



METALLURGICAL TESTWORK CONFIRMS PROOF OF CONCEPT TO EXTRACT GOLD & COPPER AT MOUNT MORGAN

HIGHLIGHTS:

- ◆ *Initial testwork results for Mount Morgan tailings processing exceed expectations*
- ◆ *~80% reduction in cyanide consumption from baseline sample testing*
- ◆ *Potential for additional revenue stream through pyrite sales*
- ◆ *Phase 2 testwork underway to enable completion of a Scoping Study*

Carbine Resources Limited (Carbine) (ASX: CRB) is pleased to announce the initial results of testwork for the Mount Morgan Gold & Copper Project.

The purpose of the initial testwork was to confirm Carbine's proposed flowsheet could:

- reduce operating costs associated with excess cyanide consumption;
- improve gold recoveries compared to historical operational performance;
- provide an additional revenue stream via the production of copper; and
- assist with site remediation via elimination of acid forming minerals within the tailings.

Initial testwork results have exceeded expectations, showing cyanide consumption can be reduced by 81% via the selective removal of copper prior to gold recovery. This is likely to have a positive effect on minimising overall operating costs for the proposed future tailings operation.

Phase 1 Testing	Leach Mechanism	Cyanide Consumption kg/t
As Received (150um)	Cyanide Only	5.54
45um Grind	Cyanide Only	5.25
45um Grind	Cyanide with Acid Pre-leach	1.00

Initial gold recoveries were also significantly improved compared with historical operations. Metal recovery results will be announced when the final flowsheet design has been determined, which will provide a balance between optimal recoveries, operating costs and capital costs.

In addition, preliminary flotation testwork has also delivered 91% pyrite recovery to a high grade concentrate containing >48% sulphur, providing potential for sales of pyrite.



Testwork Program Overview

The Mount Morgan testwork program has been split into three phases, namely:

- Phase 1: Confirmation of technical viability of Carbine's proposed flowsheet
- Phase 2: Flowsheet optimisation and bulk testing
- Phase 3: Full flowsheet operation on fresh sample for feasibility study and design inputs

The results acquired to date have successfully completed Phase 1, providing Carbine with sufficient confidence to proceed with flowsheet optimisation via Phase 2 testing. A drilling program is also being planned to acquire fresh sample for Phase 3 testwork and increase JORC resources.

The initial results of Mount Morgan testwork compare favorably with both historical tailings operations and the 2010 feasibility study completed by Norton Goldfields Limited (ASX: NGF), which in itself predicted robust cash costs of A\$600 – 650/oz:

Metal Extraction	Historical Tailings Operation (1980 – 1991)	Norton Feasibility Study (2010)
Gold	~51%	65%
Pyrite	-	86%
Copper	-	-

Carbine will now immediately proceed with low cost Phase 2 testing, which will include completion of a Scoping Study for restarting tailings processing operations at the Mount Morgan Mine.

The Phase 2 testwork and the Scoping Study are due for completion in 2H 2014, with the results anticipated to provide sufficient inputs to expedite completion of a Bankable Feasibility Study and detailed design.

Project Overview

The historic Mount Morgan Mine is 38km from Rockhampton on the central Queensland coast (see Figure 1). The Mine is covered by 30 mining leases over 677.5 hectares.

During its operational life, the Mount Morgan Mine produced 8.4Moz of gold, 400,000t of copper and 1.2Moz of silver from the mining and processing of approximately 50Mt of ore.

Mining operations at Mount Morgan were discontinued in 1980 after nearly 100 years of activity.

Today, the mining leases contain a large tailings resource with significant metal credits, as shown overleaf.



Figure 1: Mount Morgan Mine location



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JORC Resources ^[1] (Tailings)	Tonnes (000s)	Au (g/t)	Cu (%)	Au (oz)	Cu (t)
Indicated	2,487	1.59	0.16	127,000	3,900
Inferred	5,861	1.07	0.14	202,000	8,400
TOTAL JORC	8,348	1.23	0.15	329,000	12,300
Exploration Targets ^[2]					
Dumps & Slags					
<i>(low range)</i>	3,600	1.13	0.28	131,000	10,000
<i>(high range)</i>	8,500	1.30	0.52	355,000	44,000
Open Pit Tails					
<i>(low range)</i>	25,300	0.52	0.09	423,000	23,000
<i>(high range)</i>	28,000	0.54	0.09	486,000	25,000
TOTAL EXP. TARGET					
<i>(low range)</i>	28,900	0.60	0.11	554,000	33,000
<i>(high range)</i>	36,500	0.72	0.19	841,000	69,000

Note: Rounding errors occur

^[1] Mineral Resources

The Indicated and Inferred Resources referred to above were presented by Norton Gold Fields Limited at the Mining 2009 Resource Convention (Brisbane). The presentation was released to the ASX on 28 October 2009 and is available for viewing on the Norton Gold Fields website (www.nortongoldfields.com.au). The resources were stated to have been prepared in accordance with the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") by Competent Person Troy Lowien, Resource Geologist, of consultants Coffey Mining Pty Ltd.

Carbine is not aware of any new information or data that materially affects the information included in the Norton market release of 28 October 2009, and confirms that material assumptions and technical parameters underpinning the resource estimates in the relevant market announcement continue to apply and have not materially changed. Current gold prices are well above those prevailing in 2008-2009. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

^[2] Exploration Targets

Carbine has identified a number of Exploration Targets at the site comprising low grade mullock dumps, slag dumps and retreated tailings from previous operations. In the Table above a range of approximate tonnage and grade has been compiled from extensive review of historic reports and studies by previous owners. Carbine has not yet completed any exploration activity on the Exploration Targets. The potential quantity and grade of the Exploration Targets is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource, and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The basis for the approximate estimates of tonnage and grade include historic production records, various topographic and volume surveys, drilling by various methods, grab and channel sampling and small scale bulk sampling.

Carbine proposes to further evaluate the Exploration Targets during the next year by drilling and possible bulk testing to provide material for additional metallurgical test work and to verify tonnage and grade.





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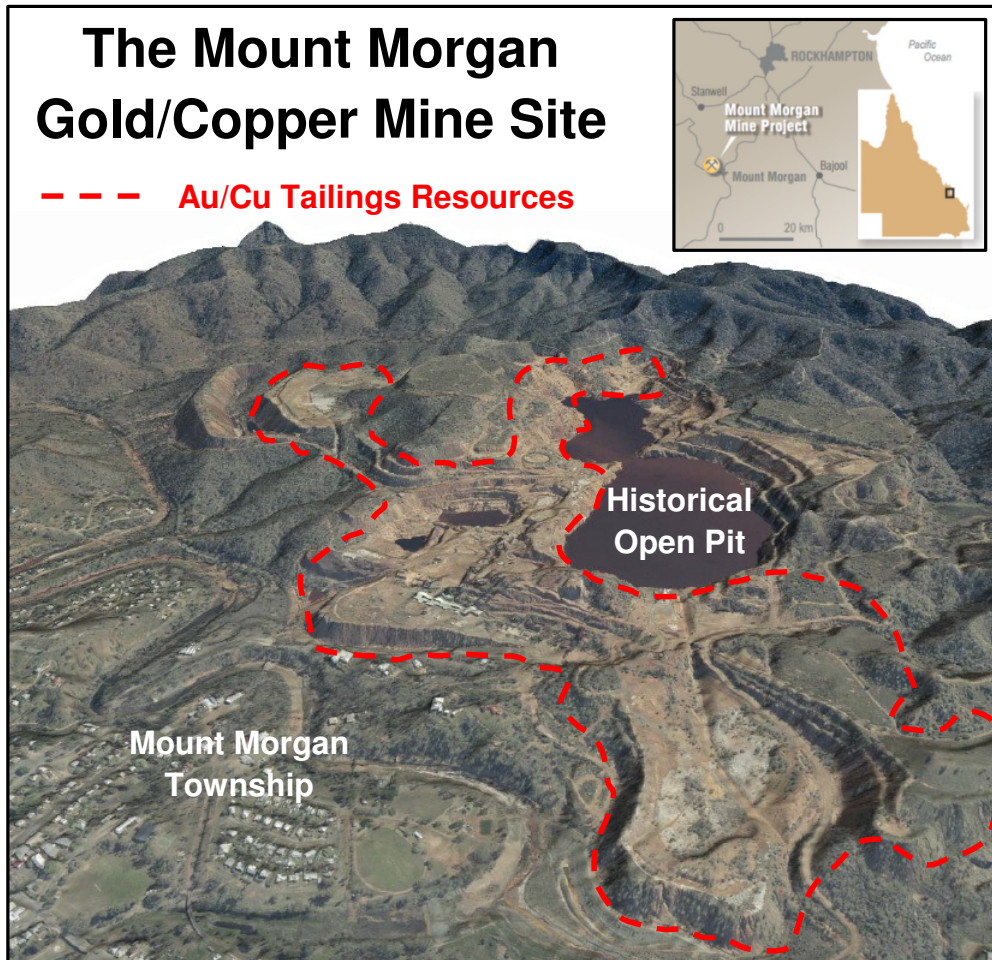


Figure 2: Site overview of the Mount Morgan Mine

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Competent Person Statement:

The information in this report that relates to Exploration Targets is based on information compiled by Lance Govey, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Lance Govey is an independent geological consultant and has no association with Carbine Resources Limited other than being engaged for services in relation to the preparation of parts of this report. Lance Govey has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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'. Lance Govey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

