



Sheeted Quartz Vein Deposits (Above) & Unearthing Historic Civil Structures (Below)



Quarterly Activities Report

For the Period Ended 31 March 2015



Carbine Tungsten Limited

ACN 115 009 106

Registered Office & Principal Place of Business:

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(ASX: CNQ)



HIGHLIGHTS

- **On 18 March 2015 Carbine Tungsten Limited (“Carbine” or the “Company”) was pleased to announce that it had agreed the loan and offtake conditions with Mitsubishi Corporation RtM Japan Ltd (“Mitsubishi RtMJ”) and also received confirmation from the Australian Securities Exchange (“ASX”) and the Company’s lawyers that the loan security requirements did not require shareholder approval to enable the loan to be concluded.**
- **On 8 April 2015, 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 2014 Financial Year of AUD \$1,546,780. 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 enters the execution phase of its world class hard rock tungsten project development.**

EXECUTIVE SUMMARY

This quarter has seen the Company continue to successfully progress funding for its hard rock stockpile and open pit developments as well as advancing its exploration and asset expansion plans.

Carbine has agreed the legal and technical framework terms of their Offtake, Security Deed and Loan Agreement with Mitsubishi RtMJ. The ASX and the Company’s lawyers have also confirmed that shareholder approval is not required to conclude the agreements with Mitsubishi RtMJ for a US\$15 million loan for the development of Carbine’s Hard Rock Stockpile Project.

Executives from Carbine conducted a roadshow in New York, USA during the quarter to promote the Company’s current prospects and plans for the hard rock open pit development. As a consequence, the Company has received a number of proposals from New York based firms and is currently in the process of reviewing these. These proposals are early stage and non-binding however progress on these developments will be announced as the Company is in a position to do so.

Carbine has also issued tenders for the Stockpile Engineering Procurement and Construction Management (“EPCM”) Contract and issued detailed enquiries for the long lead equipment items. The Company is currently evaluating the various bids that it has received to date.

The Company received \$1.54 million as an R&D tax offset which supports its working capital cash position. This R&D tax offset is associated with the Company’s R&D Tailings Operation which continues to contribute valuable operational experience and intellectual property knowledge to the Company.

Carbine has also been further developing its exploration and geological asset expansion program and has sponsored an on-site independent geological evaluation by James Cook University.

The market backdrop for tungsten remains supply constrained however recent softening of the broad base commodity prices has also affected tungsten pricing in the short term. In particular Chinese Ammonium Paratungstate (“APT”) prices have become erratic and the differential margin between Chinese concentrate and Chinese APT pricing has reduced. This indicates once again that the market is concentrate supply constrained and that any existing APT inventories appear to be depleting.



The strategic tungsten stockpile held in the USA is expected to be consumed during 2015 and this logically should lead to further concentrate demand. As a result of the World Trade Organisation's legal actions the Chinese export restrictions are expected to be lifted in the coming months however they are expected to be replaced by concentrate production constraints due to increasing environmental and higher mining cost economics within China. The fundamental requirement for secure long term independent supply of this strategic industrial and military use metal remains a priority for many tungsten concentrate consumers. The low OPEX and CAPEX advantages of the Mt Carbine project remain compelling and strong in the current market conditions.

DEVELOPMENT, EXPLORATION, TECHNICAL & CORPORATE ACTIVITIES

QUARTER ENDED 31 MARCH 2015

DEVELOPMENT ACTIVITIES

LOAN AND OFFTAKE CONDITIONS AGREED WITH MITSUBISHI CORPORATION RTM JAPAN LTD

The Board of Carbine was pleased to announce on 18 March 2015 that following successful meetings with Mitsubishi RtMJ in Japan it had reached agreement on the terms and conditions of the US\$15million loan facility, which contains some conditions precedent to drawdown and offtake agreements with Mitsubishi RtMJ, subject to the execution of the documents. This followed confirmation from the ASX and the Company's lawyers that the loan security requirements did not require shareholder approval to enable the loan to be concluded.

The Company has also issued tender documents and held discussions with selected engineering consultants for the engineering, procurement and construction management package (EPCM) and have also issued a number of long lead time equipment tender enquiries. Award of these contacts is scheduled during May 2015 subject to the drawdown of the funding facility. The Stockpile Project is the initial phase of the Company's two phase Hard Rock Project development and will produce 76,500 metric tonne units (mtu) of tungsten concentrate per annum commencing in Q2 of 2016. Mitsubishi RtMJ may purchase 80% of production from the Stockpile Project and 50% of the production from the project's second phase (open pit) development which will have a combined production of 270,000 mtu. The Company is seeking funding options for the remaining offtake and direct investment discussions are continuing with a number of interested investment parties for the funding of the second phase (open pit) development.

The Company looks forward to entering the execution phase of its world class hard rock tungsten project development, and will make ongoing announcements as developments progress.

EXPLORATION ACTIVITIES

SHEETED QUARTZ VEIN-HOSTED WOLFRAMITE DOMINATED MINERALISATION:

Carbine has noted before that the extensions of the Mt Carbine tungsten ore body and its surrounds are virtually unexplored. Historical mapping of Carbine Hill and old workings indicate that the wolframite-dominated mineralisation hosted by sheeted quartz veins that characterises the Mt Carbine ore body (Indicated and Inferred Mineralisation where the ore body has been drilled of 18Mt at 0.14%WO₃ and 29.3Mt at 0.13% WO₃ respectively) extends for at least 900m north of the open pit. In order to better understand the mineralisation as a guide to future exploration, a post-doctoral study of the ore body by EGRU (Economic Geology Research Centre), James Cook University, has been sponsored by Carbine and funded by the Geological Survey of Queensland. Work completed to date has included re-logging and sampling of historical drill cores and granitic rocks surrounding the ore body with the intention of accurately dating the mineralisation and potentially identifying the source of the mineralising fluids.



IRON DUKE PROSPECT

Work has also commenced on a similar study of the Iron Duke scheelite-dominated prospect adjacent to the main ore body, as an Honours thesis project at the University of Queensland. These two studies are anticipated to provide an up-to-date understanding of the geology of each style of mineralisation as a basis for the exploration planned to commence this year.

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 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 20 April 2015 Carbine Tungsten's issued capital was 308,579,626 ordinary shares and 8,000,000 unlisted options exercisable at 20 cents. At a share price of \$0.14 on 20 April 2015 the market capitalisation was \$43.20 million.

Number of Shareholders and Major Shareholders

At 20 April 2015 Carbine Tungsten had 1,198 shareholders. The share register records the following as major shareholders at 20 April 2015 accounting for 36.02% of the issued shares:

| Shareholder | % |
|---|-------|
| Dr Leon Eugene Pretorius | 11.67 |
| Mota Engil Minerals & Mining Investments BV | 5.19 |
| Baglora Pty Ltd <Mott Family Super Fund A/C> | 4.46 |
| Rossdale Superannuation Pty Ltd <Rossdale Super Fund A/C> | 4.44 |
| Andrew James Morgan | 1.90 |
| Silva Pty Ltd | 1.82 |
| Andrew Hewlett White and Associates | 1.79 |
| Alan Scott Nominees Pty Ltd <Superannuation Fund A/C> | 1.78 |
| Max Mobile Auto Clinic Pty Ltd | 1.69 |
| JA Johnstone Pty Ltd <Waterhouse Super Fund A/C> | 1.28 |

Cash Balance

At 31 March 2015 Carbine Tungsten's cash balance was approximately \$721,000.

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)