



## **Quarterly Report to 30 June 2021**

**Carbine Resources Limited (ASX: CRB)** (the **Company** or **Carbine**) is pleased to provide shareholders with the quarterly activities report for the three-month period ended 30 June 2021.

On 1 April 2021, the Company announced the transaction to acquire 100% of the Muchea West Silica Sand Project via the acquisition of all of the issued capital in Australian United Silica Corporation Pty Ltd (**Ausco**).

Following shareholder approval at the Company's Annual General Meeting on 20 May 2021 and the successful raising of \$3 million (before costs) at an issue price of \$0.03 per share under a public offer, Carbine completed the acquisition of Ausco and was reinstated to official quotation on the ASX on 22 July 2021.

Subsequent to the end of the quarter, Carbine announced a maiden Exploration Target has now been estimated for the Muchea West Project as follows:

- E70/4905 - 800 to 1030 Mt of Silica Sand at an average grade of 99.6 to 99.9 % SiO<sub>2</sub>
- Eastern High Purity sub section - 400 to 480 Mt of Silica Sand at an average grade of 99.7 to 99.9 % SiO<sub>2</sub>

The Company notes that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The Company also advised that preliminary test work completed on samples from the Muchea West Project have also indicated that the grade of the in situ silica sand is sufficient to meet the requirements for Float and Container glass market. Further, test work indicates that this unusually high grade, following a simple processing route, can result in a number of products at the Premium end of the Silica Glass Market, including the ultra clear, high tech glass market.

### **MUCHEA WEST SILICA SAND PROJECT**

The Muchea West Project is located approximately 40km north-northeast of Perth and approximately 500m to the west of Muchea. Direct access from the tenure is via the Brand Highway thence via farm tracks and fence lines. Both the Brand Highway and the Moora-Kwinana Railway provide a direct connection with the Kwinana Bulk Terminal.

The Muchea West Project is located directly adjacent to VRX Silica Ltd's Muchea Project, host to an Indicated Resource of 29Mt at 99.6% SiO<sub>2</sub> and Inferred Resource of 179Mt at 99.6% SiO<sub>2</sub> for a global resource of 208Mt at 99.5% SiO<sub>2</sub><sup>1</sup>, located in the northern portion of the Muchea West dune system.

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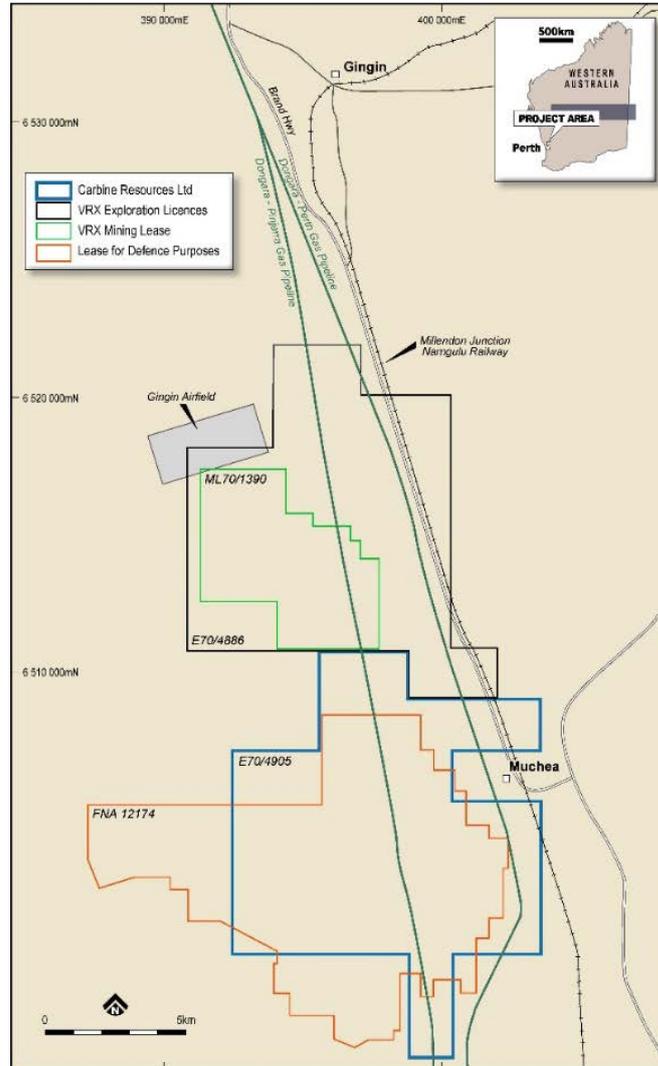
<sup>1</sup> VRX Silica Ltd, ASX Release, 17 June 2019 "Muchea Mineral Resource Estimate Upgrade"





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The Muchea West Project covers a land area of 102km<sup>2</sup> and consists of a single granted exploration licence, E70/4905.



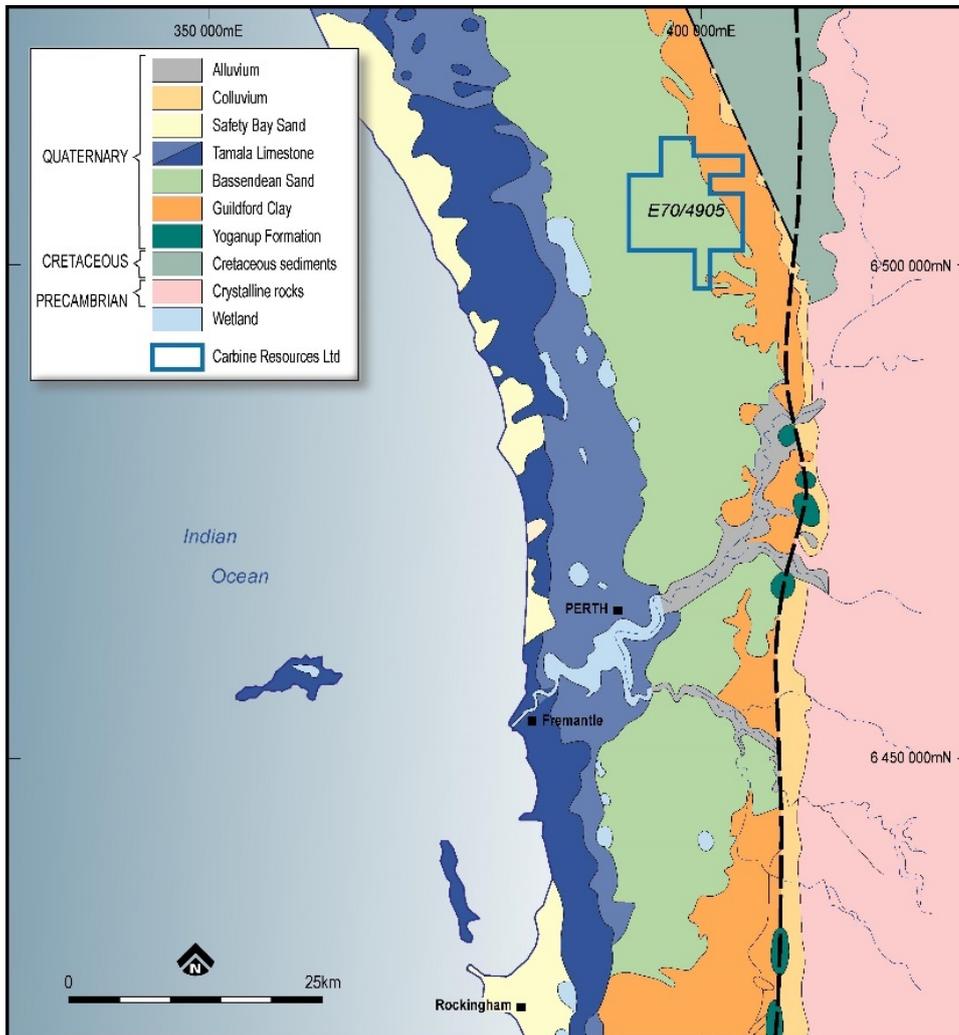
*Figure 1: Project Location Plan*

The Project is underlain by the Bassendean Sand Formation, which extends over large areas of the Swan Coastal Plains of the Perth Basin from about 23 km north of Jurien, to about 15km southwest of Busselton. The Bassendean Sand Formation is considered to have a maximum thickness of about 45 m, and the unit is found as a strip parallel to the coast, having a width of about 10-20 km, and its western edge about 5-10km inland. Concretionary ferruginous material, locally known as “coffee rock”, is developed discontinuously in the sand near the groundwater table. In the Tenement, good quality silica sand overlies iron rich brown sand, occasionally interspersed with ferruginous nodules.

The upper units of the Bassendean Sand Formation are typically clean, well-rounded and well sorted sands. At depth, it is commonly brown to dark brown with high iron contents, however closer to the surface the sand is cream/white. The physical, chemical and mineralogical characteristics of the Bassendean Sands can vary considerably, resulting in variation in the quality of the sand regionally as well as locally. In general, the Bassendean Sand Formation is covered with very little or no overburden.

The region surrounding the Project has been explored for both silica sand and mineral sands.





*Figure 2: Project Geological Setting*

### Recent Exploration Activities

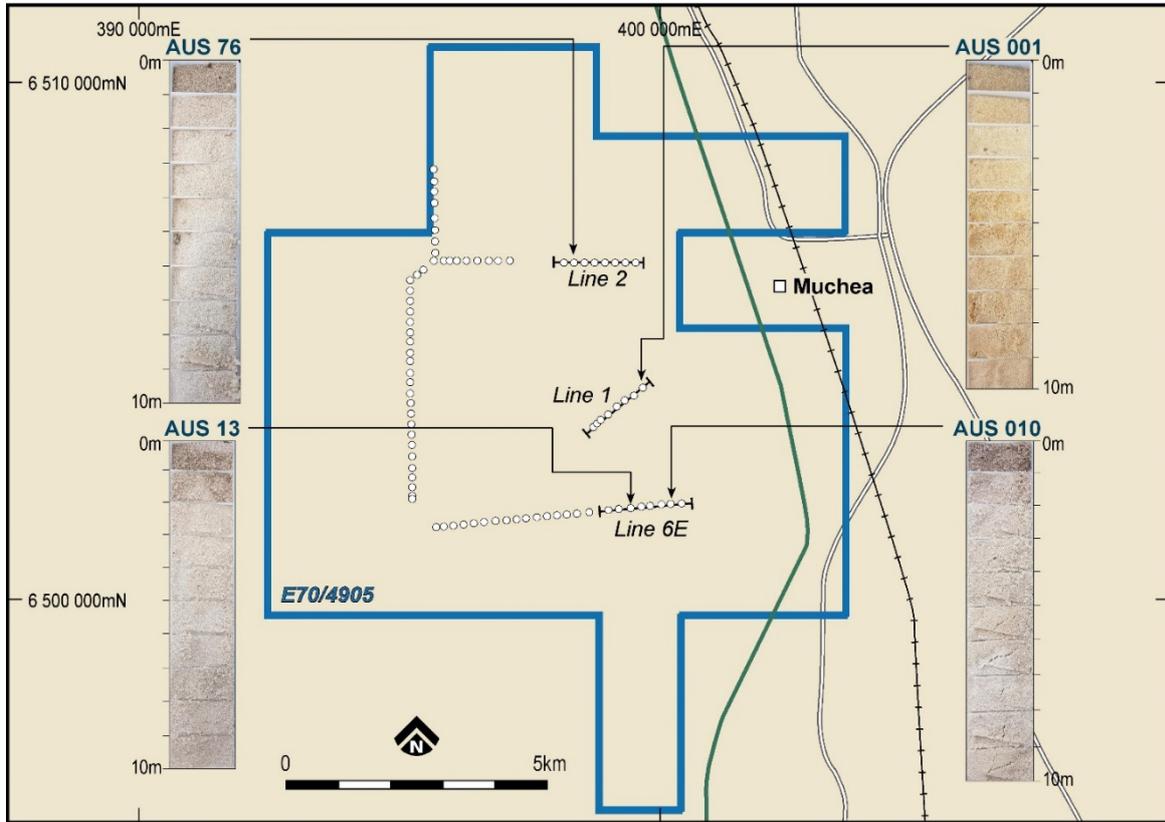
A total of 82 vacuum drill holes (78 drill holes to a depth of 10m and 4 drill holes to depths between 15m and 20m) were drilled at nominal 200m spacing on six drill lines along existing tracks (as shown in Figure 3 below) within the tenement area by Ausco. Previously, the area within the tenement has been drilled for water and this drilling resulted in 28 water bores.

The sample assays were carried out to determine the major and trace elements such as SiO<sub>2</sub> (%), Fe<sub>2</sub>O<sub>3</sub> (%), Al<sub>2</sub>O<sub>3</sub> (%), CaO (%), MgO (%), K<sub>2</sub>O (%), TiO<sub>2</sub> (%) and LOI (%).

Significant results from drilling include:

- Hole Aus011: 9m at 99.8% SiO<sub>2</sub> from 1m
- Hole Aus013: 9m at 99.8% SiO<sub>2</sub> from 1m
- Hole Aus014: 9m at 99.9% SiO<sub>2</sub> from 1m
- Hole Aus044: 19m at 99.7% SiO<sub>2</sub> from 1m
- Hole Aus068: 15m at 99.6% SiO<sub>2</sub> from 5m





*Figure 3: Drill Collar Plan*

### Proposed Exploration

An exploration programme has been developed to progress the Muchea West Silica Sand Project. It includes 8,500m of drilling with subsequent assays, Drone magnetometer clearance surveys, Lidar surveys, metallurgical testwork, environmental studies, resource estimations and scoping and feasibility studies with the expectation that Carbine will be in a position to apply for a Mining Licence programme.

Carbine will commence drilling at Muchea West as soon as permission is granted by all relevant parties and a survey has been completed to clear the drilling locations. A Programme of Work (**PoW**) has been submitted to the DMIRS.

The initial drill programme includes 250 holes but the two year exploration budget has an allowance for 8,500m. The average hole depth is expected to be 10m. An initial resource estimate is expected from the results of this Phase one drilling and the samples will provide the material required to complete a Scoping Study that should produce a flowsheet for the processing of the resources and an indication of the potential end products that will allow Carbine to engage in offtake discussions.

Preparation will commence for the studies required to complete an expanded resource drilling programme to progress on from the Phase one drilling. The completion of this drilling will lead into a Definitive Feasibility Study that will include Resource/Reserve estimations, final processing options, transport and infrastructure studies and the production of bulk samples for potential client engagements.





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At the completion of this process Carbine expects to be in a position to apply for a Mining Licence and Mining Approvals.

This announcement has been authorised for release by the Board of Carbine Resources Limited.

**For further information, please contact:**

**Peter Batten**  
**Managing Director**  
**+61 (8) 6142 0986**

**COMPETENT PERSON'S STATEMENT**

The exploration results in this announcement were reported by the Company in accordance with listing rule 5.7 on 1 April 2021 and 29 July 2021. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcements.





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## **Appendix 1: Carbine's Tenement Interests**

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 30 June 2021.

The Company held no interest in any mining tenements at the end of the quarter.

The Company did not acquire or dispose of any interests in mining tenements during the quarter.

Subsequent to the end of the quarter, Carbine acquired a 100% interest in the Muchea West Silica Sands Project, Western Australia (E70/4905).

## **Appendix 2: Exploration Expenditure & Related Party Payments**

In line with its obligations under ASX Listing Rules 5.3.1 and 5.3.5, Carbine Resources Limited notes the following in relation to the period ended 30 June 2021 as advised in the Appendix 5B:

- no material expenditure was incurred on exploration and evaluation during the quarter; and
- payments to related parties of the Company pertain to fees payable to non-executive directors and for rent and accounting, bookkeeping and administration services provided to the Company on commercial arm's length terms.



## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

<b>CARBINE RESOURCES LIMITED</b>
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ABN

<b>81 122 976 818</b>
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Quarter ended ("current quarter")

<b>30 JUNE 2021</b>
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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(2)	(2)
(b) development	-	-
(c) production	-	-
(d) staff costs	(23)	(45)
(e) administration and corporate costs	(47)	(148)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (transaction costs)	(115)	(141)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(186)</b>	<b>(333)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	1,641
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	<b>1,641</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(38)	(38)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (funds received for shares to be issued)	380	380
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>342</b>	<b>342</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,085	1,591
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(186)	(333)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	1,641



## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	342	342
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,241</b>	<b>3,241</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,241	685
5.2	Call deposits	2,000	2,400
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,241</b>	<b>3,085</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	80
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

*Amounts shown at item 6.1 comprise of payments to related parties (or their associates) relating to director fees, rent and accounting, bookkeeping and administration services paid during the quarter.*

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	-	-
<b>7.5 Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(186)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(186)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,241
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,241
<b>8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	17.5
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **30 July 2021**

Authorised by: **By the Board**

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.