

Quarterly Activities Report

For the Quarter Ended 30 June 2017



Carbine Tungsten Limited

ACN 115 009 106

Registered Office:

Level 2, 420 Collins Street, Melbourne VIC 3000; Tel +61 3 8687 2176

Principal Place of Business:

6888 Mulligan Highway, Mt Carbine QLD 4872; Tel: +61 7 4094 3072; Fax: +61 7 4094 3036
(ASX: CNQ)



HIGHLIGHTS

- **Exploration work about to intensify at both of Carbine Tungsten Limited's ("Carbine" or "the Company") 100% held gold prospects. A review of the highly encouraging sampling results can be found in the announcement released on 18 April 2017.**
- **Carbine was pleased to announce on 31 May 2017 and 19 July 2017 that five exploration concessions had been granted over a key area of Salar de Miraje in northern Chile whilst substantive progress had been confirmed in the granting of the outstanding applications in Salar de Bella Vista, also in northern Chile. The Company is undertaking exploration in these salars for resources contained within subsurface brines that may include potassium, iodine, boron, lithium and other valuable minerals.**
- **On 8 June 2017 Carbine advised that further surface sampling of old workings at Panama Hat EL8024, SE of Broken Hill, NSW (100% Carbine) had confirmed consistency of high grade gold assays ranging to 84.4g/t Au obtained in previous sampling, with the latest sample assays ranging up to 35.1g/t gold.**

EXECUTIVE SUMMARY

The quarter has seen the Company focused on its exploration activities. The Company, as announced on 19 July 2017, has been successful with the award of five exploration concessions in Salar de Miraje in northern Chile. Senior management and geological consultants conducted on-site investigations in northern Chile to inspect the concession areas under application along with a broader investigation of further potential prospects, targeting additional concession applications. The Company is preparing for a drilling campaign to be conducted following the award of the currently applied for concessions in Chile.

Carbine also has five remaining applications for concessions in process in Salar de Bella Vista, also in northern Chile. These applications are nearing completion for award within the well-regulated and robust Chilean concession approval system. Having recently received its first five concession approvals in Salar de Miraje, the Company remains confident of these pending approvals and continues a high focus on its Chilean lithium brines exploration and development program that is based upon encouraging in-country prospecting activities commenced during 2016. The Company's deliberate strategy to specifically target low production and execution cost lithium brine targets is a key differentiator in its approach to the rapidly expanding lithium supply and demand markets.

Further surface sampling at its Panama Hat exploration licence in New South Wales has continued to return high grade gold assays ranging up to 84.4 g/t and up to 35.1g/t from the most recent surface sampling campaign conducted during the quarter. The Company's geologists also conducted additional surface sampling and selected locations for a targeted drilling campaign. Preparations for this drilling program have also commenced during this quarter.

Carbine's world class tungsten mine project at Mt Carbine continues as a focus point for the Company and activities to seek investment partners for the potential purchase of the quarry operation at the site have been ongoing. Some issues remain unresolved from the conciliation process conducted between the parties during January 2017 and these matters will need resolution prior to moving forward with any potential purchase options.

The Tungsten APT price has been stable and has continued to modestly increase over the last quarter. Geopolitical and military tensions in both the China sea and the Korean peninsula continued to escalate over the past quarter. Reported increases in military expenditures in the USA, Europe and Asia and global industrial activity is creating a scenario where the current western world's dependence upon China as a de facto single source of tungsten supply for military and industrial metal (more than 80%) may undergo rapid change. APT pricing appears to be slowly but steadily improving over the past three quarters as stockpile inventories have been reported to be continually declining.

Carbine continues its diversification strategy and positioning for growth.



EXPLORATION AND DEVELOPMENT ACTIVITIES

QUARTER ENDED 30 JUNE 2017

CARBINE TO INTENSIFY GOLD EXPLORATION AT ITS HIGH-GRADE PROSPECTS

Carbine was pleased to announce on 18 April 2017 that exploration work was about to intensify at both the Company's 100% held gold prospects. A review of the highly encouraging sampling results is outlined below.

The Company holds two exploration licences covering old gold fields with numerous historical workings, Panama Hat EL8024 20km south east of Broken Hill in western NSW (Figure 1) and Crow King (Figure 2). Sampling of dumps associated with deeper historic workings in each tenement has revealed high grade gold values over large areas, in Panama Hat with samples ranging up to 83.2g/t, and at Crow King ranging up to 17.1g/t.

Panama Hat, EL8024

The Panama Hat EL8024 covers 80% of the historical gold workings in the Broken Hill district, about 30km south east of Broken Hill. The workings mostly date from 1931-1935, and occur along an arcuate line of quartz veining with associated iron oxides. Sericitic alteration of the host metamorphic rocks accompanies the quartz veining. The iron oxides are interpreted to result from weathering of sulphide mineralisation at depth. The quartz veining is not deformed and may represent a much younger mineralising event than that of Broken Hill to the north west.

Sampling has determined that the near surface is likely to be intensely leached of gold; however sampling of waste dumps associated with deeper historical workings has identified gold values locally of bonanza grade (Figure 3). Previous exploration has not tested the oxide gold potential along the whole line of lode at Panama Hat and a sampling and mapping program is about to commence to identify the most promising targets for shallow drilling which will be aimed at testing the oxide gold potential of this goldfield.

The results of the sampling are summarised in Table 1 below.

Panama Hat table of sample results

Sample no.	Easting	Southing	Au – AA25 g/t	Notes
PH 302	554114	6441046	5.29	Dense black limonite
PH 307	554043	6441156	31.5	Quartz with limonite
PH 309	554051	6441160	45.1	Quartz with limonite
PH 310	554057	6441167	17.6	Quartz with limonite
PH 311	554054	6441152	1.46	Black limonite fragments
PH 312	554089	6441156	9.62	Black limonite fragments
PH 314	554175	6441164	83.2	Black limonite fragments
PH 316	554164	6441165	31.6	Quartz with limonite
PH 321	554421	6443416	1.67	Quartz with limonite
PH322	554432	6443424	2.14	Quartz with limonite
PH323	554418	6443422	2.19	Quartz with limonite
PH324	554420	6443429	4.61	Quartz with limonite
PH325	554412	6443434	5.43	Quartz with limonite
PH326	554397	6443465	3.79	Quartz with limonite
PH327	554401	6443472	1.24	Quartz with limonite
PH328	554401	6443472	1.29	Massive limonite
PH329	554417	6443478	3.35	Massive limonite
PH330	554414	6443465	1.54	Quartz with limonite
PH338	554475	6443739	2.28	Quartz with limonite
PH347	555877	6445784	1.67	Quartz with limonite
PH349	555738	6445720	3.31	Quartz with limonite
PH351	555630	6445679	63.4	Quartz with limonite
PH351a	556530	6445499	11.75	Quartz with limonite
PH357	559808	6448351	15.8	Quartz with limonite

Table 1. Summary of significant gold assays from sampling waste dumps associated with deeper historical workings, Panama Hat EL8024

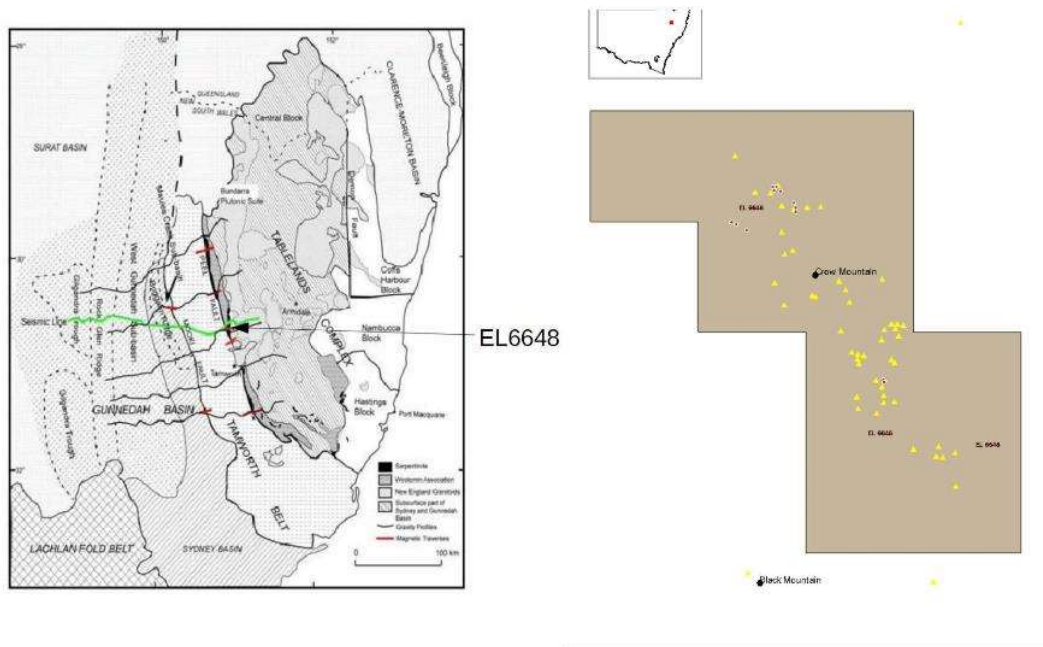


Figure 2. Location of EL6648 in New England Region NSW (left) and map of historical gold occurrences in EL6648 (right, yellow triangles: Minview Map)

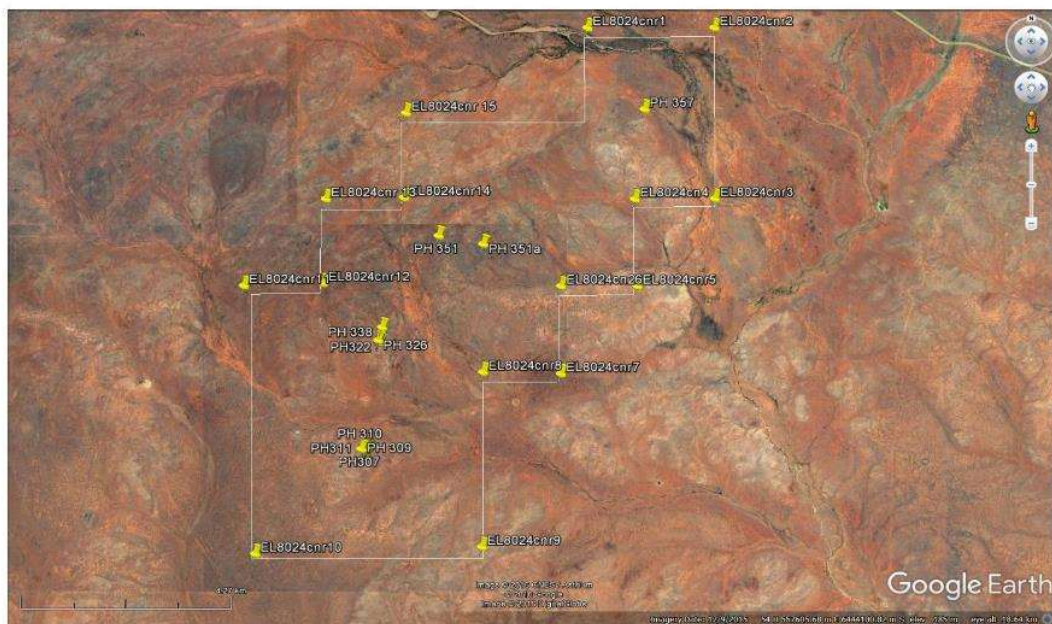


Figure 3. Panama Hat EL8024 on Google image showing location of samples from deeper historical workings.

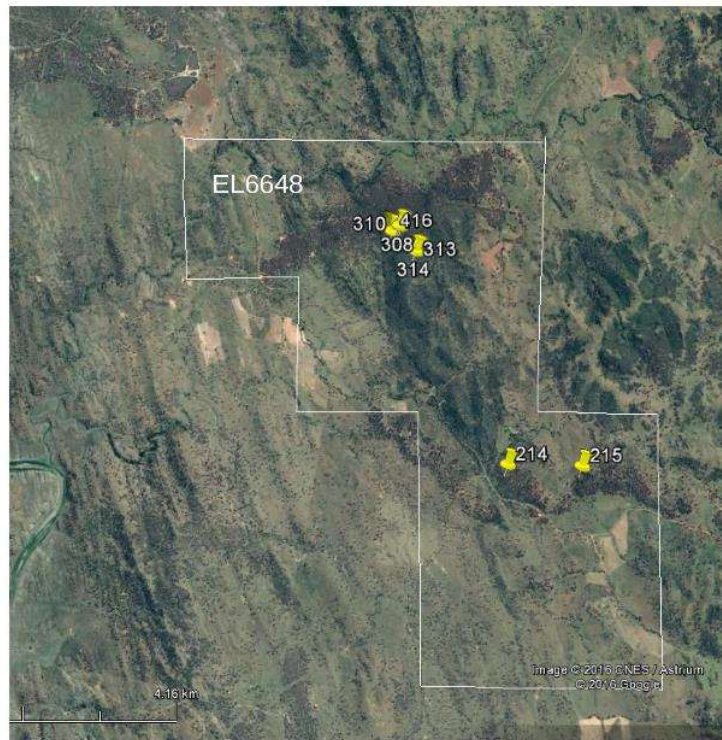


Figure 4. Location of samples from deeper historical workings – see Table 1 for results

Sample	Easting	Northing	Description	Au – AA25,gm/t
214	286738	6624693	Silicified, quartz veined with breccia texture rock – minor limonite	2.43
215	286738	6624693	ditto	1.46
308	285230	6627872	altered/bleached silicified rock with some limonite	6.03
310	285226	6627868	ditto, high limonite content	17.1
312a	285200	6627852	ditto, moderat black limonite	4.08
312	285450	6627531	Ditto	5.75
313	285450	6627531	ditto	2.32
314	285456	6627541	ditto some thick quartz veins	1.57
413	285037	6627833	pale cream altered rock with quartz vein and minor black oxide	1.9
414	285061	6627823	pale altered rock with large quartz fragments and red-brown oxide	3.78
416	285127	6627792		6.78

Table 2. Gold assays from samples of dumps associated with deeper historical workings in EL 6648

CARBINE SECURES CHILEAN EXPLORATION CONCESSIONS

Carbine was very pleased to announce on 31 May 2017 that substantial progress has been made with its minerals search in Chile. Carbine is undertaking exploration in several salars for resources contained within subsurface brines that may include potassium, iodine, boron, lithium and other valuable minerals in the basins.

Five exploration concessions have been granted over a key area of Salar de Miraje in northern Chile and substantive progress has been confirmed in the granting of the outstanding applications in Salar de Bella Vista, also in northern Chile. These concessions were applied for following research and reconnaissance sampling by Carbine of salt crusts ubiquitous in the desert environment of the Atacama conducted during 2016.

In the Salar de Miraje, lithium values ranging from 51 to 94ppm were obtained from four salt crust samples, with associated boron and potassium ranging from 1060 to 1920ppm boron and 0.18 to 2.35% potassium. In Salar de Bella Vista, of the 10 salt crust samples taken, all but two were anomalous, containing from 50 to 274ppm lithium and of these, four had associated elevated boron values ranging from 850 to 1820ppm boron.

Further sampling has been carried out during a recent field visit by senior Carbine personnel and it is anticipated that further applications for exploration concessions will be made following receipt of sample analyses. Carbine is positioning itself to take advantage of expansionary growth initiatives regarding lithium production currently being proposed by the Chilean Ministry of Mining.

Chile is a country with very favourable mining investment opportunities and is endowed with great mineral wealth not only in hard rock mines, but also in the numerous salars or evaporative closed sedimentary basins in the Atacama Desert region of northern Chile. For a century and a half Chile was the only producer of nitrates and is currently a globally important producer of lithium, potassium, borates and iodine from some of these salars. Major lithium production comes from the Salar de Atacama, where Chile produces over one third of the world's lithium from brines in the Salar.

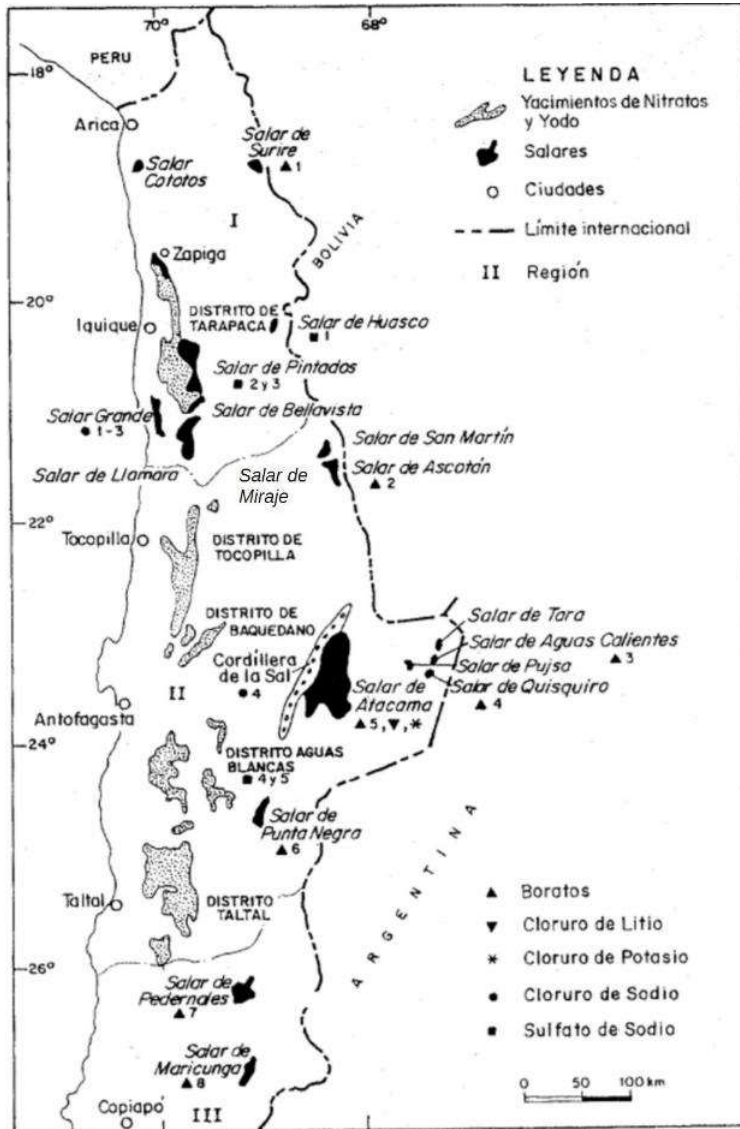
Table 1. Summary of analyses of salt crust samples, Salars de Miraje and Bella Vista

Element	Li	Mg	K	Na	B	Ca	S	As	Sb	Mo	Cu	Zn	Pb	Ag	Fe	P	Mn	Al
Measure	ppm	%	%	%	ppm	%	%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm	%
Salar de Miraje																		
L16	90	0.39	0.18	0.22	110	9.69	8.33	46	0.79	1.9	22	30	8	0.02	2.15	490	421	0.65
L17	51	1.02	0.73	9.96	1240	3.9	3.95	33	0.66	2.9	21	29	6	0.18	1.47	280	293	1.27
L18	79	1.58	1.07	>10.0	1920	1.29	9.34	68	0.31	9.7	11	17	5	0.02	0.86	220	311	0.35
L19	94	2.25	2.35	>10.0	1060	2.34	7.98	44	0.32	5.8	20	36	5	0.06	0.89	270	206	0.7
Salar de Bella Vista																		
L35	274	0.42	0.98	>10.0	660	3.48	5.48	108	0.6	2.6	8	17	3	0.05	0.48	640	110	0.29
L36	31	0.23	0.77	>10.0	140		4.52	31	0.15	2.1	4	7	1	0.02	0.18	190	32	0.09
L56	38	0.62	0.33	>10.0	1390	6.45	6.84	26	0.32	3.9	9	17	4	0.13	0.95	500	162	0.35
L57	68	0.18	0.27	>10.0	310	3.36	3.48	9	0.05	0.9	4	25	1	0.34	0.33	90	58	0.11
L58	71	0.86	0.31	2.01	480	15.25	>10.0	11	0.47	0.8	12	33	6	0.03	1.5	280	156	0.62
L67	50	0.41	0.45	>10.0	160	12.05	>10.0	3680	3.36	0.4	4	8	1	0.32	0.03	30	9	0.02
L71	131	0.64	0.27	>10.0	1820	8.01	>10.0	523	2.04	1.3	17	18	4	0.18	0.92	1130	139	0.33
L72	127	0.19	0.45	>10.0	340	11.95	>10.0	264	0.59	0.6	5	17	0	0.07	0.06	140	81	0.04
L73	75	0.4	0.27	>10.0	1480	12.2	>10.0	748	8.04	0.4	7	7	3	0.88	0.17	350	36	0.09
L74	23	0.22	0.09	>10.0	120	1.79	3.3	95	2.35	0.4	4	13	2	0.29	0.35	580	57	0.15

(Refer announcement "Carbine Secures Chilean Exploration Concessions" dated 31 May 2017 for JORC Code 2012, Edition – Table 1 content)



CARBINE TUNGSTEN



Summary map of northern Chile, showing location of Salars de Miraje and Bella Vista.

HIGH GRADE GOLD ASSAYS, PANAMA HAT EL8024

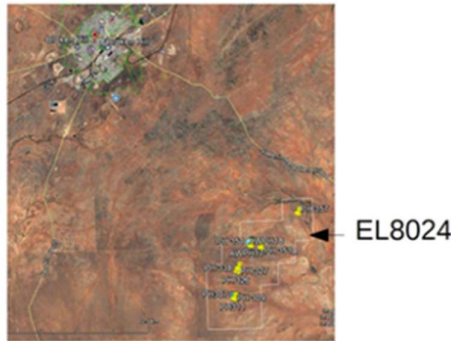
The Company was pleased to announce on 8 June 2017 that further surface sampling of old workings in Panama Hat EL8024, SE of Broken Hill, NSW (100% Carbine) has confirmed consistency of high grade gold assays ranging up to 84.4g/t Au obtained in previous sampling, with the latest sample assays ranging up to 35.1g/t gold. The sampling and surface geological investigations carried out by Carbine lead to the conclusion that there is significant potential for shallow, oxide gold mineralisation that up till now has not been tested by drilling. EL8024 covers an area of flat to gently undulating semi desert grazing country with low salt bush cover.

Carbine carried out a sampling and mapping programme in April 2017, aimed at further testing and understanding the gold distribution and grades found in earlier sampling in EL8024. A significant number of historical workings occur in an arc extending for 10km in the tenement, approximately 25km south east of Broken Hill in NSW. The workings date from the 1930's depression era and are all in quartz veins ranging up to 2m in width at the surface. Four clusters of workings occur in the Exploration Licence ("EL"), as shallow fallen-in pits on gentle mounds, separated by desert sandy cover. Although the overall trend of the workings in north – north east, quartz veins and groups of pits trend at 90° to 145°.

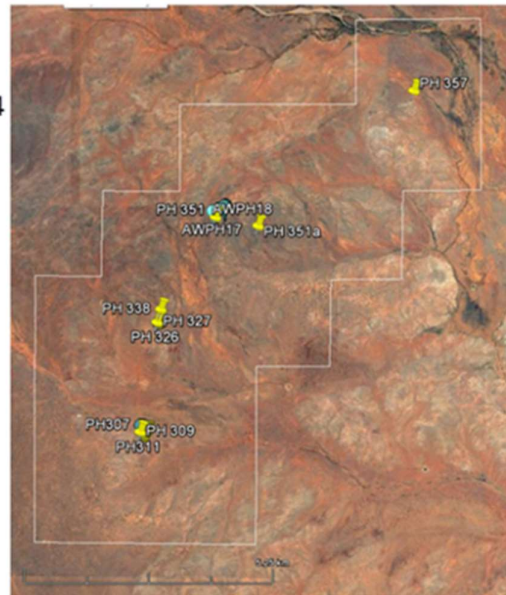
Several companies have carried out exploration of the area in the past including vein quartz sampling and percussion and core drilling. Recent research indicates that that surface sampling of vein quartz alone was not an indicator of gold mineralisation and that the drill holes were not sited to test the lines of the lodes.

Carbine's sampling appears to confirm that gold mineralisation is closely associated with sulphides (pyrite) mineralisation on the margins of the quartz veins. CNQ has found in a recent petrological study of remnant sulphides in vein quartz samples that free gold occurs close to quartz vein margins where sulphides occur.

Although surface exposure is poor, around historical workings, sampling has shown that quartz vein material containing limonite, (hydrous iron oxides) after sulphides consistently contains gold, with samples ranging from 1.24g/t Au up to a grade of 84.4g/t Au. The latest sampling has extended the strike length over which high gold values have been obtained.



EL8024 25km SE Broken Hill



EL 8024 showing location of four main areas of historical workings and recent sampling.



South west cluster of historical workings showing sample numbers (assays in Table 1).

Group of historical workings in north central part of EL8024, showing recent sample locations. Samples from around a timbered shaft at AWP22 contained fresh sulphide encased in vein quartz, as well as limonite replacing sulphides. Samples assayed as follows:
 AWP17, 4g/t gold,
 AWP18, 9.72g/t gold,
 AWP19, 19.15g/t gold
 AWP22, 29.2g/t gold,
 AWP23, 3.47g/t gold. The workings are situated on vertical quartz veins striking at 145°

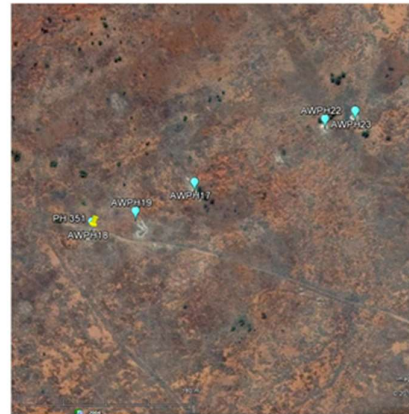


Table 1. Summary of gold analyses, Panama Hat EL8024

SAMPLE	Northing WGS84	Easting WGS84	Elevation	WEI-21	PUL-QC	Au-AA21	Au-AA25
				Recvd Wt.	Pass75um	Au	Au
DESCRIPTION				kg	%	ppm	ppm
AW PH 10	6441161	554105	191	0.33		>1.00	35.1
AW PH 11	6441200	554593	188	0.52		0.119	
AW PH 12	6441086	554686	182	0.36		0.004	
AW PH 13	6441166	6441166	188	0.58		>1.00	5.4
AW PH 14	6441166	6441166		0.52		>1.00	2.43
AW PH 15	6444406	554418	203	0.98		0.008	
AW PH 16	6445719	555740	212	0.54		0.516	
AW PH 17	6445719	555740	212	0.43	99	>1.00	4
AW PH 18	6445677	555631	212	0.77		>1.00	9.72
AW PH 19	6445689	555677	213	0.94		>1.00	19.15
AW PH 20	6445688	555681	213	0.76		0.467	
AW PH 21	6445678	555633	212	0.69		0.025	
AW PH 22	6445785	555877	213	0.66		>1.00	29.2
AW PH 23	6445794	555909	213	0.77		>1.00	3.47
AW PH 24	6446008	555936	216	0.6		0.038	

(Refer announcement “High Grade Gold Assays, Panama Hat” dated 8 June 2017 for JORC Code 2012, Edition – Table 1 content)

EXPLORATION AND DEVELOPMENT ACTIVITIES

SUBSEQUENT TO QUARTER ENDED 30 JUNE 2017

CARBINE CONFIRMS GRANT OF EXPLORATION CONCESSIONS IN NORTHERN CHILE

Carbine announced on 19 July 2017 that it had received official confirmation of the grant of 5 exploration concessions in northern Chile. The concessions are valid till 10th May 2019 and cover part of the Salar de Miraje, an enclosed rift basin in the Atacama Desert. On present evidence, Salar de Miraje is geologically analogous to the Salar de Atacama rift basin 150km to the south east, that produces a third of the world's lithium from brines within the sediments deposited in the basin.

Analyses of surface samples taken by Carbine of evaporative saline crusts in Salar de Miraje indicate that the crusts contain anomalous lithium, boron and potassium (Table 1). In reconnaissance sampling Carbine has determined that lithium values in saline crust samples that exceed 50ppm lithium appear to be anomalous. The significance of these anomalous values will be tested by drilling proposed for later this year. The drilling will be aimed at sampling brines anticipated to be contained in early rift fill sediments within the Salar.

Salar de Miraje has been a significant historical producer of nitrates from the margin of the Salar, and iodine is currently being produced from mine dumps left by nitrate mining just west of the concessions granted to Carbine.

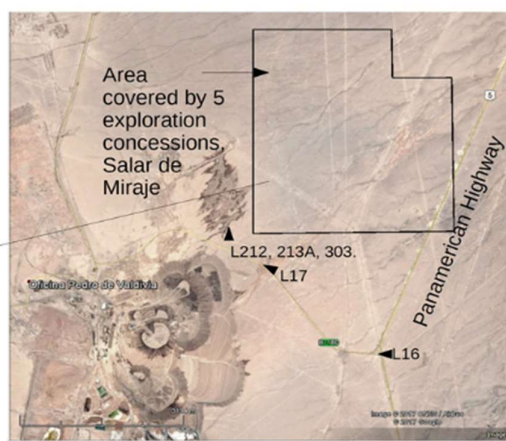
Table 1. Salar de Miraje surface reconnaissance samples.

SAMPLE	Li	Mg	K	Na	B	Ca	S	As	Sb	Mo	Cu	Zn	Pb	Ag	Fe	P	Mn	Al
DESCR	ppm	%	%	%	ppm	%	%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm	%
Salar de Miraje																		
L16	90	0.39	0.18	0.22	110	9.69	8.33	46	0.79	1.9	22	30	8	0.02	2.15	490	421	0.65
L17	51	1.02	0.73	9.96	1240	3.9	3.95	33	0.66	2.9	21	29	6	0.18	1.47	280	293	1.27
L212	17.3	0.46	0.31	>10.0	1120	0.45	0.77	5	0.1	0.79	13.8	45	1.9	0.94	0.09	40	26	0.04
L213A	93.5	1.15	0.72	3.97	840	7.65	8.06	50.1	0.76	3.6	19.6	27	7.1	0.02	2.2	490	409	0.63
DESCR	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
L303	50	>10000	12000	122500	2040	320		<10	<5		2	<1	<100	<5	<1	<100	<100	<1

All samples except L303 are surface halite crust samples, L303 is a brine sample from iodine recovery ponds.



Google image showing location of Salar de Miraje concessions in relation to cities of Antofagasta and Iquique, northern Chile



Google image showing area covered by 5 exploration concessions, Salar de Miraje, Atacama Desert, Northern Chile, and location of reconnaissance surface samples. Historical nitrate dumps in south west corner are being reworked to recover iodine.

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, Australia	
EPM 14871	Mt Carbine
EPM 14872	Mt Carbine
ML 4867	Mt Carbine (Sub-lease)
ML 4919	Mt Carbine (Sub-lease)
New South Wales, Australia	
EL 6648	Crow Mountain
EL 8024	Broken Hill
Chile	
Concessions 1 – 5	Salar de Miraje

No farm-in or farm-out agreements were entered into during the period.

JIM MORGAN
CEO & MANAGING DIRECTOR

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results and Mineral Resources and Ore Reserves is based on information compiled by Dr Andrew White, who is a Fellow of the Australian Institute of Geoscientists and a consultant to Carbine. Dr White has sufficient experience relevant to the style of mineralisation, mining and processing the type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr White consents to the inclusion of the matters based on his information in the form and context in which it appears.



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

Level 2, 420 Collins Street, Melbourne VIC 3000
Telephone: +61 3 8687 2176

Principal Place of Business

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Website and Emails

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

General Enquiries

Contact Mr Jim Morgan on (03) 8687 2176

Issued Capital and Market Capitalisation

At 21 July 2017 Carbine's issued capital was 482,876,418 ordinary shares and 8,000,000 unlisted options exercisable at 20 cents. At a share price of \$0.009 on 21 July 2017 the market capitalisation was \$4.35 million.

Number of Shareholders and Major Shareholders

At 21 July 2017 Carbine had 1,220 shareholders. The share register records the following as major shareholders at 21 July 2017 accounting for 49.91% of the issued shares:

Shareholder	%
BNP Paribas Nominees Pty Ltd <Global Prime Omni DRP A/c>	15.60
Dr Leon Eugene Pretorius	7.46
Mota Engil Minerals & Mining Investments BV	3.31
Baglora Pty Ltd <Mott Family Super Fund A/c>	3.28
TBB NSW Pty Ltd <The Watson No 1 A/C>	2.84
Equity Trustees Limited <Lowell Resources Fund A/c>	1.66
Bodie Investments Pty Ltd	1.65
Mr Raymond Thomas Page	1.41
New Medical Enterprises Pty Ltd	1.24
Andrew Hewlett White and Associates	1.15
Alan Scott Nominees Pty Ltd <Superannuation Fund>	1.14
WGS Pty Ltd	1.14
J Moody Nominees Pty Ltd <The Moody Super Fund A/C>	1.09
Max Mobile Auto Clinic Pty Ltd	1.08
Silva Pty Ltd	1.06
Mr Paul Machetti	1.04
JFSF Holdings Pty Ltd <The Jane Family S/F A/C>	1.04
JA Johnstone Pty Ltd <Waterhouse Super Fund A/C>	1.02
Andrew James Morgan	0.87
Actionette Pty Ltd <Christine A Frost S/F A/C>	0.83

Cash Balance

At 30 June 2017 Carbine's cash balance was approximately \$1,048,000

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)