

Quarterly Activities Report

For the Period Ended 30 September 2015



Carbine Tungsten Limited

ACN 115 009 106

Registered Office & Principal Place of Business:

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(ASX: CNQ)



HIGHLIGHTS

- **Carbine Tungsten Limited (“Carbine” or “the Company”) signs a Memorandum of Understanding (“MoU”) to acquire the mining leases and long-term operational quarry business at Mt Carbine and Mossman quarry sites.**
- **Carbine announced on 2 July 2015 that it had retained Palisade Capital Corp as an independent and non-exclusive consultant to provide marketing services and introductions to financiers.**
- **Carbine undertakes a ground magnetic survey to obtain a detailed structural interpretation of the Iron Duke prospect. Results are currently being analysed.**
- **Carbine’s 2015 Annual General Meeting to be held at Rydges Melbourne, 186 Exhibition Street, Melbourne on Tuesday 24 November 2015 commencing at 11.00 am Melbourne time.**
- **Carbine’s Senior Management attend the International Tungsten Industry Association’s (“ITIA”) Annual General Meeting.**

EXECUTIVE SUMMARY

Carbine Tungsten Limited has had a very busy quarter whilst tungsten market conditions and pricing for tungsten concentrates and Ammonia Para Tungstate (APT) remain close to historically low levels.

The Company has concluded a MoU to acquire the operational quarry businesses that exist at the Mt Carbine site and in nearby Mossman. These profitable businesses are intended to provide operating funds and contribute to operational cash flows to sustain and grow Carbine whilst it conducts its tungsten project development activities awaiting for the tungsten market conditions and concentrate pricing to return to a more sustainable level, prior to bringing the stockpile and open pit projects into production. Further announcements will be made in the near future regarding the proposed quarry purchases.

During September 2015 the Company’s Senior Management attended the ITIA Annual General Meeting held in Hanoi, Vietnam. This industry specific meeting is the best forum to determine market conditions and meet with tungsten industry investors and offtake customer groups. As foreshadowed in the Chairman’s Report contained within the Company’s recent 2015 Annual Report, the APT and tungsten concentrate prices have fallen by over 50% in the past year and there is a substantial stockpile of APT material held by the Chinese FANYA metal exchange which remains unallocated to a buyer at the present time. This combined with the position that two significantly-sized new mines, one located in Vietnam and the other in the United Kingdom have recently entered production, has resulted in a severe fall in prices for both concentrate and APT products and added to the market imbalance. There has also been a decline in overall tungsten consumption which closely tracks the global gross domestic product (“GDP”) figures which also continue to decline. All the above factors result in transient over-supply conditions. It is highly likely that high cost tungsten producers will be facing very thin margins or be in a loss making situation, and high cost mines (predominantly western world mines) may cease operations. Some reports estimate that approximately 25% of all tungsten mines are currently operating at a loss.

The Company’s strategy is to maintain its tungsten project-ready status until market conditions improve. This is forecast to occur in the latter part of 2016. The Company’s planned acquisition of the quarry that has been operating at the Mt Carbine site for a long period has the capacity to provide an immediate positive cash flow once purchased, to sustain the Company during the period of poor tungsten market conditions.



The Company has continued exploration activities including a magnetic survey of the Iron Duke target and a historical tin prospect within its EPM area.

Whilst recognising the poor tungsten market and general commodity market conditions the Company remains confident that it has a world class, low CAPEX and OPEX tungsten resource and project with a realistic plan of delivering the project at a more optimum time in the commodity cycle.

EXPLORATION & CORPORATE ACTIVITIES

QUARTER ENDED 30 SEPTEMBER 2015

EXPLORATION ACTIVITIES

IRON DUKE MAGNETIC SURVEY

The Iron Duke prospect is adjacent to the sheeted quartz vein, wolframite dominated Mt Carbine tungsten deposit. The Iron Duke prospect is closely associated with lenses of pillowed basalt and a continuous horizon of brecciated radiolarian chert, and has been mapped on the surface for a distance of 1.3km north from the Mt Carbine open pit. The prospect is interpreted as having formed in association with skarn alteration of the basalt and chert, and mineralisation is dominantly scheelite. Six (6) cored drill intercepts of the prospect on the eastern side of the open pit average 0.32% WO_3 and the true width of the prospect averages 8m in these intercepts, although geological mapping north of the pit indicates that the prospect has a width of up to 20m. During the quarter, a ground magnetic survey to determine the application of ultra-high resolution magnetic imagery in interpreting the structure of the Iron Duke prospect was undertaken. Whilst surface exposure of the host rock assemblage is reasonable, more structural detail would be advantageous in siting proposed drill holes to test the prospect.

A detailed ground magnetic survey over 750m of the prospect north from the open pit was completed to test the hypothesis that ultra-high resolution magnetic imagery will assist with detailed structural interpretation. Preliminary data indicates that the magnetic imagery will enable this to be achieved, and data processing is under way for a final analysis.

An exploration program to determine potential for tin mineralisation within the two EPMs held by Carbine has been commenced.

TIN MINERALISATION IN THE MT CARBINE DISTRICT

The Mt Carbine tungsten deposit, that is the focus of planned production, is dominated by the tungsten minerals wolframite and scheelite, but it has long been known that accessory tin mineralisation is associated with the tungsten. The Mt Holmes prospect in Carbine's EPM14871 south of Mt Carbine is similar to the Mt Carbine deposit in that it is hosted by a sheeted quartz vein complex, but visual assessment of the Mt Holmes mineralisation indicates that tin in the form of cassiterite (SnO_2) is more abundant than at Mt Carbine. Very large (up to 2.5cm) cassiterite crystals are common in the quartz veins at Mt Holmes, although appropriate sampling to determine grade has not yet been carried out.

Alluvial tin (cassiterite) was mined during the 1970's on the western side of the Mt Alto Granite intrusion, south west of Mt Carbine, by small, privately owned syndicates. No records of mine process, metallurgical process, tin concentrate production or grade from these mines have been found.

Geological mapping and assessment of the old alluvial workings was carried out during the quarter, and the following summarises the findings of this work:

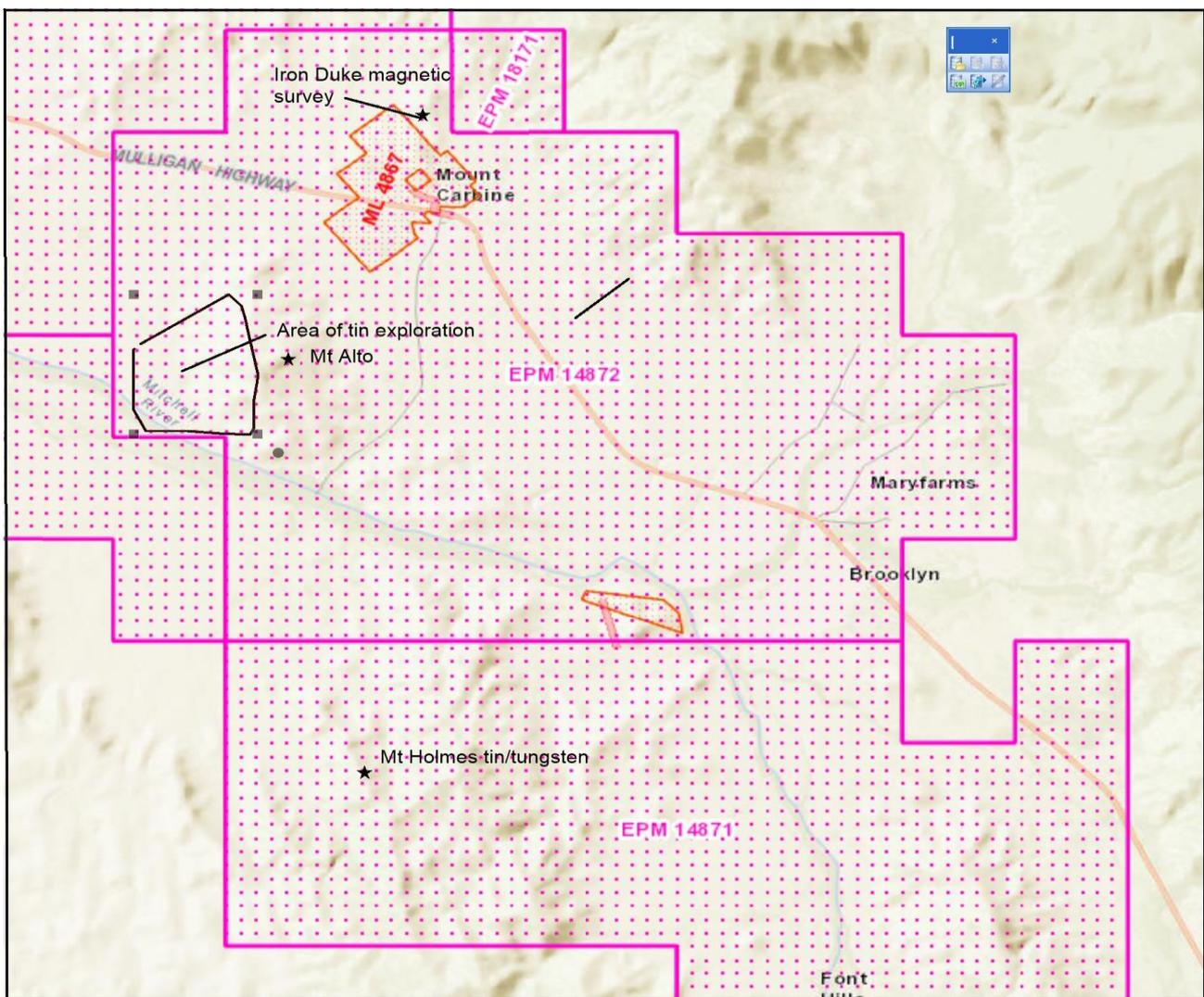
A set of sub vertical quartz veins up to 5m wide and persistent along strike for up to 2km cut across the Mt Alto Granite and the metasediments west of Mt Alton that are intruded by the granite.

The quartz veins are buff-coloured, brecciated and exhibit evidence of multiple fracturing and quartz deposition. Cassiterite and minor wolframite occur in the veins, generally near the vein selvages in contact with metasediment or granite.

A mica-rich greissen phase is common at the margin of the granite where it is in contact with metasediments.

The historical alluvial tin workings are concentrated in modern gullies draining the zones where the quartz vein, metasediment and greissenised granite intersect. There is evidence that at least two generations of alluvial mining took place, and that the most recent (up to 1980) used jigs to recover tin. Cassiterite left behind in gutters in the gullies is abundant.

The bedrock (metasediment and locally, granite) is overlain by an indurated coarse cobble wash with an arkose (weathered granite) cement, up to 1.5m thick. This is overlain by up to 4m of loose arkose. The wash extends up to 900m south west of the granite/metasediment contact, over a distance of 1.3km along the contact. Two zones of historical workings extend up to 250m along the gullies over a width of up to 50m. Shallow pits spaced at 50m to 100m to sample the wash cover the entire area.



No record of the pit samples has been found, and since the extent and grade of tin mineralisation is not known a sampling program is being costed that will test the extent and grade of alluvial tin distribution, with the Carbine tailings plant being utilised for sample test work. The aim will be to assess the commercial potential of the tin mineralisation.



CORPORATE ACTIVITIES

CARBINE PALISADE CAPITAL FOR FINANCIAL AND MARKETING CONSULTING SERVICES

Carbine was pleased to announce on 2 July 2015 that it had retained Palisade Capital Corp as an independent and non-exclusive consultant to provide marketing services and make introductions to financiers throughout the European, Canadian and U.S. investment community. Collin Kettell and Sean Zubick, the Principals of Palisade, will be primarily responsible for providing the services to the Company.

Palisade Capital is an offshore merchant banking group, specializing in high growth, small cap investments. Through its global network of private equity groups, fund managers, high net worth and retail investors, Palisade is able to create strategic relationships to drive increased liquidity and source financing. (www.palisadecapitalcorp.com)

Sean Zubick, COO of Palisade commented, "Carbine is in the process of becoming a leading producer of tungsten in the western world. The Company is led by a world-class management team, exemplified by their ability to source a financial partner such as Mitsubishi Corporation RtM Japan Ltd. We look forward to assisting Carbine in seeking additional financial partners and building a strong global presence as they work to bring the Mt. Carbine Tungsten Mine back into full scale production and expand the resource assets to realise the projects full potential."

MOU FOR ACQUISITION OF MT CARBINE QUARRIES PTY LTD

Mt Carbine Quarries Pty Ltd has produced quarry products for civil engineering works in Far North Queensland for many years. The main source of quarry material is the Optical Ore Sorter Reject stockpile from the historical mining operation carried out by Queensland Wolfram Limited during the 1970s and 1980s. This source has been augmented by coarser rock from the adjacent Low Grade Stockpile, the tailings stockpile and material from the Mossman quarry to achieve product specifications for various civil engineering applications including major road construction. The quarries have operated profitably during this time. The planned Low Grade Stockpile processing and future open pit mining at Mt Carbine will fit well with the quarrying operation in supply of sized quarry material for civil engineering in the far north for the foreseeable future. Further announcements of the anticipated benefits for Carbine from this acquisition will be provided following completion of a detailed due diligence, commercial valuation, audit and financial modelling process to be undertaken by the Company.

2015 ANNUAL REPORT

Carbine's 2015 Annual Report, released to the market on 30 September 2015, can be viewed using the following link:-

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

CORPORATE ACTIVITIES

SINCE QUARTER END

ANNUAL GENERAL MEETING

On 22 October 2015 Carbine distributed its Notice of Annual General Meeting and Proxy Form to shareholders advising that this year's Annual General Meeting would be held on Tuesday 24 November 2015 at Rydges Melbourne, 186 Exhibition Street, Melbourne commencing at 11.00 am Melbourne time.



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
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 (07) 4052 2400

Issued Capital and Market Capitalisation

At 20 October 2015 Carbine Tungsten's issued capital was 309,968,026 ordinary shares and 8,000,000 unlisted options exercisable at 20 cents. At a share price of \$0.062 on 20 October 2015 the market capitalisation was \$19.2 million.

Number of Shareholders and Major Shareholders

At 20 October 2015 Carbine Tungsten had 1,195 shareholders. The share register records the following as major shareholders at 20 October 2015 accounting for 35.71% of the issued shares:

Shareholder	%
Dr Leon Eugene Pretorius	11.61
Mota Engil Minerals & Mining Investments BV	5.16
Baglora Pty Ltd <Mott Family Super Fund A/C>	4.47
Rossdale Superannuation Pty Ltd <Rossdale Super Fund A/C>	4.42
Andrew James Morgan	1.89
Andrew Hewlett White and Associates	1.79
Alan Scott Nominees Pty Ltd <Superannuation Fund A/C>	1.77
Max Mobile Auto Clinic Pty Ltd	1.68
Silva Pty Ltd	1.65
JA Johnstone Pty Ltd <Waterhouse Super Fund A/C>	1.27

Cash Balance

At 30 September 2015 Carbine Tungsten's cash balance was approximately \$525,000.

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)