



Aerial View – Mt Carbine Mine (2008)

Quarterly Activities Report

For the Period Ended 30 June 2014



Carbine Tungsten Limited

ACN 115 009 106

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(ASX: CNQ)



HIGHLIGHTS

- **Mitsubishi Corporation RtM Japan Limited (“Mitsubishi RtMJ”) completes Technical Due Diligence on the processing plan for the Mt Carbine Hard Rock Stockpile Project as announced on 3 April 2014.**
- **Mitsubishi RtMJ funding documents in place.**
- **\$2.12 Million cash on hand at end of quarter.**
- **Hard Rock Stockpile Project fully permitted for near term production.**
- **Tungsten market strong and supply constrained, military consumption increasing, Russian supply volatility increasing.**
- **Jovo Basic appointed as General Manager (Operations) on 8 April 2014 to manage the establishment of Carbine’s Hard Rock stockpile and open pit developments.**
- **Carbine appoints David Clark as Chief Financial Officer (“CFO”) on 17 April 2014 and Company Secretary on 10 July 2014 following Tom Bloomfield’s resignation as Company Secretary on the same day.**

EXECUTIVE SUMMARY

This quarter has been highly successful for the Company with the completion of technical due diligence by Mitsubishi RtMJ and its consultants during April 2014. This is a very significant milestone for the Company as it follows on from an intensive period of technical design, audit and confirmatory laboratory test work programs being conducted in conjunction with a highly detailed verification of the previously operating Mt Carbine mine’s large scale production data base and its historical test work programs. Verification by comparison to the current technical audit results and test work programs was conducted. During this process Carbine has also fully engineered and developed the current process designs which are largely based on the past proven operational design whilst incorporating modern equipment and technological improvements. These improvements stem from the recent test work programs that demonstrate the effectiveness of these improvements to the prior mine’s processing facilities especially with respect to increased recovery of tungsten materials. Historically, the previous mining operation was Australia’s largest producing tungsten mine.

Carbine wishes to thank both Mitsubishi RtMJ and its independent consultants for completing this due diligence process and for supporting the funding of this program by way of providing their US\$1 Million dollar loan in February of this year.

The completion of this due diligence work endorses Carbine’s plans to re-awaken its globally significant, brown fields, low cost, historically proven tungsten mine project in North Queensland, Australia. The Company has been busy with negotiations in finalising the terms and conditions of the off-take agreement, loan agreement and security deed with its primary intended off-take partner and low grade stockpile funding partner, Mitsubishi RtMJ.

Carbine has also been highly active in progressing additional off-take options and funding arrangements with a number of tungsten end users and marketers for the unallocated balance of its future production from the hard rock, low grade stockpile and open pit development projects.



Carbine continued to consolidate its cash position to hold \$2.12 Million in cash at the end of this quarter and has reduced its operating expenditures to support and maintain its fully permitted, hard rock stockpile project ready status and provide a robust financial platform during the contract finalisation and negotiation period with the Company's various funding and investment package partners.

The Company's senior management were invited under a mutual confidentiality agreement to visit the international manufacturing hub and manufacturing facilities of one of the world's largest international tungsten component manufacturers and global machine tool supply companies. Carbine's team specifically visited these production facilities to confirm off-take quality parameters and long term suitability for the customer's large scale off-take requirements. These detailed technical and commercial discussions are directed toward further advancing and potentially providing supportive funding for the open pit development phase of Carbine's brown fields tungsten mine development project.

Carbine has continued to carry out pilot and laboratory test work associated with its research and development tailings retreatment facility and significant tungsten production, technical and marketing knowledge has been gained through this plant's operation.

The tungsten market remains strong with projected growth in demand far exceeding known world mine production capabilities. The market global new mine supply and security capacity appears to be very limited with tungsten concentrate supply remaining tightly constrained. Resurgence in general manufacturing and production growth in Asia and the West is likely to increase tungsten consumption and underpin tungsten demand and pricing in the future. Increased global military budget expenditures activity combined with potential additional restrictions upon Russian supply, which is the world's second largest tungsten supplier after China, have the potential for exacerbating any supply shortfalls whilst also increasing tungsten military sector demand. The strategic importance of tungsten as both an essential industrial enabling metal and a military use metal is likely to increase.

Carbine considers itself in a uniquely strong position and well placed to prosper from the ongoing market and supply constraint dynamics due to its confirmed and readily available tungsten capacity position and looks forward with confidence to a highly successful future.

DEVELOPMENT, EXPLORATION, TECHNICAL & CORPORATE ACTIVITIES

QUARTER ENDED 30 JUNE 2014

DEVELOPMENT ACTIVITIES

DUE DILIGENCE TECHNICAL CONFIRMATION

On 3 April 2014 Carbine was pleased to announce that confirmation had been received that the detailed technical due diligence study required as a pre-condition to further funding by its long-term partner, Mitsubishi RtMJ, had now been completed. This confirmation followed a detailed and length study having been carried out by Mitsubishi RtMJ and its specialist consultants.

The Board believes that the completion of the technical due diligence, following on from the awarding of environmental approvals in late 2013, allows for Carbine to significantly increase production at a time of increasing tungsten demand and pricing.

EXPLORATION

Preparation for a forthcoming drilling program is under way to test the strata-bound scheelite prospects identified by surface mapping to extend over a total strike length of 3.3km. The Iron Duke scheelite prospect extends continuously north from the planned enlarged open pit for at least 2km and the Petersen's Lode prospect commences approximately 2km south east of Mt Carbine, and has been traced in outcrop to 1.3km. Refer Figure 1 below.

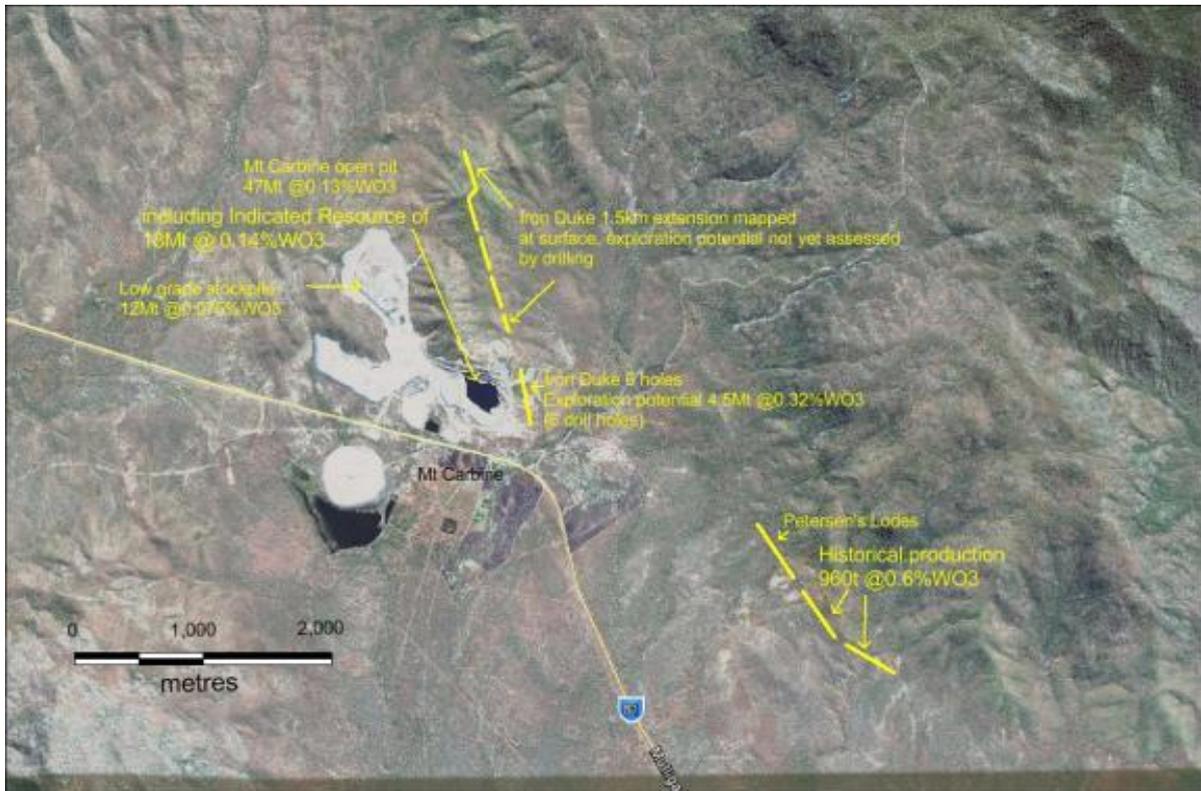


Figure1

TECHNICAL ACTIVITIES

LOW GRADE STOCKPILE (“LGSP”) PROJECT

Preparation and finalisation of:

- Process Flow Diagrams for processing the LGSP ore to final Wolframite and Scheelite concentrates;
- Detailed mass-metal balance associated with the PFDs;
- Operating costs; and
- Financial modelling.

Extensive technical discussions were completed with Mitsubishi RtMJ during the quarter.

Presentations and discussions were held with a major international tungsten component and tooling manufacturer regarding concentrate quality and processing suitability. Concentrate samples based on Carbine's processes are planned to be made available for testing using the customers APT process.

Concurrent with – but separate to – the above discussions, a jigging test program commenced on a sample of the low grade stockpiles Ore Sorter Accepts (“OSA”) and was completed during the quarter. This program was conducted to confirm the mineralogical characteristics and metallurgical performance of the OSA ore, particularly in relation to the previous plant operations.

RESEARCH AND DEVELOPMENT TAILINGS RETREATMENT PROJECT

A technical and cost review of the R&D Tailings Retreatment was commenced. The purpose of the review is to identify areas within the existing Tailing Retreatment Circuit to achieve:

- Improved metallurgical performance and recovery in the coarse (+0.2mm) and fine (-0.2mm) particles;
- Increased WO₃ production from processing both the coarse and the fine particles rather than processing only the fine (-0.2mm) particles;
- Increased recovery of the WO₃ from the fine (-0.2mm) particles, which contains the majority of the tungsten mineralisation;
- Separate on-spec Wolframite and Scheelite concentrates at increased grades and with minimal contaminant mineralisation/elements;
- Reduction in operating costs; and
- Increased sales revenue through a combination of all of the above.

A gravity process flow-sheet has been defined (similar to that defined for the LGSP ore processing) and a two-stage test-program (first stage is laboratory testing and second-stage is a pilot plant located at and tied into the existing Tailing Retreatment Plant) is proposed to investigate the economics of the revised circuit.

CORPORATE

APPOINTMENT – GENERAL MANAGER (OPERATIONS)

Carbine was pleased to announce on 8 April 2014 the appointment of Mr Jovo Basic as General Manager (Operations). Mr Basic's extensive technical and past direct operational experience with the Mt Carbine open pit operation makes him ideally suited to manage the establishment and operation of Carbine's Hard Rock stockpile and open pit developments.

Mr Basic has over 40 years' experience in the design, development and operation of a wide variety of major international mining projects and has been instrumental in the design and operation of some of the world's largest mining operations over the course of his career. Of specific importance, however, is Mr Basic's past hands-on experience with Mt Carbine's previous large scale open pit processing operation during the final years of its operation as Australia's largest tungsten producer. Mr Basic's in depth past operational experience and noteworthy metallurgical credentials make him ideally suited to the task of bringing the Mt Carbine Hard Rock Project into successful production.

Mr Basic holds a B.S., Applied Science – Metallurgy, Kalgoorlie School of Mines, 1980 and an Associate in Metallurgy, Kalgoorlie School of Mines, 1975. He has over 40 years' experience with a strong technical and managerial background in the development and operational phases of mineral processing plants for a diversity of minerals such as gold (free-milling and refractory), copper, iron ore, uranium, tungsten, nickel and shale oil. His major responsibilities have included plant operations; project and plant reviews and evaluations; project study and design management, including external project consultants and organisations; project financial analysis; and life-cycle costing of processing and equipment options.

The Board of Carbine are delighted to welcome Jovo as part of their senior management team as his high calibre international project background and past direct hands on experience with the Mt Carbine Hard Rock operations is a significant coup and endorsement for Carbine and its Mt Carbine Tungsten Project.



APPOINTMENT – CFO

Carbine was pleased to announce the appointment of Mr David Clark as its CFO on 17 April 2014.

Mr Clark's appointment significantly strengthens the Company's corporate team and adds a broad depth of financial management and financial planning experience. Mr Clark joins the Company at a time of high growth as it prepares for significantly increased production and corporate activities associated with its Mt Carbine Hard Rock operations. Mr Clark's prior experience in CFO and accounting positions and his long term experience and qualifications in the accounting, finance and corporate governance fields makes him ideally suited to this position.

Mr Clark is a Chartered Accountant, Tax Agent and Chartered Secretary of over fifteen (15) years standing and holds a Bachelor of Commerce from UNSW and a Master of Business of Administration (Executive) from the Australian Graduate School of Management. Mr Clark is principal of D.W. Clark & Co., Chartered Accountant, an innovative, results-driven chartered accounting practice providing financial and taxation services and advice to a select number of public and private companies in the mineral resources, exploration and oil and gas industries.

Mr Clark's early career was in the audit division of Peat Marwick Mitchell & Co., Chartered Accountants and the insolvency division of Duesburys, Chartered Accountants. Mr Clark has worked as a CFO and Company Secretary of a privately funded group of biotechnology companies and has advised other organisations in real estate and franchise services, professional services, transportation and industrial waste industries and sporting clubs within the not-for-profit sector.

Mr Clark is also on the audit, risk and finance committee of an international global health organisation with its principle mission being to tackle health care issues affecting high-risk and disadvantaged people worldwide. Prior to joining Carbine, Mr Clark was CFO of a group of companies involved in developing and marketing activated carbons specifically designed for Mercury capture in the USA coal-fired power utilities markets.

The Board warmly welcomes David to its senior management team and looks forward to benefiting from his strong skills during this period of high growth.

CORPORATE

SINCE QUARTER END

COMPANY SECRETARY APPOINTMENT / RESIGNATION

On 10 July 2014 the Board of Carbine welcomed David Clark to the position of Company Secretary upon the resignation of Mr Tom Bloomfield on the same day.

Mr Clark's appointment as Company Secretary compliments his existing responsibilities as Chief Financial Officer, a position he was appointed to on 17 April 2014.

The Board thanked Mr Bloomfield for his dedication and service whilst he held the position of Company Secretary and wished him every success for his future endeavours.

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
ML 4919	Mt Carbine
New South Wales	
EL6532 ***	Tara

** EPM 14871 and EPM 14872 were transferred from Carbine's wholly owned subsidiary, Tungsten Resources Pty Ltd to Carbine Tungsten Limited on 21 May 2014.

*** Exploration Licence not renewed during the quarter ended 30 June 2014.

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

JIM MORGAN
CEO & MANAGING DIRECTOR

COMPETENT PERSONS' 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 A.E. (Tony) Gordon, Non-Executive Director
Mr R.W. (Rolly) Nice, Non-Executive Director

Company Secretary

Mr Tom Bloomfield (Resigned 10 July 2014)
Mr David Clark (Appointed 10 July 2014)

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 21 July 2014 Carbine Tungsten's issued capital was 296,745,179 ordinary shares and 7,942,273 unlisted options exercisable between 10 and 19 cents. At a share price of \$0.090 on 21 July 2014 the market capitalisation was \$26.71 million.

Number of Shareholders and Major Shareholders

At 21 July 2014 Carbine Tungsten had 1,161 shareholders. The share register records the following as major shareholders at 21 July 2014 accounting for 36.34% of the issued shares:

Shareholder	%
Dr Leon Eugene Pretorius	12.13
Mota Engil Minerals & Mining Investments BV	5.39
Neil Kenneth Watson & Margaret Helen Moroney <Rossdale Super Fund A/C?>	4.61
Baglora Pty Ltd <Mott Family Super Fund A/C>	4.48
Silva Pty Ltd	2.51
Andrew Hewlett White and Associates	1.86
Andrew James Morgan	1.47
Alan Scott Nominees Pty Ltd <Superannuation Fund A/C>	1.40
JA Johnstone Pty Ltd <Waterhouse Super Fund A/C>	1.27
Nicholson Super Pty Ltd <Nicholson Family S/F A/C>	1.22

Cash Balance

At 30 June 2014 Carbine Tungsten's cash balance was approximately \$2,125,000.

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)