

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

CARBINE TUNGSTEN LIMITED

ABN

77 115 009 106

Quarter ended ("current quarter")

30 September 2016

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (95) | (95) |
| (b) development | (83) | (83) |
| (c) production | - | - |
| (d) staff costs | (45) | (45) |
| (e) administration and corporate costs | (103) | (103) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 10 | 10 |
| 1.5 Interest and other costs of finance paid | (6) | (6) |
| 1.6 Income taxes paid | - | - |
| 1.7 Research and development refunds | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (322) | (322) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|---|------------------------------------|--|
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire: | | |
| | (a) property, plant and equipment | (1) | (1) |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other – Lanstead Sharing Agreement Net Movement | (45) | (45) |
| 2.6 | Net cash from / (used in) investing activities | (46) | (46) |

| | | | |
|-------------|---|------------|------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | 280 | 280 |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | (42) | (42) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | 238 | 238 |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|------------------------------------|--|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 761 | 761 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (322) | (322) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | (46) | (46) |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | 238 | 238 |
| 4.5 Effect of movement in exchange rates on cash held | - | - |
| 4.6 Cash and cash equivalents at end of period | 631 | 631 |

| 5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|------------------------------------|-------------------------------------|
| 5.1 Bank balances | 228 | 205 |
| 5.2 Call deposits | 403 | 556 |
| 5.3 Bank overdrafts | | |
| 5.4 Other (provide details) | | |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 631 | 761 |

| 6. Payments to directors of the entity and their associates | Current quarter \$A'000 |
|--|------------------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2 | 77 |
| 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | |

Payment for consulting services at commercial rates.

| 7. Payments to related entities of the entity and their associates | Current quarter \$A'000 |
|--|----------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2 | - |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 | |

N/A

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|--|---|
| 8.1 Loan facilities | 260 | 260 |
| 8.2 Credit standby arrangements | - | - |
| 8.3 Other - Lanstead Sharing Agreement | 1,050,686 | 265,623 |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |

Loan facilities

Loan facilities refer to the loan of US\$1 Million established in February 2014 from Mitsubishi Corporation RtM Japan Ltd and is secured against 2.7% of the equity of Carbine's wholly owned subsidiary Tungsten Resources Pty Ltd. Repayments of US\$800,000 (AU\$1,029,180) were made during the 2016 financial year, and the balance of the loan of \$260,000 is scheduled to be repaid in full by the end of the 2016 December Quarter. The loan bears an interest rate of 6% per annum.

Lanstead Sharing Agreement

In March 2016, the Company signed Subscription Agreements to raise, in aggregate, \$1,875,000 before expenses from Lanstead Capital L.P. ("Lanstead") by way of a subscription for 75,000,000 ordinary shares at a price of \$0.025 per share. The Company also entered into a Sharing Agreement with Lanstead such that the Company's economic interest will be determined and payable in 18 monthly settlement tranches as detailed in the placement announcement of 20 November 2015. As consideration for entering into the sharing agreements, the Company issued 3,000,000 shares on 20 November 2015 and a further 5,000,000 shares on 11 March 2016 such that 83,000,000 shares, in total, have been issued to Lanstead pursuant to the Subscription Agreements at 31 March 2016. During the September 2016 quarter, the Company received \$202,934 in credit support instalments, net of sharing agreement settlements pursuant to the Subscription Agreements. \$1,050,686 remains invested in the Sharing Agreements at 30 September 2016.

| 9. | Estimated cash outflows for next quarter | \$A'000 |
|------------|---|----------------|
| 9.1 | Exploration and evaluation | - |
| 9.2 | Development | 150 |
| 9.3 | Production | - |
| 9.4 | Staff costs | 45 |
| 9.5 | Administration and corporate costs | 100 |
| 9.6 | Other - Final Loan Repayment Including Interest | 270 |
| 9.7 | Total estimated cash outflows | 565 |

| 10. | Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|------------|---|---|---------------------------|---|-----------------------------------|
| 10.1 | Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | N/A | N/A | N/A | N/A |
| 10.2 | Interests in mining tenements and petroleum tenements acquired or increased | EL6684 Crow King NSW EL8024 Panama Hat NSW | Acquired Acquired | 0% 0% | 100% 100% |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Company Secretary

Date: 31 October 2016

Print name: David W. Clark

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.