



Historical Photo – Mt Carbine Mine

Quarterly Activities Report

For the Period Ended 31 March 2013



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

HIGHLIGHTS

- Execution of a Memorandum of Understanding (“MOU”) with existing off-take partner, Mitsubishi Corporation Unimetals Ltd (“Mitsubishi”). The agreement includes:
 - Intention to provide \$15 million in funding for the Hard Rock Project once permitting is completed and participate in off-take once in development phase.
- Submission of the Environmental Management Plan (“EMP”) to the Department of Environment and Heritage Protection (“DEHP”) on 14 March 2013. The EMP covers the stockpile processing phase of the Hard Rock Project
- Tailings retreatment plant reaches one year of safe and successful production generating revenue from regular exports of high grade tungsten concentrate. (Latest shipment dispatched 19th April 2013).



EXECUTIVE SUMMARY

Carbine Tungsten Limited (“Carbine” or “The Company”) (ASX:CNQ) is pleased to report on activities undertaken during the quarter ended 31 March 2013. During the quarter, the Company continued its rapid development program with the objective of processing the existing tungsten stockpiles and re-opening the former large scale open pit tungsten mine (comprising the Mt Carbine Hard Rock Project).

During the quarter, the Company reached a significant milestone, achieving one year of safe and successful operation and production at its Tailings Retreatment Plant. Following ongoing training, research, and optimisation programs the plant now regularly provides high grade concentrate to the supply constrained tungsten market.

The Company remains on track to commence processing of the hard rock stockpiles and bring the open pit mine into production during 2014. The required Environmental Management Plan (“EMP”) for the hard rock stockpiles was submitted during the quarter and lodgement of the open pit plan is targeted for submission by the third quarter of 2013.

The intention to provide funding outlined in the MOU signed with existing off-take partner, Mitsubishi, is subject to approval of project permitting. The Company is in detailed discussions with additional major potential funding partners and these have reached the Due Diligence phase. These groups have expressed consistently strong interest in the Company’s imminently expected permit approvals and subsequent development program.



During the quarter, the Company lodged its research and development taxation claim relating to the development of the tailings and retreatment project and, once received, is expected to support the Company's cash position over the next two quarters.

In addition, the tungsten market and concentrate pricing appears to have consolidated, with price increases and strong demand being evidenced during the past quarter.

SUMMARY OF ACTIVITIES AND EVENTS

QUARTER ENDED 31 MARCH 2013

DEVELOPMENT, EXPLORATION AND PRODUCT MARKETING HIGHLIGHTS

- On the 25 February 2013, the Directors of CNQ were pleased to announce the signing of a MOU with Mitsubishi outlining their intention to provide funding for the Hard Rock Project and continue to participate in off-take once CNQ enters the development phase for the project. As part of the agreement, Mitsubishi outlined their intention to provide \$15 million of the capital expenditure required to undertake the planned development program for the existing Hard Rock stockpiles.

CNQ has also received Letters of Intent for all or part of its Hard Rock production from separate off-takers.

- The EMP covering the stockpile processing phase of the Hard Rock Project was submitted to the DEHP on 14 March 2013. It is anticipated that the processing duration for this application will be between 3 and 6 months.
- The Tailings Retreatment Plant accumulated significant R&D tax credits during the 2011/ 2012 financial year that are currently being processed for repayment to CNQ. These funds will be used to support near term cash flow and to assist with the Company's development program.
- The Tailings Retreatment Plant despatched a further high grade tungsten concentrate shipment to Mitsubishi from its Mt Carbine operations on 8 March 2013.

CORPORATE HIGHLIGHTS

- During the period, the Company has undertaken a corporate restructure, including:
 - Resignation of Dr Andrew White as Non-Executive Director;
 - Appointment of Mr Peter Donkin as a Non-Executive Director
 - Appointment of Mr Tom Bloomfield as Company Secretary following the resignation of Mr Robert Waring, and;
 - Change of registered office and principal place of business to 50 Scott Street, Cairns Qld 4870.
- On 8 February 2013, the Directors of CNQ announced a Share Purchase Plan (SPP) to raise working capital to progress the development of its 100% owned Mt Carbine Tungsten Project.

This offer entitled all shareholders (registered as CNQ shareholders on 1 February 2013 and whose registered address was in Australia or New Zealand), to apply for up to \$15,000 worth of shares (200,000 shares at \$0.075 per share).

At the close of this offer a total of \$340,725 was raised under the SPP through the subscription of 4,543,009 shares.

- CNQ sold its interest in Fitzroy Resources Limited (ASX: FRY) on 12 February 2013 via an on-market sale of 7,500,000 ordinary shares valued at \$337,700.
- A copy of CNQ's Investor Presentation detailing the economics of the Hard Rock Project was released to the market on 18 February 2013. This document can be viewed at <http://www.carbinetungsten.com.au/ctasx>

SUMMARY OF ACTIVITIES AND EVENTS

SUBSEQUENT TO 31 MARCH 2013

- On 12 April 2013, Sovereign Gold Company Limited ("Sovereign") announced that it had acquired 93.91% of Gossan Hill Gold Limited's ("Gossan") shares. In return for its acceptance of this offer, CNQ received a cash consideration of \$103,125 along with 1,031,250 fully paid ordinary shares in Sovereign. These shares were escrowed for a period of twelve months to 14 April 2014.

DEVELOPMENT, EXPLORATION AND PRODUCT MARKETING ACTIVITIES

QUARTER ENDED 31 MARCH 2013

DEVELOPMENT ACTIVITIES

HARD ROCK PROJECT FUNDING

The Board of CNQ was pleased to announce the execution of a MOU with its existing off-take partner, Mitsubishi, which covered both potential funding, technical collaboration and an off-take consideration for 80% of the tungsten stockpiles and 50% of the ore produced from the historical open pit tungsten mine.

Further to ongoing negotiations, Mitsubishi have also started their consideration to fund \$15 million of the capital funding required to undertake the planned development program for the existing Hard Rock stockpiles.

The CNQ Board remains confident that due to the existing strong and longstanding relationship with Mitsubishi, the CNQ could advance from an MOU to a joint venture agreement once permitting and approvals have been secured.

In addition, CNQ has also received Letters of Intent for all or part of its Hard Rock production from separate off-takers.

PERMITTING & APPROVALS – HARD ROCK PROJECT

The EMP covering the stockpile processing phase of the Hard Rock Project was submitted to the DEHP on 14 March 2013. As the typical processing time for such applications is between 3 and 6 months, CNQ expects this process to be completed by the third quarter of 2013.

Pending this approval and the issuing of an Environmental Authority, CNQ will have the key environmental approvals required to develop the Hard Rock stockpiles and commence the development phase for the historical open pit tungsten mine.

PRODUCT MARKETING

TAILINGS RE-TREATMENT PROJECT, MT CARBINE

A further consignment of high grade tungsten concentrate was shipped to Mitsubishi from the Tailings Retreatment Plant on 8 March 2013.

The Board was also encouraged by the recent improvement in the average price of tungsten (APT) which had increased by more than 20%. It was considered that this price may continue to improve as general stock levels for APT were consumed as a result of increased global demand.

EXPLORATION

No exploration activities were undertaken during the quarter.

CORPORATE

RESIGNATION OF DIRECTOR, CHANGE OF COMPANY SECRETARY AND REGISTERED OFFICE

Dr Andrew White resigned as a Non-executive Director of CNQ effective from 31 January 2013. Dr White will however remain available to CNQ as a consultant providing ongoing access to his valued expertise and long standing knowledge of the Mt Carbine Project.

Due to the resignation of Mr Robert Waring as Company Secretary, Mr Tom Bloomfield was appointed to this position on 1 February 2013. Mr Bloomfield is an experienced Chartered Company Secretary who has worked with, and consulted to, a wide range of international and domestic, listed and unlisted companies. Mr Bloomfield also holds a Law Degree and is currently undertaking a Master's Degree at Sydney University. Mr Bloomfield is the General Manager of Corporate Secretarial Services at Boardroom Pty Limited.

The Board of CNQ would like to thank Mr Waring for his contribution as Company Secretary and wish him well for his future endeavours.

As from 8 February 2013 CNQ changed its registered office to:

Office Address	50 Scott Street, Cairns Qld 4870
Mailing Address	PO Box 1040, Bungalow Qld 4870
Telephone Number	+61 7 4052 2400
Fax Number	+61 7 4052 2444

APPOINTMENT – NON-EXECUTIVE DIRECTOR

On 25 February 2013 the Board of CNQ welcomed Mr Peter Donkin as a Non-Executive Director.

Mr Donkin has extensive experience in the global metals and mining industry, having worked in senior positions in the investment banking sector for over 28 years. Most recently, Mr Donkin was the Managing Director of the Mining Finance Division of Societe Generale in Australia, and worked in a range of positions for the bank for 21 years in both their Sydney and London offices. Mr Donkin is currently a Director of Paladin Energy Limited and Allegiance Coal Ltd, and was previously a Director of Sphere Minerals Ltd.

The Board believes that Mr Donkin's corporate experience in the mining industry, and particularly his experience with major investment bank, Societe Generale, will assist the Company at this critical time in its growth cycle. Of particular relevance is Mr Donkin's experience in supporting companies during the feasibility stage of their development. Mr Donkin holds a Bachelor of Economics degree and a Bachelor of Law degree from the University of Sydney.

CAPITAL RAISING ACTIVITIES – SHARE PURCHASE PLAN (“SPP”)

On 8 February 2013, the Board of CNQ announced that it would be offering CNQ shareholders the opportunity to acquire shares through an SPP, at a price of 7.5 cents per share. All shareholders who were registered on the record date of 1 February 2013 and whose registered address was in Australia or New Zealand were entitled to apply for up to \$15,000 of shares free of brokerage.

The objective of the SPP was to provide working capital to progress the environmental management and engineering studies required to secure the permits and approvals to commence development of the Hard Rock Project.

The SPP closed on Friday 8 March 2013 and raised \$340,725 through the subscription for 4,543,009 shares.

The Board would like to thank those shareholders who participated in the SPP for their ongoing support.

SALE OF SHARES - FITZROY RESOURCES LIMITED

As part of the Company's objective to focus purely on its tungsten assets, the Board of CNQ completed an on market sale of 7,500,000 ordinary shares in Fitzroy Resources Limited (ASX: FRY), valued at \$337,700.

The funds generated from this sale and that of the SPP would be used to progress CNQ's transition from its existing Tailings Retreatment operations, to the commencement of the development and exploration activities associated with its Hard Rock Project.

CORRECTION – QUARTERLY REPORT

An error was made in the Quarterly Report for the period ending 31 December 2012 whereby a reference was made to CNQ holding a 25% interest in Spencer Resources Limited (“Spencer”).

CNQ wishes to clarify that it holds a 25% interest in EPM17071 (Iron Pot Creek, Queensland) on which Spencer is undertaking exploratory drilling and not in Spencer itself.

JIM MORGAN
CEO & MANAGING DIRECTOR
ENQUIRIES: 0487 144 834

CARBINE TUNGSTEN LIMITED AT A GLANCE

Directors

Dr Leon Pretorius, Chairman
Mr A.J. (Jim) Morgan, Managing Director
Mr A.E. (Tony) Gordon, Non-Executive Director
Mr P. (Peter) Donkin, Non-Executive Director

Company Secretary

Mr Tom Bloomfield

Registered Office & Principal Place of Business

50 Scott Street
Bungalow, Cairns QLD 4870 Australia
Telephone: +617 4052 2400
Facsimile: +617 4052 2444

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 0487 144 834

Issued Capital and Market Capitalisation

At 17 April 2013 Carbine Tungsten's issued capital was 280,505,728 ordinary shares, and 2,400,000 Performance Rights and 2,900,000 unlisted options exercisable between 14 and 34 cents. At a share price of \$0.062 (17 April 2013) the market capitalisation was \$17.4 million.

Number of Shareholders and Major Shareholders

At 17 April 2013 Carbine Tungsten had 1,158 shareholders. The share register records the following as major shareholders at 18 January 2013 accounting for 33.58% of the issued shares:

Shareholder	%
Leon Eugene Pretorius	11.62
Mota Engil Minerals & Mining Investments BV	5.70
Baglora Pty Ltd <Mott Family Super Fund A/C>	4.20
Silva Pty Ltd	2.65
Neil Kenneth Watson and Margaret Helen Moroney <Rossdale Super Fund A/C>	2.09
Andrew Hewlett White and Associates	1.82
Neil Watson and Margaret Moroney <Rossdale Super Fund A/C>	1.65
Nicholson Super Pty Ltd <Nicholson Family S/F A/C>	1.29
Alan Scott Nominees Pty Ltd <Superannuation Fund A/C>	1.28
Fallon Nominees Pty Ltd <Fallon Family A/C>	1.28

Cash Balance

At 31 March 2013 Carbine Tungsten's cash balance was approximately \$494,000.

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)