



Quarterly Activities Report

For the Period Ended 31 December 2012



Carbine Tungsten Limited

ACN 115 009 106

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HIGHLIGHTS

- Approval to proceed with the Environmental Management Plan for processing the hard rock stockpile was received from the Queensland Government.
- 45 tonnes of high grade tungsten concentrate were despatched from CNQ's Tailings Retreatment Plant during the period October 2012 through to late January 2013 to Mitsubishi Corporation Unimetals Ltd (MCU).
- Letters of Intent were received from two interested major international Tungsten off-take parties for funding and off-take from CNQ's Hard Rock Project.
- Mr Tony Gordon appointed as a Non-executive Director to replace retiring founding Director Dr Andy White.



12 Million Tonnes of Stockpiled Ore Material

EXECUTIVE SUMMARY

Carbine Tungsten Limited ("The Company") (ASX: CNQ) is pleased to provide a report on the Company's activities during the quarter ended 31 December 2012. During the quarter Carbine Tungsten Limited (CNQ) has remained highly active, achieving significant advancements with respect to improved production from its Tailings Retreatment operations and development of its large-scale "Hard Rock" brown field tungsten mine. The Company's activities were focussed on securing necessary capital to fund the upcoming exploration and development program and permitting approvals.

During the quarter, the Company received strong interest for Project funding and production off-take from two separate parties which is a strong endorsement of the Company's strategy to transition its production operations from existing tailings retreatment to development of its "Hard Rock" assets. The Company received two Letters of Intent ("LOI") which are currently being assessed by the Board as part of the ongoing funding program, required to meet the CAPEX requirements of the Hard Rock project development.

The Company has also received approval from the Queensland Government to proceed with its Environmental Management Plan (EMP) for processing the hard rock stockpiles. This is a significant step forward in the permitting and approvals process.



High-grade tungsten concentrate continues to be produced from the Company's Tailings Retreatment Plant and daily production rates have significantly improved during the quarter. The encouraging production rates coupled with the trialling of additional ultra-fines recovery equipment demonstrates that this research and development project is capable of achieving high recovery rates from the existing tailings deposit. While the Company's focus will be on undertaking the necessary development activities to commence processing of the existing Hard rock stockpiles and bring the Hard Rock open pit into production, the Company will continue to optimise the Tailings Retreatment Plant where possible to further increase recoveries and provide ongoing cash flow.

During the quarter the Company's Tailings Retreatment operations were adversely impacted by the extraordinary dry weather and resultant bushfire events that have affected much of Australia and in particular Far North Queensland where the late onset of the seasonal monsoonal rains has been delayed beyond normal historical precedents. These weather related disruptions have hampered consistent operations and resulted in temporary water shortages and power supply interruptions at the Tailings Retreatment Plant. Despite these weather related challenges, the Company's December concentrate production was achieved seven days behind schedule which resulted in the 15 tonne shipment being despatched from the Mt Carbine Tailings Retreatment Plant in early January 2013.

The Company has also maintained its strong safety record during the reporting period with no lost time injuries being recorded.

Carbine Tungsten would also like to welcome Mr. Tony Gordon to the Board as Non-Executive Director following his appointment in November 2012. Mr. Gordon has over 25 years' experience in the Financial Services sector and will provide valuable input into the Company's corporate growth strategy.

The Company's activities this quarter clearly demonstrate that steady progress is being made with its plans to re-establish a world class hard rock tungsten mine at Mt Carbine whilst maintaining and improving production from its current Tailings Retreatment Plant.



Testing of Ultra Fines Centrifuge recovering tungsten particles down to three micron.



SUMMARY OF ACTIVITIES AND EVENTS

QUARTER ENDED 31 DECEMBER 2012

- On 22 October 2012 the Directors of CNQ were pleased to announce a further 15 tonne consignment of high grade tungsten concentrate had been despatched from its Tailings Retreatment Plant to MCU.
- A Letter of Intent (LOI) was received by CNQ during the month of November 2012 from an international trading house outlining a strong interest in securing approximately 50% of the projected production output from its planned Hard Rock stockpiles and open pit mining project. Furthermore, the LOI indicated that a significant proportion of the funding requirements for the Hard Rock Project may be met by a loan or equity facility through this transaction. This LOI is subject to further evaluation and Board approval.
- CNQ held its Annual General Meeting in Melbourne on 8 November 2012 at the Citigate Melbourne Hotel with approximately 40 shareholders and interested parties in attendance. All resolutions tabled at the meeting were carried.
- Mr Tony Gordon was appointed as a Non-Executive Director to the Board of CNQ on 26 November 2012. Mr Gordon has over 25 years' experience in financial markets, primarily stockbroking, and has held Directorships and Senior Management positions with a number of leading Australian stockbroking and financial services companies. CNQ believes that Mr Gordon's extensive experience of the financial markets and marketing skills will enhance the skill set of its Board.

This appointment followed Non-executive Director, Dr Andrew White, announcing his intention to retire from the Board of CNQ at the end of January 2013. To ensure the Company continues to have access to Dr White's invaluable technical expertise and extensive knowledge of the Mt Carbine Project, he will continue to act as a consultant as required by the Company.

The Board of Directors of CNQ would like to take this opportunity to thank Dr White for his service and contribution to the Mt Carbine Project.

- In November 2012 a further shipment of 15 tonnes of high grade tungsten concentrate was despatched from the Mt Carbine Tailings Retreatment Plant to MCU.
- Subsequent to the quarter in January 2013 and resulting from processing during December, a further shipment of 15 tonnes of high grade tungsten concentrate was despatched from the Mt Carbine Tailings Retreatment Plant to MCU.
- Australian Minerals & Mining Group Ltd (AMMG) announced on 14 December 2012 that it had commenced its due diligence phase for the potential acquisition of iron deposits previously explored by BHP (known as Deposits "I" and "J" in the Gulf Region of North Queensland) which are currently held by subsidiaries of CNQ. AMMG has entered into an agreement with CNQ to acquire these subsidiaries, with this purchase subject to the aforementioned due diligence.
- Spencer Resources Limited (ASX: SPA), an exploration company in which CNQ has a 25% equity interest, made an announcement on 7 December 2012 in relation to the commencement of drilling at Crystal Mount, EPM 17071 (Iron Pot Creek, Queensland) to test the potential for gold mineralisation.



Further information pertaining to this announcement can be found at <http://www.asx.com.au/asx/research/companyInfo.do?by=asxCode&asxCode=CNQ>.

- In December 2012 a further Letter of Intent was received from a major western tungsten producer indicating an interest in securing between 50% and 100% of the planned production output from CNQ's Hard Rock open pit project. The potential future off-taker is a producer of tungsten powders and products for a wide range of markets including hard metals, energy, automotive, defence, aerospace and electronics. This LOI is subject to further evaluation and Board approval.

SUMMARY OF ACTIVITIES AND EVENTS

DEVELOPMENT, EXPLORATION AND PRODUCT MARKETING ACTIVITIES

QUARTER ENDED 31 DECEMBER 2012

DEVELOPMENT

HARD ROCK PROJECT FUNDING

During the quarter CNQ received the following Letters of Intent (LOI):

- The first LOI was received in November 2012 from an International Trading House indicating a strong interest in securing approximately 50% of the projected output from CNQ's Hard Rock stockpiles and open pit mining project. Furthermore, this potential off-taker indicated that a significant proportion of the Hard Rock Project's funding requirements could potentially be met by a loan or equity facility arranged by them.
- The second LOI was received in early December 2012 from a major Western tungsten producer who was interested in securing between 50% and 100% of the planned production output from the Hard Rock open pit project. This potential future off-taker is a producer of tungsten powders and products for a wide range of markets, including hard metals, energy, automotive, defence, aerospace and electronics.

The Board believes that this high level of end-user interest in the Mt Carbine Hard Rock Project clearly displays confidence in its project by well-known and respected international companies. Furthermore, it reflects the quality and potential of the Mt Carbine tungsten project to make a major contribution to the supply of tungsten concentrates to the global tungsten market in the near future.

These LOI's are subject to further evaluation by the Board of CNQ and on-going detailed discussions are continuing with both parties.

HARD ROCK PROJECT TIMELINE UPDATE

The Hard Rock Project is currently in the initial environmental permitting and engineering phase and is in many aspects a "brown fields" project development. Early construction activities have commenced including clearing and preparing existing infrastructure components for re-use.

TAILINGS RE-TREATMENT PROJECT, MT CARBINE

Two 15 tonne consignments of high grade tungsten concentrate were shipped from CNQ's Tailings Retreatment Plant during this quarter under their recently signed contract with MCU.



CARBINE TUNGSTEN

CNQ was also pleased to announce record production rates approaching designed throughput capacity being achieved, following the successful installation of new direct feed and scrubbing equipment at the front-end materials handling section of the plant.



High Grade Tungsten Concentrate Shipment being despatched from the Tailings Retreatment Plant.

CORPORATE

Due to the resignation of Mr Robert Waring as Company Secretary of CNQ, Mr Tom Bloomfield will be appointed to this position effective from 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 contributions during his service as Company Secretary and wish him well for all his future endeavours.

As from 8 February 2013 CNQ will be changing 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



EXPLORATION

TARA PROSPECT (NSW) SILVER PROSPECTIVITY - CLARIFICATION

Even though CNQ previously announced high silver values from historic core assays further investigations indicate that the high silver values cannot be validated and therefore planning around the Tara prospect is focused on the Project's tin potential.

PRODUCT MARKETING

No significant product marketing activities were announced during this quarter.

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
 Dr Andrew White, Non-Executive Director
 Mr A.E. (Tony) Gordon, Non-Executive Director

Company Secretary

Mr Robert Waring

Registered Office

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 Sydney, NSW 2000 Australia
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 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 0487 144 834

Issued Capital and Market Capitalisation

At 11 January 2013 Carbine Tungsten's issued capital was 275,962,719 ordinary shares, and 2,900,000 unlisted options exercisable between 14 and 34 cents. At a share price of \$0.095 (14 January 2013) the market capitalisation was \$26.2 million.

Number of Shareholders and Major Shareholders

At 11 January 2013 Carbine Tungsten had 1,186 shareholders. The share register records the following as major shareholders at 11 January 2013 accounting for 33.3% of the issued shares:

Shareholder	%
Leon Eugene Pretorius	11.74
Mota Engil Minerals & Mining Investments BV	5.80
Baglora Pty Ltd <Mott Family Super Fund A/C>	4.12
Silva Pty Ltd	2.69
Neil Kenneth Watson and Margaret Helen Moroney <Rossdale Super Fund A/C>	2.12
Andrew Hewlett White and Associates	1.84
Neil Watson and Margaret Moroney <Rossdale Super Fund A/C>	1.68
Alan Scott Nominees Pty Ltd <Superannuation Fund A/C>	1.30
Fallon Nominees Pty Ltd <Fallon Family A/C>	1.30
Nicholson Super Pty Ltd <Nicholson S/F A/C>	1.28

Cash Balance

At 31 December 2012 Carbine Tungsten's cash balance was approximately \$1,027,000.

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)