

Quarterly Activities Report

For the Quarter Ended 30 June 2016



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

- **On 2 April 2016 the Carbine Tungsten Limited (“the Company” or “Carbine”) 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.**
- **On 10 June 2016 the Company announced it had re-located its registered office to Level 2, 420 Collins Street, Melbourne while its principal place of business and main operational activities would remain at the Mt Carbine mine site.**
- **The Company is also actively investigating an innovative and novel metals extraction processing technology to see if it aligns with its broader research and development plans and form part of the Company’s continuing research and development program.**

EXECUTIVE SUMMARY

The Company having completed the shortfall placement from its Non Renounceable Entitlements Offer during the last quarter continues to receive monthly funding instalments from its institutional investor and major shareholder Lanstead Capital LP (“Lanstead”) in accordance with the Subscription Agreements announced to the market on 20 November 2015.

Subsequent to Carbine receiving a five-year renewal term for its existing exploration permits from the Department of Natural Resources and Mines in Queensland it intends to further explore and define the historical tin and copper prospects within these areas. These exploration permits surround the existing Mt Carbine mine lease area which has a JORC 2012 compliant resource. EPM 14871, south of Mt Carbine, contains the tin-tungsten Mt Holmes prospect and EPM 14872, north-east of Mt Carbine, contains the Iron Duke and Petersens Lodes scheelite prospects that have been mapped over a combined strike length of 2.6km. The style of tungsten mineralization in these prospects is different to the wolframite dominated sheeted quartz vein hosted Mt Carbine tungsten deposit in that they are scheelite dominated and associated with skarn alteration of the host strata. The Company is also reviewing gold, lithium and tin exploration opportunities adjacent to and remote from the Mt Carbine mine site.

During the quarter Carbine received a tax offset of AUD \$769,717 for its Research and Development (“R&D”) program for the 2014/2015 financial year. The Company is also continuing its R&D activities via a test work program for tungsten ore and concentrate samples utilizing a potentially highly efficient metals extraction process. The metals extraction process has shown impressive potential for use with other metals such as copper, gold and lithium recovery and is of particular interest for the efficient extraction of tungsten scheelite from ore bodies such as that in the 2.6km prospect at Mt Carbine. The Company intends to further detail and promote the advantages of this metal extraction process during the coming quarter.

The Company is also continuing to evaluate the business potential from acquiring the long-term Mt Carbine quarrying operation which is operating within the mine lease area. The existing quarry operation has been utilizing 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. Clarification around overall cost parameters of the potential quarry acquisition are expected to be completed by September 2016.

As part of its cost efficiency program, as announced at the Company’s 2015 AGM, Carbine has relocated its head office to Melbourne upon the closure of its Cairns office whilst the Mt Carbine site office continues to be the Company’s principal place of business and operational base.

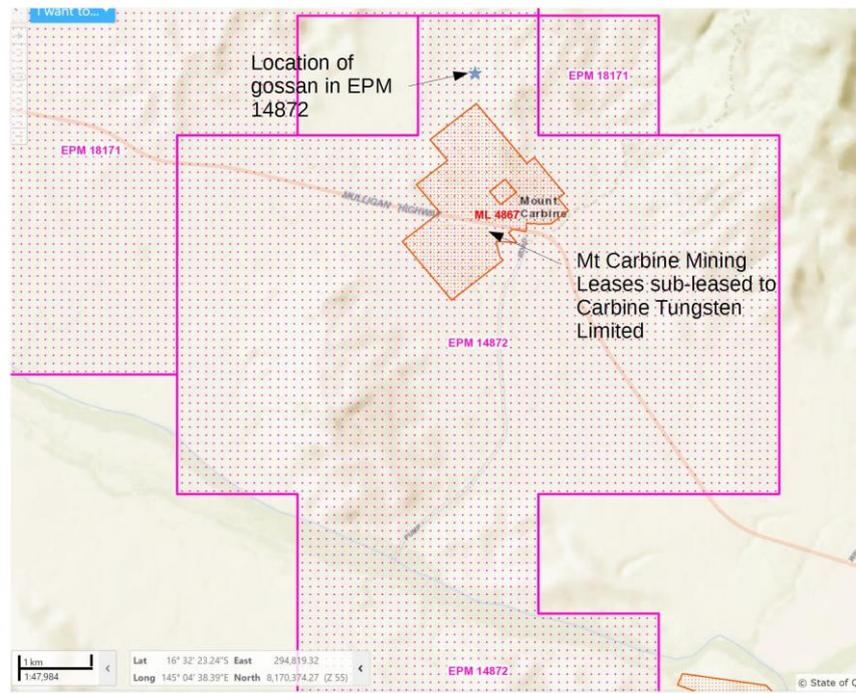
EXPLORATION & CORPORATE ACTIVITIES

QUARTER ENDED 30 JUNE 2016

EXPLORATION ACTIVITIES

An assessment of two gold prospects were carried out during the quarter and these properties are now subject to negotiation for purchase. Steps are also being taken to identify lithium prospects that could be subject to future acquisition.

EPM 14872 contains a gossan north of Carbine Hill that was concealed by historic mining activities and while there is no present surface exposure, its geological setting in a horizon characterized by pillowed basalt lavas and radiolarian cherts is similar to the settings of the Dianne, OK and Mt Molloy copper mines elsewhere in the Hodgkinson Province that have produced 15,500 t, 7800 t and 3,800 t of copper respectively but at very high grades (the Dianne shipped >40,000 t of direct shipping ore at grades around 28% copper). These deposits also contained significant zinc content although no zinc was produced. Geophysical surveys are planned for next quarter to gain more information on this reported gossan, the location of which is shown on the diagram below.



CORPORATE ACTIVITIES

CHANGE OF REGISTERED OFFICE ADDRESS

On 10 June 2016 Carbine Tungsten Limited (ASX: CNQ, Carbine or the "Company") advised that as part of its cost reduction strategies announced to the market on 24 November 2015 the Company's registered office address would be changed to the following as from the same date:

Level 2, 420 Collins Street
Melbourne VIC 3000
Phone: (03) 8687 2176

Whilst the Company's principal place of business and main operational activities would remain at the Mt Carbine mine site.

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

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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 20 July 2016 Carbine's issued capital was 418,876,418 ordinary shares and 8,000,000 unlisted options exercisable at 20 cents. At a share price of \$0.031 on 20 July 2016 the market capitalisation was \$12.98 million.

Number of Shareholders and Major Shareholders

At 20 July 2016 Carbine had 1,178 shareholders. The share register records the following as major shareholders at 20 July 2016 accounting for 46.58% of the issued shares:

Shareholder	%
BNP Paribas Nominees Pty Ltd <Global Prime Omni DRP A/c>	19.84
Dr Leon Eugene Pretorius	8.59
Mota Engil Minerals & Mining Investments BV	3.82
Baglora Pty Ltd <Mott Family Super Fund A/c>	3.78
TBB NSW Pty Ltd <The Watson No 1 A/C>	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 30 June 2016 Carbine's cash balance was approximately \$761,000.

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)