



CARBINE RESOURCES
LIMITED

September 2014 Quarterly Report

HIGHLIGHTS

- ◆ Phase 2 test work completed with flowsheet inputs optimised
- ◆ Scoping study nearing completion, feasibility planning underway
- ◆ Drilling program approval received

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

Mount Morgan Gold & Copper Project, Queensland

The historic Mount Morgan Mine operated from 1888 to 1980, producing 8.4Moz of gold, 400,000t of copper and 1.2Moz of silver from the processing of approximately 50Mt of ore.

Today, the mining leases contain a large tailings JORC resource of 8.35Mt grading 1.23g/t Au and 0.15% Cu, with an additional exploration target of 28.9 - 36.5Mt grading 0.60 - 0.72 g/t Au and 0.15 - 0.19% Cu.

On 3 April 2014, Carbine announced that it had entered an agreement to acquire the Project. The Company is completing a scoping study to assess the viability of extracting the remaining gold, copper and pyrite resources.

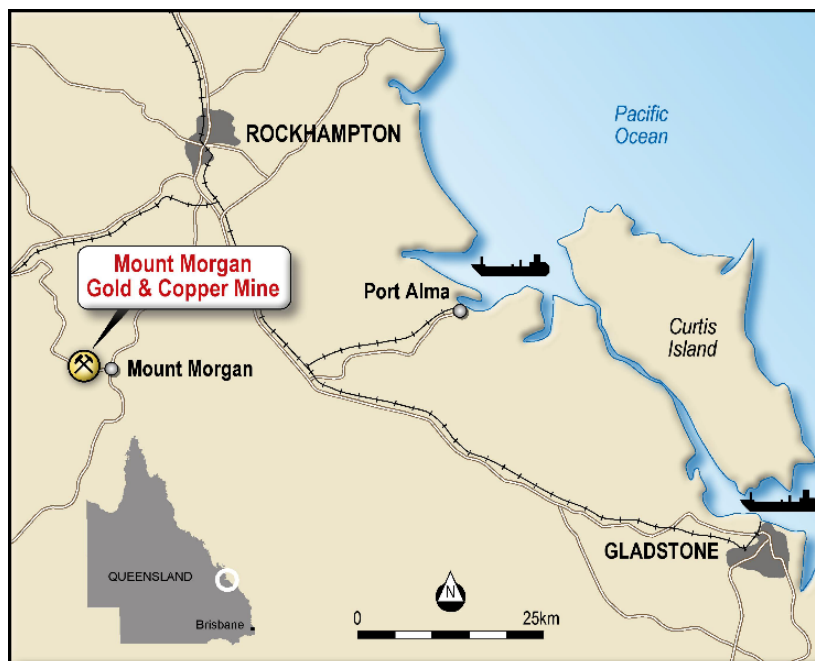


Figure 1: Location of the Mount Morgan Gold & Copper Project

Fast Facts

Ordinary Shares

Shares on Issue 140M

Market Cap. & Cash

Mkt Cap. (at \$0.04)
\$5.6 million

Cash at 30 Sep. 2014
\$4.5 million

Board of Directors

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

Company Highlights

- Developing the Mount Morgan Au/Cu Project
- Rights to the 1Mtpa Kundana CIP Plant
- Developing the Many Peaks Copper Project
- Access to a pipeline of future projects
- \$4.5M cash at bank
- 1,264km² of tenements on outlier of Hounde Greenstone Belt in Burkina Faso, West Africa

ABN 81 122 976 818
Suite 23, 513 Hay Street
Subiaco WA 6008
PO Box 1311 Subiaco WA 6904
phone +61 8 6142 0986
fax +61 8 9388 8824

carbine@carbineresources.com.au
www.carbineresources.com.au



Phase 2 Metallurgical Testwork

During the quarter, Carbine completed the Phase 2 testwork program which was designed to optimise the unit process inputs developed in Phase 1 testing.

Phase 1 and 2 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

The results of Phase 1 and 2 testwork have provided sufficient inputs to complete the preliminary design and costings as part of a scoping study over the Project.

Scoping Study

Carbine has continued to work with engineering firm Ausenco on the completion of the Mount Morgan scoping study.

The scoping study will provide a preliminary estimate of the value proposition for the Project and assist in determining the potential for the asset to develop into a long life low cost producer of gold, copper and pyrite.

The scoping study has also allowed identification of several potential offtake partners for sale of products produced from future operations. The Company has begun initial correspondence with these groups and is targeting the development of commercial agreements for offtake during the feasibility study process.

Carbine is anticipating completion of the scoping study in the December quarter.

Resource Drilling & Exploration Target Assessment

Carbine has completed all planning and approvals for a proposed drilling program at Mount Morgan. The Company is currently assessing a number of quotes from drilling contractors and is anticipating initiation of the drilling program during the December quarter.

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 further feasibility work.

In addition to drill planning, Carbine is currently completing an assessment of the previously announced historical exploration targets at Mount Morgan. The assessment is based on progressive review of the extensive historical database acquired by Carbine as part of the acquisition.

Carbine plans to provide an updated exploration target for the Project in the December quarter.



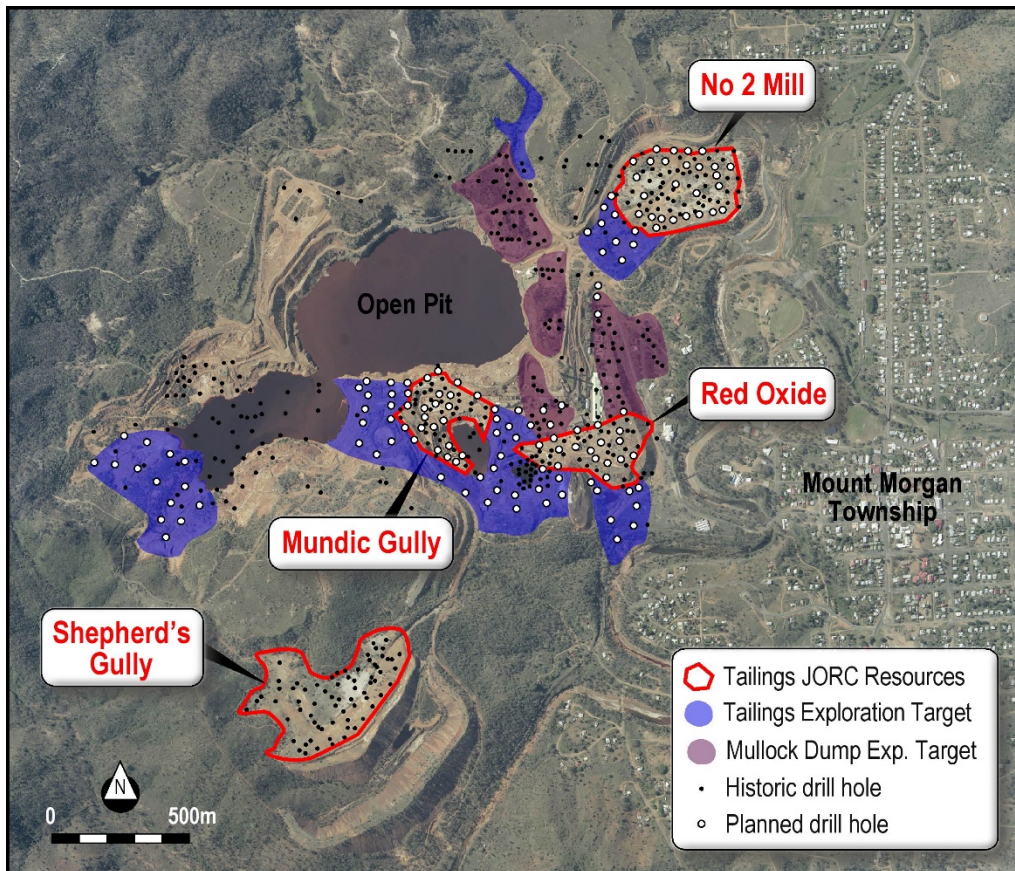


Figure 2: Drill Program Planning at the Mount Morgan Gold & Copper Project

In-Situ Resource Assessment

As part of Carbine's continuing review of historical geological information at the site, the Company is progressing the assessment of potential for discovery of further in-situ resources within the mining lease area.

Based on exploration by previous owners, good potential exists for delineation of further resources beyond the existing surface based tailings and mineralised mullock dumps.

The Company will provide an update on in-situ resource due diligence activities when results become available.

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.

As part of future feasibility work, the Company plans to complete a review of the asset to assess its suitability for use at the Mount Morgan Mine.





CARBINE RESOURCES
LIMITED

Many Peaks Copper Project, Queensland

The Many Peaks Copper deposit is located approximately 125km south of Gladstone. The deposit previously produced over 500,000t of copper ore grading ~2% Cu.

Carbine is currently assessing historical drilling information for this project for completion of a desktop study.

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

During the quarter, 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.

Company Secretary & Board Changes

Mr. Grant Mooney has resigned as Company Secretary & Non-Executive Director. Ms. Oonagh Malone has been appointed as Company Secretary.

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 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

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.



Figure 3: Mount Morgan ore processing and tailings deposition (circa 1910)

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.

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.

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.





Figure 4: 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	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.





Appendix 3: Carbine's Tenement Interest

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 30 September 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%

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. These results were previously reported to the ASX on 03 April 2014 and have not materially changed.

