



Trade & Investment Queensland's (TIQ) Group Manager of the Business Development team, Lincoln Parker (**Centre**), hosted and met with Jim Morgan (**Right**), CEO of Carbine Tungsten Ltd and Mr Nobu Hirota (**Left**), Deputy Managing Director of Mitsubishi Australia at TIQ in Brisbane on 9 July 2015.

Quarterly Activities Report

For the Period Ended 30 June 2015



Carbine Tungsten Limited

ACN 115 009 106

Registered Office & Principal Place of Business:

50 Scott Street, Bungalow QLD 4870; Tel: +61 7 4052 2400; Fax: +61 7 4052 2444

(ASX: CNQ)



HIGHLIGHTS

- **Carbine Tungsten Limited (“Carbine” or “the Company”)** hosted a site visit by Trade & Investment Queensland’s (“TIQ”) Group Manager of Business Development, Lincoln Parker on 19 June 2015 which was followed by a joint meeting at the TIQ offices in Brisbane attended by TIQ Lincoln Parker, Carbine CEO Jim Morgan and Nobu Hirota, Deputy Managing Director of Mitsubishi Australia on 9 July 2015. Carbine’s northern Queensland investment ready project is being actively assisted and promoted by TIQ worldwide. TIQ were very happy to host both companies to discuss the importance of developing Queensland mines to their full capacity for exporting and creating job growth over the long term.
- The first progress report of the post-doctoral study of the Mt Carbine ore was presented at a seminar at James Cook University by Dr Yanbo Cheng in May 2015. This study is part of a larger investigation of intrusion related gold, tungsten and tin mineralisation in the Kennedy Province of North East Queensland, sponsored by the Geological Survey of Queensland.
- Subsequent to the end of the quarter Palisade Capital Corp was retained as an independent and non-exclusive consultant by Carbine to provide marketing services and introductions to financiers.
- Carbine in conjunction with its stockpile project funding partner, Mitsubishi Corporation RtM Japan Ltd (“Mitsubishi RtMJ”), have invited a large international tungsten equipment provider and turnkey project engineering group to visit the Mt Carbine site in order to provide a bid for the equipment supply and EPCM contract packages for the stockpile project.

EXECUTIVE SUMMARY

Carbine has considerably advanced its stockpile and open pit project development plans and has welcomed substantially increased interest and recognition of the attractiveness and strategic importance of the Mt Carbine tungsten project from a number of international investment parties and project stakeholders. These include the Queensland Government’s Trade and Investment Department, Palisade Capital and open pit development off-take and investment parties whilst maintaining the continued support from the Company’s long term off-take and stockpile funding partner Mitsubishi RtMJ.

This increasing interest has come paradoxically at a time of investment and viability uncertainty particularly in the bulk commodity resource sector and in the junior mining space. The compelling strengths of the past proven and current business viability of the Mt Carbine project have in contrast distinguished and attracted these stakeholders and new investment interest groups to the project despite the backdrop of general stock market uncertainty and bulk commodity resource sector decline.

Mt Carbine remains the most viable, project ready, western tungsten project available internationally today. The indispensable use, increasing projected demand and strategic attributes of tungsten as a commodity further continue to underpin the project’s attractiveness. The project cost model has greatly benefited from the decline and continued projected decline of the Australian dollar in comparison to the United States dollar, the currency in which tungsten is traded.

Carbine in conjunction with its stockpile project funding partner, Mitsubishi RtMJ, have invited a large international tungsten equipment provider and turnkey project engineering group to visit the Mt Carbine site in order to provide a bid for the equipment supply and EPCM contract packages for the stockpile project. Mitsubishi RtMJ has a prior working relationship with the international engineering group that are under consideration for supplying and conducting the stockpile project.



Carbine is also obtaining independent bids for the equipment supply and EPCM contract packages to ensure that the capital expenditure planned for the mine re-development provides the best value for money for shareholders. Discussions with ore-sorter manufacturers are well advanced and preliminary bids have been received for the proposed gravity recovery circuit that will produce high grade, low impurity wolframite and scheelite concentrate products.

The Company has \$1.817 million Australian dollars cash on hand at the end of the quarter and is in a relatively comfortable cash position. The Company intends to continue and increase its exploration activities and maintain its R&D programs at its tailings retreatment facility over the coming quarter.

Carbine has also been further assisted in developing its geological knowledge and progressing its exploration and geological asset expansion program and has been updated with the findings from an on-site independent geological evaluation by James Cook University.

The global tungsten market continues to be supply constrained with sustained low Ammonium Paratungstate ("APT") prices significantly impairing the profitability and operating margins of current and near term producers who are locked into high forward costs under supply and service agreements. North American Tungsten, operator of Canada's Cantung tungsten mine and the largest tungsten producer outside China, recently laid off 50 employees (after an initial 6 week period of 150 temporary lay-offs) having experienced severe financial difficulties at least in part due to sustained lower APT prices. Strategic tungsten stockpiles in the USA are also now reported to be a "in deficit condition".

The recent softening of the broad base commodity prices has also inevitably affected tungsten prices. In particular Chinese APT prices have become erratic and the differential margin or mark-up between the Chinese concentrate and the Chinese APT price also appears to have reduced. This indicates once again that the market is supply constrained and that any existing APT inventories appear to be depleting with APT prices in Europe appearing to have bottomed and now stabilising.

Global tungsten consumption is estimated to be increasing at the rate of 5% to 6% annually. Faltering producers and depleting stockpiles are key examples of this supply constraint which is expected to culminate in a cyclical recovery of the APT price and therefore a stimulus to production.

The Board believes that Carbine is well positioned to benefit from a recovery in this cycle.

DEVELOPMENT, EXPLORATION & CORPORATE ACTIVITIES

QUARTER ENDED 30 JUNE 2015

DEVELOPMENT ACTIVITIES

TIQ PROMOTES MT CARBINE TUNGSTEN MINE

TIQ are actively promoting the Mt Carbine Tungsten Mine as an investment ready project through their various networks to potential foreign investors.

They have issued a one page investment opportunity profile on the Mt Carbine Tungsten Mine from which the following excerpt has been paraphrased:

Investment Opportunity Summary

- Opportunity to invest in what will be the largest tungsten mine in Australia which will contribute to the growing global demand for tungsten.
- Production will consist of tailings, stockpile processing and open pit phases.
- Estimated mine life of approximately 10-20 years.
- The project is on granted Mining Lease with power, water, tailings storage and Environmental Approval in place for the first stage of production.

Why Invest?

- Tungsten is a major strategic metal critical to a wide-range of manufacturing uses.
- Return on investment.
- Project already has one major global investor.
- Significant off-take opportunity.
- Environmental approvals are in place from tailing and stockpile processing.
- The site has existing power and water and a town close to the mine site providing a ready pool of employees and accommodation.”

The Board of Carbine would like to thank TIQ for their ongoing support.

EXPLORATION ACTIVITIES

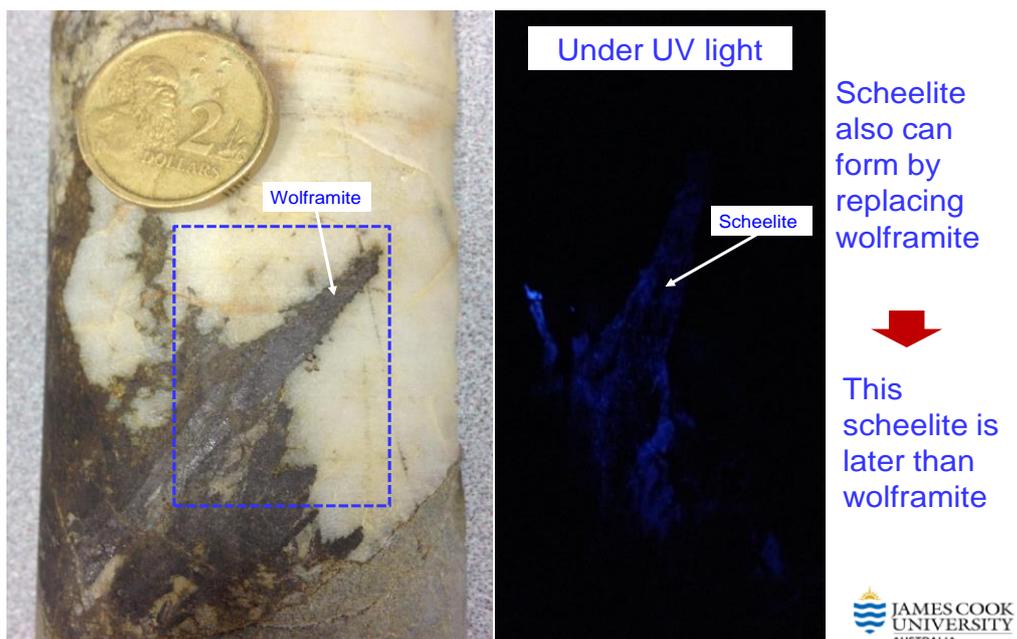
FIRST PROGRESS REPORT ON DETAILED STUDY OF MT CARBINE ORE

The first progress report of the post-doctoral study of the Mt Carbine ore was presented at a seminar at James Cook University by Dr Yanbo Cheng. The study is part of a larger investigation of intrusion related gold, tungsten and tin mineralisation in the Kennedy Province of North East Queensland, sponsored by the Geological Survey of Queensland.

Dr Cheng’s report outlines his research program designed to determine the mineralisation history and obtain physical and chemical parameters and ages for the key components of the mineralising episodes. It is anticipated that this research will provide key inputs for future exploration and possibly enhanced techniques for grade control in the planned open pit mine. His work is based on detailed logging of cores from the Mt Carbine deposit as well as sampling the igneous intrusives surrounding and associated with the ore body.

The historic tungsten mine at Mt Carbine was designed to recover wolframite, and scheelite, the other major ore mineral of tungsten, was recovered virtually as a by-product. Dr Cheng’s work to date has already highlighted the importance of scheelite mineralisation which is later than, but associated with, the dominant wolframite. Carbine has taken this lead and is carrying out further investigation of enhanced scheelite recovery in its planned operations.

Comparison of core from Mt Carbine ore body in plain light showing wolframite and UV light showing scheelite





CORPORATE ACTIVITIES

SINCE QUARTER ENDED 30 JUNE 2015

CORPORATE

CARBINE PALISADE CAPITAL FOR FINANCIAL AND MARKETING CONSULTING SERVICES

Carbine was pleased to announce on 2 July 2015 that it had retained Palisade Capital Corp as an independent and non-exclusive consultant to provide marketing services and make introductions to financiers throughout the European, Canadian and U.S. investment community. Collin Kettell and Sean Zubick, the Principals of Palisade, will be primarily responsible for providing the services to the Company.

Palisade Capital is an offshore merchant banking group, specializing in high growth, small cap investments. Through its global network of private equity groups, fund managers, high net worth and retail investors, Palisade is able to create strategic relationships to drive increased liquidity and source financing. (www.palisadecapitalcorp.com)

Sean Zubick, COO of Palisade commented, "Carbine is in the process of becoming a leading producer of tungsten in the western world. The Company is led by a world-class management team, exemplified by their ability to source a financial partner such as Mitsubishi Corporation RtM Japan Ltd. We look forward to assisting Carbine in seeking additional financial partners and building a strong global presence as they work to bring the Mt. Carbine Tungsten Mine back into full scale production and expand the resource assets to realise the projects full potential."

TENEMENT INFORMATION REQUIRED UNDER LISTING RULE 5.3.3

In accordance with Listing Rule 5.3.3 the following information is submitted with respect to the tenements held by Carbine and its wholly owned subsidiaries:-

Tenement Number	Tenement Location
Queensland	
EPM 14871	Mt Carbine
EPM 14872	Mt Carbine
ML 4867	Mt Carbine (Sub-lease) **
ML 4919	Mt Carbine (Sub-lease) **

During the period no farm-in or farm-out agreements were entered into nor were any mining tenements acquired.

** The transfer of Sub-lease Agreement for ML4867 and ML4919 from Tungsten Resources Pty Ltd to Carbine Tungsten Limited was approved by the Department of Natural Resources and Mines on 1 June 2015. This transfer was undertaken to satisfy one of the conditions precedent associated with the Mitsubishi RtMJ US\$15 million loan.

JIM MORGAN
CEO & MANAGING DIRECTOR



CARBINE TUNGSTEN LIMITED AT A GLANCE

Directors

Mr R.H. (Russell) Krause, Non-Executive Chairman
Mr A.J. (Jim) Morgan, Managing Director
Mr R.W. (Rolly) Nice, Non-Executive Director

Company Secretary

Mr David Clark

Registered Office & Principal Place of Business

50 Scott Street
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Website and Emails

Please visit Carbine Tungsten's website for the latest announcements and news: www.carbinetungsten.com.au.
To receive Carbine Tungsten's announcements by email, email to: info@carbinetungsten.com.au

General Enquiries

Contact Mr Jim Morgan on (07) 4052 2400

Issued Capital and Market Capitalisation

At 20 July 2015 Carbine Tungsten's issued capital was 309,968,026 ordinary shares and 8,000,000 unlisted options exercisable at 20 cents. At a share price of \$0.12 on 20 July 2015 the market capitalisation was \$37.2 million.

Number of Shareholders and Major Shareholders

At 20 July 2015 Carbine Tungsten had 1,185 shareholders. The share register records the following as major shareholders at 20 July 2015 accounting for 35.86% of the issued shares:

Shareholder	%
Dr Leon Eugene Pretorius	11.61
Mota Engil Minerals & Mining Investments BV	5.16
Baglora Pty Ltd <Mott Family Super Fund A/C>	4.45
Rossdale Superannuation Pty Ltd <Rossdale Super Fund A/C>	4.42
Andrew James Morgan	1.89
Silva Pty Ltd	1.82
Andrew Hewlett White and Associates	1.79
Alan Scott Nominees Pty Ltd <Superannuation Fund A/C>	1.77
Max Mobile Auto Clinic Pty Ltd	1.68
JA Johnstone Pty Ltd <Waterhouse Super Fund A/C>	1.27

Cash Balance

At 30 June 2015 Carbine Tungsten's cash balance was approximately \$1,817,000.

Shareholder Enquiries

Matters relating to shares held and changes of address should be directed to the share registry:

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067
Telephone (within Australia): 1300 850 505
Telephone (international): +61 3 9415 4000

ASX Listing Code

The Company's ASX listing code is CNQ (Carbine North Queensland)