012	31 December 2013		1,000,000	-
Total Rights			**1,400,000**	**-**
Total Options and Rights			**4,300,000**	**4,560,870**

The weighted average share price during the financial year was $0.08 (2012: $0.10).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.90 years (2012: 1.36 years).

For the rights granted under the Awards Plan during the current financial year, the valuation model inputs used to determine the fair value at the grant date are as follows:

Grant date Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
7 December 2012						
30 November 2012	$0.09	$0.00	110%	0.00%	4.00%	$0.09
7 December 2012						
1 January 2013	$0.09	$0.00	110%	0.00%	4.00%	$0.09
7 December 2012						
1 July 2013	$0.09	$0.00	110%	0.00%	4.00%	$0.09
7 December 2012						
31 December 2013	$0.09	$0.00	110%	0.00%	4.00%	$0.09

29. 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 Standar*ds arising from AASB 9 (December 2010).

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

  The key changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
  - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and

– 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) (as amended by AASB 2012-10: *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments),* and AASB 2011–7: *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (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. This standard is not expected to significantly impact the Group's 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's financial statements.

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's financial statements.

– AASB 13: *Fair Value Measurement* and AASB 2011–8: *Amendments to Australian Accounting Standards arising from AASB 13* (applicable for annual reporting periods commencing on or after 1 January 2013).

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 expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Group's financial statements.

– AASB 2011–4: *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (applicable for annual reporting periods commencing on or after 1 July 2013).

This Standard makes amendments to AASB 124: *Related Party Disclosures* to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3) These amendments serve a number of purposes , including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent *Corporation Act 2001* disclosure requirements.

This Standard is not expected to significantly impact the Group's financial report as a whole because:

- some of the disclosures removed from AASB 124 will continue to be required under s 300A of the Corporations Act, which is applicable to the Group; and
- AASB 2011-4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011-4.

AASB 119: *Employee Benefits* (September 2011) and AASB 2011–10: *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation and disclosure of defined benefit plans, including:

- removal of the "corridor" approach from AASB 119; thereby requiring the entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and – disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and re-measurements and recognition of:

(i) service cost and net interest expense in profit or loss; and

(ii) re-measurements in other comprehensive income

AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.

–

The Directors anticipate that the application of the amendments to AASB 119 will have an impact on the amounts reported in respect of the Group's defined benefit plans. For instance, if the Group had adopted the new requirements in respect of defined benefit plans in the current reporting period, profit or loss would have been slightly lower and other other comprehensive income would have been higher by the same amount. However, as the impact of the amendments to AASB 119 on initial application to the Group's 2014 financial statements will depend, in part, on the actuarial assumptions adopted at that time (including future salary Ievels and the discount rate), the Directors are currently not able to reasonably quantify the likely impact.

AASB 2012-2: *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012-2 principally amends AASB 7: *Financial Instruments: Disclosures* to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial; position.

This standard is not expected to significantly impact on the Group's financial statements.

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

This Standard adds application guidance to AASB 132: *Financial Instruments: Presentation* to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact on the Group's financial statements.

-AASB 2012-5: *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle* (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of *Annual Improvements to IFRSs 2009=2011 Cycle* by the International Accounting Standards Board, including:

- AASB1: *First-time Adoption of Australian Accounting Standards* to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and the resumes applying Australian Accounting Standards;
- AASB101: *Presentation of Financial Statements* and AASB134: *Interim Financial Reporting* to clarify the requirements for presenting comparative information;
- AASB 116: *Property, Plant and Equipment* to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment:
- AASB 132 and Interpretation 2: *Members' Shares in Co-operative Entities and Similar Instruments* to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Group's financial statements.

30. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Carbine Tungsten Limited. The information presented has been prepared using accounting policies that are consistent with those presented in Note1.

	2013 $	2012 $
ASSETS		
Current assets	**1,808,861**	1,843,669
Non –current assets	**15,084,970**	16,848,917
TOTAL ASSETS	**16,893,831**	18,692,586
LIABILITIES		
Current liabilities	**1,277,146**	861,060
TOTAL LIABILITIES	**1,277,146**	861,060
EQUITY		
Issued capital	**26,965,917**	24,239,992
Accumulated losses	**(11,909,114)**	(6,962,515)
Reserves	**559,882**	554,049
TOTAL EQUITY	**15,616,685**	17,831,526
FINANCIAL PERFORMANCE		
Profit (loss) for the year	**(4,946,517)**	(1,863,484)
Other comprehensive income/(loss) for the year	**-**	-
Total comprehensive profit/(loss)	**(4,946,517)**	**(1,863,484)**

Contingent Liabilities

As at 30 June 2013 and 30 June 2012 the Company had no contingent liabilities.

Contractual Commitments

As at 30 June 2013 and 30 June 2012 the Company had no contractual commitments other than those disclosed in Note 22.

Guarantees Entered into by Parent Entity

As at 30 June 2013, the Company has not provided any financial guarantees.

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 2013 and of the performance for the year ended on that date of the company and consolidated group;

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

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

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

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

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

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

On behalf of the Board

A J Morgan

CEO and Managing Director

Cairns, 27th September 2013

AUDITOR’S INDEPENDENCE DECLARATION

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

As lead auditor of Carbine Tungsten Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Greg Mitchell

Director

BDO

BDO Audit (NTH QLD) Pty Ltd
Cairns, 27 September 2013

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INDEPENDENT AUDITOR'S REPORT

To the members of Carbine Tungsten Limited and Controlled Entities

Report on the Financial Report

We have audited the accompanying financial report of Carbine Tungsten Limited and Controlled Entities, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(c), 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.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Opinion

In our opinion:

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

 (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

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

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

Emphasis of matter

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 21 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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Opinion

In our opinion, the Remuneration Report of Carbine Tungsten Limited and Controlled Entities for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO

BDO Audit (NTH QLD) Pty Ltd

Greg Mitchell

Director

Cairns, 27 September 2013

CORPORATE GOVERNANCE STATEMENT

The Board of Carbine Tungsten Limited ("the Company" or "Carbine") is responsible for corporate governance and strives for high standards in this regard. The Board monitors the business and affairs of Carbine 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 Carbine'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 Carbine 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 Carbine'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. 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 Carbine Corporate Governance Committee, consisting of Mr Gordon (Committee Chairman 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 Carbine 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. 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.

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.

	2013		**2013–2014**	
	No.	**%**	**No.**	**%**
Women on the Board	-	-	-	-
Women in senior management roles	-	-	-	-
Women employees in the company	2	18.2	2	18.2

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: Mr Gordon (Committee Chairman) and Mr Krause 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).

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 BDO Australia.

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 Mr Gordon (Committee Chairman) and Mr Krause 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 Mr Gordon (Committee Chairman) and Mr Krause 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 Awards Plan that was approved by shareholders at the Annual General Meeting held on 8 November 2012. This Plan replaces the Company's Employee Share Option Plan (ESOP) which was approved in March 2006.

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 13 September 2013 (per ASX Listing Rule 4.10)

Substantial Shareholders	Shareholding
Leon Eugene Pretorius	34,000,001
Mota-Engil Minerals & Mining Investments BV	16,000,000

Distribution of Shareholders as at 13 September 2013 Number of Ordinary Shares Held	Number of Holders	Ordinary Shares
1 – 1,000	44	5,806
1,001 – 5,000	68	240,440
5,001 – 10,000	141	1,227,909
10,001 – 100,000	544	23,905,545
100,001 – and over	343	256,556,894
	1,140	**281,936,594**

At the prevailing market price of 6.4 cents per share, there are 156 shareholders with less than a marketable parcel of $500.

Top 20 Shareholders of Ordinary Shares as at 13 September 2013	Shares	% Shares issued
Dr Leon Eugene Pretorius	34,000,001	12.06
Mota-Engil Minerals & Mining Investments BV	16,000,000	5.68
Baglora Pty Ltd <Mott Family Super Fund A/C>	12,115,716	4.30
Mr Neil Kenneth Watson + Ms Margaret Helen Moroney <Rossdale Super Fund A/C>	9,067,188	3.22
Silva Pty Ltd	7,435,098	2.64
Mr Neil Watson + Ms Margaret Moroney <Rossdale Super Fund A/C>	4,624,002	1.64
Alan Scott Nominees Pty Ltd <Superannuation Fund A/C>	4,000,000	1.42
Nicholson Super Pty Ltd <Nicholson Family S/F A/C>	3,626,833	1.29
Fallon Nominees Pty Ltd <Fallon Family A/C>	3,580,231	1.27
Bullock Point Pty Ltd <Bishop Family Super Fund A/C>	3,515,014	1.25
Golden Reef Enterprises Pty Ltd <Golden Reef Enterprises Fam A/>	3,221,826	1.14
Mr Paul Marchetti	3,210,000	1.14
JA Johnstone Pty Ltd <Waterhouse Super Fund A/C>	3,200,000	1.14
Mr Robert Hunter Landale + Ms Diana Josephine Batten <Landten Super Fund A/C>	3,200,000	1.14
IPZ Pty Ltd <Sheffield-Parker & Gatto Super>	2,888,889	1.02
Outdoor Holdings Pty Ltd	2,777,779	0.99
Mr David Hanks	2,600,000	0.92
Mr James Florian Pearson + Mrs Kim Patricia Pearson <JF Pearson Super Fund A/C>	2,505,700	0.89
Andrew James Morgan	2,500,000	0.89
Sofew Assets Pty Ltd <Sofew Pastoral A/c>	2,500,000	0.89
Total of Top 20 Holdings	126,568,277	44.89
Other Holdings	155,368,317	55.11
Total Fully Paid Shares Issued	281,936,594	100.00

Employee Share based Performance Plan
At a General Meeting held 8 November 2012 shareholders approved the adoption of the Carbine Tungsten Limited Awards Plan. The purpose of the Plan is to attract, motivate and retain employees, provide employees an incentive and provide the ability to grant Performance Rights or Options to employees, including Non-Executive Directors. This Plan replaces the Company's Employee Share Option Plan (ESOP) which was approved in March 2006.

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.

CARBINE TUNGSTEN

Reawakening the Mt Carbine Tungsten Mine