

# Carbine Tungsten Limited

ASX Code: CNO



CARBINE TUNGSTEN



Jim Morgan, Managing Director & CEO

## 2013 Annual General Meeting

15 November 2013



CARBINE TUNGSTEN

# 2013 Annual General Meeting

## DISCLAIMER

### **Forward Looking Statements**

Some statements in this presentation relate to the future and are forward looking statements. Such statements may include, but are not limited to, statements with regard to intention, capacity, future production and grades, projections for sales growth, estimated revenues and reserves, targets for cost savings, the construction cost of new projects, projected capital expenditures, the timing of new projects, future cash flow and debt levels, the outlook for minerals and metals prices, the outlook for economic recovery and trends in the trading environment and may be (but are not necessarily) identified by the use of phrases such as “will”, “expect”, “anticipate”, “believe” and “envisage”. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and may be outside Carbine Tungsten Limited’s (“Carbine” or “the Company”) control. Actual results and developments may differ materially from those expressed or implied in such statements because of a number of factors, including levels of demand and market prices, the ability to produce and transport products profitably, the impact of foreign currency exchange rates on market prices and operating costs, operational problems, political uncertainty and economic conditions in relevant areas of the world, the actions of competitors, activities by governmental authorities such as changes in taxation or regulation.

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Certain statistical and other information included in this presentation is sourced from publicly available third party sources and has not been independently verified.

### **Ore Reserves and Mineral Resources Reporting Requirements**

As an Australian company with securities listed on the Australian Securities Exchange (“ASX”), Carbine is subject to Australian disclosure requirements and standards, including the requirements of the Corporations Act and the ASX. Investors should note that it is a requirement of the ASX Listing Rules that the reporting of ore reserves and mineral resources in Australia comply with the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the “JORC Code”) and that Carbine’s ore reserve and mineral resource estimates comply with the JORC Code.

### **Competent Person’s Statement**

The information in this document relating to Exploration Targets, Exploration Results, Mineral Resources, Production Targets 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” (the JORC code). Dr White consents to the inclusion of matters based on his information in the form and context in which it appears. The potential quantity and grade of exploration targets is conceptual in nature. Where Exploration Targets are stated, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

## SEQUENCE OF EVENTS

Chairman’s Introduction

Managing Director / CEO Presentation

Questions

Resolutions





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# Chairman's Introduction

## WELCOME NON-EXECUTIVE CHAIRMAN

### Russell Henry Krause

- Appointed 30 June 2013.
- 25 years' Executive Management and Director level experience in corporate advisory, stockbroking and investment banking roles.
- Extensive resource sector experience.
- Director of:
  - Austex Oil Limited (ASX: AOK);
  - Singaporean registered AuzMinerals Resources Group Pte Ltd; and
  - Novus Capital Limited.





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# Chairman's Introduction

## WELCOME MANAGING DIRECTOR & CEO

### Andrew James (Jim) Morgan

- Commenced 2 April 2012.
- 30 years' experience in the Australian and international mining and construction industries.
- Holds tertiary qualifications in Electrical Engineering.
- Possesses strong project development, engineering and construction skills.





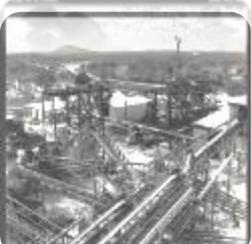
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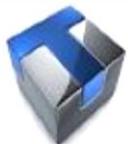
# Chairman's Introduction

## WELCOME NON-EXECUTIVE DIRECTOR

### **Roland Wayne (Rolly) Nice**

- Appointed 30 June 2013.
- 45 years' experience in mineral processing and metallurgy.
- Specific experience in tungsten processing.
- Holds a B.Sc (Metallurgical Engineering) from Queen's University, Canada.
- Member / Fellow of:
  - Australian Institute of Engineers;
  - Canadian Institute for Mining, Metallurgy and Petroleum; and
  - Australian Institute of Mining and Metallurgy.





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# Chairman's Introduction

## WELCOME NON-EXECUTIVE DIRECTOR

### Anthony Edward (Tony) Gordon

- Appointed 26 November 2013.
- 25 years' experience in financial markets.
- Held Directorships and senior management positions with a number of Australian stockbroking and financial services companies.





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# Chairman's Introduction

## WELCOME COMPANY SECRETARY

### Tom Bloomfield

- Appointed 31 January 2013.
- Following the resignation of Robert Waring.
- Experienced Chartered Company Secretary who acts for numerous listed and unlisted companies.
- Holds a Law Degree and is currently undertaking a Masters Degree at Sydney University.
- General Manager, Corporate Secretarial Services at Boardroom Pty Limited.



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# Chairman's Introduction

## BOARD RESIGNATIONS

- Andrew White resigned as a Non-executive Director on 31 January 2013.
- Leon Pretorius resigned as Non-executive Chairman on 30 June 2013.
- Fortunately, their invaluable technical expertise and extensive knowledge of the Mt Carbine Project will not be lost.
- Will continue to act for Carbine on a consultative basis.
- On behalf of the Board, Management and staff of Carbine we would like to say.....

# Thank-you

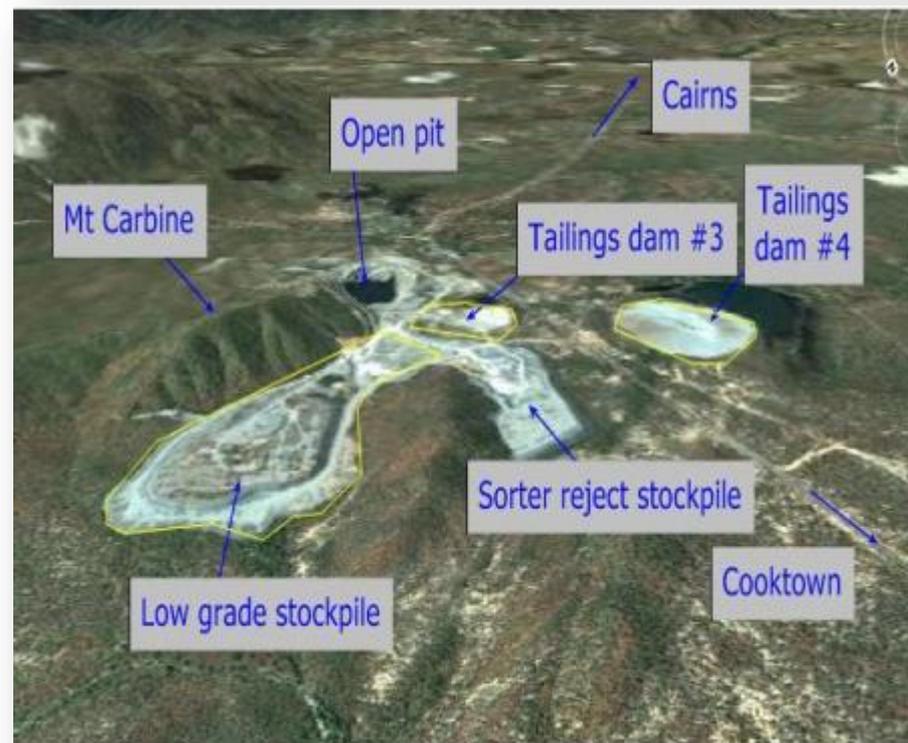




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# Mt Carbine Overview

- Mt Carbine Mining Leases cover ~367 hectares.
- Previous large scale, open-cut mine operated for 13+ years until 1987.
- Detailed technical information from historical exploration and mining activity supports Carbine's current & planned activities.
- Transport infrastructure in place:
  - Historical Mt Carbine tungsten mine is located 130km by sealed highway from the port of Cairns; and
  - 45 minutes drive from Port Douglas.





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# History / Transition



Junior Diversified  
Exploration Company



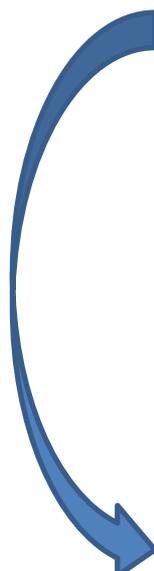
**2015 Onwards**  
Significant Mine Development  
Major Tungsten Producer



**2013 – 2014 Onwards**  
Pure Play Tungsten Mining &  
Production Company



**2014 Onwards**  
Tungsten Stockpile  
Development & Production





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# Our Commitment To: Environment, Safety & Community

- Continually modified to keep pace with Company's changing operational activities.
- Carbine endeavours to engender and promote the values of a safe work place and work culture with all its employees and contractors.
- Responsible environmental management is a basic and fundamental principle of Carbine's current and future business activities.
- Engages locally based staff and contractors where possible.
- Aims to fairly spread the economic benefits of its future growth with the local and regional communities within which it operates.

## 2012– 2013 Safety Statistics

Total Hours Worked	Lost Time Injuries
31,258	2





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# Financial Results Summary



	2013	2012
	\$	\$
<b>REVENUE FROM ORDINARY ACTIVITIES AND OTHER INCOME</b>	<b>3,019,879</b>	<b>130,586</b>
<b>Cost of Sales</b>		
Cost of sales	<b>(2,470,005)</b>	-
Administration expenses	<b>(644,942)</b>	(294,147)
Consultant expenses	<b>(451,374)</b>	(458,876)
Depreciation	<b>(932,330)</b>	(290,977)
Loss on revaluation of investments	<b>(1,361,013)</b>	(900,000)
Exploration written off	<b>(11,314)</b>	(317,135)
Finance costs	<b>(14,156)</b>	(2)
Foreign exchange losses	<b>(53,923)</b>	-
Occupancy expenses	<b>(77,515)</b>	(72,692)
Salaries and employee benefits expense	<b>(1,544,790)</b>	(445,004)
Superannuation	<b>(115,712)</b>	(29,732)
Share based payments	<b>(131,033)</b>	-
Travel and accommodation	<b>(88,090)</b>	(129,312)
Other expenses	<b>(70,199)</b>	(30,721)
<b>LOSS BEFORE INCOME TAX EXPENSE</b>	<b>(4,946,517)</b>	(2,830,012)
<b>INCOME TAX EXPENSE</b>	-	-
<b>LOSS AFTER INCOME TAX EXPENSE</b>	<b>(4,946,517)</b>	(2,830,012)
Other comprehensive income for the year	-	-
<b>TOTAL COMPREHENSIVE (LOSS) ATTRIBUTABLE TO OWNERS OF CARBINE TUNGSTEN LIMITED</b>	<b>(4,946,517)</b>	(2,146,556)
Loss for the year is attributable to:		
Non-controlling interest	-	-
Owners of Carbine Tungsten Limited	<b>4,946,517</b>	<b>2,146,556</b>
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	1.80	0.97
Diluted loss per share	1.79	0.97



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# 2012/2013

## Funding Activities

### Capital Raising Activities

- \$340,725 raised through a Share Purchase Plan for the subscription of 4,543,009 shares.
- \$337,700 generated via the on-market sale of 7,500,000 ordinary shares in Fitzroy Resources Limited (ASX: FRY).
- US\$400,000 received from Mitsubishi Corporation RtM Japan Ltd (Mitsubishi RtMJ) as an advance production payment to undertake further optimisation work on the Tailings Retreatment Plant.

### Revenue from Sales – Tailings Retreatment Plant

- \$1,469,596

### R&D Tax Incentive Refund

- \$1,319,484





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# 2013/2014

## Funding Activities

### Funding Opportunities

- Detailed discussions and evaluations are on-going regarding the 2 Letters of Intent received in late 2012 for off-take and potential Project funding contributions.
- Interim loan facility approved by Mitsubishi to maintain Hard Rock stockpile project work schedule whilst final negotiations are concluded.
- Negotiations are in the final phases regarding Mitsubishi RtMJ's proposed Project funding package of US\$15 million as detailed in the Memorandum of Understanding (MOU) signed in February 2013.
- Other funding options for the Hard Rock Project are being investigated and will be ongoing for a number of months.





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# Re-Awakening Mt Carbine





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# Mt Carbine Mine

## Tailings Retreatment Plant

### CONCENTRATE SHIPMENTS



High grade tungsten concentrate continues to be shipped to Mitsubishi RtMJ on a regular basis since the first consignment in June 2012.

Further Off-take Agreement entered into with Mitsubishi RtMJ in September 2012.

Latest Shipment  
Despatched 13 September 2013





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# Mt Carbine Mine

## Tailings Retreatment Plant

COMPLETION OF FRONT-END UPGRADE

SEPTEMBER / OCTOBER 2012





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# Mt Carbine Mine

## Tailings Retreatment Plant

### TUNGSTEN RECOVERY



From This → To This

Tungsten Recovery after Plant Upgrade



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# Mt Carbine Mine

## Tailings Retreatment Plant

### ULTRA-FINES RECOVERY TRIAL





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# Mt Carbine Mine

## International Tungsten Industry Assn – Site Tour

### CARBINE SHOWCASES AUSTRALIA'S TUNGSTEN INDUSTRY



- 80 Delegates from major tungsten investment groups & other interested parties undertook a site tour on 26 September 2013.
- Interest shown by the delegates in the Mt Carbine Project was extremely encouraging.





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# “Hard Rock” Project

## Tungsten Stockpiles

### ENVIRONMENTAL APPROVALS

- Environmental Authority for EPML00956913 issued August 2013.
- Covers existing tungsten stockpiles [~12 million tonnes of at-surface stockpiled material] with an annual processing capacity of up to 3 Million Tonnes per Annum (MTPA).
- Commercial resource with a mine life potential of ~8 years @ 1.5 MTPA.
- Allows negotiations to be accelerated with potential project funding partner, Mitsubishi RtMJ.



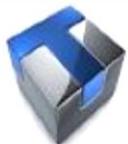


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# Mt Carbine Mine

## ENVIRONMENTAL RUN-OFF DIVERSION WORKS





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# “Hard Rock” Project

## Tungsten Stockpiles – Debt Funding

### MOU – MITSUBISHI RTMJ

- MOU executed with existing off-take partner, Mitsubishi RtMJ, in February 2013, outlining Mitsubishi RtMJ’s support towards the development of Carbine’s existing hard rock stockpiles and historical open pit tungsten mine.
- MOU covers both potential funding and collaboration for the development of the Hard Rock Project.
- Includes potential off-take consideration for the tungsten stockpiles and 50% of the ore produced from the historical open pit tungsten mine.
- Mitsubishi RtMJ are also giving consideration to fund US\$15 million of the capital requirement needed for Carbine to undertake the planned development of the existing tungsten stockpiles – Carbine’s immediate focus.
- Progression to MOU on Hard Rock Project with Mitsubishi RtMJ demonstrates strong demand for tungsten amongst leading players within the industry.





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# “Hard Rock” Project

## Tungsten Stockpiles

### ECONOMICS

- 2010-2011 feasibility assessment based on the economics of processing an average grade of 0.075%  $WO_3$ .
- During 2013, 90 representative 10kg samples have assayed from .11%  $WO_3$  to .22%  $WO_3$ .
- If these grades are representative of the stockpile – a dramatic reduction in operating costs will result.





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# “Hard Rock” Project

## KEY FINDINGS

- Feasibility Study completed July 2012 confirming the technical and financial feasibility of the Mt Carbine Project.
- Pre-tax Internal Rate of Return (IRR) of 60%.
- Net Present Value (NPV) AUD \$161 million using a discount rate of 8% and an average product concentrate sales price of USD \$290 per metric tonne unit (MTU).
- Payback period 1.5 years.
- Includes previously stockpiled material readily available at the surface (~12 million tonnes at 0.075% WO<sub>3</sub>).



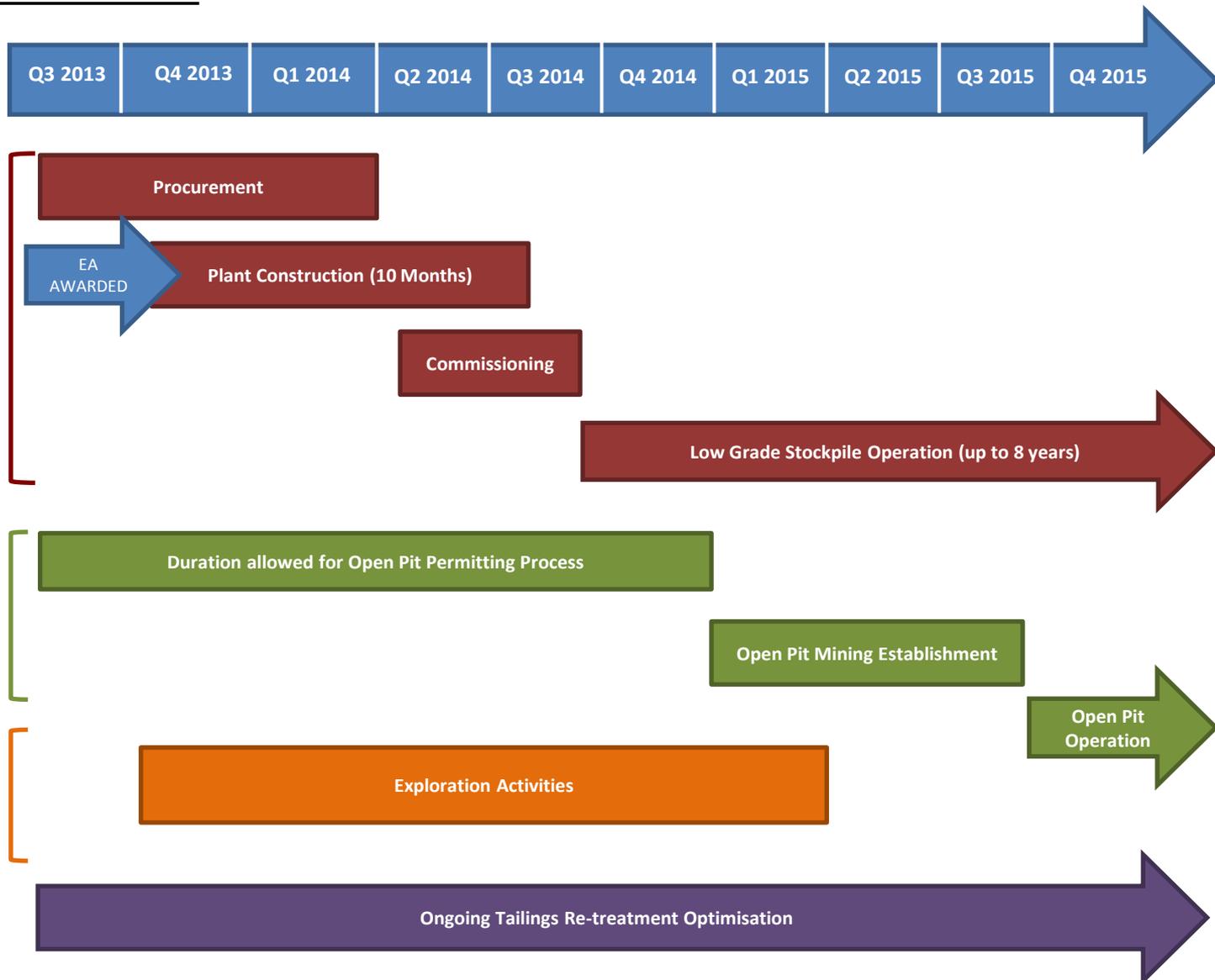
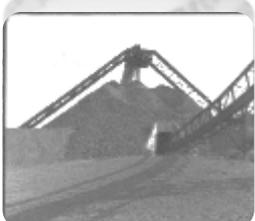
Mt. Carbine Project Outline	
NPV	\$161 million
<b>Resources</b>	
Mine	47Mt @ 0.13% WO <sub>3</sub>
Stockpile	12Mt @ 0.075% WO <sub>3</sub>
Tailings	2Mt @ 0.1% WO <sub>3</sub>
<b>Reserves</b>	
Mine	18Mt @ 0.14% WO <sub>3</sub>
Rock feed rate	3 Mtpa
Rock feed grade	0.12% WO <sub>3</sub>
Ore sorted feed rate	350 ktpa
Ore sorted feed grade	0.7% WO <sub>3</sub>
Processing recovery	76%
Production WO <sub>3</sub>	>2,000,000 MTU
Project capital	\$55M
Operating costs	130 \$/MTU
Budgeted sale price	290 \$/MTU



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# "Hard Rock" Project

## PROJECT TIMELINE



Low Grade Stockpile Processing

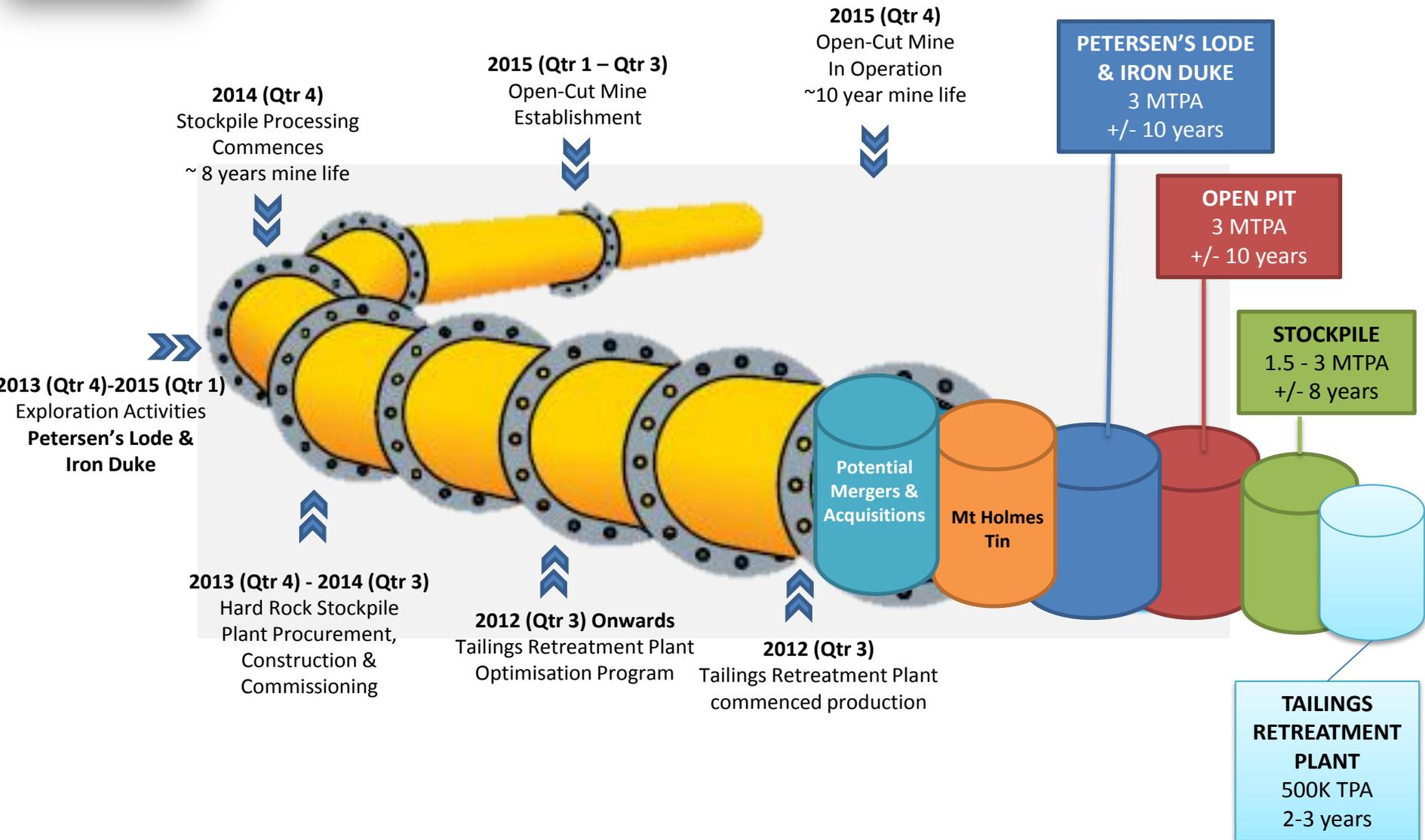
Hard Rock Processing

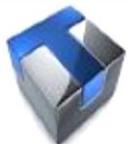
Exploration Projects



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# “Hard Rock” Project Pipeline





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# Mt Carbine Resource

A review of estimated resources resulted in the following resource estimate being announced for the Mt Carbine Project:

Inferred Mineral Resource of 47Mt @ 0.13%WO<sub>3</sub> at a cut-off of 0.05% WO<sub>3</sub>,

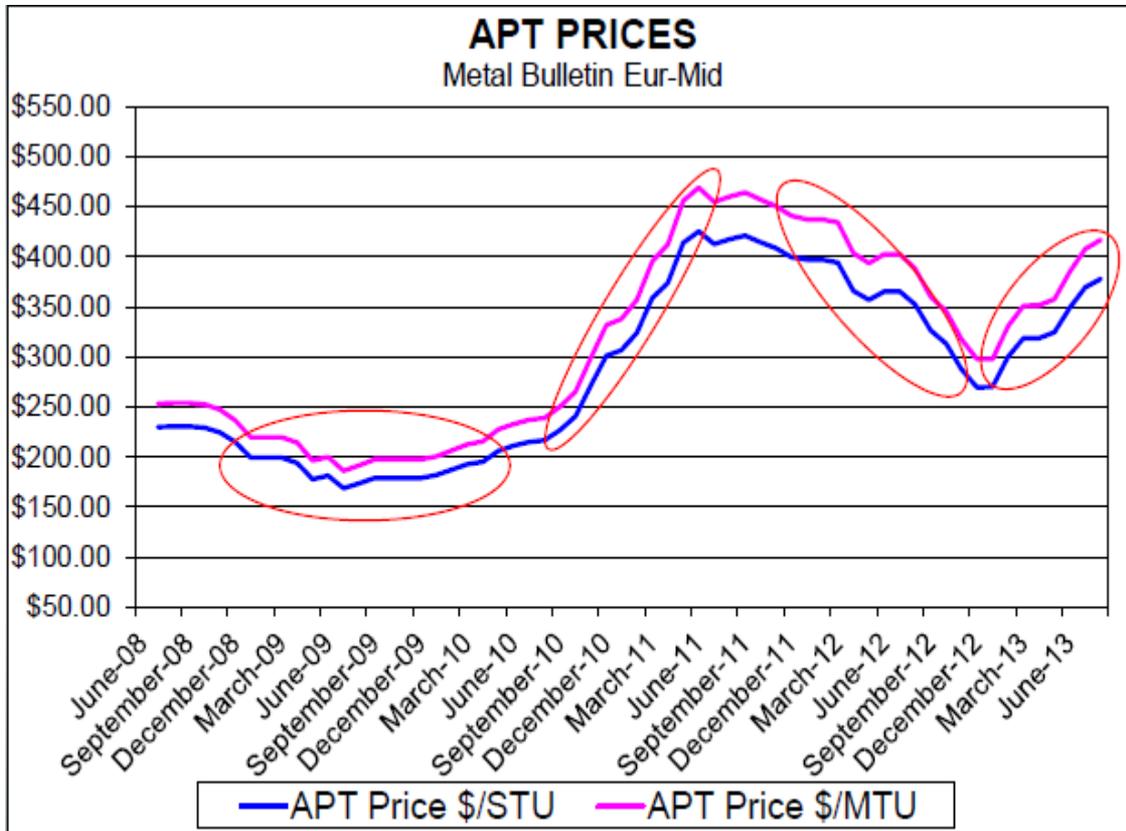
Indicated Mineral Resource	Inferred Resource
18.1 million tonnes at 0.14% WO <sub>3</sub> , in situ hard rock	29.3 million tonnes at 0.12% WO <sub>3</sub>
12 million tonnes at 0.07% WO <sub>3</sub> , in low grade stockpile (mineralised rock stockpiled from previous mining operation)	





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# Tungsten Market Outlook



Source: Metal Bulletin

## Major Phases:

- Price Stabilization
  - 2008 - 2010
- Metals Increase
  - 2010-2011
- Price Deterioration
  - 2012
- Price Increase
  - 2013

APT (Europe) Price  
**US\$410+/MTU**  
 (September 2013)

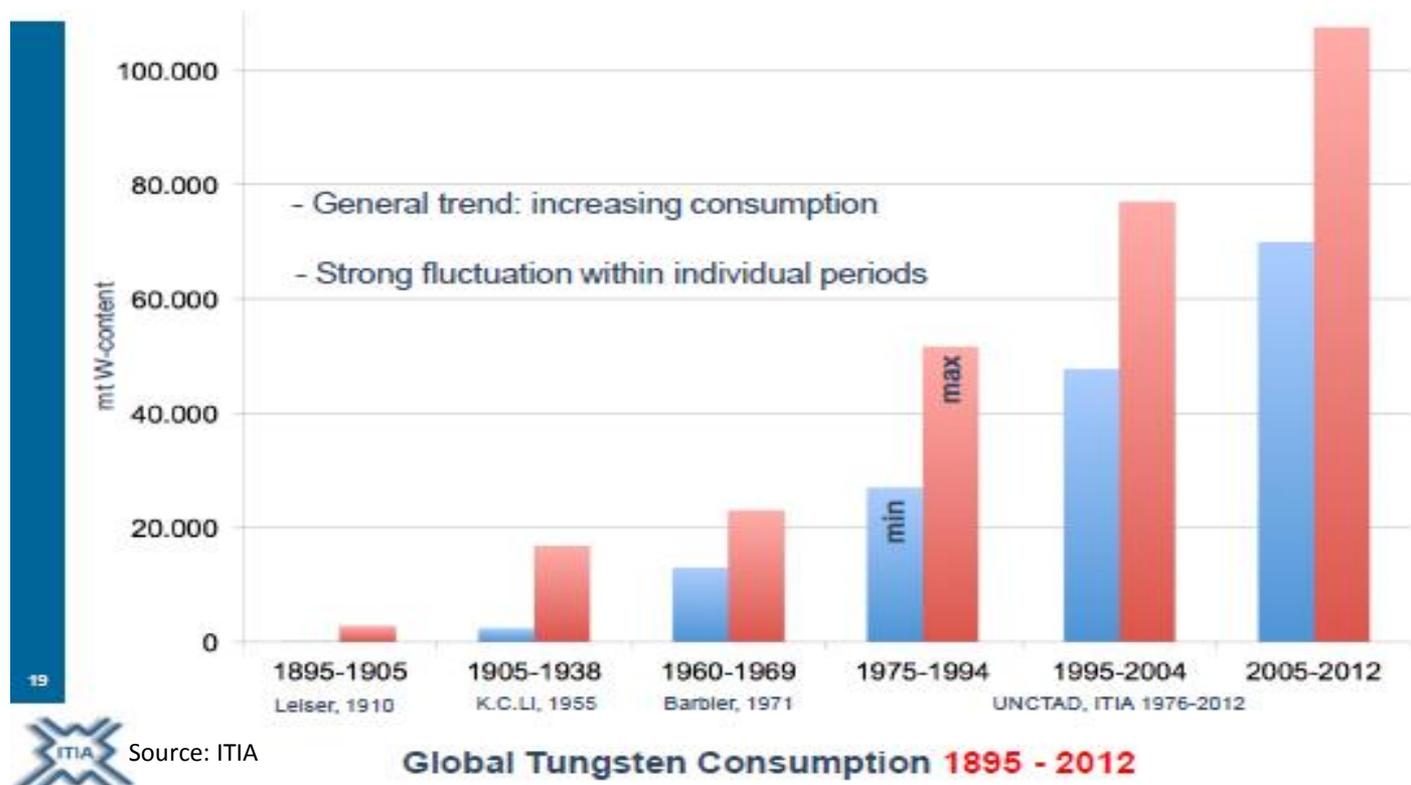
Coupled with the lower AUD these increased prices will have significant economic benefits for both the Tailings Retreatment and Hard Rock Projects.



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# Tungsten Market Outlook



- Strong global growth – predicted to increase by 4.5% per annum over the next 5 years.
- Predicted demand requires a number of mines, of a similar scale to Mt Carbine, to come into production every year.
- Mt Carbine Project well positioned due to near term production capabilities.



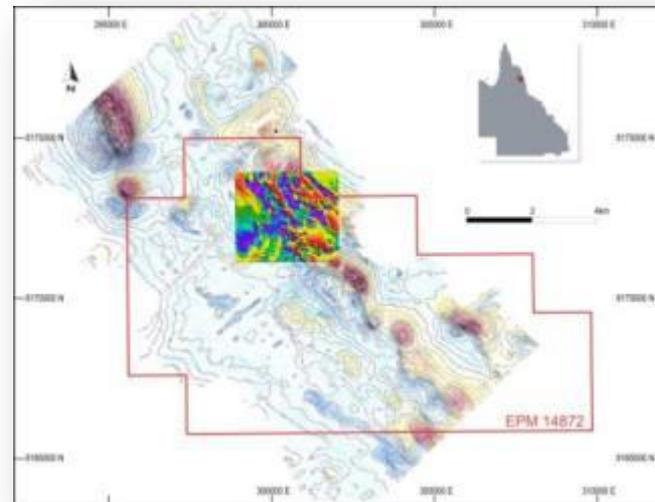
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# Future Exploration Activities

## MT CARBINE, QUEENSLAND

- Two prospects, Iron Duke and Petersen's Lode, exist within EPM 14871 and 14872 and in the case of Iron Duke, the mining leases.
- These prospects are dominated by scheelite mineralisation.
- Mapping and sampling indicate both prospects have extensive strike length.
- Work is underway to prepare these prospects for exploration drilling.

Figure 1 - Diagram of stitch of 1986 airborne magnetic survey data (contours) with high resolution Helimag survey data acquired from Kangaroo Metals Ltd in 2010.





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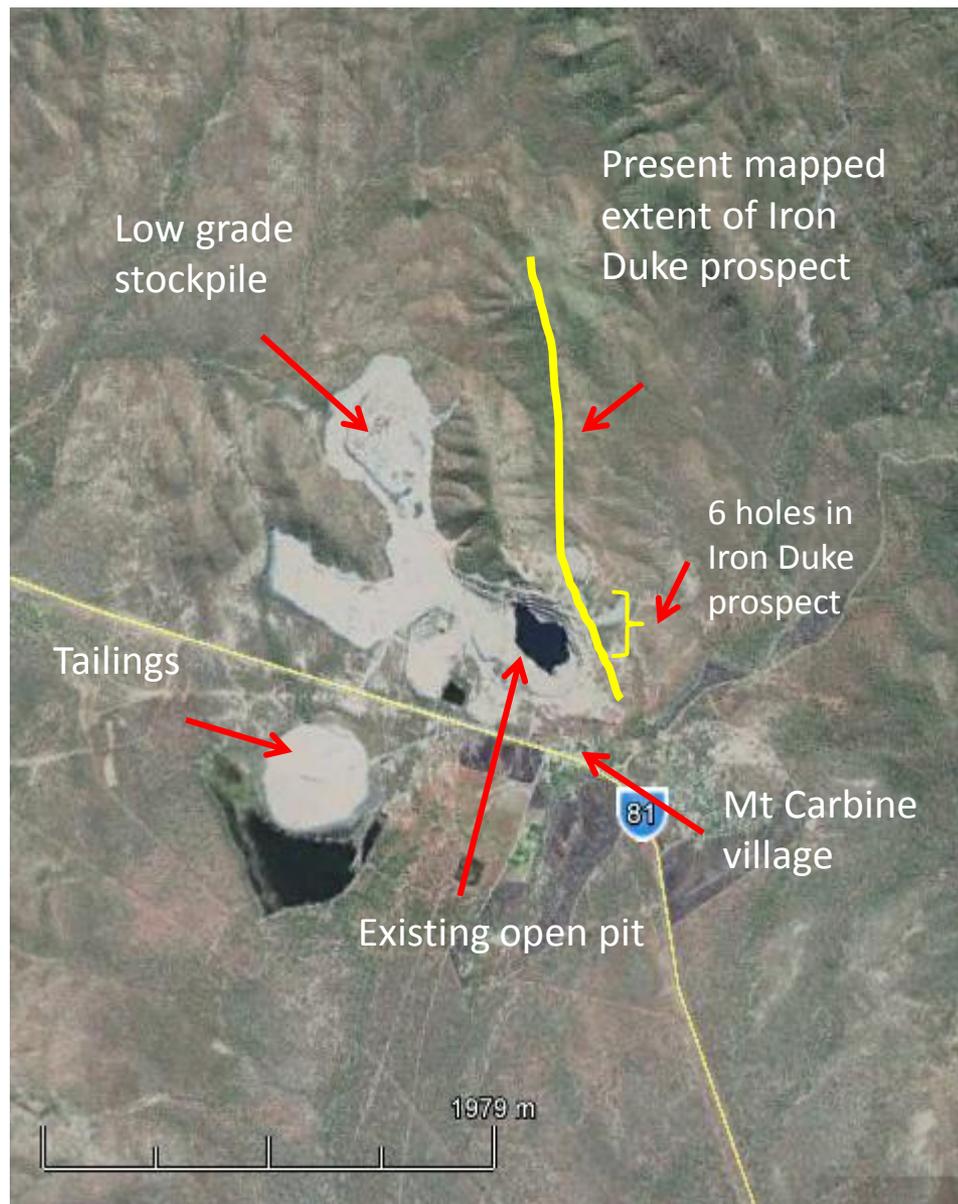


# Future Exploration Activities

## IRON DUKE

### MT CARBINE, QLD

- Present resource estimate does not include any Iron Duke mineralisation.
- Lies within the planned open-cut envelope.
- Average true width 8m from 6 drill holes with an average weighted grade of .32%  $WO_3$ .
- Mapping indicates a strike length of at least 2.2km.
- Drilling is planned to establish the resource prior to the commencement of open-cut mining.



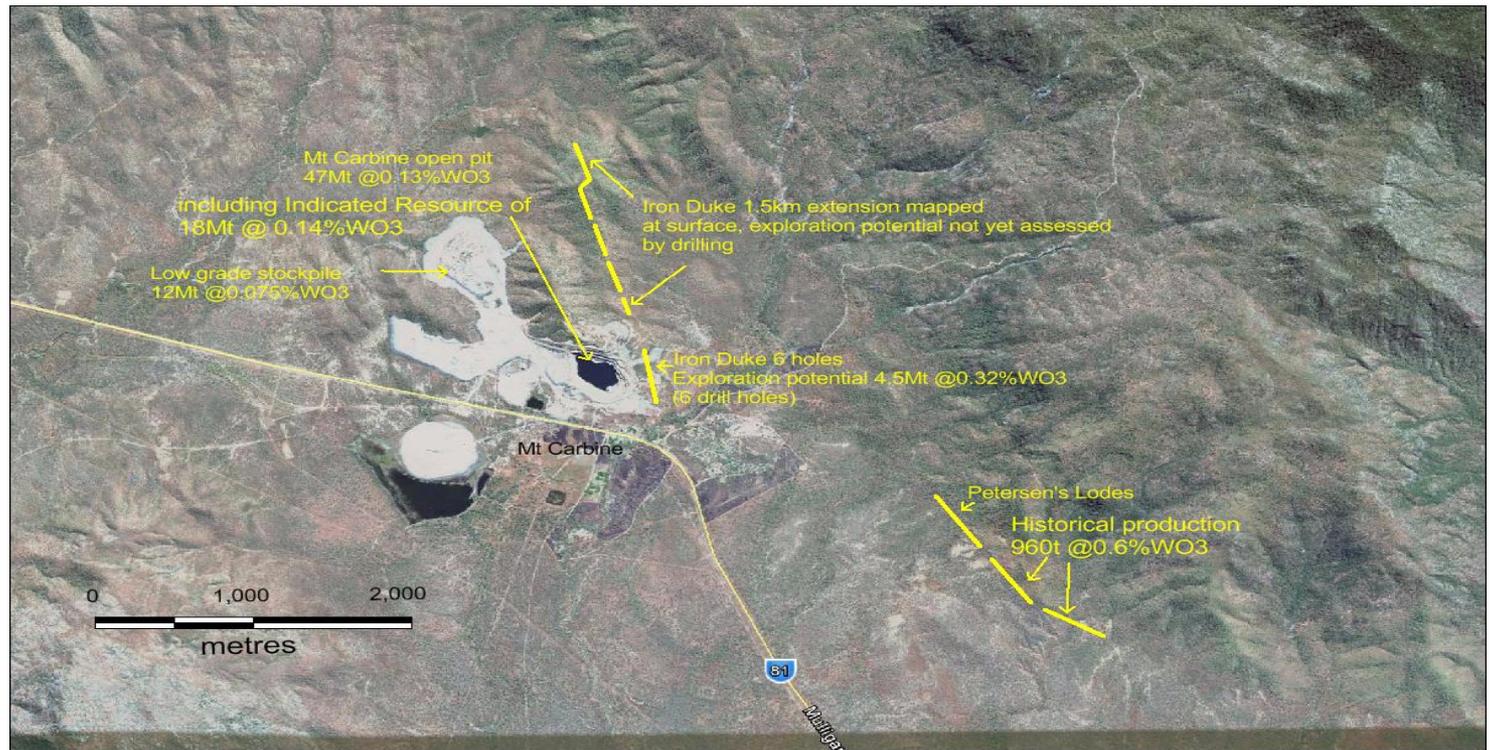


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# Future Exploration Activities

## PETERSEN'S LODES - MT CARBINE, QLD

- Lies within EPM 14872 and is ~1-2km south-east of Mt Carbine.
- Sub-vertical 10m wide zone of scheelite mineralisation hosted by sheared and altered metasediments traced for 1.3 km along the strike.
- More detailed exploration is planned.
- Only record of production is 950 tonnes of scheelite concentrate from ore with a grade of 0.6% WO<sub>3</sub>.





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# Other Projects

Carbine's strategy to focus predominately on tungsten production (with the exception of its tin prospect at Tara, NSW) has resulted in the following joint venturing or selling of its other prospects.

## ELIZABETH CREEK & CONSTANCE RANGE, QUEENSLAND

- Agreement entered into with Australian Minerals & Mining Group Ltd (AMMG) for the sale of EPM 14589 and EPM 17589.
- AMMG announced in December 2012 that it had commenced the due diligence phase for the potential acquisition of the above iron deposits.

## IRON POT CREEK, QUEENSLAND

- Spencer Resources Limited (Spencer) announced in December 2012 that it had commenced exploratory drilling.
- Carbine holds 25% with Spencer holding the remaining 75% interest.
- As no gold or copper mineralisation was intersected during drilling the tenement was relinquished in the 2013/2014 year.





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# Other Projects CONT.....

## GOSSAN HILL GOLD

- Sovereign Gold Company Limited (Sovereign) acquired 93.91% of Gossan Hill Gold Limited's shares on 12 April 2013.
- Carbine received a cash consideration of \$103,125 and now holds 1,031,250 fully paid shares in Sovereign which are escrowed until 14 April 2014.

## TARA, NSW

- Future planning will be focused on its tin and tungsten potential.
- Previous exploration data and geophysical surveys have indicated that Tara is highly prospective for a sheeted quartz vein system containing low grade tin and possibly tungsten mineralisation.





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# 2014 Outlook

- Focus on funding and development of hard rock tungsten stockpiles and former open pit mine (Hard Rock Project).
- Immediate priority – development of hard rock tungsten stockpiles due to commence in Quarter 4, 2013 – **Strong production upside with ~8 year mine life potential.**
- Engineering, procurement and plant construction activity.
- Conclude discussions with a range of potential development funding partners and investors, including Mitsubishi RtMJ.
- Secure approvals and permitting for open pit mining operation and move to development phase.
- Ongoing exploration activity at priority prospects with **Exploration Target of 25.5Mt.**





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Questions?