



June 2014 Quarterly Report

HIGHLIGHTS

- ◆ **Mount Morgan Phase 1 test work results exceeded expectations**
- ◆ **80% reduction in cyanide consumption from baseline sample testing**
- ◆ **Increase in gold recoveries compared to historical operations**
- ◆ **Potential for salable copper & pyrite by-products**
- ◆ **Scoping Study and Phase 2 testwork underway**
- ◆ **Resource drill program planned**

Carbine Resources Limited (ASX: CRB) is pleased to provide an update on activities for the quarter ending 30 June 2014.

Mount Morgan Gold & Copper Project, Queensland

On 3 April 2014, Carbine announced that it had entered an agreement to acquire the Mount Morgan Gold & Copper Project in Queensland.

Metallurgical Testwork

During the quarter, Carbine successfully completed the Phase 1 testwork program for the Mount Morgan Project, including the technical validation of a proposed flowsheet to extract gold, copper and pyrite resources.

Phase 1 testwork confirmed Carbine's 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 pyritic acid forming minerals.

Initial testwork results demonstrated cyanide consumption can be reduced by approximately 80% via the selective removal of copper prior to gold recovery.

Phase 1 Testing	Leach Mechanism	Cyanide Consumption kg/t
As Received (150um)	Cyanide CIP	5.54
45um Grind	Cyanide CIP	5.25
45um Grind	Cyanide CIP with Acid IX	1.00

Fast Facts

Ordinary Shares

Shares on Issue 140M

Market Capitalisation and Cash

Mkt Cap. (at \$0.037)
\$5.2 million

Cash at 30 June 2014
\$5.0 million

Board of Directors

- Mr Patrick Walta
(Executive Director)
- Mr Evan Cranston
(Non-Executive Director)
- Mr Tom Bahen
(Non-Executive Director)
- Mr Grant Mooney
(Non-Executive Director)

Company Highlights

- Acquisition of the Mount Morgan Au/Cu Project
- Acquisition of the 1Mtpa Kundana CIP Plant
- Access to a pipeline of future projects
- \$5.0M cash at bank
- 1,264km² of tenements on outlier of Hounde Greenstone Belt in Burkina Faso, West Africa

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The extraction of copper also significantly enhanced gold recoveries compared with historical operations and recent feasibility studies by previous owners.

In addition, flotation test work delivered 91% pyrite recoveries to a high grade concentrate containing >48% sulphur and >47% iron, providing potential for sales of pyrite.



Figure 1: Exposed tailings resources at the Mount Morgan Mine

Carbine is now undertaking Phase 2 testwork to optimise all inputs of the proposed flowsheet. The results of Phase 2 are anticipated to be available within the September 2014 quarter.

Scoping Study

During the quarter, Carbine awarded a tender for the completion of a Scoping Study at Mount Morgan to the globally recognised engineering firm, Ausenco.

Ausenco will provide an independent review of Carbine's proposed plans, including development of detailed capex and opex estimates to allow an assessment of the overall technical and economic viability of the Project.

As part of the Scoping Study, Carbine has also engaged independent consultants for the assessment of the sales potential for the mine by-products, i.e. copper (cathode or copper sulphate) and pyrite.

The Scoping Study is anticipated to be completed in the December 2014 quarter.

Resource Drilling

During the quarter, Carbine also initiated the planning of an additional drilling program at Mount Morgan. The purpose of the program is to both upgrade the confidence of existing JORC resources and also convert current exploration targets to JORC resources. Upgrading of the existing JORC resources will provide suitable inputs to delineate JORC reserves and expedite the completion of a bankable feasibility study for the Project.

Drilling is scheduled to occur during the December 2014 quarter once approvals are in place.





Kundana CIP Plant

Carbine has also acquired the rights to the 1Mtpa Kundana CIP plant as part of the acquisition of the Mount Morgan Gold & Copper Project. The Company is planning the initiation of a desktop review of the asset to assess its suitability for use at the Mount Morgan Mine.

Many Peaks Copper Project, Queensland

As part of the earn-in agreement with Raging Bull Mining Pty Ltd, Carbine has also acquired the Many Peaks Copper deposit, located approximately 125km south of Gladstone.

The Many Peaks deposit previously produced over 500,000t of copper ore grading ~2% Cu. Carbine is currently assessing historical drilling information for this project and is planning the initiation of a desktop study for completion in the December 2014 quarter.

Ouahigouya Gold Project, Burkina Faso

Carbine's Ouahigouya Gold Project is located in an outlier of the Hounde Greenstone Belt in northwest Burkina Faso (West Africa) and consists of a contiguous land holding of 1,264km² comprising five granted exploration permits and two permit applications.

The permits are located on a major northeast trending crustal scale shear zone, the Ouahigouya Deformation Corridor. Numerous gold occurrences are located along this deformation corridor with a large number of major and minor artisanal fields currently being mined.

No field activities were carried out during the quarter. The Company continues to assess options for future development of these assets, including joint venture or divestment.

Corporate Activities

R&D Rebate

Subsequent to the June 2014 quarter end, Carbine received a cash rebate of \$78,791 as part of the Australian Tax Office's Research & Development Tax Incentive Program.

This rebate represents 45% of the 2013 expenditure for due diligence and related corporate activities that preceded the formal acquisition of the Mount Morgan Project in April 2014.

The R&D rebate confirms Carbine's eligibility to receive future rebates of \$0.45 in every dollar spent in association with the Project, as the activities relate to development of a previously untested flowsheet for the mine.

For further information, please contact:

Patrick Walta (Executive Director): +61 8 6142 0986





Appendix 1: Mount Morgan Gold & Copper Project Overview

The historic Mount Morgan Mine is 38km from Rockhampton on the central Queensland coast.

Mining operations at Mount Morgan spanned nearly 100 years, producing 8.4Moz of gold, 400,000t of copper and 1.2Moz of silver from approximately 50Mt of ore.

The operations produced substantial tailings resources which remain on the mining leases.

Following closure of mining operations at Mount Morgan in 1980, tailings processing was undertaken via the operation of a 3Mtpa gold carbon-in-pulp facility. The operation successfully ran for 10 years with average gold prices of US\$395/oz over the period.



Figure 2: Mount Morgan Mine location

The plant treated approximately 28Mt of tailings before operations were shut down due to a combination of falling gold price and increased operating costs, caused by the presence of additional soluble copper in the remaining tails.

Today, the Mount Morgan Mine contains a JORC tailings resource of 8.35Mt grading 1.23g/t Au and 0.15% Cu (Refer Appendix 2 for detailed breakdown of Mineral Resource)¹, with an additional exploration target of 28.9 - 36.5Mt grading 0.60 - 0.72 g/t Au and 0.15 - 0.19% Cu.²

The Queensland Department of Natural Resources and Mines holds all environmental liabilities associated with the current status and legacy of the Mount Morgan Mine and surface tailings.

Carbine is assessing the potential for restarting tailings operations at Mount Morgan to economically recover gold, copper and pyrite resources.



Figure 3: Tailings and mineralised mullock dumps at the Mount Morgan Mine





Appendix 2: Mount Morgan Resources

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	423,000 486,000	23,000
<i>(high range)</i>	28,000	0.54	0.09		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.





Appendix 3: Carbine's Tenement Interest

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 30 June 2014:

Burkina Faso Permit	License Number	Interest
Nongodoum	11-213	100% Carbine
Magel	11-214	100% Carbine
Madougou	09-156	Option to Acquire 80%
Kandy	10-100	Option to Acquire 80%
Madougou 2	11-052	Option to Acquire 100%
Ingara	Application	100% Carbine
Siliga	Application	Option to Acquire 100%

During the quarter, Carbine Resources Ltd acquired a beneficial interest in a farm-in agreement with Raging Bull Mining Pty Ltd with respect to the Mount Morgan Gold / Copper Mine and Many Peaks tenements, Queensland.

There were no mining tenements or interests in farm-in/farm-out agreements disposed of during the quarter.

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.

