

Annual Report 2021



CARBINE RESOURCES
LIMITED

ABN 81 122 976 818

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CORPORATE DIRECTORY

Directors	Peter Main	(Non-Executive Chairman)
	Peter Batten	(Managing Director)
	Evan Cranston	(Non-Executive Director)

Company Secretary	Oonagh Malone
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Principal & Registered Office	Suite 23, 513 Hay Street Subiaco WA 6008 Telephone: (08) 6142 0986 Email: admin@carbineresources.com.au
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Share Registry	Automic Registry Services Level 5, 191 St Georges Terrace Perth WA 6000 Telephone: 1300 288 664 (within Australia) +61 2 9698 5414 (outside Australia) Email: hello@automic.com.au
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Auditor	Stantons International Audit and Consulting Pty Ltd Level 2, 40 Kings Park Road West Perth WA 6005
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ASX Code	CRB
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REVIEW OF OPERATIONS

Muchea West Silica Sand Project

In April 2021, Carbine signed a binding Term Sheet with Australian United Silica Corporation Pty Ltd (AUSCO) to acquire the Muchea West Silica Sand Project in Muchea, Western Australia. The AUSCO acquisition was completed on 22 July 2021.

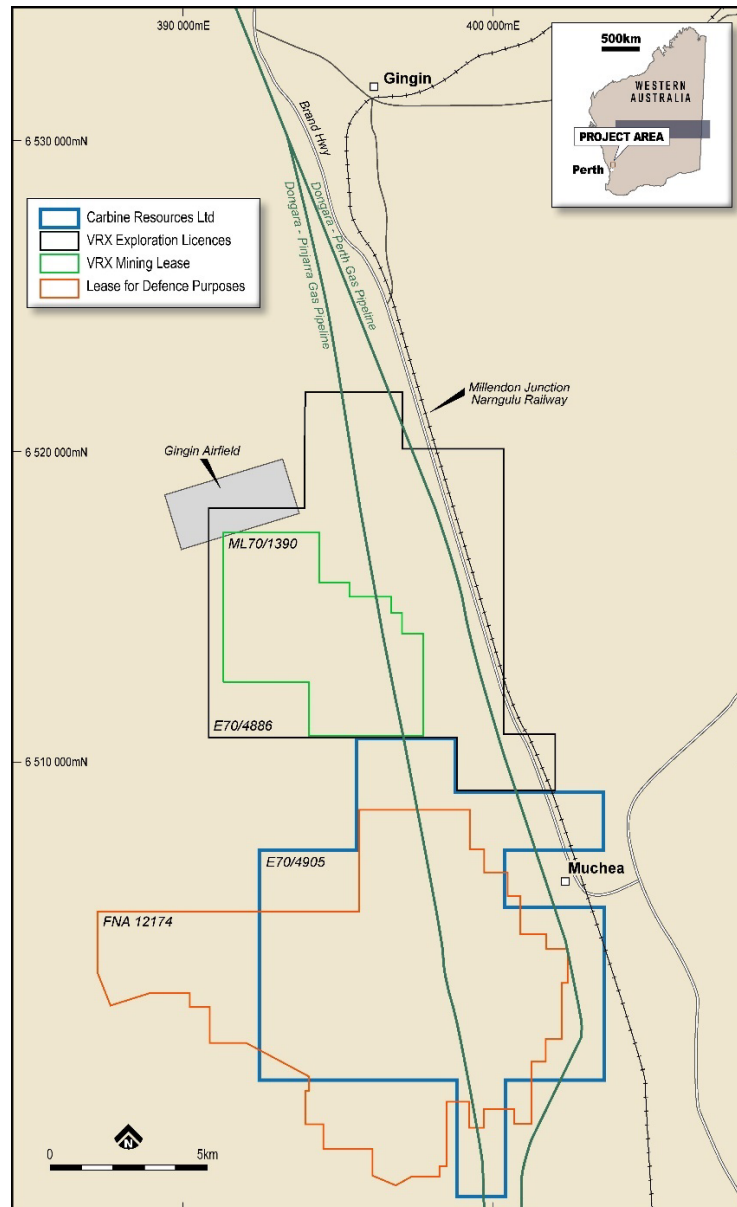


Figure 1. Muchea West Silica Project: location

The Muchea West Project is located approximately 40km north-northeast of Perth and approximately 500m to the west of Muchea. The Brand Highway, Tonkin Highway and the Moora-Kwinana Railway pass the project to the east and provide a direct connection with the Kwinana Bulk Terminal. The Muchea West Project is located directly adjacent to VRX Silica Ltd's Muchea Project.

The Muchea West Project covers a land area of 102km² and consists of a single granted exploration licence, E70/4905.

E70/4905 overlaps in parts with FNA12174. FNA 12174 is a lease held by the Department of Defence (DoD), known as the Muchea Training Area, utilised by the Royal Australian Air Force. This requires extra access permission in addition to that granted by DMIRS. The rest of E70/4905 covers unoccupied Crown land and some freehold land.

Geology

The Project is underlain by the Bassendean Sand Formation, which extends over large areas of the Swan Coastal Plains of the Perth Basin from about 23 km north of Jurien, to about 15km southwest of Busselton. The Bassendean Sand Formation is considered to have a maximum thickness of about 45 m, and the unit is found as a strip parallel to the coast, having a width of about 10-20 km, and its western edge about 5-10km inland

Previous Exploration

The region surrounding the project has been explored for both mineral sands and silica sand. It sits over the Yarragadee aquifer and the Gnangara mound and has 28 water bores within the tenement boundary.

A total of 82 aircore drill holes (78 drill holes to depth of 10m and 4 to depth of 15 to 20m) were drilled at nominal 200m spacing on six drill lines along existing tracks within the Tenement area by AUSCO in 2019. All holes intersected white sand profiles with silica contents above 99.0% SiO₂ and 66 holes returned profiles with silica contents greater than 99.6% SiO₂. Results have also returned low levels of impurities (Fe₂O₃ and Al₂O₃).

Significant results from drilling include:

- Hole Aus011: 9m at 99.8% SiO₂ from 1m
- Hole Aus013: 9m at 99.8% SiO₂ from 1m
- Hole Aus014: 9m at 99.9% SiO₂ from 1m
- Hole Aus044: 19m at 99.7% SiO₂ from 1m
- Hole Aus068: 15m at 99.6%SiO₂ from 5m

Current Exploration Operations – Preliminary Studies

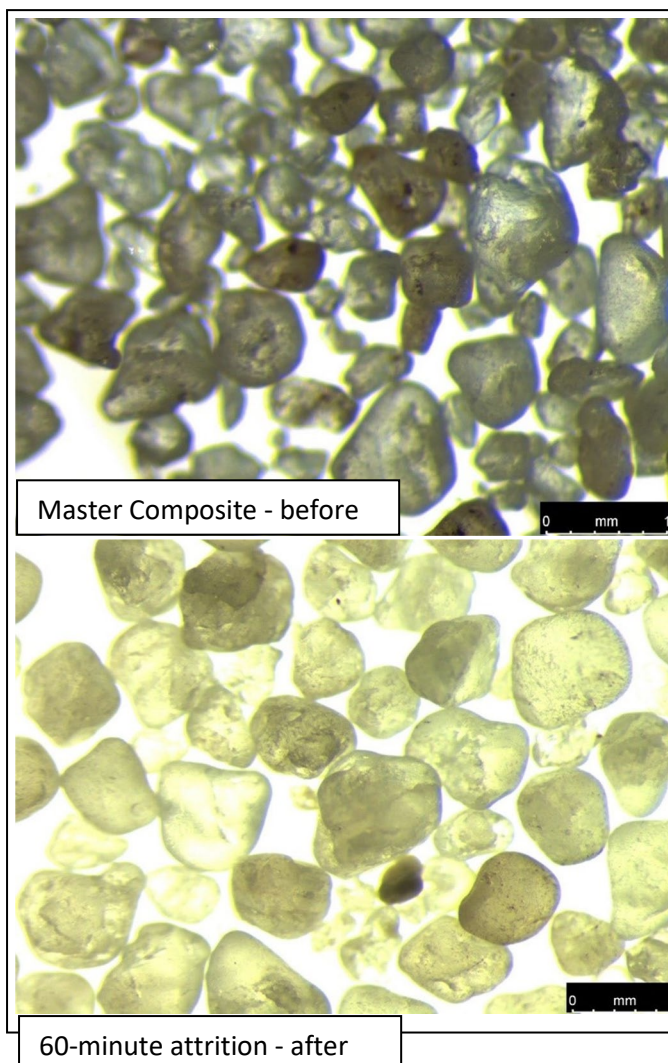
During the processing of the Term Sheet AUSCO submitted a Program of Work (PoW) to the Department of Mining Industry Regulations and Safety (DMIRS) for a drilling program at Muchea. This process requires the completion of botanical and jarrah dieback surveys. Carbine undertook this requirement and these were contracted to PGV Environmental and Glevan Consulting respectively. An Unexploded Ordinance Survey (UXO) was also completed by Milsearch.

30 samples from the 2019 drilling were collected from storage and delivered to Independent Metallurgical Operations. An iron deportment study was undertaken to determine the level and physical occurrence of the Fe₂O₃ and Al₂O₃ components within the samples. Microscopic analysis indicated that high Al₂O₃ levels were due to the presence of aluminosilicate clays, high TiO₂ was due to the presence of minor ilmenite grains and high Fe₂O₃ levels were due to aluminosilicate clays and as gangue mineral coatings on sand grains.

Eight samples were chosen due to the high assayed content of deleterious elements specifically for microscopic determination of the form and nature of these elements in the sample. Iron occurring as coatings on the sand grains or as inclusions may prove difficult to remove in processing whereas iron in aluminosilicate clays is more readily removed.

A composite sample was created by combining the remaining 22 drill samples and mixing to ensure homogeneity. The samples had been selected from varying drill traverses and diversely spaced holes and varied depths from drillholes in the eastern section of the tenement, E70/4905, to produce a composite representing the area uniformly. The samples were selected to represent the grade range for the eastern half of the tenement, between 99.6% and 99.8% SiO₂.

The master composite underwent wet attritioning at two different input energies. The attritioning was conducted utilising a standard Denver attritioning cell for 30 minute and 60 minute periods. This process produced significant reductions in the deleterious elements in a final screened product. By rejecting the -150µm portion of the attritioned sample the resultant affect was:



After 60 minute attrition time,

15.9% mass rejected

65.5% Fe_2O_3 rejected

41.1% Al_2O_3 rejected

53.2% TiO_2 rejected

The final product had an improved SiO_2 grade in excess of 99.9% and a recovery of approximately 85%. The results specifically highlight that, by a simple wet wash and attritioning, the deleterious element levels are reduced below the standard requirements for Flat Glass silica and suggest that Ultra High Purity levels can be achieved.

Following the success of the attritioning study Carbine engaged Lynn Widenbar and Associates to assess the drill data to determine the potential size of the silica sand at the Muchea West project.

Contoured and gridded surfaces were produced from topographical surveys and water table data. The top metre was excluded as overburden and the lower surface was kept 3m above the 2019 water table position. These contoured and gridded surfaces represent the top and base of the silica sand profiles.

A bulk density of 1.54 t/m^3 was used to generate tonnage estimates from these volumes.

Grade estimates for $\text{SiO}_2\%$ were calculated using a 10m x 10m Gridded Seam Model methodology (using the minimum curvature gridding method in Micromine 2021 Software).

The limited exploration completed at that date outlined the extent of the white sand portion of the Upper Bassendean Sands dune system at Muchea West and resulted in an Exploration Target as outlined below:

- Eastern Area 400 to 480 Mt of Silica Sand at an average grade of 99.7 to 99.9 % SiO_2
- Western Area 400 to 550 Mt of Silica Sand at an average grade of 99.6 to 99.8 % SiO_2

Current Exploration Operations - Drilling

Carbine's PoW was approved on October 14 2021 and drilling was able to commence when "dry soil conditions" were achieved in November. Drilling was completed in December and totalled 233 holes for 1,892m. A total of 1,088 samples were collected and delivered to Intertek Genalysis Pty Ltd for analysis.

Each of the 233 holes intersected white sand profiles, as expected in a dune system. The drill depths were designed to terminate 3m above the modelled surface of the 2019 water table. Due to the exceptional wet seasons for 2020 and 2021 and the early drilling date (immediately following the wet season) the water table was significantly higher than the modelled surface and only 30 of the 233 holes reached planned depth and 11 holes were short by more than 10m.

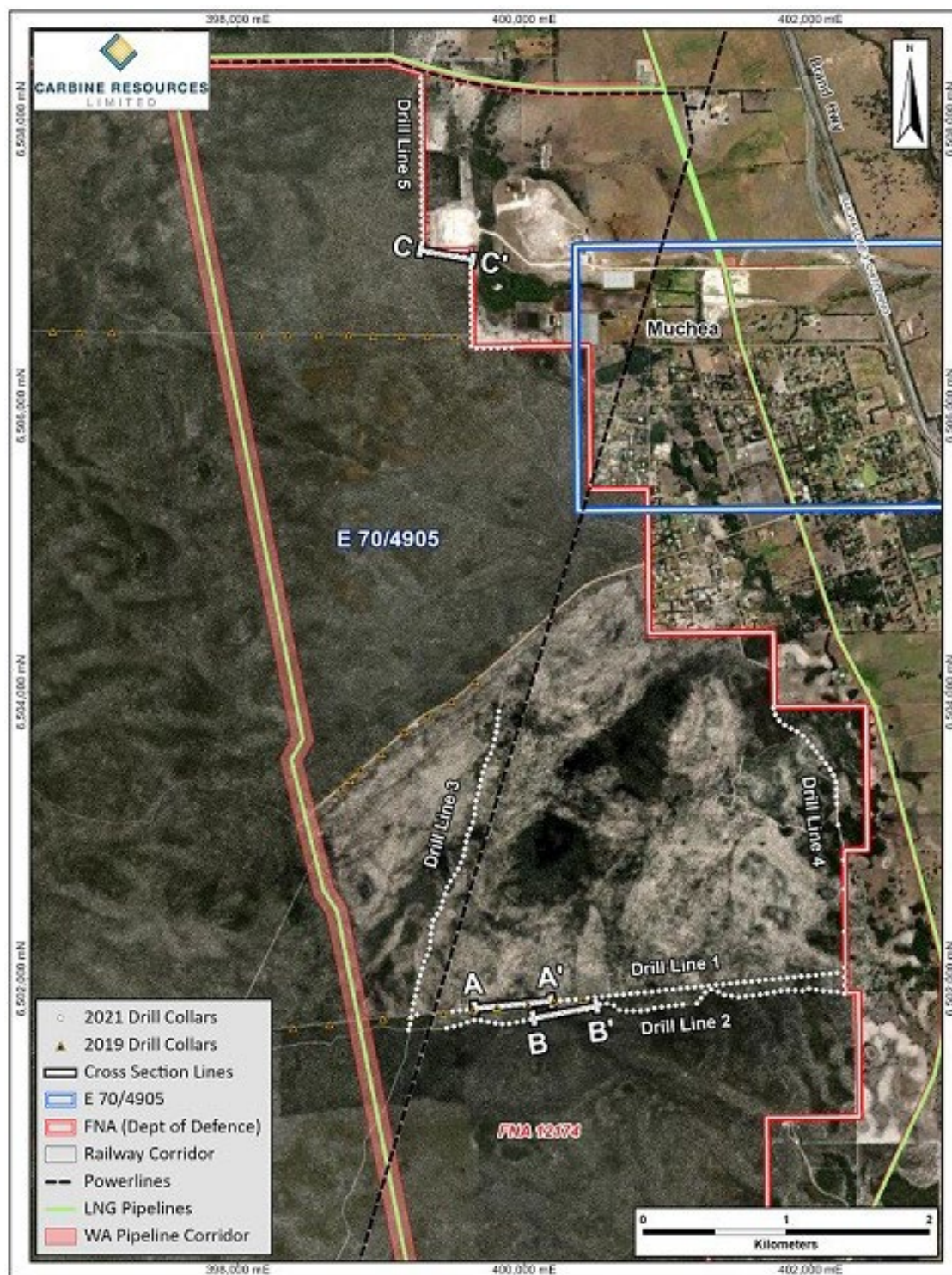


Figure 3. Drillhole collars and cross section locations

Results from Carbine's maiden drill program have confirmed the grades from previous drilling, and includes intercepts such as:

- MW0077 – 15m @ 99.81% SiO₂, 222 ppm Fe₂O₃ and 154 ppm Al₂O₃ from 1m
- MW0092 – 20m @ 99.69% SiO₂, 450 ppm Fe₂O₃ and 313 ppm Al₂O₃ from 1m
- MW0127 – 17m @ 99.70% SiO₂, 350 ppm Fe₂O₃ and 260 ppm Al₂O₃ from 1m
- MW0142 – 21m @ 99.76% SiO₂, 329 ppm Fe₂O₃ and 310 ppm Al₂O₃ from 1m

Of the 233 holes completed, 85% of the drillholes returned profiles in excess of 99.5% SiO₂ and only 3 holes returned profiles with less than 99.0% SiO₂.

All 315 holes drilled on the Project to date display the exceptional high grade and quality of the Muchea sand deposits.

The overall grades returned confirm the selection of the eastern side of the tenement for first resource drilling with grades in line with expectations of a raw SiO₂ grade in excess of 99.7% and moderate levels of Fe₂O₃ and Al₂O₃ as expected from the 2019 drilling results. The average Fe₂O₃ levels for the 2021 drilling were consistent with the 2019 drilling (0.029% v 0.025%) but the Al₂O₃ averages were considerably lower (0.077% v 0.028%).

Carbine has already displayed that, at these levels of Fe₂O₃ and Al₂O₃, the Muchea West silica sand can, by a simple attrition process, produce a final product that exceeds the requirements set for the high purity silica sand market (ASX Announcement 29 July 2021).

Table 1 – Significant Drill Intercepts for 2021 Program

Hole ID	Line No	From (m)	To (m)	Thickness (m)	SiO ₂	Grade % Fe ₂ O ₃	Al ₂ O ₃
MW0040	1	1	14	13	99.80	0.018	0.017
MW0041	1	1	14	13	99.76	0.028	0.027
MW0047	1	1	17	16	99.71	0.043	0.043
MW0048	1	1	14	13	99.69	0.023	0.038
MW0077	2	1	16	15	99.81	0.022	0.015
MW0090	2	1	14	13	99.78	0.034	0.029
MW0091	2	1	18	17	99.79	0.024	0.023
MW0092	2	1	21	20	99.69	0.045	0.031
MW0093	2	1	19	18	99.68	0.073	0.029
MW0094	2	1	18	17	99.77	0.040	0.024
MW0095	2	1	21	20	99.74	0.044	0.023
MW0105	2	1	15	14	99.81	0.031	0.025
MW0107	2	1	15	12	99.80	0.027	0.020
MW0108	2	1	15	14	99.74	0.036	0.029
MW0109	2	1	14	14	99.69	0.069	0.036
MW0110	2	1	15	13	99.59	0.033	0.479
MW0127	3	1	18	17	99.71	0.035	0.026
MW0128	3	1	16	15	99.69	0.023	0.026
MW0140	3	1	19	18	99.76	0.033	0.017
MW0141	3	1	22	21	99.71	0.079	0.032
MW0142	3	1	22	21	99.77	0.033	0.021
MW0143	3	1	17	16	99.63	0.028	0.033
MW0156	3	1	14	13	99.71	0.049	0.023
MW0157	3	1	17	16	99.39	0.028	0.016
MW0158	3	1	18	17	99.75	0.069	0.023
MW0230	5	1	16	15	99.72	0.038	0.023
MW0231	5	1	16	15	99.67	0.054	0.027

The 2021 drilling was designed to test the complete white sand profile of the project with a maximum planned depth of 23m in a number of holes. Despite the higher than normal watertable the deepest holes in this program reached 22m.

The full profile at Muchea West is from surface to a level 3m above the watertable, as defined in 2019. Drilling stops the moment the watertable is intersected irrespective of planned hole depth. This a condition of the licence but also a practical limit as a vacuum system will not lift wet sand.

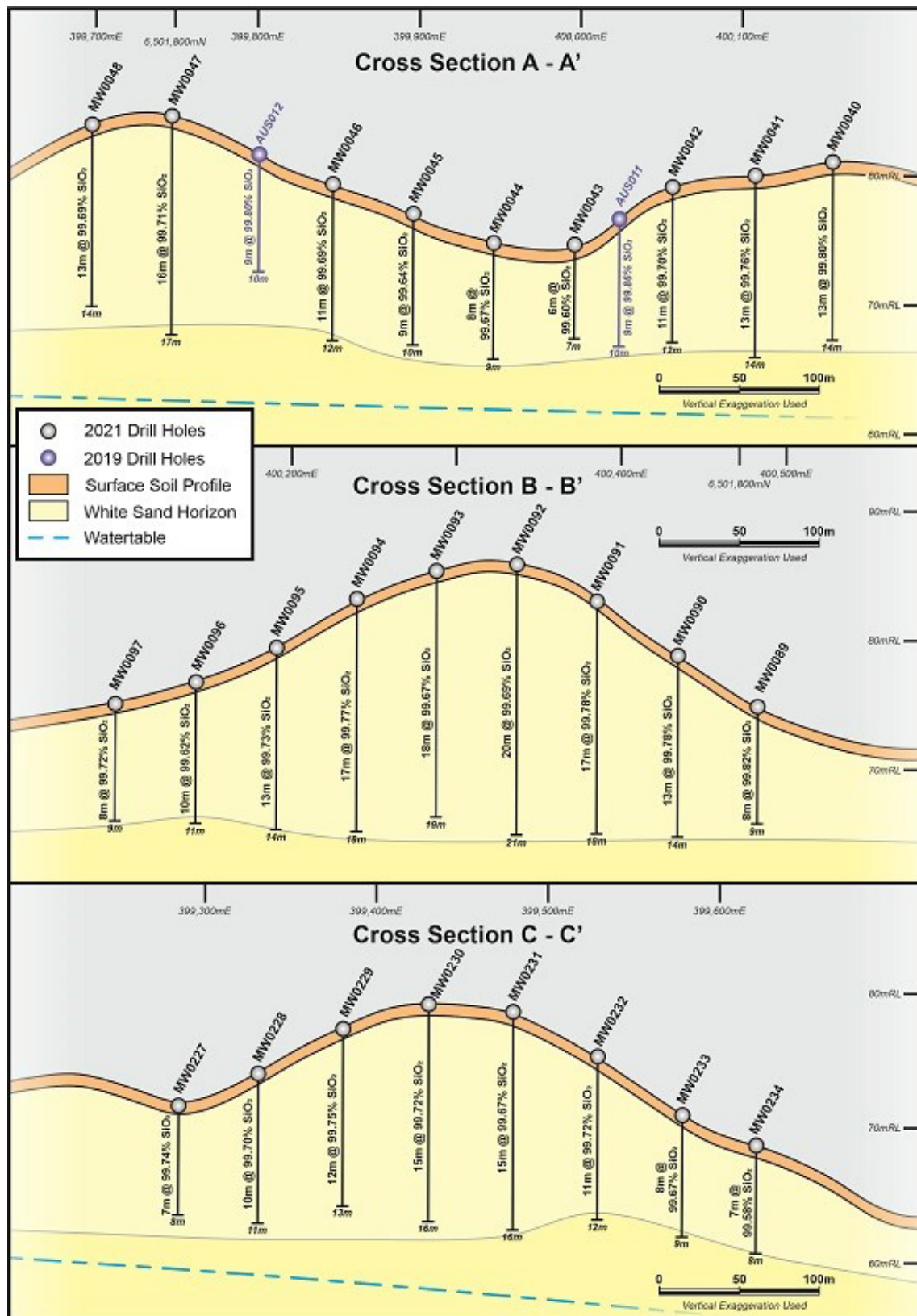


Figure 4. Cross section (see Figure 3)

Studies

A number of studies have been commissioned by Carbine to further progress the Muchea West Project and to advance towards a Mining Licence application.

Drill lines 1 and 2 (Figure 5) are spaced close enough for the sample results to be used to complete a Mineral Resource Estimate (MRE) within the JORC 2012 guidelines.

To this end, Widenbar and Associates have been engaged to undertake the MRE. The Principal Geologist, Lynn Widenbar, is a Member of the AusIMM and a competent person for this style of deposit.

Independent Metallurgical Operations (IMO) are undertaking beneficiation process optimisation studies utilising the drill samples produced from the recent programme and, if necessary, the samples from the earlier 82 holes completed prior to Carbine's acquisition of the Muchea West Silica Sand project.

Final product from these trials will be available to Carbine to allow for the commencement of discussions regarding offtake from any future operation.

PGV Environmental have been contracted to commence a botanical survey as a prerequisite for the lodging of a Program of Work (PoW) with the Department of Mines, Industry Regulation and Safety (DMIRS). Terrestrial Ecosystems are conducting fauna surveys.

Proposed Exploration

The results of this first drilling campaign completed by Carbine has defined the second and definitive campaign of resource drilling (Figure 5). The work required to allow Carbine to apply for access and approval of this PoW has commenced or is being put in place.

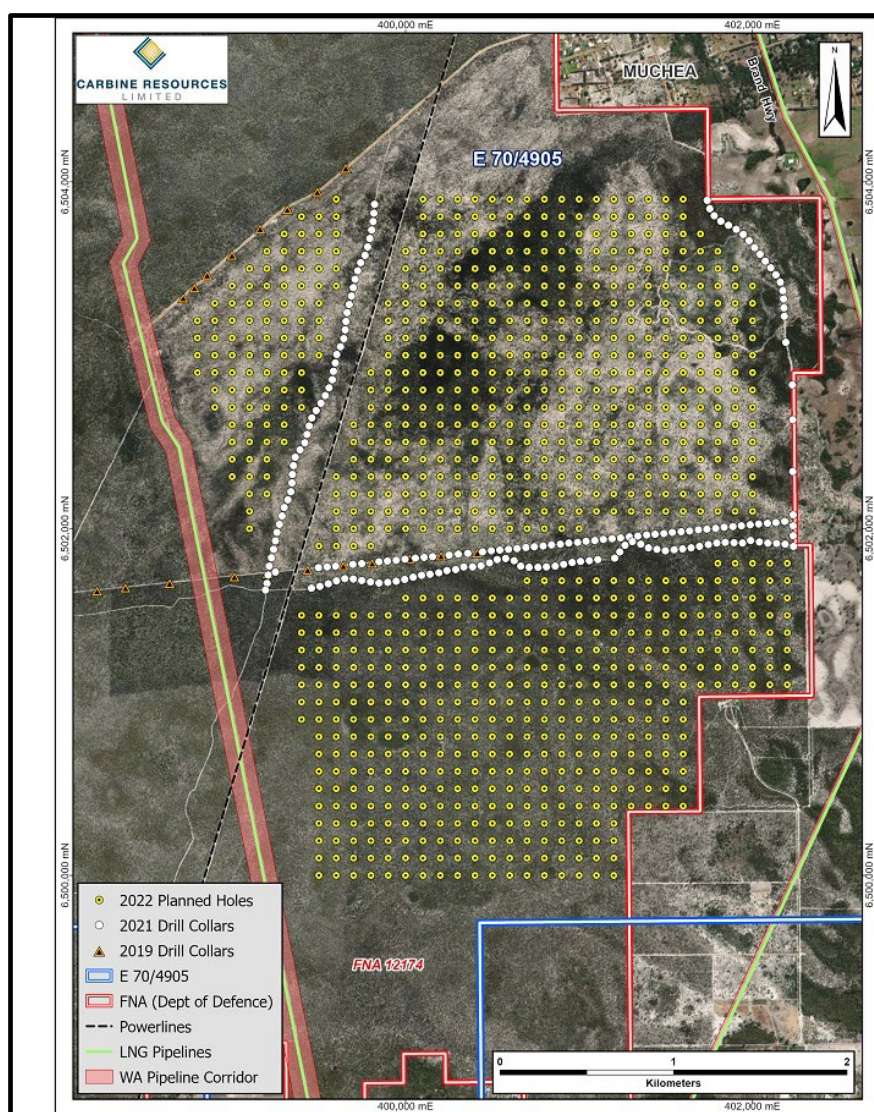


Figure 5. Proposed Drilling

Carbine will commence drilling at Muchea West after permission is granted by all relevant parties and a survey has been completed to clear the drilling locations.

The proposed phase 2 drill program is for up to 950 holes and 12,000m of drilling.

The completion of this drilling will feed into a Definitive Feasibility Study that will include Resource/Reserve estimations, final processing options, transport and infrastructure studies and the production of bulk samples for potential client engagements.

At the completion of this process, Carbine expects to be in a position to apply for a Mining Licence and Mining Approvals.

Competent Person's Statement

The information in this report that relates to exploration results were initially reported by the Company to ASX in accordance with Listing Rule 5.7 on 1 April 2021, 22 July 2021, 29 July 2021, 15 December 2021 and on 7 April 2022. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Carbine Resources Limited ("the Company") and the entity it controlled ("the Group") for the year ended 31 December 2021, and the Auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the year are:

Peter Main *B Bus.*

Non-Executive Chairman (appointed 15 July 2021)

Mr Main is a mining and finance professional with experience spanning more than 30 years. During that time, Mr Main has gained working knowledge in financial markets around the mining sector and industry experience. During his career Mr Main has spent 13 years in the mining industry from operations through to CEO of a TSX-V listed mining company, obtaining experience across facets of the industry. He spent 20 years in finance, more recently in an advisory capacity to the mining and finance industries. Prior to that, Mr Main worked for investment banks. He has managed the Royal Bank of Canada's Australian equity sales and trading business for 11 years and also RBC's regional business. Mr Main also spent six years at Hartley Poynton as a mining analyst and almost nine years full time service in the Australian Army.

Mr Main was appointed as Non-Executive Chairman on 15 July 2021 and is considered by the Board to be an independent director.

Current listed company directorships: Paladin Energy Limited

Prior ASX-listed directorships in last 3 years: Nil

Peter Batten *BSC Geology and MAusIMM*

Managing Director (appointed 15 July 2021)

Mr Batten is a geologist with 35 years of experience in the resources industry as a geologist, mine manager and consultant and has worked on nickel, gold, graphite, uranium and iron or related projects. Mr Batten has worked in Bougainville, Australia, Argentina, Guinea, Indonesia, Namibia, New Zealand, South Africa, Sweden, USA and Zimbabwe. Mr Batten was previously a director for MCB Resources Limited, Managing Director of Bannerman Resources Limited and the Managing Director of White Canyon Uranium Limited.

Mr Batten was appointed as Managing Director on 15 July 2021 and, due his executive role, is not considered by the Board to be an independent director.

Current listed company directorships: Nil

Prior ASX-listed directorships in last 3 years: MCB Resources Limited (to August 2019)

Evan Cranston *B Comm, LLB*

Non-Executive Director

Evan Cranston is an experienced mining executive with a background in corporate and mining law. He is the principal of corporate advisory and administration firm, Konkera Corporate, and has extensive experience in the areas of equity capital markets, corporate finance, structuring, asset acquisition, corporate governance and external stakeholder relations.

Mr Cranston was appointed to the Board on 23 March 2010 as Non-Executive Director. On 23 March 2018, Mr Cranston transitioned to the role of Non-Executive Chairman. Although Mr Cranston is principal of Konkera Corporate, a firm which provides accounting and administrative services to the Company, Mr Cranston is considered by the Board to be an independent director due to the arms' length nature of the services provided.

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Current ASX-listed directorships: African Gold Limited – Non-Executive Chairman
 Firebird Metals Limited – Non-Executive Chairman
 Vital Metals Limited – Non-Executive Director
 Benz Mining Corp – Executive Chairman

Prior ASX-listed directorships in last 3 years: Boss Energy Limited (to June 2020)
 New Century Resources Limited (to July 2020)

Oonagh Malone

Company Secretary

(resigned as Non-Executive Director 15 July 2021)

Oonagh Malone is a principal of a corporate advisory firm which provides company secretarial and administrative services. She has over a decade of experience in administrative and company secretarial roles for listed companies and is a member of the Governance Institute of Australia and the Australian Institute of Company Directors. Ms Malone currently acts as Company Secretary for ASX-listed companies African Gold Limited, Arizona Lithium Limited, Aston Minerals Limited, Benz Mining Corp, Caprice Resources Limited, RareX Limited and Riversgold Limited.

Ms Malone was appointed as Company Secretary in September 2014 and as Non-Executive Director on 23 March 2018. Ms Malone resigned as a director on 15 July 2021. During her tenure, Ms Malone was considered to be an independent director.

Current ASX-listed directorships: Peak Minerals Limited

Prior ASX-listed directorships in last 3 years: Arizona Lithium Limited (to March 2020)

Mr Mathew O'Hara

(resigned as Non-Executive Director 15 July 2021)

Mathew O'Hara is a Chartered Accountant with extensive experience in corporate finance, accounting and governance and has been employed by, and acted as, company secretary and CFO of several companies in the resources sector. Prior to these roles, Mr O'Hara spent 12 years at an international public practice firm in the Corporate Finance, Advisory and Audit divisions in Melbourne and Perth gaining significant experience with ASX, TSX and AIM listed clients across a diverse range of industries. Mathew is currently CFO and Company Secretary for ASX-listed companies Boss Energy Limited and Alderan Resources Limited and Company Secretary of Peak Minerals Limited.

Mr O'Hara was appointed as Non-Executive Director on 22 September 2018 and resigned on 15 July 2021. During his tenure, Mr O'Hara was considered by the Board to be an independent director.

Current ASX-listed directorships: Benz Mining Corp – Non-Executive Director
 African Gold Limited – Non-Executive Director
 Peak Minerals Limited – Non-Executive Director

Prior ASX-listed directorships in last 3 years: Nil

Directors' Meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year under review are:

	Board Meetings Eligible to Attend as a Director	Board Meetings Attended
Mr Peter Main	3	3
Mr Peter Batten	3	3
Mr Evan Cranston	3	3
Ms Oonagh Malone	-	-
Mr Mathew O'Hara	-	-

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There were no separate Remuneration Committee Meetings held during the year. There have been other matters of Board business which have been resolved by circular resolutions of Directors, which are a record of decisions made at a number of informal meetings held to control, implement and monitor the Company's activities throughout the year.

Directors' Interests

The relevant interest of each Director who held office during or since the end of the financial year in the share capital and options of the Company shown in the Register of Directors' Shareholdings as at the date of this report is as follows.

DIRECTOR	ORDINARY SHARES FULLY PAID		PERFORMANCE RIGHTS	
	Direct	Indirect	Direct	Indirect
Mr Peter Main	1,000,000	-	5,000,000	-
Mr Peter Batten*	-	1,000,000	5,000,000	-
Mr Evan Cranston**	-	4,164,250	-	-

* Shares held by Mr Peter Batten are held by Batten Resources Pty Ltd

** Shares held by Mr Evan Cranston are held by Konkera Pty Ltd

Principal Activities

The principal activities of the Company during the year were the due diligence, acquisition, exploration and evaluation of the Muchea West Silica Sands Project in Western Australia.

Results

The loss for the financial year after income tax was \$1,774,865 (31 December 2020 Loss: \$156,814).

Dividends Paid or Recommended

No dividends have been paid or declared and the Directors at present do not recommend a dividend.

Financial Position

The net assets of the Company as at 31 December 2021 are \$11,216,318 compared to \$2,537,628 as at 31 December 2020.

Review of Operations and Significant Changes in the State of Affairs

During the year ended 31 December 2021:

- The Company sold the 10,000,000 shares held in Boss Energy Limited for \$1,641,490 after selling costs. This led to a gain of \$761,490 recognised for the year.
- Following evaluation and evaluation of opportunities, the Company signed a binding term sheet to acquire 100% of the issued capital and control of Australian United Silica Corporation Pty Ltd ("Ausco"). Ausco holds 100% of the Muchea West Silica Sands Project, located approximated 40km north-northeast of Perth, Australia. This Project consists of granted exploration license E70/4905.
- The Company completed a 9:10 share capital consolidation, reducing issued capital from 199,746,729 ordinary shares to 179,771,952 ordinary shares.
- On 14 and 15 July 2021, the Company completed the acquisition of Ausco with the following transactions and changes:
 - Issue of 100,000,000 shares at an issue price of \$0.03 each under the public offer to raise \$3,000,000 before costs.

- o Issue of 200,000,010 shares and 50,000,003 options exercisable at \$0.06 each on or before 14 July 2026 to Ausco Shareholders and Optionholders (or nominees there-of) in consideration for acquisition of the Muchea West Silica Sands Project.
 - o Issue of 25,000,000 options exercisable at \$0.06 each on or before 14 July 2026 to the transaction facilitator.
 - o Issue of 10,000,000 performance rights, being 5,000,000 performance rights to each of Mr Peter Main and Mr Peter Batten. All performance rights expire on 14 July 2026 and vest in five tranches of 1,000,000 performance rights per tranche for each director based on 5 day VWAPs of \$0.06, \$0.09, \$0.15, \$0.25 and \$0.35.
 - o Appointment of Mr Peter Main and Mr Peter Batten as Non-Executive Chairman and Managing Director respectively. In addition to their above performance rights, their remuneration from appointment was agreed to be \$60,000 (inclusive of superannuation) and \$200,000 (plus superannuation) respectively, with a three month termination period for Mr Batten.
 - o Resignation of Ms Oonagh Malone and Mr Mathew O'Hara as directors.
 - o Payments to related creditors of Ausco of \$500,000 (including GST) following the acquisition.
 - o Following completion of this acquisition, the Company 100% owns and controls Ausco which 100% owns and controls the Muchea West Silica Sands Project.
- On 21 July 2021, the Australian Securities Exchange ("ASX") announced the recommencement of trading in securities of the Company following re-compliance with ASX listing rules. Trading on the ASX recommenced on 22 July 2021.
 - On 29 July 2021, the Company announced the estimation of a maiden exploration target following prior drilling and testwork, with applications submitted to the Department of Mines, Industry Regulation and Safety for the next phase of drilling designed to enable estimation of a maiden resource.
 - On 15 December 2021, the Company announced the completion of the 2021 drill program, with 223 holes drilling for a total 1,892m, all samples delivered for assaying, consultants engaged for completion of the mineral resource estimate and process studies, and applications underway for the 2022 drilling program.

Options

No options were exercised, cancelled or lapsed during the year.

The following options were granted during the year:

- 50,000,003 Consideration Options, with an exercise price of \$0.06 per option and expiring 14 July 2026, that were issued to vendors of Ausco and the Muchea West Silica Sands Project on 14 July 2021.
- 25,000,000 Facilitation Options, with an exercise price of \$0.06 per option and expiring 14 July 2026, issued to Golden Triangle Capital Pty Ltd on 14 July 2021 in consideration for services provided with the acquisition of Ausco.

Matters Subsequent to the End of the Financial Year

There were no other events subsequent to the end of the financial year ended 31 December 2021 which significantly affected or could significantly affect the operations of the Company in future financial years.

Future Developments, Prospects and Business Strategies

Disclosure of further information regarding likely developments in the operations of the Company in future financial periods and the expected results of those operations is likely to result in unreasonable prejudice of those operations, or the state of affairs of the Group in future financial periods.

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for Directors and other key management personnel of Carbine Resources Limited during the financial year. These remuneration disclosures have been audited. The Group had no key management personnel other than the Directors and Company Secretary of the Company.

Details of Key Management Personnel at the end of the financial year:

- Mr Peter Main – Non-Executive Chairman
- Mr Peter Batten – Managing Director
- Mr Evan Cranston – Non-Executive Director
- Ms Oonagh Malone – Company Secretary but considered Key Management Personal due to being a director during the year.

Compensation of Key Management Personnel

Due to the size of the Group, the Remuneration Committee is currently comprised of all of the Directors of the Board. The Committee assesses the appropriateness of the nature and amount of emoluments of such key management personnel on an annual basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from the retention of appropriately qualified personnel. Presently there are no formalised arrangements which give rise to the payment of additional remuneration to non-executive directors contingent on Company performance.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The Company has not increased its total aggregate non-executive director remuneration from that disclosed in its prospectus in February 2007 of \$200,000. Given the size of the Group and its operations there is no relationship between remuneration and Group performance and shareholder wealth. Non-executive directors' remuneration is determined according to market practice for junior listed companies based on information obtained from industry analysts. Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. No additional fees are payable for chairing or participating in sub-committees of the Board. Non-executive directors' fees and payments are reviewed annually by the Remuneration Committee. Executive directors' fees and payments, other than long term incentives subject to shareholder approval as detailed below, are documented in service agreements that are approved by the members of the Remuneration Committee before execution.

Long term incentives ('LTI')

LTI are granted to reward directors and employees for their performance and to align their remuneration with the creation of shareholder wealth. 5,000,000 Performance Rights, as described below and valued in note 17(c) were issued to each of incoming directors Peter Main and Peter Batten in accordance with their service agreements and as approved by shareholders on 20 May 2021. The Board considered these Performance Rights an appropriate form of incentive because the issue of the Performance Rights sought to align directors' efforts with seeking share price growth and creation of shareholder value, while preserving cash and continuing to attract and maintain highly experienced and qualified Board members in a competitive market.

Share options

Options over shares have been granted to the Directors and certain employees at the discretion of the Board in prior years. No options were issued to Directors or employees in 2020 or 2021. No individual has a contractual right to participate or to receive any guaranteed benefits. The issue of options has not been linked to performance conditions.

Additional information for consideration of shareholder wealth

This table summarises the earnings of the Group and other factors that are considered to affect shareholder wealth for the 5 years to 31 December 2021.

	2021	2020	2019	2018	2017
Loss after income tax attributable to shareholders (\$)	(1,774,865)	(156,814)	(804,771)	(520,502)	(2,506,500)
Share price at year end (\$)	0.029	0.042	0.042	0.024	0.075
Total dividends declared (cents per share)	-	-	-	-	-
Returns of capital (cents per share)	-	-	-	-	-
Basic loss per share (cents)	(0.56)	(0.087)	(0.45)	(0.29)	(1.43)

Basic losses per share for 2017 to 2020 have been revised from previous years following the 9:10 share capital consolidation that occurred during the year.

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Details of Remuneration for the year ended 31 December 2021

	Short-Term Benefits		Post Employment Benefits	Share-Based Payment		Remuneration
	Cash Salary and Fees (\$)	Non-monetary benefits (\$)	Superannuation (\$)	\$	Total (\$)	consisting of Share-Based Payment (%)
Non-Executive Directors						
P. Main	27,500	2,045	-	114,000	143,545	79%
E. Cranston	54,750	4,366	-	-	59,116	-
O. Malone*	-	-	-	-	-	-
M. O'Hara	21,000	2,333	-	-	23,333	-
Sub-total	103,250	8,744	-	114,000	225,994	50%
Executive Directors						
P. Batten	100,396	2,045	9,256	114,000	225,697	51%
Other Key Management Personnel						
O. Malone *	36,000	4,366	-	-	40,366	-
Total	239,646	15,155	9,256	228,000	492,057	46%

* Company secretary for full year. No remuneration paid for directorship.

Details of Remuneration for the year ended 31 December 2020

	Short-Term Benefits		Post Employment Benefits	Share-Based Payment		Remuneration
	Cash Salary and Fees (\$)	Non-monetary benefits (\$)	Superannuation (\$)	\$	Total (\$)	consisting of Share-Based Payment (%)
Non-Executive Directors						
E. Cranston	54,750	6,458	-	-	61,208	-
O. Malone*	-	-	-	-	-	-
M. O'Hara	36,000	6,458	-	-	42,458	-
Sub-total	90,750	12,916	-	-	103,666	-
Other Key Management Personnel						
O. Malone *	36,000	6,458	-	-	42,458	-
Total	126,750	19,374	-	-	146,124	-

* Company secretary for full year. No remuneration paid for directorship.

Service Agreements

The Company entered into a services agreement with Peter Batten pursuant to which the Company has agreed to pay Mr Batten a base salary of \$200,000 per annum (plus superannuation) for services provided to the Company as Managing Director and issue Mr Batten (or his nominees) 5,000,000 Performance Rights on the terms and conditions set out below. This services agreement commenced from completion of the Muchea West Silica Sands Project acquisition on 15 July 2021 and is for an indefinite term. The Company or Mr Batten may terminate the services agreement at any time by giving the other party not less than three months' written notice.

The Company entered into a services agreement with Peter Main pursuant to which the Company has agreed to pay Mr Main \$60,000 per annum for services provided to the Company as Non-Executive Chairman and issue Mr Main (or his nominees) 5,000,000 Performance Rights on the terms and conditions set out below. This services agreement commenced from completion of the Muchea West Silica Sands Project acquisition on 15 July 2021 and is for an indefinite term until Mr Main advises in writing of his resignation or otherwise as in accordance with the constitution of the Company.

On appointment to the Board, all Non-Executive Directors enter into a letter agreement with the Company which summarises the Board policies and terms which mirror those set out within the Corporations Act 2001, including compensation, relevant to the office of Director. No other remuneration arrangements for Directors were in place during the financial year ended 31 December 2021.

Share Based Payment Compensation

No options over ordinary shares in the Company were granted to any of the Key Management Personnel of the Company during the year and no options were exercised.

On 14 July 2021, 5,000,000 Director Performance Rights were issued to each of directors Peter Main and Peter Batten, for a total of 10,000,000 Performance Rights issued with the following tranches and vesting conditions.

The Performance Rights will vest in five equal tranches, subject to meeting the applicable vesting condition relating to the volume weighted average price (VWAP) of fully paid ordinary shares in the Company.

Tranche No.	Performance Rights	Vesting condition
1	2,000,000	20-day VWAP of Shares is equal to or greater than \$0.06
2	2,000,000	20-day VWAP of Shares is equal to or greater than \$0.09
3	2,000,000	20-day VWAP of Shares is equal to or greater than \$0.15
4	2,000,000	20-day VWAP of Shares is equal to or greater than \$0.25
5	2,000,000	20-day VWAP of Shares is equal to or greater than \$0.35

The Director Performance Rights have been valued as disclosed in note 17(c). The total value of the Director Performance Rights of \$228,000 was expensed at the grant date in accordance with accounting standards.

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
Number of performance rights	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Expiry date	14 July 2026	14 July 2026	14 July 2026	14 July 2026	14 July 2026
Grant date	14 July 2021	14 July 2021	14 July 2021	14 July 2021	14 July 2021
Exercise price	N/A	N/A	N/A	N/A	N/A
Barrier price (20-day VWAP)	\$0.060	\$0.090	\$0.150	\$0.250	\$0.350
Value per performance right (\$)	0.027	0.026	0.023	0.020	0.018
Value per Tranche (\$)	54,000	52,000	46,000	40,000	36,000

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Option holdings of Key Management Personnel

2021	Balance at	Granted as	Options Exercised	Other Changes	Balance at 31 Dec	Total Vested	Total Exercisable
Key Management Personnel	1 Jan 21 or appointment	Remuneration			21 or resignation	31 Dec 21	31 Dec 21
Peter Main	-	-	-	-	-	-	-
Peter Batten	-	-	-	-	-	-	-
Evan Cranston	-	-	-	-	-	-	-
Oonagh Malone	-	-	-	-	-	-	-
Mathew O'Hara	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

2020	Balance at	Granted as	Options Exercised	Other Changes	Balance at 31 Dec	Total Vested	Total Exercisable
Key Management Personnel	1 Jan 20 or appointment	Remuneration			20 or resignation	31 Dec 20	31 Dec 20
Evan Cranston	-	-	-	-	-	-	-
Oonagh Malone	-	-	-	-	-	-	-
Mathew O'Hara	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

No options were held by Key Management Personnel at 31 December 2020 or 31 December 2021.

Performance rights holdings of Key Management Personnel

2021	Balance at	Received as	Performance rights	Performance rights	Balance at 31 Dec 21 or
Key Management Personnel	1 Jan 21 or appointment	Remuneration	converted	lapsed	resignation
Peter Main	-	5,000,000	-	-	5,000,000
Peter Batten	-	5,000,000	-	-	5,000,000
Evan Cranston	-	-	-	-	-
Oonagh Malone	-	-	-	-	-
Mathew O'Hara	-	-	-	-	-
	-	10,000,000	-	-	10,000,000

No performance rights were held by Key Management Personnel at 31 December 2020, or at any time during 2020.

Shareholdings of Key Management Personnel

2021 Key Management Personnel	Balance at 1 Jan 21 or appointment	Received as Remuneration	9:10 Share Capital Consolidation	Other Changes	Balance at 31 Dec 21 or resignation
Peter Main	1,000,000	-	-	-	1,000,000
Peter Batten*	1,000,000	-	-	-	1,000,000
Evan Cranston**	182,500	-	(18,250)	4,000,000	4,164,250
Oonagh Malone	-	-	-	333,334	333,334
Mathew O'Hara***	-	-	-	666,667	666,667
	2,182,500	-	(18,250)	5,000,001	7,164,251

2020 Key Management Personnel	Balance at 1 Jan 20 or appointment	Received as Remuneration	9:10 Share Capital Consolidation	Other Changes	Balance at 31 Dec 20 or resignation
Evan Cranston**	182,500	-	-	-	182,500
Oonagh Malone	-	-	-	-	-
Mathew O'Hara	-	-	-	-	-
	182,500	-	-	-	182,500

* Shares held by Batten Resources Pty Ltd

** Shares held by Konkera Pty Ltd

*** Shares held by O'Hara Investment Trust

End of the Remuneration Report (Audited)

Environmental Regulations

In the course of its normal mining and exploration activities the Group adheres to environmental regulations imposed upon it by the various regulatory authorities, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna. The Company has complied with all material environmental requirements up to the date of this report.

Insurance of Directors and Officers

During the year, the Group has paid an insurance premium in respect of a contract indemnifying the Company's Directors and officers. The total amount recognised in expenditure was \$15,155 (2020: \$19,374).

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company or Group and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Other Information

The registered office and principal place of business is Suite 23, 513 Hay Street, Subiaco WA 6008.

Non Assurance Services

There were no non-assurance services provided by the Company's auditors during the year.

Auditor's Independence Declaration

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

Dated at Perth this 31st day of March, 2022.

Signed in accordance with a resolution of the Directors.



Mr Peter Main
Non-Executive Chairman

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	GROUP 2021 \$	COMPANY 2020 \$
Revenue from continuing operations	2(a)	11,670	10,172
Other income	2(b)	-	237,332
Exploration & evaluation costs	8	(449,646)	(1,859)
Depreciation	7	(3,941)	(12,171)
Due diligence and acquisition costs	2(c)	(802,502)	(218,110)
Share based payment expense	20	(703,000)	-
Employee, director and consultant expenses	2(d)	(252,646)	(235,275)
General and administration expenses	2(e)	(325,304)	(296,903)
Gain on revaluation of financial assets	9	-	360,000
Gain on sale of financial assets	9	761,490	-
Loss on disposal of plant and equipment	7	(10,986)	-
Loss before income tax		<u>(1,774,865)</u>	<u>(156,814)</u>
Income tax	3	-	-
Loss after income tax attributable to members of Carbine Resources Limited		<u>(1,774,865)</u>	<u>(156,814)</u>
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit or loss</i>			
Total comprehensive loss attributable to members of Carbine Resources Limited		<u>(1,774,865)</u>	<u>(156,814)</u>
Loss per share attributable to the ordinary equity holders of the company			
Basic loss per share	12	(0.56)	(0.087)
Diluted loss per share	12	(0.56)	(0.087)
Loss per share from continuing operations attributable to the ordinary equity holders of the company			
Basic loss per share	12	(0.56)	(0.087)
Diluted loss per share	12	(0.56)	(0.087)

This Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	GROUP 2021 \$	COMPANY 2020 \$
Current Assets			
Cash and cash equivalents	4	3,652,046	1,590,749
Trade and other receivables	5	69,012	6,576
Financial assets	9	-	880,000
Other current assets	6	405,206	13,165
Total Current Assets		4,126,264	2,490,490
Non-Current Assets			
Plant and equipment	7	15,090	20,771
Exploration and evaluation expenditure	8	7,413,829	-
Financial assets	9	50,000	50,000
Total Non-Current Assets		7,478,919	70,771
Total Assets		11,605,183	2,561,261
Current Liabilities			
Trade and other payables	10	381,033	23,633
Provisions		7,832	-
Total Current Liabilities		388,865	23,633
Total Liabilities		388,865	23,633
Net Assets		11,216,318	2,537,628
Equity			
Issued Capital	11	39,922,037	31,121,482
Reserves	20	4,601,558	2,948,558
Accumulated losses		(33,307,277)	(31,532,412)
Total Equity		11,216,318	2,537,628

This Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	GROUP			
	Contributed Equity \$	Accumulated Losses \$	Share Based Payment Reserve \$	Total Equity \$
Balance at 1 January 2021	31,121,482	(31,532,412)	2,948,558	2,537,628
Loss for the year from continuing operations	-	(1,774,865)	-	(1,774,865)
Total comprehensive income/ (loss) for the year	-	(1,774,865)	-	(1,774,865)
Transactions with owners in their capacity as owners:				
Capital raising	3,000,000	-	-	3,000,000
Capital raising costs	(199,445)	-	-	(199,445)
Share based payments - expensed	-	-	703,000	703,000
Share based payments - acquisition of mineral exploration interests	6,000,000	-	950,000	6,950,000
	8,800,555	(1,774,865)	1,653,000	8,678,690
Balance at 31 December 2021	39,922,037	(33,307,277)	4,601,558	11,216,318

	COMPANY			
	Contributed Equity \$	Accumulated Losses \$	Share Based Payment Reserve \$	Total Equity \$
Balance at 1 January 2020	31,121,482	(31,375,598)	2,948,558	2,694,442
Loss for the year from continuing operations	-	(156,814)	-	(156,814)
Total comprehensive income/ (loss) for the year	-	(156,814)	-	(156,814)
Transactions with owners in their capacity as owners:				
Capital raising	-	-	-	-
Capital raising costs	-	-	-	-
Share based payments	-	-	-	-
	-	(156,814)	-	(156,814)
Balance at 31 December 2020	31,121,482	(31,532,412)	2,948,558	2,537,628

This Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	GROUP 2021 \$	COMPANY 2020 \$
Cash Flows From Operating Activities			
Payments to suppliers and employees		(1,095,736)	(826,141)
Payments for exploration expenditure		(820,665)	-
Government grants and tax benefits		-	37,332
Interest received		8,450	10,694
Net cash (outflow) from operating activities	18	(1,907,951)	(778,115)
Cash Flows From Investing Activities			
Payment for acquisition of tenements	8	(500,000)	-
Proceeds from sale of investments	9	1,641,490	-
Payment for plant and equipment	7	(3,043)	(11,785)
Proceeds from sale of historic geological information		-	200,000
Cash acquired on acquisition of subsidiary	8	28,965	-
Net cash inflow from investing activities		1,167,412	188,215
Cash Flows From Financing Activities			
Proceeds from issue of shares		3,000,000	-
Capital raising costs		(198,164)	-
Net cash inflow from financing activities		2,801,836	-
Net increase/ (decrease) in cash and cash equivalents held		2,061,297	(589,900)
Cash and cash equivalents at the beginning of the year		1,590,749	2,180,649
Differences in foreign exchange		-	-
Cash and cash equivalents at the end of the year	4	3,652,046	1,590,749

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

These financial statements are general-purpose financial statements which have been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards, Australian Accounting Interpretations and other mandatory professional reporting requirements.

Carbine Resources Limited (the Company) is a listed public company, incorporated and domiciled in Australia. The consolidated financial report of the Company for the financial year ended 31 December 2021 comprises the Company and its subsidiary (together referred to as the Group). The financial report of the Group was authorised for issue in accordance with a resolution of Directors on 31 March 2022.

The financial statements, comprising the financial statements and notes thereto also comply with International Financial Reporting Standards 'IFRS'. The presentation currency of the Group is Australian dollars. Functional Currency is determined and discussed in the following accounting policy.

The accounting policies adopted are consistent with those of the previous financial year and corresponding half-year reporting period unless otherwise stated. The comparatives have been regrouped or reclassified as required. Comparative balances for 31 December 2020 are presented for the Company because the Company had no subsidiary during 2020.

Historical cost convention

The financial report has been prepared on an accruals basis and is based on historical costs, with the exception of certain financial assets at fair value.

(a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(b) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the Statement of Financial Position date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions or deductibility imposed by the law.

(c) Mineral Exploration and Evaluation and Development Expenditure

The Group, when acquiring exploration and evaluation assets will carry those projects at acquisition value in the Statement of Financial Position, less any subsequent impairment.

All exploration and evaluation expenditure within an area of interest will be expensed until the Directors conclude that the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and that future economic benefits are probable, further expenditure is capitalised.

No amortisation is charged during the exploration and evaluation phase. Amortisation is charged on commencement of commercial production. Exploration and evaluation assets are tested for impairment annually or when there is an indication of impairment, until commercially viable material resources are established. Upon establishment of commercially viable mineral resources exploration and evaluation assets are tested for impairment when there is an indicator of impairment. Subsequently the assets are stated at cost less impairment provision.

(d) Property, Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation

The depreciation amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Furniture & Equipment	20% - 33%
Motor vehicle	20%
Patenting, Licensing, Software	33%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

(e) Impairment of Assets

At each reporting date, the Group reviews the carrying values of tangible assets and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Employee Benefits

A provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(g) Financial Instruments

At present, the Group does not undertake any hedging or deal in derivative instruments other than the shares in Boss Resources Ltd detailed in notes 9 and 19.

Recognition and Derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and Measurement of Financial Assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories: financial assets at amortised cost; financial assets at fair value through profit or loss (FVTPL); debt instruments at fair value through other comprehensive income (FVTOCI); and equity instruments at FVTOCI. All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial Assets at Amortised Cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Group's trade and most other receivables fall into this category of financial instruments as well as bonds that were previously classified as held-to-maturity under AASB 139.

Impairment of Financial Assets

AASB 9's forward-looking impairment model applies to the Group's investments at amortised cost and debt instruments at FVTOCI. The application of the impairment model depends on whether there has been a significant increase in credit risk.

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to estimate expected credit losses based on experience with similar debtors.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Company selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Company are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Company would change the categorisation within the fair value hierarchy only in the following circumstances:

- i. if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- ii. if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Company recognises transfers between levels of the fair value hierarchy (ie transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

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(h) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest methods, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance amount (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance amount. Subsequent recoveries of amounts previously written off are credited against other expenses in profit and loss.

(i) Revenue Recognition

Revenue from the sale of goods and disposal of other assets is recognised when the Group has satisfied the performance obligation in relevant contracts by transferring the promised asset to a customer with the customer obtaining control of the asset. Interest revenue is recognised using the effective interest method.

(j) Principles of Consolidation

Consolidated financial statements incorporate all of the assets, liabilities and results of the parent and of any subsidiaries. Subsidiaries are entities that the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(k) Foreign Currency Translation

Functional and presentation currency

The financial statements are presented in Australian dollars, which is Carbine Resources Limited's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

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Group companies

The results and financial position of any controlled entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to Shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the Statement of Profit or Loss and Other Comprehensive Income, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(I) Earnings Per Share

Basic earnings per share

Basic earnings per share ("EPS") is calculated as net profit or loss attributable to ordinary shareholders of the Company divided by the weighted average number of shares outstanding during the period.

Diluted earnings per share

Diluted EPS earnings is calculated by adjusting the basic EPS earnings for the after tax effect of financing costs and the effect of conversion to ordinary shares associated with dilutive potential ordinary shares, rather than including the notional earnings on the funds that would have been received by the entity had the potential ordinary shares been converted.

The diluted EPS weighted average number of shares includes the number of ordinary shares assumed to be issued for no consideration in relation to dilutive potential ordinary shares, rather than the total number of dilutive potential ordinary shares. The number of ordinary shares assumed to be issued for no consideration represents the difference between the number that would have been issued at the exercise price and the number that would have been issued at the average price.

The identification of dilutive potential ordinary shares is based on net profit or loss from continuing operations, and is applied on a cumulative basis, taking into account the incremental earnings and incremental number of shares for each series of potential ordinary share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(m) Leases

Assets and liabilities are recognised for all leases with a term of more than 12 months unless the underlying asset is of low value or the lease is not for any specific identifiable asset.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Lease liabilities are valued at the net present value of the expected stream of committed lease payments. Lease payments are recognised as an interest expense to the extent that they represent interest on the outstanding lease liability. The Company currently has no leased assets or lease liability as the serviced office agreement does not specify or require fixed office locations, with staff offices moved at the discretion of the lessor, and the Company has no other agreements for the lease of identifiable assets.

(n) Share-Based Payment Transactions

The Group provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The plans currently in place to provide these benefits are the Employee Securities Incentive Plan and the Performance Rights Plan, both of which are detailed in note 17.

The cost of these equity-settled transactions with Directors and employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an appropriate option pricing model.

In valuing equity-settled transactions, no account is taken of any performance conditions. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) 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 expense is recognised for awards that do not ultimately vest. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

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. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

(o) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the Statement of Financial Position date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(p) Contributed Equity

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Other taxes

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

- when 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, which 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 receivable or payables in the Statement of Financial Position.

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

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

(r) Business combinations

A business combination is a transaction or other event whereby an acquirer obtains control of a business. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. A business consists of inputs and processes applied to those inputs that have the ability to contribute to the creation of outputs. Such processes are systems, standards, conventions or rules that create outputs from inputs or have the ability to contribute to the creation of outputs. These processes include operational processes or the intellectual capacity of an organised workforce, but not mere administrative systems or historical information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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The Group may determine that a set of acquired assets, and any associated assumed liabilities, is not a business if substantially all the fair value of the gross assets acquired (net of cash and cash equivalents, deferred tax assets and goodwill from deferred tax liabilities) in a transaction is concentrated in a single identifiable asset or group of single identifiable assets.

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair value of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

(s) New and amended standards adopted by the company

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2021 affected any of the amounts recognised in the current period or any prior period.

New accounting standards for Application in Future Periods

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Company have not been applied in preparing these financial statements. The Company has not elected to adopt any new Accounting Standards or Interpretations prior to their applicable date of implementation.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current amends *AASB 101 Presentation of Financial Statements* from 1 January 2022 to clarify when liabilities with uncertain settlement dates are current. This amendment would have no effect on the Group for the current year, but may affect treatment of future liabilities.

There are no standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Carbine Resources Limited.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(u) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Share based payments

The cost of any share-based payments to employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options granted is determined using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The fair value of any performance rights granted is equal to the share price at the grant date, less any discount required to reflect any market based vesting conditions. Performance rights with performance based vesting conditions are expensed over expected vesting periods based on the board's best estimate of the number of Performance Rights expected to vest. The Company made no share based payments during the year. Refer to note 17 for further details.

Deferred taxation

No deferred tax assets or deferred tax liabilities are currently brought to account by the Company because there is insufficient certainty that the Company will derive sufficient future assessable income to enable any income tax benefits to be realised and comply with the conditions for assessable income or allowable deductions imposed by the law.

Covid-19 Cashflow Boost

Government payroll subsidies provided in response to Covid-19 were recognised when received in 2020 because frequent changes in relevant law made it uncertain ascertaining whether these would be available. No similar subsidies were received in 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Accounting treatment of acquisition of mineral exploration interests.

The directors have chosen to capitalise the purchase consideration for the Muchea West Silica Sands Project via the acquisition of all the issued capital in Australian United Silica Corporation Pty Ltd (Ausco) as described in note 8. This is because the Group's accounting policy as disclosed in note 1(c) is to carry acquired exploration and evaluation assets at acquisition value in the Statement of Financial Position, less any subsequent impairment. This acquisition value is reasonably the total purchase consideration for Ausco, after subtracting values of other assets acquired, as the acquisition is on an arms' length basis. This acquisition value does not include other costs of acquiring the assets, as such costs are fully expensed in accordance with the Group's accounting policy for exploration and evaluation assets.

The acquisition of the Muchea West Silica Sands Project via the acquisition of all the issued capital in Australian United Silica Corporation Pty Ltd (Ausco) is treated as an asset acquisition, not as a business combination in accordance with the Group's accounting policy as disclosed in note 1(r).

The management have assessed the acquisition in accordance with AASB 3 Business Combinations (as amended by AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business) and have arrived at the conclusion that the acquisition of Ausco is an asset acquisition based on the following:

- Paragraph B7B of AASB 2018-6 sets out an optional test (the concentration test) to permit a simplified assessment of whether an acquired set of activities and assets is not a business. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed;
- As per Paragraph B7B of AASB 2018-6 "The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets."
- The assets acquired substantially consisted of one granted exploration license E70/4905, supported by the summary of Ausco's balance sheet at the acquisition date as disclosed in note 8.
- The fair value of the gross assets acquired is concentrated in this identifiable asset.
- Therefore, the concentration test is met, the asset is determined to not be a business and no further assessment of this issue is required in relation to AASB 3 Business Combinations.
- Additionally, the acquisition does not exhibit the process criterion for constituting a business required by AASB 3 Business Combinations paragraph B7(b), with no continuing employees, acquired plant, and no defined JORC reserves at the acquisition date.

Exploration and evaluation

All other acquisition costs and subsequent exploration and evaluation expenditure for areas of interest of the Company have been fully expensed.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. REVENUE, OTHER INCOME AND EXPENSES

	GROUP 2021 \$	COMPANY 2020 \$
(a) Revenue from continuing operations		
Interest revenue	11,670	10,172
	<u>11,670</u>	<u>10,172</u>
(b) Other income		
Proceeds from sale of historic geological information	-	200,000
Covid-19 Cashflow Boost	-	37,332
	<u>-</u>	<u>237,332</u>
(c) Due diligence and acquisition expenses		
Cockatoo island due diligence	(2,048)	(218,110)
Ausco due diligence and acquisition	(497,539)	-
Stamp duty accrued for Ausco acquisition	(302,915)	-
	<u>(802,502)</u>	<u>(218,110)</u>
(d) Employee, director and consultant expenses		
Superannuation expenses	(9,256)	(7,808)
Other expenses	(243,390)	(227,467)
Total employee, director and consultant expenses	<u>(252,646)</u>	<u>(235,275)</u>
(e) General and administration expenses		
Serviced office charge	(72,000)	(72,000)
Administration fees	(120,000)	(120,000)
Other expenses	(133,304)	(104,903)
Total general and administrative expenses	<u>(325,304)</u>	<u>(296,903)</u>

3. INCOME TAX

The components of income tax benefit/(expense) comprise:

	GROUP 2021	COMPANY 2020
Current tax	-	-
Deferred tax	-	-
Income tax benefit/(expense) reported in the Statement of Profit or Loss and Other Comprehensive Income	<u>-</u>	<u>-</u>

The prima facie tax on (loss) before income tax is reconciled to the income tax as follows:

Accounting loss before income tax	(1,774,865)	(156,814)
Amount calculated on the domestic rates applicable to profits or losses in the countries concerned at the Company's weighted average effective rate of 26%. (2020: 27.5%)	(461,465)	(43,124)
Temporary differences	198,418	(99,599)
Tax effect of expenses that are never deductible for tax purposes	183,342	91
Unrecognised DTA losses	79,705	142,632
Income tax attributable to the Company	<u>-</u>	<u>-</u>
Tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in note 1(b) occur	<u>7,248,563</u>	<u>7,216,630</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3. INCOME TAX (continued)

	GROUP 2021 \$	COMPANY 2020 \$
Deferred tax assets/(losses)		
- temporary differences	224,949	(29,394)
- tax losses (operating losses)	4,279,312	3,989,585
- tax losses (capital losses)	2,744,302	3,256,439
	<u>7,248,563</u>	<u>7,216,630</u>

Deferred tax assets have not been recognised as it is not considered probable at this stage that they will be recovered. The statutory income tax rate within Australia is 26% (2020: 27.5%). The expected tax rate for 2021 of 26% is used based on presuming that the Group will not exceed the aggregate turnover threshold required to use this tax rate, otherwise the general company tax rate of 30% will apply.

This reconciliation is based on Carbine and subsidiaries remaining unconsolidated for tax purposes, with acquired subsidiary Ausco (see note 8) continuing to satisfy the same or similar business test from acquisition, and the Company continuing to satisfy the continuity of ownership test. If losses from before the acquisition of Ausco and associated equity transactions are unavailable then the net total unrecognised deferred tax assets at 31 December 2021 is reduced from \$7,248,563 to \$467,550.

4. CASH AND CASH EQUIVALENTS

Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:

	GROUP 2021	COMPANY 2020
Cash at bank	3,652,046	1,590,749
	<u>3,652,046</u>	<u>1,590,749</u>

The effective interest rate on short term bank deposits was 0.40% (2020: 0.22%)

The Group's exposure to interest rate risk is discussed at note 19. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of cash and cash equivalents mentioned above.

5. TRADE AND OTHER RECEIVABLES

	GROUP 2021	COMPANY 2020
Net GST refundable	65,711	2,040
Other receivable	3,301	4,536
	<u>69,012</u>	<u>6,576</u>

Due to the short term nature of the receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk at the end of the reporting period is the total mentioned above. Further details on the Company's risk management policy can be found at note 19.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. OTHER CURRENT ASSETS

	GROUP 2021	COMPANY 2020
Prepayments of exploration and evaluation costs	391,229	-
Prepayments of other costs	13,977	13,165
	<u>405,206</u>	<u>13,165</u>

7. PLANT AND EQUIPMENT

	Motor vehicle	GROUP Furniture & equipment \$	Total \$
Year ended 31 December 2021			
Opening net book value	9,783	10,988	20,771
Acquired on acquisition of subsidiary	6,203	-	6,203
Additions	-	3,043	3,043
Depreciation charge for the year	(3,333)	(608)	(3,941)
Disposals	-	(10,986)	(10,986)
Closing net book value	<u>12,653</u>	<u>2,437</u>	<u>15,090</u>
At 31 December 2021			
Cost	17,988	3,044	21,032
Accumulated depreciation and impairment	(5,335)	(607)	(5,942)
Net book value	<u>12,653</u>	<u>2,437</u>	<u>15,090</u>
		\$	\$
COMPANY			
Year ended 31 December 2020			
Opening net book value	-	21,157	21,157
Additions	11,785	-	11,785
Depreciation charge for the year	(2,002)	(10,169)	(12,171)
Disposals	-	-	-
Closing net book value	<u>9,783</u>	<u>10,988</u>	<u>20,771</u>
At 31 December 2020			
Cost	11,785	30,427	42,212
Accumulated depreciation and impairment	(2,002)	(19,439)	(21,441)
Net book value	<u>9,783</u>	<u>10,988</u>	<u>20,771</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. EXPLORATION AND EVALUATION EXPENDITURE

Exploration expenditure – costs carried forward in respect of areas of interest in:

	GROUP 2021	COMPANY 2020
	\$	\$
Carrying amount at beginning of year	-	-
Acquisition of Muchea West Silica Sand Project	7,413,829	-
Carrying amount at the end of year	7,413,829	-
Exploration and evaluation incurred	449,646	1,859
Exploration costs expensed	(449,646)	(1,859)
	-	-

On 14 July 2021 the Company completed the acquisition of Australian United Silica Corporation Pty Ltd (Ausco), which owns the Muchea West Silica Sands Project, with the following transactions and changes:

- Issue of 200,000,010 shares and 50,000,003 options exercisable at \$0.06 each on or before 14 July 2026 to Ausco Shareholders and Optionholders (or nominees there-of) in consideration for acquisition of the Muchea West Silica Sands Project. The shares have been valued at a total of \$6,000,000 as disclosed in note 11. The options have been valued at a total of \$950,000 as disclosed in note 20.
- Payments to related creditors of Ausco of \$500,000. These have been considered part of the purchase consideration for Ausco based on the nature of the transactions and the recognition of the liabilities being contingent on completion of the acquisition. None of these creditors were related parties of the Company before the acquisition or director related parties since the acquisition.
- Following completion, the Company 100% owns and controls Ausco which 100% owns and controls the Muchea West Silica Sands Project.

This acquisition has been classified as an asset acquisition as disclosed in note 1(u).

The net purchase consideration for the Muchea West Silica Sand Project has been valued at \$7,413,829 based on the following calculation.

	14 July 2021 \$
Issue of 200,000,010 shares at a deemed value of \$0.03 per share as disclosed in note 11	6,000,000
Issue of 50,000,003 share options as disclosed in note 20	950,000
Payments to related creditors of Ausco	500,000
Total purchase consideration	7,450,000
Cash acquired on acquisition of Ausco	28,965
Plant acquired on acquisition of Ausco	6,203
GST receivable acquired on acquisition of Ausco	1,003
Total value of other assets acquired	36,171
Value ascribed to Muchea West Silica Sands Project on acquisition as the acquisition was from an unrelated party on arms' length terms	7,413,829

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. FINANCIAL ASSETS

Current financial assets

	GROUP 2021 \$	COMPANY 2020 \$
Value of 10,000,000 ordinary shares in Boss Energy Limited (Boss) at start of the year	880,000	520,000
Gain in value of 10,000,000 shares in Boss Energy Limited	-	360,000
Gain on sale of 10,000,000 shares in Boss Energy Limited	761,490	-
Proceeds on sale of 10,000,000 shares in Boss Energy Limited	(1,641,490)	-
Total current financial assets at fair value	<u>-</u>	<u>880,000</u>

Non-current financial assets

Term deposit held as a security bond	50,000	50,000
Total non-current financial assets at fair value	<u>50,000</u>	<u>50,000</u>

At 31 December 2020 the Company held 10,000,000 shares in Boss Energy Limited (ASX: BOE) that were worth \$0.088 each for a total value of \$880,000. These shares were sold during 2021 for net proceeds of \$1,641,490. The net increase in value of these shares of \$761,490 (2020: \$360,000) has been recognised in profit or loss.

These ordinary shares in Boss Energy Limited were acquired in 2018 after conversion of share options in Boss Resources Limited. The shares were Tier 1 financial assets because Boss shares are quoted on the ASX.

All term deposits have been valued based on quoted (unadjusted) market values and are therefore Tier 1 measured financial assets.

There have been no transfers between measurement levels during the year and there are currently no other assets in any other categories.

The Group's exposure to credit, equity market and interest rate risks related to financial assets is disclosed in note 19.

10. TRADE AND OTHER PAYABLES - CURRENT

	GROUP 2021 \$	COMPANY 2020 \$
Trade payables – unsecured	44,382	6,435
Other payables and accruals – unsecured	33,736	17,198
Accrued stamp duty payable for acquisition of Ausco	302,915	-
Total trade and other payables	<u>381,033</u>	<u>23,633</u>

Information about the Group's exposure to foreign exchange risk is provided in note 19.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. ISSUED CAPITAL

	2021		2020	
(a) Ordinary shares fully paid	No. of Shares	\$	No. of Shares	\$
Balance at beginning of year	199,746,729	31,121,482	199,746,729	31,121,482
9:10 share capital consolidation	(19,974,777)	-	-	-
Issue of shares in capital raising	100,000,000	3,000,000	-	-
Issue of shares in part consideration for the Ausco acquisition	200,000,010	6,000,000	-	-
Costs of capital raising	-	(199,445)	-	-
Balance at end of year	479,771,962	39,922,037	199,746,729	31,121,482

Fully paid ordinary shares entitle the holder to participate in dividends and to one vote per share.

(b) Options

Options granted during the year and on issue at balance date are as follows. No options were exercised or forfeited during the year or prior year.

Date and details of grant/exercise/forfeit	No. of Options	Weighted Average Exercise Price	Weighted Average Remaining contractual life (years)
Issued options opening balance	-	-	-
Consideration Options granted and issued 14 July 2021	50,000,003	\$0.06	4.5
Facilitation Options granted and issued 14 July 2021	25,000,000	\$0.06	4.5
Balance at 31 December 2021	75,000,003	\$0.06	4.5

Further details are disclosed in note 17(b).

(c) Performance rights

Performance rights granted during the year and on issue at balance date are as follows.

No performance rights were exercised or forfeited during the year or prior year.

Date and details of grant/exercise/forfeit	No. of Performance rights	Weighted Average Exercise Price	Weighted Average Remaining contractual life (years)
Issued performance rights opening balance	-	-	-
Performance rights granted and issued 14 July 2021	10,000,000	-	4.5
Balance at 31 December 2021	10,000,000	-	4.5

Further details are disclosed in note 17(c).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. EARNINGS PER SHARE

(a) Basic earnings per share

	GROUP	COMPANY
	2021	2020
	\$	\$
Basic (loss) per share (cents per share)	(0.556)	(0.087)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic (loss) per share	319,497,984	179,771,952
Net loss used in the calculation of basic (loss) per share	(1,774,865)	(156,814)

Comparative earnings per share and comparative diluted earnings per share have been restated following the 9:10 share capital consolidation that occurred during the year.

(b) Diluted earnings per share

	GROUP	COMPANY
	2021	2020
	\$	\$
Diluted (loss) per share (cents per share)	(0.556)	(0.087)
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted (loss) per share	319,497,984	179,771,952
Net (loss) used in the calculation of diluted (loss) per share	(1,774,865)	(156,814)

Due to the Group being in a loss position, options and performance rights are considered anti-dilutive and therefore earnings per share are not diluted by unexercised options or performance rights.

13. AUDITOR'S REMUNERATION

	GROUP	COMPANY
	2021	2020
	\$	\$
Remuneration as Auditor of the Company	28,951	22,106
Payment for auditing acquired subsidiary Ausco for the year ending 30 June 2019 and 30 June 2020, and review for the half year ended 31 December 2020	10,101	-
	<u>39,052</u>	<u>22,106</u>

14. SEGMENT REPORTING

The Board of Directors, which is the chief operating decision maker, has determined the operating segment based on geographical location. The Group has one reportable segment: mineral exploration and evaluation in Australia.

The Australian segment incorporates the Group's mineral exploration and evaluation in Australia along with head office and treasury functions. Consequently financial information for the sole operating segment is identical to the information presented in these financial reports.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. RELATED PARTY TRANSACTIONS AND BALANCES

Kingslane Pty Ltd and associated entities (Kingslane) is a shareholder in the Company and held under 5% of ordinary shares in the Company at 31 December 2021 (31 December 2020: 14,163,869 ordinary shares for a 7.09% holding). Entities controlled by Kingslane received \$72,000 (2020: \$72,000) during the year for office rent.

Konkera Corporate received \$120,000 (2020: \$120,000) during the year for accounting and administrative services. Director fees of \$54,750 (2020: \$54,750) for Evan Cranston and \$21,000 (2020: \$36,000) for Mathew O'Hara were also paid to Konkera Corporate.

Kingslane and Konkera Corporate are related parties of Non-Executive Director, Evan Cranston.

All related party transactions are on normal arms' length terms.

16. KEY MANAGEMENT PERSONNEL DISCLOSURES

The following people have been designated as Key Management Personnel for the year:

- Mr Peter Main – Non-Executive Chairman
- Mr Peter Batten – Managing Director
- Mr Evan Cranston – Non-Executive Director
- Ms Oonagh Malone – Non-Executive Director and Company Secretary
- Mr Mathew O'Hara – Non-Executive Director

Remuneration by Category

Key Management Personnel

	GROUP 2021 \$	COMPANY 2020 \$
Short-term	254,801	146,124
Post-employment	9,256	-
Share-based payment	228,000	-
	492,057	146,124

Loans to Key Management Personnel

There were no loans to Key Management Personnel during the year and no balance outstanding at year end.

Other transactions and balances with Key Management Personnel

There were no other transactions with Key Management Personnel, other than those disclosed in notes 15 and 17, and participation in the capital raising following approval by shareholders.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. SHARED BASED PAYMENTS

(a) Employee Securities Incentive Plan

On 31 May 2019, the Company received shareholder approval to establish the Employee Securities Incentive Plan (ESIP) under which the Company can issue equity securities to attract, motivate and retain key Directors, employees and consultants and provide them with the opportunity to participate in the future growth of the Company. Participation in the ESIP is at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

(b) Share Options

On 14 July 2021 the Company issued a total of 75,000,003 share options on the following terms:

- 50,000,003 Consideration Options issued to vendors of the Muchea West Silica Sands Project. These options vested immediately. The total value of these options has been included in the capitalised value of the Muchea West Silica Sands Project as disclosed in note 8.
- 25,000,000 Facilitation Options issued to Golden Triangle Capital Pty Ltd in consideration for services provided with the acquisition of Ausco. These options vested immediately. The total value of these options has been included in share based payment expense as disclosed in note 20.

The Consideration Options and Facilitation Options have the following details and parameters that were used for valuation with the Black Scholes option pricing model:

	Consideration Options	Facilitation Options
Number of options	50,000,003	25,000,000
Expiry date	14 July 2026	14 July 2026
Measurement and vesting date	14 July 2021	14 July 2021
Underlying share price	\$0.030	\$0.030
Exercise price	\$0.060	\$0.060
Expected volatility	100%	100%
Life of the options (years)	5.00	5.00
Expected dividends	Nil	Nil
Risk free interest rate	0.65%	0.65%
Value per option (\$)	0.019	0.019
Value per Tranche (\$)	950,000	475,000

No options were on issue, issued, granted, lapsed or converted during 2020. No amount (2020: nil) has been expensed over the vesting period for options granted in previous years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

17. SHARED BASED PAYMENTS (continued)

(c) Performance Rights

On 14 July 2021, 5,000,000 Director Performance Rights were issued to each of new directors Peter Main and Peter Batten, for a total of 10,000,000 Performance Rights issued with the following tranches and market based vesting conditions. They each received 1,000,000 of each of the below tranches.

The Performance Rights will vest in five equal tranches, subject to meeting the applicable vesting condition relating to the volume weighted average price (VWAP) of fully paid ordinary shares in the Company.

Tranche No.	Performance Rights	Vesting condition
1	2,000,000	20-day VWAP of Shares is equal to or greater than \$0.06
2	2,000,000	20-day VWAP of Shares is equal to or greater than \$0.09
3	2,000,000	20-day VWAP of Shares is equal to or greater than \$0.15
4	2,000,000	20-day VWAP of Shares is equal to or greater than \$0.25
5	2,000,000	20-day VWAP of Shares is equal to or greater than \$0.35

The Director Performance Rights have been valued using a barrier up-and-in trinomial option pricing model with the following details and parameters. The total value of the Director Performance Rights of \$228,000 was expensed at the grant date because the only vesting conditions were market based vesting conditions.

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
Number of performance rights	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Expiry date	14 July 2026	14 July 2026	14 July 2026	14 July 2026	14 July 2026
Grant date	14 July 2021	14 July 2021	14 July 2021	14 July 2021	14 July 2021
Underlying share price	\$0.030	\$0.030	\$0.030	\$0.030	\$0.030
Exercise price	N/A	N/A	N/A	N/A	N/A
Barrier price (20-day VWAP)	\$0.060	\$0.090	\$0.150	\$0.250	\$0.350
Expected volatility	100%	100%	100%	100%	100%
Life of the performance rights (years)	5.00	5.00	5.00	5.00	5.00
Expected dividends	Nil	Nil	Nil	Nil	Nil
Risk free rate	0.65%	0.65%	0.65%	0.65%	0.65%
Value per performance right (\$)	0.027	0.026	0.023	0.020	0.018
Value per Tranche (\$)	54,000	52,000	46,000	40,000	36,000

No performance rights were on issue, issued, granted, lapsed or converted during 2020. No amount (2020: nil) has been expensed over the vesting period for performance rights granted in previous years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

18. RECONCILIATION OF CASH FLOWS FROM OPERATIONS WITH LOSS AFTER INCOME TAX

	GROUP 2021	COMPANY 2020
	\$	\$
Loss after income tax	(1,774,865)	(156,814)
Add:		
- Depreciation	3,941	12,171
- Loss on disposal of plant and equipment	10,986	-
- Share based payments expensed	703,000	-
Deduct:		
- Proceeds from sale of historic geological information	-	(200,000)
Fair value (increase) in financial assets	(761,490)	(360,000)
Changes in assets and liabilities during the year:		
(Increase) in other current assets	(392,041)	(7,178)
(Increase) in trade and other receivables	(62,436)	5,339
Increase / (decrease) in trade and other payables	357,122	(71,633)
Increase in provisions	7,832	-
Net cash used in operations	<u>(1,907,951)</u>	<u>(778,115)</u>

During 2021, the Company issued \$3,000,000 worth of shares and \$950,000 worth of share options as part of the purchase consideration for Ausco as disclosed in note 8. There were no other non-cash financing or investing activities during 2021 or 2020.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

19. FINANCIAL INSTRUMENTS

Financial Risk Management

The Group's principal financial instruments comprise cash, short-term deposits and shares in a listed company. The shares in a listed company were sold during the year.

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and equity market risk. The Board of Directors reviews and agrees policies for managing each of these risks as summarised below.

Financial Risk

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk, foreign exchange risk, equity market risk and credit risk.

	GROUP 2021 \$	COMPANY 2020 \$
Financial Asset		
Cash and cash equivalents	3,652,046	1,590,749
	<u>3,652,046</u>	<u>1,590,749</u>
Other Current Financial Assets		
Trade and other receivables	69,012	6,576
Financial assets at fair value	-	880,000
	<u>69,012</u>	<u>886,576</u>
Non-Current Financial Assets		
Financial assets at fair value	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
Financial Liabilities		
Trade and other payables	381,033	23,633
Provisions	7,832	-
	<u>388,865</u>	<u>23,633</u>

Liquidity Risk and Liquidity Risk Management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities or other fund raising initiatives.

The Group does not have major funding in place. However, the Group continuously monitors forecast and actual cash flows and the maturity profiles of financial assets and financial liabilities to manage its liquidity risk.

The Group has access to a credit card facility totalling \$50,000. The credit card facility may be drawn at any time and may be terminated by the bank without notice. At 31 December 2021, \$47,909 (2020: \$46,302) of this facility was available for use.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

19. FINANCIAL INSTRUMENTS (continued)

Credit Risk

Credit risk refers to the risk that counterparties will default on contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis.

Banks and Financial Institutions are chosen only if they are independently rated parties with a minimum rating of 'A'.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Interest Rate Risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

2021 GROUP	Weighted Average Interest Rate %	Floating Interest Rate \$	Fixed Interest Maturing in 1 Year or Less \$	Non-Interest Bearing \$	Total \$
Financial Assets					
Cash and cash equivalents	0.40	1,122,219	2,500,000	29,827	3,652,046
Receivables	-	-	-	69,012	69,012
Current financial assets at fair value	-	-	-	-	-
Non current financial assets at fair value	0.10	-	50,000	-	50,000
Financial Liabilities					
Payables	-	-	-	(381,033)	(381,033)
Provisions	-	-	-	(7,832)	(7,832)
Net Financial Assets	0.43	1,122,219	2,550,000	(290,026)	3,382,193

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

19. FINANCIAL INSTRUMENTS (continued)

2020 COMPANY	Weighted Average Interest Rate %	Floating Interest Rate \$	Fixed Interest Maturing in 1 Year or Less \$	Non-Interest Bearing \$	Total \$
Financial Assets					
Cash and cash equivalents	0.22	376,858	1,200,000	13,891	1,590,749
Receivables	-	-	-	6,576	6,576
Current financial assets at fair value	-	-	-	880,000	880,000
Non current financial assets at fair value	0.45	-	50,000	-	50,000
Financial Liabilities					
Payables	-	-	-	(23,633)	(23,633)
Net Financial Assets	0.15	376,858	1,250,000	876,834	2,503,692

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk.

2021 GROUP		-1%		1%	
	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
Cash and cash equivalents	3,652,046	(36,222)	(36,222)	36,222	36,222
Trade receivables	69,012	-	-	-	-
Current financial assets at fair value	-	-	-	-	-
Non-current financial assets at fair value	50,000	(500)	(500)	500	500
Trade and other payables	(381,033)	-	-	-	-
Provisions	(7,832)	-	-	-	-
Total increase/(decrease)	3,382,193	(36,722)	(36,722)	36,722	36,722

2020 COMPANY		-1%		1%	
	Carrying Amount \$	Profit \$	Equity \$	Profit \$	Equity \$
Cash and cash equivalents	1,590,749	(15,769)	(15,769)	15,769	15,769
Trade receivables	6,576	-	-	-	-
Current financial assets at fair value	880,000	-	-	-	-
Non-current financial assets at fair value	50,000	(500)	(500)	500	500
Trade payables	(23,633)	-	-	-	-
Total increase/(decrease)	2,503,692	(16,269)	(16,269)	16,269	16,269

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

19. FINANCIAL INSTRUMENTS (continued)

Price Risk

The Group was exposed to equity security price risk due to the 10,000,000 shares held in Boss Energy Limited (Boss) before these shares were sold during the year. These shares were worth \$880,000 at 31 December 2020 based on Boss's year end share price of \$0.088 (2019: \$0.052).

The following table summarises the sensitivity of the Group's financial assets to Boss's share price at the prior year end by showing the effects of increasing or decreasing the 31 December 2020 closing Boss share price by \$0.01 per share.

		+\$0.01		-\$0.01	
	Carrying Amount	Profit	Equity	Profit	Equity
	\$	\$	\$	\$	\$
2020 COMPANY					
Current quoted shares at fair value	880,000	100,000	100,000	(100,000)	(100,000)

The Company is not exposed to commodity price risk.

Fair value of financial instruments

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

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

Tier 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

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

2021 GROUP	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<i>Assets</i>				
Ordinary shares	-	-	-	-
Total assets	-	-	-	-
2020 COMPANY	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<i>Assets</i>				
Ordinary shares	880,000	-	-	880,000
Total assets	880,000	-	-	880,000

There were no transfers between levels during 2021 or 2020.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

19. FINANCIAL INSTRUMENTS (continued)

Fair Value Estimation

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Unrecognised Financial Instruments

The Group does not have any unrecognised financial instruments.

Foreign exchange risk

The Group's only direct exposure to foreign exchange risk in 2021 and 2020 is limited to exposure to the currency fluctuations of United States Dollar (USD) denominated trade creditors. There were no foreign currency balances held at year end or at prior year end. Consequently, the Group had no exposure to foreign currency risk at the end of the reporting period or at the end of the prior year.

Capital Management Risk

Capital is defined as the wealth owned or employed in the Group. The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares and sell its financial assets held at fair value.

20. RESERVES

Share-Based Payment Reserve

This reserve records the value of options and performance rights provided as payment for services received and assets acquired.

	GROUP 2021 \$	COMPANY 2020 \$
Movements		
Opening balance	2,948,558	2,948,558
Amounts recognised for expensed facilitation options as calculated in note 17(b)	475,000	-
Amounts recognised for expensed performance rights as calculated in note 17(c)	228,000	-
Amounts recognised for options issued as part of the purchase consideration for the Ausco acquisition as calculated in note 17(b)	950,000	-
Closing balance	<u>4,601,558</u>	<u>2,948,558</u>

The total amount expensed of \$703,000 has been recognised as a share based payment expense for the year. The remaining \$950,000 has been capitalised as acquisition costs of Ausco.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

21. COMMITMENTS AND CONTINGENCIES

Commitments

The serviced office agreement does not create a lease because it does not specify or effectively enable fixed office locations.

	GROUP 2021 \$	COMPANY 2020 \$
Serviced office commitments		
Due within 1 year	36,000	36,000
Due greater than 1 year and less than 5	-	-
Total	<u>36,000</u>	<u>36,000</u>

The administrative services agreement contracted for but not recognised in the financial statements:

Administrative services commitments		
Due within 1 year	120,000	120,000
Due greater than 1 year and less than 5	66,740	-
Total	<u>186,740</u>	<u>120,000</u>

Executive services agreements contracted for but not recognised in the financial statements:

Executive services commitments		
Due within 1 year	55,000	-
Due greater than 1 year and less than 5	-	-
Total	<u>55,000</u>	<u>-</u>

Contingent liability

The Group has royalties payable of \$0.75 per tonne of silica, other sand or minerals extracted from the Muchea West Silica Sands Project.

Access by the Group to parts of the Muchea West Silica Sands Project that encroach upon the Muchea Air Weapons Range is permitted pursuant to an Access Deed with the Commonwealth of Australia, Department of Defence. This Access Deed may be terminated by the Commonwealth for a variety of reasons. The Company is not aware of any specific reason for the Department of Defence to terminate the Access Deed.

The Group has no other contingent liabilities.

22. SUBSEQUENT EVENTS

There were no other events subsequent to the end of the financial year ended 31 December 2021 which significantly affected or could significantly affect the operations of the Company in future financial years.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

23. CONTROLLED ENTITIES

Set out below is the Group's subsidiary at 31 December 2021. The subsidiary listed below had share capital consisting solely of ordinary shares, that were fully held directly by the Company. The subsidiary's country of incorporation or registration was also its principal place of business.

	Country of Incorporation	Percentage Owned (%)	
		2021	2020
Subsidiaries of Carbine Resources Limited:			
Australian United Silica Corporation Pty Ltd ("Ausco")	Australia	100	-

On 14 July 2021 the Company completed the acquisition of Australian United Silica Corporation Pty Ltd ("Ausco"), which owns the Muchea West Silica Sands Project as disclosed in note 8.

24. PARENT ENTITY INFORMATION

The following detailed information is for the parent entity, Carbine Resources Limited at 31 December 2021. The information presented here has been prepared using consistent accounting policies as discussed in note 1.

	PARENT	
	2021	2020
	\$	\$
Current assets	3,672,429	2,490,490
Non-current assets	7,509,864	70,771
Total assets	11,182,293	2,561,261
Current liabilities	381,691	23,633
Non-current liabilities	-	-
Total liabilities	381,691	23,633
Contributed equity	39,922,037	31,121,482
Accumulated losses	(33,722,993)	(31,532,412)
Share based payment reserve	4,601,558	2,948,558
Total equity	10,800,602	2,537,628
Loss for the year	(2,190,581)	(156,814)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(2,190,581)	(156,814)

Non-current assets included a \$7,450,000 investment in subsidiary (2020: nil) and a fully impaired \$664,588 loan to subsidiary Ausco (2020: nil).

Guarantees

There are no guarantees entered into by the parent entity in the financial year ended 31 December 2021 in relation to the debt of a subsidiary.

Contingent liabilities

There are no contingent liabilities of the Company or the Group other than as detailed in note 21.

DIRECTORS' DECLARATION

The Directors of Carbine Resources Limited declare that:

1. The financial statements comprising the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the accompanying notes, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the financial position as at 31 December 2021 and of the performance for the year ended on that date of the Company.
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3. Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations as required by section 295A.

Signed in accordance with a resolution of the Directors.



Mr Peter Main
Non-Executive Chairman

Dated at Perth this 31st day of March, 2022

31 March 2022

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

Dear Directors

RE: CARBINE RESOURCES LIMITED

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

As the Audit Director for the audit of the financial statements of Carbine Resources Limited for the year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD



Martin Michalik
Director

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Carbine Resources Limited ("the Company") and its subsidiary ("Group"), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (the Code)* that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

We have defined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters
How the matter was addressed in the audit
Acquisition of Australian United Silica Corporation (AUSCO) Pty Ltd

(Refer to Note 8 to the financial report)

On 14 July 2021 the Company completed the acquisition of Australian United Silica Corporation Pty Ltd (AUSCO). This transaction was assessed under AASB 3 *Business Combinations* ("AASB 3") and resulted in the recognition of an asset acquisition (Capitalised Exploration and Evaluation Expenditure).

Due to the complexity of the transaction and related accounting treatment, we deemed the transaction and consolidation to be a significant risk.

The acquisition of AUSCO Pty Ltd is a key audit matter due to:

- The accounting complexity of the transaction, the level of judgement and the level of audit effort involved;
- The management judgement regarding the determination of whether AUSCO Pty Ltd met the definition of a 'business' or otherwise and the consequent treatment as an asset acquisition; and
- The nature, and quantum of the consideration being a combination of shares and share options issued to the previous owner of AUSCO Pty Ltd.

Our audit procedures included, amongst others, the following:

- i. Obtaining an understanding of the transaction through the review of the Term Sheet between the entities involved, discussions with the management and review of the relevant ASX Announcements;
- ii. Assessing management's proposed accounting treatment in accordance with the applicable accounting standards;
- iii. Checking the calculation of the share-based payment and the fair value of identifiable net assets acquired, including any separately identifiable intangible assets; and
- iv. Assessing the adequacy of the related disclosures in the financial report.

Key Audit Matters
How the matter was addressed in the audit
Share based payments and share option reserve
(Refer to Note 17 to the financial statements)

As referred to in Note 17 to the consolidated financial statements, the Company issued a number of share options and performance rights during the year.

A total of 75,000,003 share options were issued in addition to 10 million performance rights.

The total value of the share options issued amounted to \$1,425,000, whilst the performance rights issued totalled \$228,000.

Accounting for share-based payments was identified as a key audit matter due to the quantum of as well as the complexity and judgemental estimates used in determining the fair value of the share-based payments.

Our audit procedures included, amongst others, the following:

- i. Reviewing the relevant underlying documents to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements;
- ii. Reviewing management's determination of the fair value of the share-based payments granted, considering the appropriateness of the valuation models used and assessing the valuation inputs, the underlying assumptions used and discussed with management the justification for inputs used (share price of the underlying equity, risk free rate and volatility);
- iii. Assessing the allocation of the share-based payment expense over the relevant vesting period;
- iv. Assessing the accounting treatment and its application in accordance with AASB 2; and
- v. Assessing the adequacy of the disclosures included in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2021 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. 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 entity'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 entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We

describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 12 of the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Carbine Resources Limited for the year ended 31 December 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
31 March 2022

CORPORATE GOVERNANCE

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition).

Unless disclosed below, all the principles and recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 31 December 2021 (reporting period).

Board Composition

The skills, experience and expertise relevant to the position of each Director in office for the year and their term of office are detailed in the Directors' report.

When determining the independent status of a Director, the Board used the Guidelines detailed in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations and has identified a director's independence in the Directors' Report.

Diversity Policy

The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success is the result of the quality and skills of our people.

Our policy is to recruit and manage on the basis of qualification for the position and performance, regardless of gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability. It is essential that the Company employs the appropriate person for each job and that each person strives for a high level of performance.

The Company's strategies are to:

1. recruit and manage on the basis of an individual's competence, qualification and performance;
2. create a culture that embraces diversity and that rewards people to act in accordance with this policy;
3. appreciate and respect the unique aspects that individual brings to the workplace;
4. foster an inclusive and supportive culture to enable people to develop to their full potential;
5. identify factors to be taken into account in the employee selection process to ensure we have the right person for the right job;
6. take action to prevent and stop discrimination, bullying and harassment; and
7. recognise that employees at all levels of the Company may have domestic responsibilities.

The Board is accountable for ensuring this policy is effectively implemented. Each employee has a responsibility to ensure that these objectives are achieved.

Compliance with ASX Recommendations

Recommendation	Current Practice
1.1 A listed entity should have and disclose a board charter setting out: (a) The respective roles and responsibilities of its board and management; and (b) Those matters expressly reserved to the board and those delegated to management.	The Company's Board Charter sets out the roles and responsibilities of the Board and Management. It is available for review at www.carbineresources.com.au
1.2 A listed entity should: (a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	The Company has implemented a policy of undertaking police and bankruptcy checks on all senior employees and directors before appointment or putting to shareholders for election. The Company provides all relevant information on all directors in its annual report and in the relevant notice of meeting when seeking election or re-election of a director.
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their employment.	The Company requires that a detailed letter of appointment or employment contract is agreed with each director and employee.
1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Company's organisation chart reflects the position of the Company Secretary within the Company structure in compliance with the recommendation. During the reporting period, the Company Secretary also acted as a Non-Executive Director until the Company completed its recompliance in July 2021.
1.5 A listed entity should: (a) Have and disclose a diversity policy; (b) Through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) Disclose in relation to each reporting period: 1) the measurable objectives set for that period to achieve gender diversity; 2) the entity's progress towards achieving those objectives; and 3) either: A. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or	The Company has adopted a formal Gender Diversity Policy, a summary of which is provided above. Given the current status of the Company, the Company has not set measurable objectives for diversity. As at 31 December 2021: • The Board comprised three members, all of whom were male. • The senior executives comprised four people (defined by the Board as the directors and other key management personnel), three of whom were male and one female. • The whole organisation comprised four people, three of whom were male and one female.

	B. if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.	
1.6	A listed entity should: (a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) Disclose for each reporting period whether a performance evaluation was undertaken in the reporting period in accordance with that process.	The Board Performance Evaluation Policy is available at www.carbineresources.com.au Given the recent recompliance with the ASX in July 2021, the Company did not undertake performance evaluations during the reporting period.
1.7	A listed entity should: (a) Have and disclose a process for periodically evaluating the performance of its senior executives; and (b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Given the recent recompliance with the ASX in July 2021, the Company did not undertake performance evaluations during the reporting period.
2.1	The board of a listed entity should: (a) Have a nomination committee which: 1) has at least three members, a majority of whom are independent directors; and 2) is chaired by an independent director; and disclose: 3) the charter of the committee; 4) the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period, and the individual attendances of the members at those meetings; or (b) If it does not have a nomination committee, disclose the fact and the processes it employs to address board succession issues and to ensure the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	The Board considers that given the current size of the Board and the Company, this function is efficiently achieved with full Board participation. Accordingly, the Board has not established a nomination committee.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Since recompliance, the Board is comprised of directors with a strong background in geological and mining experience, corporate and commercial expertise and company administration which is appropriate for the current status of the Company. As the Company develops it will continue to evaluate the skills and diversity required for the

		Board and develop a matrix reflecting this to enable recruitment accordingly.
2.3	A listed entity should disclose: (a) The names of the directors considered by the board to be independent directors; (b) If a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) The length of service of each director.	The independent directors of the Company are Peter Main and Evan Cranston. Peter Batten, by virtue of his executive role, is not considered to be independent. The length of service of each director is noted in the Director's Report.
2.4	A majority of the board of a listed entity should be independent directors.	The Company complies with this recommendation with 2 of the 3 directors considered to be independent.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Mr Peter Main is an independent director and does not act in the role of CEO.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles as directors effectively.	The Company has an induction program for all new directors to appropriately familiarise them with the policies and procedures of the Company. The Company encourages and facilitates all Directors to develop their skills, including with the provision of in-house seminars to maintain compliance in areas such as risk and disclosure.
3.1	A listed entity should articulate and disclose its values.	The Company is committed to doing business based on its values of integrity, honesty and accountability. The Board has adopted a Code of Conduct, Securities Trading Policy, Social Media Policy, Whistleblower Policy, Continuous Disclosure Policy and Shareholder Communication Policy which detail frameworks for acceptable corporate behaviour.
3.2	A listed entity should: (a) Have and disclose a code of conduct for its directors, senior executives and employees; and (b) Ensure that the board or a committee of the board is informed of any material breaches of that code.	The Company's Code of Conduct is available at www.carbineresources.com.au It is a requirement of the Board that it is informed of any material breaches, none of which occurred during the reporting period.
3.3	A listed entity should: (a) Have and disclose a whistleblower policy; and	The Company's Whistleblower Policy is available at www.carbineresources.com.au. It is a requirement of the Board that it is informed of any material incidents, none of which occurred during the reporting period.

	(b) Ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	
3.4	A listed entity should: (a) Have and disclose a an anti-bribery and corruption policy; and (b) Ensure that the board or a committee of the board is informed of any material breaches of that policy.	The Company has an anti-bribery and corruption policy which is available on the Company's website.
4.1	The board of a listed entity should: (a) Have an audit committee which: 1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and 2) is chaired by an independent director, who is not the chair of the board; and disclose: 3) the charter of the committee; 4) the relevant qualifications and experience of the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period, and the individual attendances of the members at those meetings; or (b) If it does not have an audit committee, disclose the fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	The Company does not have an audit committee due the current size of the Board and Company. The Company has adopted a policy whereby the full Board fulfils the duties of the audit committee and abides by the adopted Audit Committee Charter (available at www.carbineresources.com.au). The Directors require that reports regularly on all financial and commercial aspects of the Company to ensure that they are familiar with all aspects of corporate reporting and believe this to mitigate the risk of not having an independent committee. The Board has adopted a formal policy regarding the appointment, removal and rotation of the Company's external auditor and audit partner.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal controls which is operating effectively.	The Board receives a section 295A declaration from the equivalent of the CEO and CFO for each quarterly, half yearly and full year report in advance of approval of these reports.
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	As well as receiving monthly management accounts, the Board receives a section 295A declaration from the equivalent of the CEO and CFO

		for each quarterly in advance of approval of these reports.
5.1	A listed entity should have a written policy for complying with its continuous disclosure obligations under Listing Rule 3.1.	The Board has adopted a formal Continuous Disclosure Policy to ensure compliance with the ASX Listing Rules. The Policy is available at www.carbineresources.com.au .
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	The Board approves all material market announcements made by the Company prior to release to the ASX and is notified once release has occurred.
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	The Company complies with this recommendation.
6.1	A listed entity should provide information about itself and its governance to investors via its website.	The Company complies with this recommendation and all relevant information can be found at www.carbineresources.com.au .
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company has developed a Shareholder Communications Strategy to ensure all relevant information is identified and reported accordingly.
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	The Company encourages all shareholders to attend General Meetings of the Company via its notices of meeting, and in the event they cannot attend, to participate by recording their votes by lodgement of a proxy form. The Company has implemented an online voting system to further encourage participation by shareholders.
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by poll rather than by a show of hands.	The Company puts all resolutions that are subject to the Listing Rules to a poll. Further the Chair has regard for the results of the proxy voting when deciding if a non-Listing Rule resolution should be put to a poll instead of by show of hands.
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The Company and its share registry actively encourage electronic communication. All new shareholders are issued with a letter encouraging the registration of electronic contact methods.
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: 1) has at least three members, a majority of whom are independent directors; and 2) is chaired by an independent director; and disclose: 3) the charter of the committee; 4) the members of the committee; and	The Company does not have a risk committee due to the current size of the Board and Company. The Company has adopted a policy whereby the full Board, including Executive Directors, fulfil the duties of the risk committee and abides by the adopted Risk Management Policy (available on the Company's website). The Directors require that management report regularly on all financial and commercial aspects of the Company to ensure that they are familiar with all aspects of corporate reporting and believe this

	5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	to mitigate the risk of not having an independent committee.
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	The Board reviews its risk management strategy annually and considers it to be sound.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	The Company is not of the size or scale to warrant the cost of an internal audit function. This function is undertaken by the Board as a whole via the regular and consistent reporting in all risk areas.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	The Company does not currently have any material exposure to any economic, environmental and social sustainability risks.
8.1	The board of a listed entity should: (a) have a remuneration committee which: 1) has at least three members, a majority of whom are independent directors; and 2) is chaired by an independent director; and disclose: 3) the charter of the committee; 4) the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such	The Board consider that given the current size of the Board, this function is efficiently achieved with full Board participation. Accordingly, the Board has not established a remuneration committee. The Board considers industry peers when evaluating the remuneration for all directors and executives. The Board is cognisant of the fact that it wishes to attract and retain the best people, and considers strategies other than monetary to balance the need for the best people and the financial position of the Company.

	remuneration is appropriate and not excessive.	
8.2	A listed entity should separately disclose its policies and practises regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	The Company discloses its policies on remuneration in the Remuneration Report set out in its annual report.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	The Company recognises that Directors, executives and employees may hold securities in the Company and that most investors are encouraged by these holdings. The Company's Securities Trading Policy (available at the Company's website, www.carbineresources.com.au) explains and reinforces the Corporations Act 2001 requirements relating to insider trading. The Policy applies to all Directors, executives, employees and consultants and their associates and closely related parties.

ADDITIONAL INFORMATION

The following information is based on share registry information processed up to and including 26 April 2022.

Distribution of Fully Paid Ordinary Shares

The number of holders, by size of holding, for fully paid ordinary shares in the Company is:

Holding Range	Number of Holders	Total Units	% Issued Share Capital
1 – 1,000	46	7,992	0.00%
1,001 – 5,000	102	310,698	0.06%
5,001 – 10,000	122	959,735	0.20%
10,001 – 100,000	601	27,783,709	5.79%
100,001 and over	346	450,709,828	93.94%
Total	1,217	479,771,962	100.00%

There are 413 holders of unmarketable parcels comprising a total of 3,380,065 ordinary shares.

Substantial Shareholders

Shareholder	Number Held	% of Issued Shares
WENDY CAROLYN COOMBE HOGAN	50,000,000	10.42%
SIVAGAMI SELVAKUMAR	26,666,667	5.56%

Twenty Largest Holders of Quoted Shares

	Shareholder	Number Held	% of Issued Shares
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	15,130,395	4.80%
2	GR ENGINEERING SERVICES LIMITED	14,298,053	4.54%
3	ICERIG NOMINEES PTY LTD	10,000,000	3.17%
4	BOND STREET CUSTODIANS LIMITED <TRYLAN - D83486 A/C>	9,722,459	3.08%
5	BONNEVILLE INVESTMENTS PTY LTD ATF BONNEVILLE INVESTMENTS TR	6,000,000	1.90%
6	TIRUMI PTY LTD <TIRUMI SUPER FUND A/C>	5,787,231	1.84%
7	KOBIA HOLDINGS PTY LTD	5,451,667	1.73%
8	MR MARK JOHN BAHEN & MRS MARGARET PATRICIA BAHEN <SUPERANNUATION ACCOUNT>	4,776,963	1.52%
9	MR DAVID KEITH EDWARDS & MRS ROBERTA MAY EDWARDS <EDWARDS SUPER FUND A/C>	4,506,219	1.43%
10	MR BRADLEY KEITH MOIR	4,500,000	1.43%
11	KINGSLANE PTY LTD <CRANSTON SUPER PENSION A/C>	4,486,608	1.42%
12	MR MARK JOHN BAHEN & MRS MARGARET PATRICIA BAHEN <MJ BAHEN SUPER FUND A/C>	4,000,000	1.27%

	Shareholder	Number Held	% of Issued Shares
13	KANDALEE PTY LTD	4,000,000	1.27%
14	CAPERI PTY LTD <CAPERI A/C>	4,000,000	1.27%
15	MR GRAEME JOHN CLATWORTHY <CLATWORTHY FAMILY NO 1 A/C>	4,000,000	1.27%
16	KONKERA PTY LTD <KONKERA SUPER FUND A/C>	4,000,000	1.27%
17	LAST CHANCE SUPERANNUATION PTY LTD <DJR SUPER FUND A/C>	3,640,000	1.15%
18	OCEAN VIEW WA PTY LTD	3,500,000	1.11%
19	NERO RESOURCE FUND PTY LTD <NERO RESOURCE FUND A/C>	3,459,270	1.10%
20	FLUE HOLDINGS PTY LTD	3,401,893	1.08%
Total		118,660,758	37.64%

Unquoted Equity Securities

Quantity	Class	Number of Holders
164,496,427	Ordinary shares escrowed until 22 July 2023	13
71,666,669	Options exercisable at \$0.06 each on or before 14 July 2026 escrowed until 22 July 2023	6
3,333,334	Options exercisable at \$0.06 each on or before 14 July 2026 escrowed until 14 July 2022	1
2,000,000	Performance rights vesting on 5 day VWAP of \$0.06 escrowed until 22 July 2023	2
2,000,000	Performance rights vesting on 5 day VWAP of \$0.09 escrowed until 22 July 2023	2
2,000,000	Performance rights vesting on 5 day VWAP of \$0.15 escrowed until 22 July 2023	2
2,000,000	Performance rights vesting on 5 day VWAP of \$0.25 escrowed until 22 July 2023	2
2,000,000	Performance rights vesting on 5 day VWAP of \$0.35 escrowed until 22 July 2023	2

Holders of Unquoted Securities Holding More than 20% of Each Class

Class	Holder	Number
Ordinary shares escrowed until 22 July 2023	WENDY CAROLYN COOMBE HOGAN	49,866,667
Options exercisable at \$0.06 each on or before 14 July 2026 escrowed until 22 July 2023	GOLDEN TRIANGLE CAPITAL P/L <GT3 A/C>	25,000,000
Options exercisable at \$0.06 each on or before 14 July 2026 escrowed until 14 July 2022	YAFCO PTY LTD <3 BEARS SUPER FUND NO 1 A/C>	3,333,334
Performance rights vesting on 5 day VWAP of \$0.06 escrowed until 22 July 2023	MR PETER JOHN ROBERT BATTEN PETER MAIN <THE PETKAR>	1,000,000 1,000,000
Performance rights vesting on 5 day VWAP of \$0.09 escrowed until 22 July 2023	MR PETER JOHN ROBERT BATTEN PETER MAIN <THE PETKAR>	1,000,000 1,000,000
Performance rights vesting on 5 day VWAP of \$0.15 escrowed until 22 July 2023	MR PETER JOHN ROBERT BATTEN PETER MAIN <THE PETKAR>	1,000,000 1,000,000
Performance rights vesting on 5 day VWAP of \$0.25 escrowed until 22 July 2023	MR PETER JOHN ROBERT BATTEN PETER MAIN <THE PETKAR>	1,000,000 1,000,000
Performance rights vesting on 5 day VWAP of \$0.35 escrowed until 22 July 2023	MR PETER JOHN ROBERT BATTEN PETER MAIN <THE PETKAR>	1,000,000 1,000,000

Schedule of Mining Tenements

Project	Licence Number	Location	Interest
Muchea West Silica Sands Project	E70/4905	Western Australia	100%

Carbine Resources Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares. The Company is listed on the Australian Securities Exchange under the code CRB. The home exchange is Perth.

There are 315,275,535 ordinary fully paid shares currently listed and trading on the Australian Securities Exchange. There are 164,496,427 shares not quoted on the Australian Securities Exchange that are subject to escrow until 22 July 2023.

There is no current on-market buy-back.

Voting Rights – Fully Paid Ordinary Shares

Every shareholder present in person or by proxy, attorney or representative has one vote on a show of hands, and on a poll, one vote for each fully paid share.

Company Secretary

Ms Oonagh Malone

Registered Office

Suite 23
513 Hay Street
Subiaco WA 6008
Telephone: (08) 6142 0986

Share Registry

Automic Registry Services
Level 5, 191 St Georges Terrace
Perth WA 6000
Telephone: 1300 288 664

Compliance with Listing Rule 11.1.3

The Company confirms that the cash and assets in a form readily convertible to cash that it had at the time of re-admission have been used in a way consistent with its business objectives as stated in the prospectus lodged with the ASX on 29 April 2021.



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