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Interim Financial Report

For the half-year ended 31 December 2021

Directors' Report	3
Auditor's Independence Declaration	7
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Condensed Consolidated Statement of Financial Position	9
Condensed Consolidated Statement of Changes in Equity	10
Condensed Consolidated Statement of Cash Flows	11
Notes to the Condensed Consolidated Financial Statements	12
Directors' Declaration	19
Independent Auditor's Review Report	20

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DIRECTORS' REPORT

Your Directors submit the condensed consolidated financial statements of the Group for the half-year ended 31 December 2021. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows.

The Directors present their report together with the consolidated financial statements of the Group comprising of Carawine Resources Limited ("Carawine", "CWX" or the "Company") and the entities it controlled (the "Group" or the "consolidated entity") for the half year ended 31 December 2021.

The names of Directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Will Burbury	Non-Executive Chairman
David Boyd	Managing Director
David Archer	Non-Executive Director

REVIEW OF OPERATIONS

Carawine is a dedicated exploration company focussed on creating value for its shareholders through the exploration, discovery, and development of mineral deposits. Based in Perth, Western Australia the Group is led by an experienced and successful team with a proven track record of discovery, value creation and corporate transactions.

Carawine has five gold, copper and base metal exploration projects, targeting high value deposits in highly prospective, active mineral provinces in Western Australia and Victoria (Figure 1). Part of Carawine's assets located in Western Australia are held by its wholly owned subsidiary, Phantom Resources Pty Ltd.



Figure 1: Location of Carawine's Projects throughout Australia.

In the 6 months to 31 December 2021 the Company's exploration activities have centred on its Tropicana North Project, with follow-up drilling extending high-grade gold mineralisation at the Hercules prospect. The Company's farm-in and joint venture agreement partners were also active, with a number of geophysical and drilling programs completed and the announcement of a Mineral Resource estimate.

At the Tropicana North Project, located in the north-eastern goldfields of Western Australia, drilling activities focussed on the Neale tenement – part of the Thunderstruck Joint Venture between Carawine (90% interest) and Thunderstruck Investments Pty Ltd (10% interest) ("Thunderstruck JV"). These activities included follow-up reverse circulation ("RC") and diamond drilling at the Hercules prospect, and an initial phase of RC drilling at the Big Freeze and Beanie prospects.

At Hercules, drilling continued throughout the period and is still ongoing, with results to date extending gold mineralisation along a 340m strike length, from 35m to 250m below surface, and remaining open, confirming Hercules as a significant discovery. Assay results released from Hercules during and subsequent to the period include^{1,2}:

- 4.61m @ 14.7g/t Au from 165.24m (TNDD001), including 0.5m @ 104g/t Au from 166.7m and 0.9m @ 14.2g/t Au from 168.95m
- 0.95m @ 73.7g/t Au from 60.08m (TNDD002), and 0.65m @ 50.6g/t Au from 92.4m
- 6m @ 4.29g/t Au from 117m (TNRC033), including 2m @ 12.4g/t Au from 117m
- 6m @ 3.01g/t Au from 251m (TNDD009), including 5m @ 3.46g/t Au from 252m
- 4m @ 40.1g/t Au from 239m, (TNDD014) including 1m @ 137g/t Au from 239m
- 1m @ 23.9g/t Au from 192m (TNDD013)

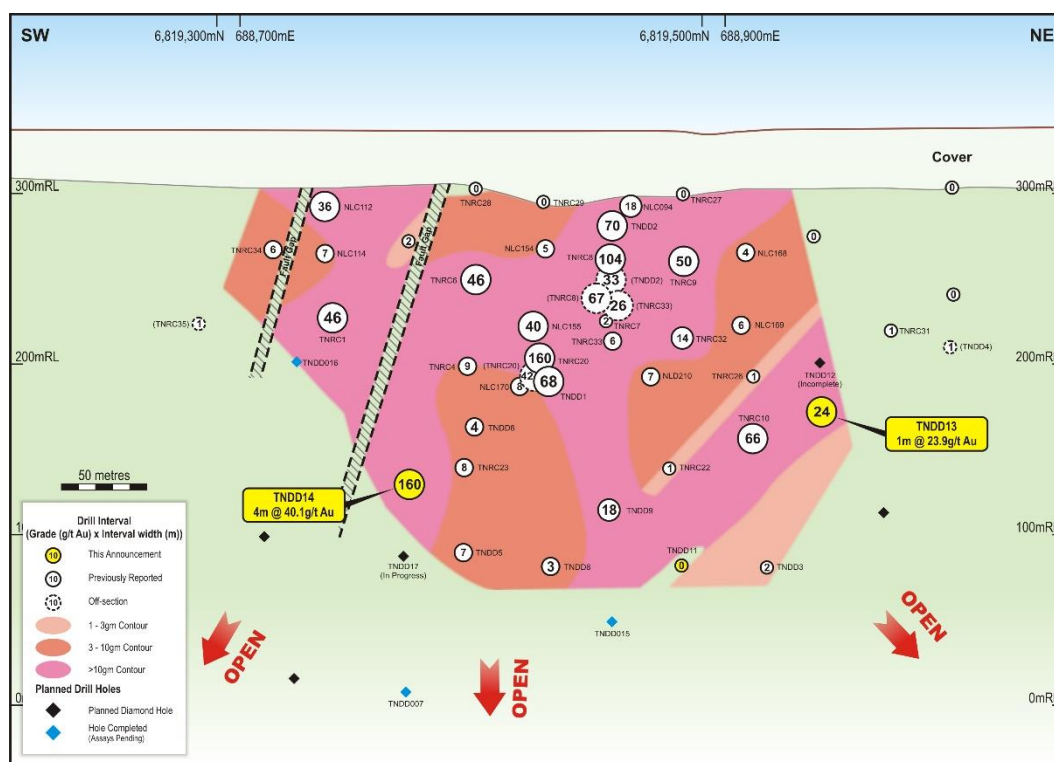


Figure 2: Hercules prospect long section showing significant drill hole gold interval pierce points and contours³.

At the Big Freeze prospect, an initial program of RC drilling designed to test a historic gold anomaly was successful in defining a 900m-long, continuous zone of gold mineralisation above 1g/t Au in wide-spaced drilling⁴. Follow-up RC drilling designed to test this zone for higher-grade, continuous gold mineralisation was completed subsequent to the reporting period, as was follow-up RC drilling at the newly discovered Beanie prospect. Assay results from Big Freeze and Beanie are expected before the end of April 2022.

Also at the Tropicana North Project, the Company has identified and generated numerous prospects, targets and target areas within the Thunderstruck JV tenements and tenements in which Carawine has a 100% interest. These add to a growing pipeline of quality targets at Tropicana North, ranging from conceptual and early-stage to advanced targets with significant drill hole gold intervals, with plans to test these targets with drilling and other exploration programs⁵.

¹ For the latest exploration results related to the Hercules prospect refer ASX announcement dated 10 March 2022.

² Reported intervals cut to geological boundaries and/or >0.3g/t Au cut-off, downhole widths; refer ASX announcements dated 23 September and 21 December 2021 and 10 March 2022.

³ Refer ASX announcement 10 March 2022.

⁴ Refer ASX announcements 1 November and 20 December 2021.

⁵ Refer ASX announcements 1 November 2021 and 4 March 2022.

At the Company's 100%-owned Big Bang tenement in the Central Fraser Range region of Western Australia, a planned moving-loop electromagnetic ("MLEM") survey targeting potential magmatic nickel-copper targets⁶ has been deferred to the first half of 2022. Exploration activities at the Jamieson Project in Victoria are on hold, while the Company focusses its resources on its Western Australian projects and Tropicana North in particular.

In addition to the programs completed and in-progress at its majority-owned projects, Carawine's farm-in and joint venture partners were also active during the period.

At the Fraser Range Joint Venture (IGO Ltd ("IGO"); 70% interest, earning up to 76% interest) in the Fraser Range region of Western Australia, IGO identified and drill-tested three conductive anomaly targets at Red Bull targeting magmatic nickel-copper sulphides, with graphitic metasediment determined as the source of the conductive anomalies⁷. IGO has additional air core drilling programs planned at the Bindii and Big Bullocks tenements during the first half of 2022.

At the West Paterson JV (Rio Tinto Exploration Pty Ltd ("Rio Tinto"); earn-in right to 80%) in the Paterson region of Western Australia, Rio Tinto completed RC drilling at the Ghost and Zulu prospects on the Red Dog tenement and generated six conductive anomalies from a helicopter-borne electromagnetic ("AEM") survey over the Baton tenements⁸. Assay results from the RC program are expected during March or April 2022. Drilling programs are planned to test two priority AEM targets and other prospects at Baton and Red Dog during 2022. At the Coolbro JV (Fortescue Metals Group Ltd ("Fortescue"); earn-in right up to 75%), also in the Paterson region, Fortescue continued its target generation activities, with drilling also planned in 2022.

At the Oakover JV (Black Canyon Ltd ("Black Canyon"); earn-in right up to 75%) in the East Pilbara region of Western Australia, manganese-focussed explorer Black Canyon reported an Inferred Mineral Resource estimate based on historic drill data totalling 15 million tonnes (Mt) @ 11.3% manganese (Mn) for the LR1 deposit⁹. Subsequent RC and diamond drilling by Black Canyon has identified significant thicknesses and grades of near-surface manganese mineralisation at the LR1 and FB3 prospects, with data from the program to be used to update the LR1 Mineral Resource and provide inputs for a scoping study at LR1 during the first half of 2022¹⁰.

CORPORATE ACTIVITIES

Share Placement Completed

On 15 November 2021, the Company announced a placement to raise a total of \$4.94 million (before costs) through a two-tranche placement of approximately 27.2 million ordinary shares ("Shares") at an issue price of 18 cents per Share ("the Placement"). The issue price represented an 8.9% discount on the 15-day volume weighted average price of the Company's traded shares prior to the announcement. The first tranche ("Tranche 1"), comprising the issue of 27 million Shares to raise \$4.9 million (before costs), was completed on 15 November 2021.

The second tranche ("Tranche 2"), comprising the issue of 222,224 Shares to raise \$40,000 (before costs), was completed on 23 December 2021, following approval at the Company's Annual General Meeting held on 22 December 2021. For further details refer to the Company's ASX announcements dated 15 November and 23 December 2021.

QGold TAKEOVER OFFER

Subsequent to the reporting period, as announced on 22 February 2022, the Company received an unsolicited, on-market takeover offer by QGold Pty Ltd (ACN 149 659 950) ("QGold") to acquire all fully paid ordinary shares on issue in Carawine which QGold (and/or QGold's associates) does not already own or control at 21 cents per share ("Offer").

On 8 March 2022, the Company released its Target's Statement in response to the Offer. The Board has carefully considered whether the Offer is in the best interests of shareholders, and unanimously recommend that shareholders reject the Offer. The reasons for the Directors' recommendation are detailed in the Target's Statement, which shareholders are urged to read in full before making a decision to accept or reject the Offer.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Group with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 7 and forms part of this Directors' report for the half-year ended 31 December 2021.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Mr David Boyd
Managing Director

14 MARCH 2022

⁶ Refer ASX announcement 15 September 2020

⁷ Refer ASX announcements 19 July and 8 & 22 November 2021, and 4 March 2022.

⁸ Refer ASX announcements 6 & 27 October 2021.

⁹ Refer Black Canyon's ASX announcement 5 October 2021.

¹⁰ Refer to Black Canyon's ASX market announcements released on 4 January, 8 & 21 February and 2 March, 2022.

COMPLIANCE STATEMENTS

REPORTING OF EXPLORATION RESULTS AND PREVIOUSLY REPORTED INFORMATION

The information in this report that relates to Exploration Results is based on information compiled by Mr Michael Cawood, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Cawood holds shares and options in and is a full-time employee of Carawine Resources Ltd and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the "JORC Code (2012)"). Mr Cawood consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

This report includes information that relates to Exploration Results prepared and first disclosed under the JORC Code (2012) and extracted from the Group's previous ASX announcements, with the Competent Person for the relevant original market announcement indicated in brackets, as follows:

- Tropicana North: "Highest Gold Grade to Date at Hercules" 10 March 2022 (M Cawood)
- Tropicana North: "New Targets Identified at Tropicana North" 4 March 2022 (M Cawood)
- Fraser Range JV: "Fraser Range Joint Venture Activities Update" 4 March 2022 (D Boyd)
- Oakover JV: "BCA: Manganese Discovery at FB3, Flanagan Bore Project" 2 March 2022 (B Cummins)
- Tropicana North: "New Mineralisation Identified at Hercules as Big Freeze Follow-Up Drilling Begins" 15 February 2022 (M Cawood)
- Oakover JV: "BCA: Further thick manganese intersections from the Flanagan Bore LR1 Deposit" 21 February 2022 (B Cummins)
- Oakover JV: "BCA: Thick manganese intersections from Mineral Resource extension drilling at Flanagan Bore LR1 Deposit" 8 February 2022 (B Cummins)
- Tropicana North: "High Gold Grades Continue at Hercules" 21 December 2021 (M Cawood)
- Tropicana North: "Latest Results Extend Big Freeze Gold Zone with Follow-Up Drilling Planned for Early 2022" 20 December 2021 (M Cawood)
- Fraser Range JV: "Fraser Range Joint Venture Exploration Update" 22 November 2021 (D Boyd)
- Fraser Range JV: "Fraser Range JV Exploration Program Update" 8 November 2021 (D Boyd)
- Tropicana North: "Multiple New Gold Targets Identified at Tropicana North" 1 November 2021 (M Cawood)
- West Paterson JV: "Priority Targets Identified from Airborne Electromagnetic Survey at West Paterson JV" 27 October 2021 (M Cawood)
- Oakover JV: "BCA: Maiden Manganese Mineral Resource for the LR1 Prospect at Flanagan Bore" 5 October 2021 (B Cummins; G Jones)
- Tropicana North: "Strong Results from Hercules Extend Multiple Lode System and Deposit Strike" 23 September 2021 (M Cawood)
- Fraser Range JV: "Two Compelling New Bedrock Conductors Identified at Red Bull, Fraser Range JV" 19 July 2021 (D Boyd)
- Fraser Range: Nickel and Gold Targets Outlined at the Big Bang Project in the Fraser Range" 15 September 2020 (M Cawood)

Copies of these announcements are available from the ASX Announcements page of the Group's website: www.carawine.com.au

The Group confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. 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 announcement.

FORWARD LOOKING AND CAUTIONARY STATEMENTS

Some statements in this report regarding estimates or future events are forward-looking statements. They include indications of, and guidance on, future earnings, cash flow, costs and financial performance. Forward-looking statements include, but are not limited to, statements preceded by words such as "planned", "expected", "projected", "estimated", "may", "scheduled", "intends", "anticipates", "believes", "potential", "predict", "foresee", "proposed", "aim", "target", "opportunity", "could", "nominal", "conceptual" and similar expressions. Forward-looking statements, opinions and estimates included in this report are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. Forward-looking statements may be affected by a range of variables that could cause actual results to differ from estimated results and may cause the Group's actual performance and financial results in future periods to materially differ from any projections of future performance or results expressed or implied by such forward-looking statements. So, there can be no assurance that actual outcomes will not materially differ from these forward-looking statements.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Carawine Resources Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia
14 March 2022

B G McVeigh
Partner

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Notes	31 December 2021 \$	31 December 2020 \$
Continuing operations			
Other Income		2,450	16,612
Employee benefits expense		(110,123)	(127,290)
Depreciation expense		(28,521)	(5,637)
Share-based payments	7	156,905	56,878
Deferred exploration expenditure written off	2	(78,729)	(118,510)
Exploration and evaluation expenditure		-	(139,713)
Other expenses		(265,435)	(331,449)
Loss before income tax		(323,452)	(649,109)
Income tax benefit	8	-	-
Loss after tax from continuing operations		(323,452)	(649,109)
Other comprehensive income		-	-
Total comprehensive loss for the period		(323,452)	(649,109)
Basic loss per share (cents)		(0.002)	(0.01)
Dilutive loss per share (cents)		(0.002)	(0.01)

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	31 December 2021 \$	30 June 2021 \$
Assets			
Current Assets			
Cash and cash equivalents		5,802,839	3,943,539
Trade and other receivables		180,654	128,272
Total Current Assets		5,983,493	4,071,811
Non-Current Assets			
Plant and equipment		88,285	98,881
Deferred exploration and evaluation expenditure	2	12,970,862	10,599,215
Right-of-use asset	3	28,314	39,640
Total Non-Current Assets		13,087,461	10,737,736
Total Assets		19,070,954	14,809,547
Liabilities			
Current Liabilities			
Trade and other payables	4	267,716	266,271
Employee benefits	5	195,470	170,738
Lease liability	3	24,409	25,250
Total Current Liabilities		487,595	462,259
Non-Current Liabilities			
Lease liability	3	6,089	16,522
Total Non-Current Liabilities		6,089	16,522
Total Liabilities		493,684	478,781
Net Assets		18,577,270	14,330,766
Equity			
Issued capital	6	22,977,117	18,250,256
Reserves		341,658	498,563
Accumulated losses		(4,741,505)	(4,418,053)
Total Equity		18,577,270	14,330,766

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Issued Capital	Accumulated Losses	Reserves	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2020	12,212,272	(3,113,726)	492,375	9,590,921
Loss for the period	-	(649,109)	-	(649,109)
Total comprehensive loss for the period	-	(649,109)	-	(649,109)
Shares issued during the half-year	6,420,309	-	-	6,420,309
Share issue costs	(382,325)	-	-	(382,325)
Share-based payments	-	-	(56,878)	(56,878)
Balance at 31 December 2020	18,250,256	(3,762,835)	435,497	14,922,918

	Issued Capital	Accumulated Losses	Reserves	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2021	18,250,256	(4,418,053)	498,563	14,330,766
Loss for the period	-	(323,452)	-	(323,452)
Total comprehensive loss for the period	-	(323,452)	-	(323,452)
Shares issued during the half-year	4,940,000	-	-	4,940,000
Share issue costs	(213,139)	-	-	(213,139)
Share-based payments	-	-	(156,905)	(156,905)
Balance at 31 December 2021	22,977,117	(4,741,505)	341,658	18,577,270

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Notes	31 December 2021 \$	31 December 2020 \$
Cash flows from operating activities		
Payments to suppliers and employees	(343,691)	(450,012)
Interest received	2,380	8,990
Finance costs	(1,928)	(2,902)
Government grants	-	50,000
Security deposits/bonds	6,667	-
Net cash outflows from operating activities	<u>(336,572)</u>	<u>(393,924)</u>
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(2,505,477)	(665,563)
Refund of tenement application	-	10,038
Proceeds from JV agreements	-	55,000
Acquisition of subsidiary, net of cash	-	(19,377)
Purchase of plant and equipment	(8,690)	(1,496)
Net cash outflows from investing activities	<u>(2,514,167)</u>	<u>(621,398)</u>
Cash flows from financing activities		
Proceeds from issue of shares	4,940,000	6,000,000
Proceeds from exercise of options	-	6,309
Payments for share issue costs	(213,139)	(382,325)
Lease liability payments	(16,822)	-
Net cash inflows from financing activities	<u>4,710,039</u>	<u>5,623,984</u>
Net increase in cash held	1,859,300	4,608,662
Cash and cash equivalents at the beginning of the period	3,943,539	1,770,860
Cash and cash equivalents at the end of the period	<u>5,802,839</u>	<u>6,379,522</u>

The accompanying notes form part of these financial statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These interim financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 Interim Financial Reporting.

This condensed consolidated interim report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by the Group during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Group is a for profit entity domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

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

(b) Statement of Compliance

The interim financial statements were authorised for issue on 14 March 2022.

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

(c) Accounting policies and methods of computation

The Group's accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year except for the impact of the new and revised standards effective 1 July 2021 outlined in Note 1(d) below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(d) Adoption of new and revised standards

Standards and Interpretations applicable to 31 December 2021

In the period ended 31 December 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting periods beginning on or after 1 July 2021. As a result of this review, the Directors have determined that there is no material impact of new Standards and Interpretations issued and, therefore, no change is necessary to the Group's accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 31 December 2021. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to the Group's accounting policies.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(e) Significant accounting judgements and key estimates**

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2021.

(f) Going concern

The interim financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

NOTE 2: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Half-year to 31 December 2021	Year to 30 June 2021
Costs carried forward in respect of areas of interest:	\$	\$
Exploration and evaluation phase – at cost		
Balance at beginning of period	10,599,215	7,895,409
Expenditure incurred	2,450,376	3,338,690
JV payments for Paterson tenements	-	(50,000)
JV payments for Oakover tenements	-	(50,000)
Exploration expenditure written off ¹	(78,729)	(534,884)
Total deferred exploration and evaluation expenditure	12,970,862	10,599,215

¹ Capitalised exploration expenditure relating to the surrender of exploration licences or where rights to tenure is not current, have been written off in full during the period.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

NOTE 3: LEASES

	Half-year to 31 December 2021	Year to 30 June 2021
Amounts recognised in the balance sheet	\$	\$
Rights-of-use asset		
Balance as at 1 July	39,640	-
Right-of-use assets recognized	-	47,191
Less: Amortisation	(11,326)	(7,551)
Closing balance, net of accumulated amortisation	28,314	39,640

NOTE 3: LEASES (continued)

	Half-year to 31 December 2021	Year to 30 June 2021
Amounts recognised in the balance sheet	\$	\$
Lease liabilities		
Balance as at 1 July	41,772	-
Lease liabilities recognised	-	47,191
Add: Interest	1,226	1,033
Less: Amortisation	(12,500)	(5,419)
Closing balance	30,498	41,772
Current	24,409	25,250
Non-current	6,089	16,522
	30,498	41,772

NOTE 4: TRADE AND OTHER PAYABLES

	Half-year to 31 December 2021	Year to 30 June 2021
	\$	\$
Trade creditors	198,359	206,882
Accruals	10,285	40,291
Other creditors	59,072	19,098
	267,716	266,271

NOTE 5: PROVISIONS

	Half-year to 31 December 2021	Year to 30 June 2021
	\$	\$
Employee benefits	195,470	170,738

NOTE 6: ISSUED CAPITAL

	Half-year to 31 December 2021	Year to 30 June 2021
Ordinary shares	\$	\$
Issued and fully paid	22,977,117	18,250,256

	No.		\$	
	Half-year to 31 December 2021	Year to 30 June 2021	Half-year to 31 December 2021	Year to 30 June 2021
<i>Movements in ordinary shares on issue</i>				
At start of period	108,889,902	77,268,871	18,250,256	12,212,272
Issue of fully paid ordinary shares at \$0.20 each	-	30,000,000	-	6,000,000
Issue of fully paid ordinary shares at \$0.24 each	-	1,000,000	-	240,000
Issue of fully paid ordinary shares at \$0.29 each	-	600,000	-	174,000
Exercise of unlisted options at \$0.30 each	-	21,031	-	6,309
Issue of fully paid ordinary shares at \$0.18 each	27,222,221	-	4,900,000	-
Issue of fully paid ordinary shares at \$0.18 each	222,224	-	40,000	-
Share issue costs	-	-	(213,139)	(382,325)
	136,334,347	108,889,902	22,977,117	18,250,256

NOTE 7: SHARE-BASED PAYMENT PLANS

Options

The following ESOP Options pursuant to the Group's ESOP were issued during the period:

	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
SERIES 7	3,000,000	23/12/2021	23/12/2025	\$0.40	\$255,930
SERIES 8	2,250,000	23/12/2021	23/12/2025	\$0.60	\$162,286

The fair value of the equity-settled share options granted under the Group's ESOP is estimated as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted; and the following inputs:

	SERIES 7	SERIES 8
Dividend yield (%)	-	-
Expected volatility (%)	0.94	0.94
Risk-free interest rate (%)	0.94	0.94
Expected life of option (years)	4	4
Exercise price (cents)	40	60
Grant date share price (cents)	10	10

The incentive options are not subject to vesting conditions, and have been recognised as an accounting expense immediately.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

NOTE 7: SHARE-BASED PAYMENT PLANS (continued)

Performance Rights

The following performance rights were in place in the current period and were subject to the Group's Performance Rights plan:

	Number	Number lapsed during the period	Grant date	Expiry date	Fair value at grant date	Share price at grant date
SERIES 1	550,000	550,000	12/12/2017	12/12/2021	\$110,000	\$0.20
SERIES 2	225,000	225,000	12/02/2018	12/12/2021	\$55,000	\$0.20

During the period ended 31 December 2021, an aggregate total of 775,000 performance rights lapsed without vesting due to not meeting vesting conditions.

NOTE 8: INCOME TAX

	31 December 2021	30 June 2021
	\$	\$
The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting loss before income tax	(323,452)	(1,304,327)
Income tax benefit calculated at 30% (2021: 30%)	(97,036)	(391,298)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	47,072	1,856
Other non-deductible expenses	267	530
Other non-assessable income	-	-
Adjustments recognised in the current year in relation to the current tax of previous years	-	583,701
Deferred tax assets and liabilities not recognised	113,638	(80,091)
Effect of temporary differences that would be recognised directly in equity	(63,942)	(114,698)
Income tax (benefit)/expense reported in the statement of comprehensive income	-	-
Income tax charged/(credited) directly to equity		
Adjustment to opening balance of equity		
Share issue costs	(63,942)	(114,698)
Amount not recognised	63,942	114,698
Income tax charged/(credited) directly to equity	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. The tax rate used in the previous reporting period was 30%.

NOTE 8: INCOME TAX (continued)**Deferred Tax Balances**

At 31 December 2021, net deferred tax assets of \$253,630 have been reversed in terms of AASB112 Income Taxes. The Company does not currently have foreseeable future taxable profits against which the deductible temporary differences and unused tax losses comprising this net deferred tax amount may be utilised.

Unrecognised deferred tax assets and (liabilities)

Deferred tax assets and (liabilities) have not been recognised in respect of the following items:

	31 December 2021	30 June 2021
	\$	\$
Deductible temporary differences	61,381	68,430
Tax losses	3,823,032	3,009,877
Share issue costs	187,097	168,009
Exploration and evaluation expenditure	(3,817,880)	(3,106,964)
	253,630	139,352

In addition to the assessed loss and other net future income tax deductions on which deferred tax has not been recognised at 31 December 2021 as set out in the table above, the Company also has accumulated capital losses of \$20,000 on which deferred tax has not been recognised. Such capital losses may only be utilised against potential future capital gains.

NOTE 9: DIVIDENDS

No dividends were paid or declared during the half-year ended 31 December 2021.

NOTE 10: CONTINGENT LIABILITIES

The Directors are of the opinion that there are no contingent liabilities as at 31 December 2021 (2020: nil).

NOTE 11: FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities at balance date are considered to be a reasonable approximation of their fair value.

NOTE 12: EVENTS SUBSEQUENT TO REPORTING DATE

On 31 January 2022, the Group Issued 1,500,000 fully paid ordinary shares at \$0.20 each to Rio Tinto Exploration Pty Ltd, raising \$300,000 (before costs), in accordance with the terms of the West Paterson Farm-in and Joint Venture Agreement.

Subsequent to the reporting period, as announced on 22 February 2022, the Company received an unsolicited, on-market takeover offer by QGold Pty Ltd (ACN 149 659 950) ("QGold") to acquire all fully paid ordinary shares on issue in Carawine which QGold (and/or QGold's associates) does not already own or control at 21 cents per share ("Offer").

On 8 March 2022, the Company released its Target's Statement in response to the Offer. The Board has carefully considered whether the Offer is in the best interests of shareholders, and unanimously recommend that shareholders reject the Offer. The reasons for the Directors' recommendation are detailed in the Target's Statement, which shareholders are urged to read in full before making a decision to accept or reject the Offer.

No other matters or circumstances have arisen since the end of the half-year which have significantly affected or may significantly affect the operations or the state of affairs of the Group in the future financial years.

NOTE 13: SEGMENT REPORTING

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

During the period, the Group operated predominantly in one segment being the minerals exploration sector in Australia. Accordingly, under the "management approach" outlined, only one operating segment has been identified and no further disclosure is required in the notes to the financial statements

NOTE 14: RELATED PARTY DISCLOSURE

Subsidiary Entity

The consolidated financial statements include the financial statements of Carawine Resources Limited and its wholly owned subsidiary Phantom Resources Pty Ltd.

Carawine Resources Limited is the ultimate Australian parent entity and ultimate parent of the Group. Loans made by Carawine Resources Limited to its wholly-owned subsidiary are contributed to meet required expenditure payable on demand and are not interest bearing.

Transactions with other Related Parties

During the period, Archer Geological Consulting, an entity associated with Director David Archer, invoiced the Group \$20,900 for geological services outside the scope of Mr Archer's role as a Non-Executive Director.

There were no other transactions entered into with related parties for the December 2021 half year.

NOTE 15: DIRECTORS AND EXECUTIVES DISCLOSURES

DETAILS OF KEY MANAGEMENT PERSONNEL

The following persons acted as Directors of the Group during the financial year:

- Mr Will Burbury (Non-Executive Chairman)
- Mr David Boyd (Managing Director)
- Mr David Archer (Non-Executive Director)

DIRECTORS' DECLARATION

In the opinion of the Directors of Carawine Resources Limited ('the Group'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year then ended; and
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.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Mr David Boyd
Managing Director

14 MARCH 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Carawine Resources Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Carawine Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Carawine Resources Limited] does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
14 March 2022



B G McVeigh
Partner

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