

Quarterly Activities Report

For the Quarter Ended 31 March 2016



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

- **On 2 April 2016 subsequent to the end of the quarter, the Company received a Research and Development (R&D) Tax Offset from the Australian Taxation Office for the 2015 Financial Year of AUD \$769,717. This R&D tax offset was received as a result of the Company conducting experimental activities to develop a unique process to treat tungsten tailings and mineralised waste stockpiles at Mt Carbine that can be utilised to efficiently produce a marketable grade of Tungstic Trioxide (WO₃). The funds received will be used for the ongoing working capital requirements as the Company.**
- **Carbine Tungsten Limited (“the Company” or “Carbine”) announced on 11 March 2016 that it had placed 49,300,000 of the shortfall shares pertaining to the Non-Renounceable Entitlements Offer on the following basis:**
 - **9,300,000 shares issued at \$0.025 per share raising \$232,500.**
 - **Remaining 40,000,000 shares were issued to Lanstead Capital LP (“Lanstead”) in accordance with the Tranche B Subscription Agreement announced to the market on 20 November 2015.**
- **Mt Carbine EPM 14871 renewed on 16 March 2016 for a five year term commencing 13 December 2015.**
- **The Company has been investigating an innovative and novel metals extraction processing technology which it is reviewing to see if it fits in with its broader research and development plans and form part of its continuing research and development program.**

EXECUTIVE SUMMARY

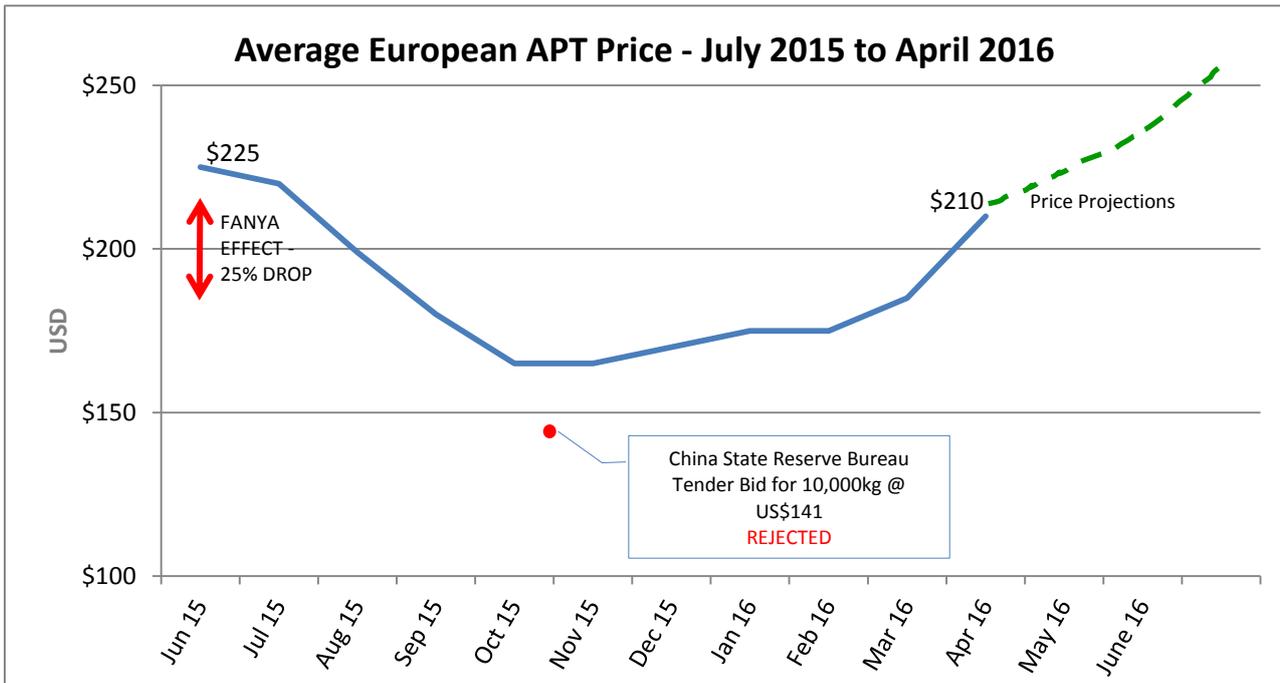
The Company wishes to thank those shareholders who supported the shortfall placement from the Non Renounceable Entitlements Offer which raised \$232,500. This has allowed the Company to proceed with its Tranche “B” subscription with the UK corporate funding and investment group, Lanstead. The Board would like to reiterate its thanks to both Lanstead and all participating shareholders for their support.

Carbine was also very pleased to receive approval for a further five year renewal term for its existing exploration leases from the Department of Natural Resources and Mines in Queensland. The exploration permits surround the existing Mt Carbine mine lease area which has an existing JORC 2012 compliant resource and has displayed surface strike prospects that extend from the existing pit and mining lease area for approximately 2.2km into the renewed exploration permit area. Securing these permits with such good prospects for a further five year term is an important step in the Company’s mid to long term development plans for its world class Mt Carbine tungsten mine.

The Company’s research and development activities conducted during the 2014-2015 financial year have resulted in an R&D Tax Offset amount of \$769,717 being received in early April 2016. This tax offset helps to support the Company’s cash position and will assist in funding further research and development activities. The Company has also been actively evaluating an innovative metals extraction technology, which shows strong potential as a highly efficient means of metals extraction and consideration is currently being given to its inclusion into the Company’s current R&D program.

The Company has also been conducting due diligence activities to assess the business potential for acquiring the long term Mt Carbine quarrying operation which is operating within the mine lease area. The existing quarry operation has been utilising the waste rock material from past mining activities and is seen as a symbiotic business opportunity for the future stockpile and hard rock mining activities at the Mt Carbine mine site. The acquisition and business model development is progressing well and awaits further detailed clarifications from the quarry owners.

The tungsten market has seen a gradual recovery of the Ammonia Paratungstate (“APT”) price over the past quarter with a number of Chinese internal tenders, at below market price, failing to be taken up within China. It would appear that the market has reached its bottom and the APT price is now steadily increasing. Some analysts’ reports are indicating that Chinese mine supply of tungsten concentrate has been significantly reduced and the bottoming and increase in APT price is starting to better reflect the market demand and supply cost dynamics. Many existing or new non-Chinese mines are presently operating at a loss and some new and high production cost operators are likely to fail unless pricing increases substantively in the near term. Mt Carbine with its past, proven, low operating cost and historically successful operating credentials represents the best solution for secure profitable, long term western tungsten supply.



EXPLORATION & CORPORATE ACTIVITIES

QUARTER ENDED 31 MARCH 2016

EXPLORATION ACTIVITIES

No exploration activities were undertaken during the quarter.

CORPORATE ACTIVITIES

NON-RENOUNCEABLE ENTITLEMENTS OFFER – SHORTFALL PLACEMENT

Carbine announced on 11 March 2016 that further to its announcement on 15 December 2015 and in accordance with the Non-Renounceable Entitlements Offer Document dated 18 November 2015, the Company had placed 49,300,000 of the shortfall shares to institutional, professional, sophisticated and other investors to whom disclosure under Part 6D.2 of the Corporations Act is not required. The placement was completed on the following basis:

- A total of 9,300,000 new shares to be issued at \$0.025 per share to raise \$232,500.
- The remaining 40,000,000 new shares to be issued to Lanstead Capital LP (“Lanstead”) in accordance with the Tranche B subscription agreement entered into with Lanstead and announced to the market on 20 November 2015.

The Board of Directors wishes to express their appreciation to all participating shareholders for their support of the Entitlements Offer and shortfall placement.



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.

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 & Principal Place of Business

50 Scott Street
Bungalow, Cairns QLD 4870 Australia
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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 (07) 4052 2400

Issued Capital and Market Capitalisation

At 20 April 2016 Carbine's issued capital was 418,415,995 ordinary shares and 8,000,000 unlisted options exercisable at 20 cents. At a share price of \$0.028 on 20 April 2016 the market capitalisation was \$11.7 million.

Number of Shareholders and Major Shareholders

At 20 April 2016 Carbine had 1,187 shareholders. The share register records the following as major shareholders at 20 April 2016 accounting for 46.6% of the issued shares:

Shareholder	%
BNP Pariba S Nominees Pty Ltd <Global Prime Omni DRP A/c>	19.84
Dr Leon Eugene Pretorius	8.60
Mota Engil Minerals & Mining Investments BV	3.82
Baglora Pty Ltd <Mott Family Super Fund A/C>	3.79
Mr Neil Watson	3.27
Andrew Hewlett White and Associates	1.32
Alan Scott Nominees Pty Ltd <Superannuation Fund>	1.31
Max Mobile Auto Clinic Pty Ltd	1.25
Silva Pty Ltd	1.22
JA Johnstone Pty Ltd <Waterhouse Super Fund A/C>	1.18
Andrew James Morgan	1.00

Cash Balance

At 31 March 2016 Carbine's cash balance was approximately \$292,000 (this balance does not include the R&D Tax Offset of \$769,717 received on 2 April 2016).

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)