



The Mt Carbine deposit consists of a number of approximately vertical sub-parallel quartz veins that host Wolframite and Scheelite mineralisation.

Quarterly Activities Report

For the Period Ended 31 March 2014



Carbine Tungsten Limited

ACN 115 009 106

Registered Office & Principal Place of Business:

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HIGHLIGHTS

- **Carbine Tungsten Limited (“Carbine” or “the Company”) secures a US\$1 million loan from Mitsubishi Corporation RtM Japan Ltd (“Mitsubishi RtMJ”) in February 2014.**
- **Carbine consolidates its cash position with AU\$2.87 M available for advancing its Hard Rock Project developments and securing its operating position.**
- **Mitsubishi RtMJ completes Technical Due Diligence on the processing plan for the Mt Carbine Hard Rock Stockpile Project as announced on 3 April 2014.**
- **Hard Rock stockpile funding package with Mitsubishi in advanced stages.**
- **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.**

EXECUTIVE SUMMARY

Carbine continues to progress and strengthen its operating and development position by achieving confirmed deliverables against its realistic plans and vision to increase tungsten concentrate production and become a significant long term, world class, tungsten miner and concentrate producer. The Company continues to consolidate its long term cooperative relationship with Mitsubishi RtMJ and is pleased to have completed technical due diligence and received a US\$1 M interim loan from Mitsubishi RtMJ. The loan is secured against 2.7% of the Company’s Mt Carbine stockpile and open pit projects. The Company is in the advanced stages of its discussions with Mitsubishi RtMJ for funding deliverables under the Memorandum of Understanding (“MoU”) with Carbine. Carbine is also in advanced term sheet discussions with a number of other interested sophisticated investment parties.

The Company continues to deliver on its growth plans and prepares for its future production growth with the significant strengthening of its senior management team in both the technical and financial management appointments made during the quarter. These appointments in conjunction with Carbine’s experienced Board and management team, having already gained operational experience as an established tungsten producer, positions the Company favourably in the very limited tungsten supply and tungsten mine development space.

The tungsten market demand remains strong with a projected 6% growth in annual demand. The security of tungsten supply and future global new mine supply capacity appears to be very limited with tungsten concentrate supply remaining constrained. Resurgence in general manufacturing and production growth in the USA is likely to increase tungsten consumption and underpin tungsten demand and pricing in the near term. Increased military budget expenditures announced in Asia and potential additional restrictions and growing tensions between traditional trading parties between Eastern Europe and Western Europe have the potential to exacerbate any supply shortfalls and increase the tungsten military sector demand. The strategic importance and value of tungsten as both an essential industrial enabling metal and a military use metal is likely to increase.

Based upon the results obtained from prior successful metallurgical test work Carbine has installed wet high intensity magnetic separation (“WHIMS”) pilot equipment at its Mt Carbine Tailings Retreatment Plant as part of that operation’s ongoing program of research and development improvements.

Carbine looks forward with confidence to yet another highly productive and exciting quarter.



DEVELOPMENT, EXPLORATION, PRODUCTION & CORPORATE ACTIVITIES

QUARTER ENDED 31 MARCH 2014

DEVELOPMENT ACTIVITIES

US\$1 MILLION LOAN SECURED FROM MITSUBISHI RTMJ FOR HARD ROCK PROJECT DEVELOPMENT

Carbine was pleased to announce on 3 February 2014 that it had entered into a US\$1 million loan agreement with long-term off-take partner, Mitsubishi RtMJ.

The initial loan agreement was secured against 2.7% share equity in Carbine's fully owned subsidiary, Tungsten Resources Pty Ltd which in turn owns 100% of the Mt Carbine tungsten project in Far North Queensland. This security interest not only avoids shareholder dilution but also confirms the significant underlying value of the Project when compared to Carbine's current market capitalisation.

These funds would be utilised specifically for the purposes of environmental and engineering works for the Mt Carbine Stockpile Project from which Mitsubishi RtMJ will continue to participate in the off-take once Carbine enters into the development phase for these assets.

Carbine also agreed to an extension to the Memorandum of Understanding ("MoU") signed with Mitsubishi RtMJ in February 2013 that outlined Mitsubishi RtMJ's intention to provide additional funding and reiterated that under the terms of the MoU Mitsubishi RtMJ would have exclusive access to 80% of the tungsten product generated from the stockpiles, once in production, and 50% off-take from the former open pit mine.

The Board believes that this loan further demonstrates Mitsubishi RtMJ's confidence in Carbine's Hard Rock Project and builds on the growing relationship between the two parties. Carbine looks forward to continuing to strengthen its relationship with Mitsubishi RtMJ.

EXPLORATION

MINERAL RESOURCE STATEMENT & COMPLIANCE WITH 2012 JORC CODE

The Company released the last of its reports on 13 January 2014 for the purpose of rendering its existing resource statement compliant with the 2012 JORC Code for the Reporting of Mineral Resources and Ore Reserves.

This report can be viewed by following the link below:-

<http://www.carbinetungsten.com.au/ctasx>

PRODUCTION

RESEARCH & DEVELOPMENT ("R&D") ACTIVITIES CONTINUE – TAILINGS RETREATMENT PLANT

Carbine continues its R&D activities at the Tailings Retreatment Plant through the recent mobilisation of WHIMS equipment for trials on improving the existing plant's overall recovery. This initiative follows on from earlier laboratory test work conducted in late 2013 and the past successful operations of magnetic separation in the historical full scale open pit operations during the 1980's.

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
EPM 14589 *	Elizabeth Creek
EPM 17895 *	Constance Range
New South Wales	
EL6532	Tara

* Relinquished during the quarter ended 31 March 2014.

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

DEVELOPMENT, EXPLORATION, PRODUCTION & CORPORATE ACTIVITIES

SINCE QUARTER END

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

There has been no exploration activities carried out since the end of the March 2014 quarter.

CORPORATE

ISSUE OF SHARES – VESTING OF PERFORMANCE RIGHTS

400,000 shares were issued to Carbine's Managing Director, Jim Morgan on 4 April 2014. This issue followed Mr Morgan's success in meeting certain contractual performance hurdles in accordance with his existing Contract of Employment and long-term incentive plan.

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 Hard Rock open pit operation makes him ideally suited to manage the establishment and operation of its 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.

JIM MORGAN
CEO & MANAGING DIRECTOR



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. (Roland) Nice, Non-Executive Director

Company Secretary

Mr Tom Bloomfield

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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 22 April 2014 Carbine Tungsten's issued capital was 296,745,179 ordinary shares, and 1,000,000 Performance Rights and 7,942,273 unlisted options exercisable between 10 and 19 cents. At a share price of \$0.080 (22 April 2014 the market capitalisation was \$23.74 million.

Number of Shareholders and Major Shareholders

At 22 April 2014 Carbine Tungsten had 1,143 shareholders. The share register records the following as major shareholders at 22 April 2014 accounting for 36.24% of the issued shares:

Shareholder	%
Dr Leon Eugene Pretorius	12.13
Mota Engil Minerals & Mining Investments BV	5.39
Baglora Pty Ltd <Mott Family Super Fund A/C>	4.43
Neil Kenneth Watson & Margaret Helen Moroney <Rossdale Super Fund A/C?>	3.06
Silva Pty Ltd	2.51
Andrew Hewlett White and Associates	1.86
Neil Kenneth Watson and Margaret Helen Moroney <Rossdale Super Fund A/C>	1.56
Andrew James Morgan	1.47
Alan Scott Nominees Pty Ltd <Superannuation Fund A/C>	1.40
Nicholson Super Pty Ltd <Nicholson Family S/F A/C>	1.22
Fallon Nominees Pty Ltd <Fallon Family A/C>	1.21

Cash Balance

At 31 March 2014 Carbine Tungsten's cash balance was approximately \$2,876,000.

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)