

# Quarterly Activities Report

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For the Quarter Ended 31 March 2017

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**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

- **Carbine Tungsten Limited (“Carbine” or “the Company”) was pleased to announce on 22 March 2017 that it had successfully completed a placement to institutional and sophisticated investors of 62,000,000 fully paid ordinary shares at a price of \$0.013 per share to raise \$806,000 before costs.**
- **Exploration work about to intensify at both the Company’s 100% held gold prospects. A review of the highly encouraging sampling results can be found in the announcement released by Carbine on 18 April 2017.**
- **The Company is pleased to advise that the research and development (“R&D”) activities it conducted during the 2015-2016 financial year have resulted in a R&D Tax Offset amount of \$572,917 being received mid-April 2017 (post the Company’s Quarterly Cash Flow Report period ending 31 March 2017).**
- **Carbine’s Chilean lithium concessions solidly in process, high concession processing activity is prolonging the typical award duration period.**

## EXECUTIVE SUMMARY

This quarter has been a very productive and busy one with Carbine successfully raising \$806k in its oversubscribed placement to sophisticated investors and has subsequently augmented this funding with the receipt of \$572k from R&D tax offsets during April 2017 (post the Company’s Quarterly Cash Flow Report period ending 31 March 2017). The Company wishes to reiterate its sincere thanks to the new shareholders for their support during the raising. The Company is now well positioned to conduct its near-term programs.

Carbine’s exciting applications for lithium focused concessions in Chile are progressing well via the well-regulated and robust Chilean concessions approval system, however due to the high numbers of concessions now in process in the relevant Chilean copper centric jurisdictions, processing times are experiencing some longer than expected delays. The Company is confident and highly focused on its Chilean lithium brines exploration and development program, which is underpinned by encouraging in-country prospecting activities conducted during 2016. The Company’s deliberate strategy to specifically target low production and execution cost lithium brine targets is a key differentiator in its approach to the rapidly expanding lithium supply and demand market.

The Company has also intensified its gold exploration activities driven by high-grade findings at its two gold exploration prospects in New South Wales.

Carbine’s world class tungsten mine project at Mt Carbine is retained in a shovel-ready status and on-site wet season management activities have coped well with the North Queensland wet season period which is now nearing its end. R&D activities are set to continue to advance the project and improve on the existing low OPEX and CAPEX cost profiles of the project.

The Tungsten APT price and market has remained relatively stable during the last quarter. However ongoing and rapidly increasing geopolitical and military tensions in both the China sea and the Korean peninsula amid increased military expenditures in the USA, Japan and Europe are creating a scenario where the current Western world’s dependence upon China as a de facto single source of tungsten supply (more than 80 percent) for strategic military and industrial metal will likely undergo rapid strategic re-thinking, particularly from a security of supply perspective. Tungsten’s supply security importance and price has historically benefited during past, similar times of global tensions. The Mt Carbine Tungsten Project with its historically proven production capability, low development and operational costs and near-term production capability in a stable western mining country is well positioned to respond to these developments.

Carbine looks forward to an exciting and productive upcoming quarter.

## EXPLORATION AND DEVELOPMENT ACTIVITIES SUBSEQUENT TO QUARTER ENDED 31 MARCH 2017

### CARBINE TO INTENSIFY GOLD EXPLORATION AT ITS HIGH-GRADE PROSPECTS

Carbine was pleased to announce on 18 April 2017 that exploration work was about to intensify at both the Company's 100% held gold prospects. A review of the highly encouraging sampling results is outlined below.

The Company holds two exploration licences covering old gold fields with numerous historical workings, Panama Hat EL8024 20km south east of Broken Hill in western NSW (Figure 1) and Crow King (Figure 2). Sampling of dumps associated with deeper historic workings in each tenement has revealed high grade gold values over large areas, in Panama Hat with samples ranging up to 83.2g/t, and at Crow King ranging up to 17.1g/t.

#### Panama Hat, EL8024

The Panama Hat EL8024 covers 80% of the historical gold workings in the Broken Hill district, about 30km south east of Broken Hill. The workings mostly date from 1931-1935, and occur along an arcuate line of quartz veining with associated iron oxides. Sericitic alteration of the host metamorphic rocks accompanies the quartz veining. The iron oxides are interpreted to result from weathering of sulphide mineralisation at depth. The quartz veining is not deformed and may represent a much younger mineralising event than that of Broken Hill to the north west.

Sampling has determined that the near surface is likely to be intensely leached of gold; however sampling of waste dumps associated with deeper historical workings has identified gold values locally of bonanza grade (Figure 3). Previous exploration has not tested the oxide gold potential along the whole line of lode at Panama Hat and a sampling and mapping program is about to commence to identify the most promising targets for shallow drilling which will be aimed at testing the oxide gold potential of this goldfield.

The results of the sampling are summarised in Table 1 below.

Panama Hat table of sample results

Sample no.	Easting	Southing	Au – AA25 g/t	Notes
PH 302	554114	6441046	5.29	Dense black limonite
PH 307	554043	6441156	31.5	Quartz with limonite
PH 309	554051	6441160	45.1	Quartz with limonite
PH 310	554057	6441167	17.6	Quartz with limonite
PH 311	554054	6441152	1.46	Black limonite fragments
PH 312	554089	6441156	9.62	Black limonite fragments
PH 314	554175	6441164	83.2	Black limonite fragments
PH 316	554164	6441165	31.6	Quartz with limonite
PH 321	554421	6443416	1.67	Quartz with limonite
PH322	554432	6443424	2.14	Quartz with limonite
PH323	554418	6443422	2.19	Quartz with limonite
PH324	554420	6443429	4.61	Quartz with limonite
PH325	554412	6443434	5.43	Quartz with limonite
PH326	554397	6443465	3.79	Quartz with limonite
PH327	554401	6443472	1.24	Quartz with limonite
PH328	554401	6443472	1.29	Massive limonite
PH329	554417	6443478	3.35	Massive limonite
PH330	554414	6443465	1.54	Quartz with limonite
PH338	554475	6443739	2.28	Quartz with limonite
PH347	555877	6445784	1.67	Quartz with limonite
PH349	555738	6445720	3.31	Quartz with limonite
PH351	555630	6445679	63.4	Quartz with limonite
PH351a	556530	6445499	11.75	Quartz with limonite
PH357	559808	6448351	15.8	Quartz with limonite

Table 1. Summary of significant gold assays from sampling waste dumps associated with deeper historical workings, Panama Hat EL8024



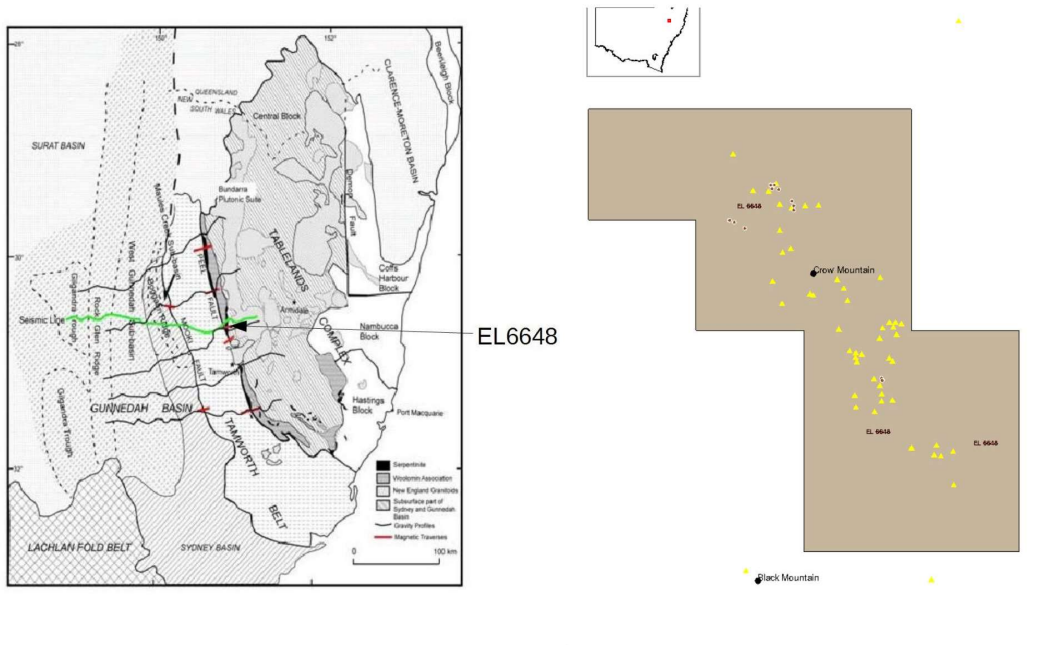


Figure 2. Location of EL6648 in New England Region NSW (left) and map of historical gold occurrences in EL6648 (right, yellow triangles: Minview Map)

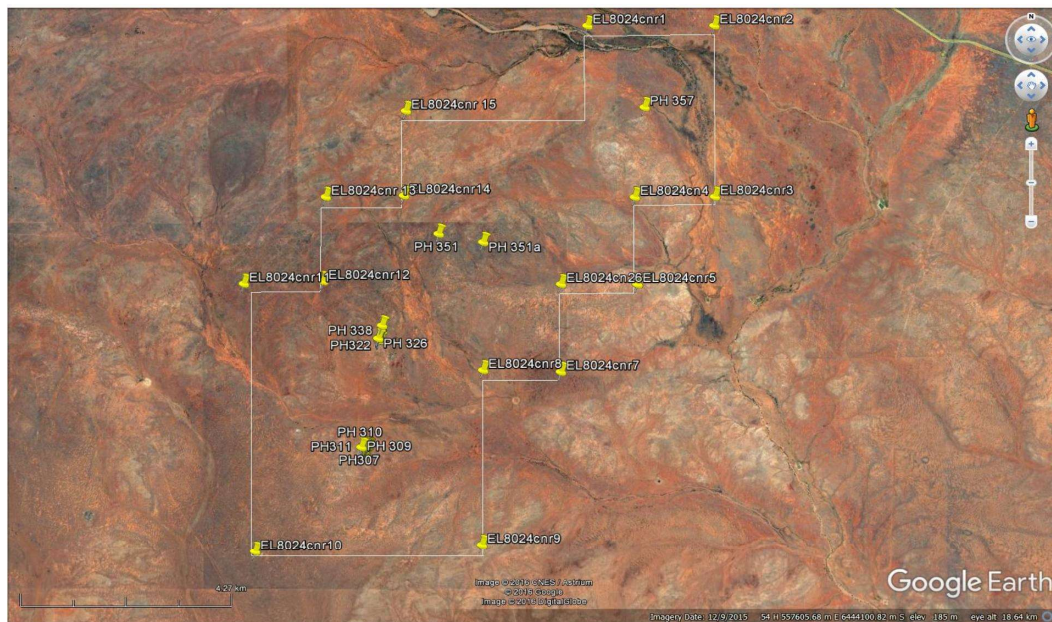


Figure 3. Panama Hat EL8024 on Google image showing location of samples from deeper historical workings.



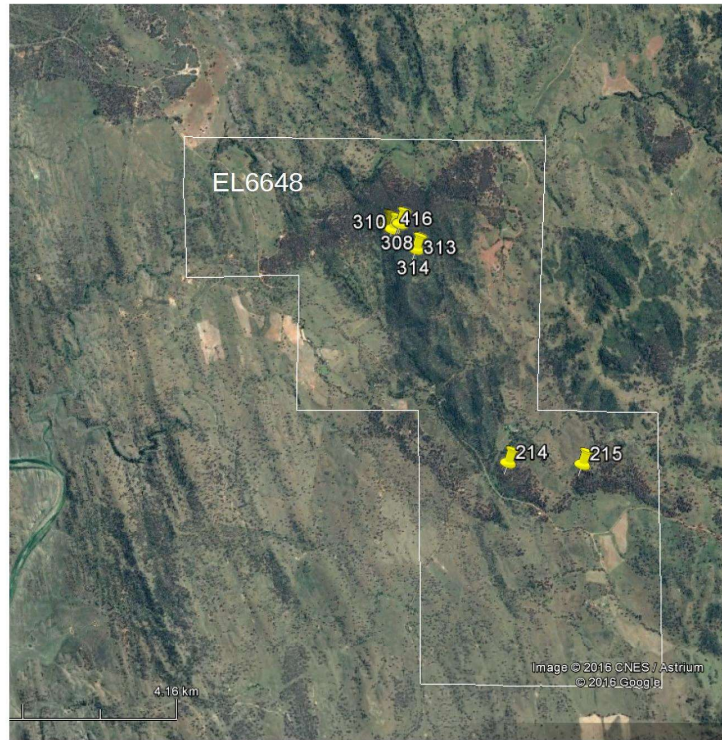


Figure 4. Location of samples from deeper historical workings – see Table 1 for results

Sample	Easting	Northing	Description	Au – AA25,gm/t
214	286738	6624693	Silicified, quartz veined with breccia texture rock – minor limonite	2.43
215	286738	6624693	ditto	1.46
308	285230	6627872	altered/bleached silicified rock with some limonite	6.03
310	285226	6627868	ditto, high limonite content	17.1
312a	285200	6627852	ditto, moderat black limonite	4.08
312	285450	6627531	Ditto	5.75
313	285450	6627531	ditto	2.32
314	285456	6627541	ditto some thick quartz veins	1.57
413	285037	6627833	pale cream altered rock with quartz vein and minor black oxide	1.9
414	285061	6627823	pale altered rock with large quartz fragments and red-brown oxide	3.78
416	285127	6627792		6.78

Table 2. Gold assays from samples of dumps associated with deeper historical workings in EL 6648



## CORPORATE ACTIVITIES

QUARTER ENDED 31 MARCH 2017

### CARBINE COMPLETES PLACEMENT TO ADVANCE LITHIUM AND GOLD PROJECTS

Carbine was pleased to announce on 22 March 2017 that it has successfully completed a placement to institutional and sophisticated investors of 62,000,000 fully paid ordinary shares at a price of \$0.013 per share to raise \$806,000 before costs ("Placement").

The Placement attracted significant and oversubscribed support and allowed Carbine to introduce a number of new investors as shareholders of the Company.

Proceeds from the Placement will be primarily used to accelerate the exploration and development program for the lithium project in Chile. Proceeds will also be used to advance the Company's gold projects in New South Wales through the confirmation of new geological interpretations and contribute to maintaining the Company's world class Tungsten asset at Mt Carbine in a project ready status.

The Placement was completed under ASX Listing Rule 7.1.

### 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
<b>Queensland</b>	
EPM 14871	Mt Carbine
EPM 14872	Mt Carbine
ML 4867	Mt Carbine (Sub-lease)
ML 4919	Mt Carbine (Sub-lease)
<b>New South Wales</b>	
EL 6648	Crow Mountain
EL 8024	Broken Hill

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

Level 2, 420 Collins Street, Melbourne VIC 3000  
Telephone: +61 3 8687 2176

### Principal Place of Business

6888 Mulligan Highway, Mt Carbine QLD 4871  
Telephone: +61 7 4094 3072 | Fax: +61 7 4094 3036

### Website and Emails

Please visit Carbine's website for the latest announcements and news: [www.carbinetungsten.com.au](http://www.carbinetungsten.com.au). To receive Carbine's announcements by email, email to: [info@carbinetungsten.com.au](mailto:info@carbinetungsten.com.au)

### General Enquiries

Contact Mr Jim Morgan on (03) 8687 2176

### Issued Capital and Market Capitalisation

At 20 January 2017 Carbine's issued capital was 482,876,418 ordinary shares and 8,000,000 unlisted options exercisable at 20 cents. At a share price of \$0.011 on 20 January 2017 the market capitalisation was \$5.31 million.

### Number of Shareholders and Major Shareholders

At 20 January 2017 Carbine had 1,174 shareholders. The share register records the following as major shareholders at 20 January 2017 accounting for 43.54% of the issued shares:

Shareholder	%
BNP Paribas Nominees Pty Ltd <Global Prime Omni DRP A/c>	15.60
Dr Leon Eugene Pretorius	7.46
Mota Engil Minerals & Mining Investments BV	3.31
Baglora Pty Ltd <Mott Family Super Fund A/c>	3.28
TBB NSW Pty Ltd <The Watson No 1 A/C>	2.84
Equity Trustees Limited <Lowell Resources Fund A/c>	1.66
Andrew Hewlett White and Associates	1.15
Alan Scott Nominees Pty Ltd <Superannuation Fund>	1.14
Mr Raymond Thomas Page	1.14
Max Mobile Auto Clinic Pty Ltd	1.08
Silva Pty Ltd	1.06
WGS Pty Ltd	1.04
JA Johnstone Pty Ltd <Waterhouse Super Fund A/C>	1.02
Mr Paul Machetti	0.89
Andrew James Morgan	0.87

### Cash Balance

At 31 March 2017 Carbine's cash balance was approximately \$843,000.

### 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)