



Quarterly Reports to 31 March 2022

Carbine Resources Limited (ASX: CRB) (the **Company** or **Carbine**) is pleased to provide shareholders with the quarterly activities and cash flow reports for the three-month period ended 31 March 2022.

Muceha West Silica Sand Project

The Muceha West Project, acquired by Carbine in July 2021, is located approximately 40km north-northeast of Perth and approximately 500m to the west of Muceha. Covering a land area of 102km², the Project consists of a single granted exploration licence, E70/4905.

There is excellent access with the Tonkin Highway and the Moora-Kwinana Railway providing a direct connection with the Kwinana Bulk Terminal.

The Muceha West Project is located directly adjacent to VRX Silica Ltd's Muceha Project, host to an Indicated Resource of 29Mt at 99.6% SiO₂ and Inferred Resource of 179Mt at 99.6% SiO₂ for a global resource of 208Mt at 99.5% SiO₂¹, located in the northern portion of the Muceha West dune system.

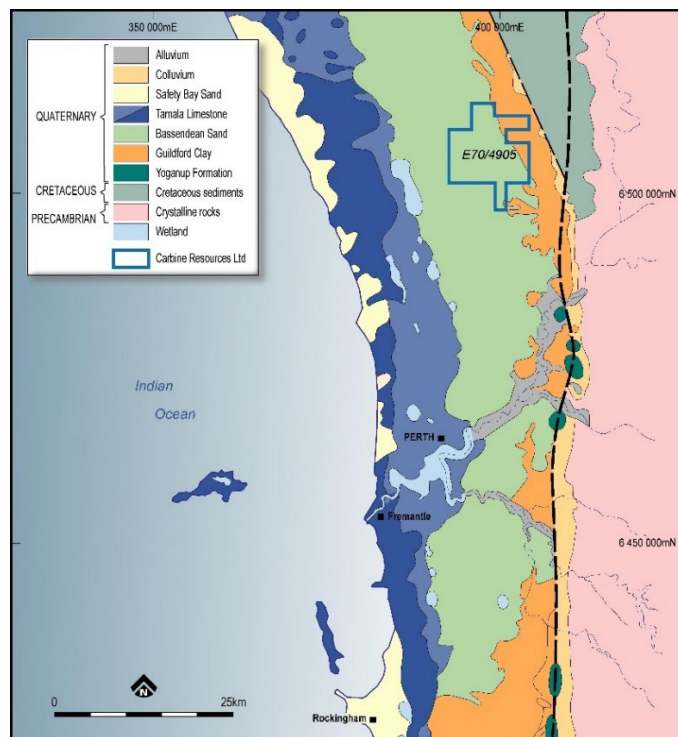


Figure 1: Muceha West Project on geological background – located just 40km north-northeast of Perth

¹ VRX Silica Ltd, ASX Release, 17 June 2019 "Muceha Mineral Resource Estimate Upgrade"



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Prior Exploration Activities

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

A total of 82 vacuum drill holes were completed by Australian United Silica Corporation Pty Ltd (**Ausco**) in 2019. Previously the area within the tenement has been drilled for water and this drilling resulted in 28 water bores.

Current Exploration Activities

During the December quarter, the Company's maiden drilling program was completed and consisted of a total of 233 vacuum drill holes which were drilled at nominal 50m spacing on five drill lines along existing tracks (as shown in Figure 2 below) within the tenement area. This drilling was completed by Strataprobe Pty Ltd.

Each of the 233 holes intersected white sand profiles as expected in a dune system. The drill depths were designed to terminate 3m above the modelled surface of the 2019 watertable. Due to the exceptional wet seasons for 2020 and 2021 and the early drilling date (immediately following the wet season) the watertable was significantly higher than the modelled surface and only 30 of the 233 holes reached planned depth and 11 holes were short by more than 10m.

A total of 1,088 samples were transported to Intertek Genalysis Laboratories. Results were expected to be completed by the end of January but, due to staffing issues and demand pressures, Intertek was unable to complete the final job until late March.

Results

Results from Carbine's maiden drill program have confirmed the grades from previous drilling, and includes intercepts such as:

- ◆ MW0077 – 15m @ 99.81% SiO₂, 222 ppm Fe₂O₃ and 154 ppm Al₂O₃ from 1m
- ◆ MW0092 – 20m @ 99.69% SiO₂, 450 ppm Fe₂O₃ and 313 ppm Al₂O₃ from 1m
- ◆ MW0127 – 17m @ 99.70% SiO₂, 350 ppm Fe₂O₃ and 260 ppm Al₂O₃ from 1m
- ◆ MW0142 – 21m @ 99.76% SiO₂, 329 ppm Fe₂O₃ and 310 ppm Al₂O₃ from 1m

Of the 233 holes completed, 85% of the drillholes returned profiles in excess of 99.5% SiO₂ and only 3 holes returned profiles with less than 99.0% SiO₂.

All 315 holes drilled on the Project to date display the exceptional high grade and quality of the Muchea sand deposits.

The overall grades returned confirm the selection of the eastern side of the tenement for first resource drilling with grades in line with expectations of a raw SiO₂ grade in excess of 99.7% and moderate levels of Fe₂O₃ and Al₂O₃ as expected from the 2019 drilling results. The average Fe₂O₃ levels for the 2021 drilling were consistent with the 2019 drilling (0.029% v 0.025%) but the Al₂O₃ averages were considerably lower (0.077% v 0.028%).

Carbine has already displayed that, at these levels of Fe₂O₃ and Al₂O₃, the Muchea West silica sand can, by a simple attrition process, produce a final product that exceeds the requirements set for the high purity silica sand market (ASX Announcement 29 July 2021).

The 2019 drilling program was designed with a nominal depth of 10m for each hole with only 4 of the 82 holes exceeding this depth and then only to between 15 and 20m. The 2021 drilling was designed



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to test the complete white sand profile of the project with a maximum planned depth of 23m in a number of holes. Despite the higher than normal watertable the deepest holes in this program reached 22m.

The full profile at Muchea West is from surface to a level 3m above the watertable, as defined in 2019. Drilling stops the moment the watertable is intersected irrespective of planned hole depth. This is a condition of the licence but also a practical limit as a vacuum system will not lift wet sand.

Carbine's procedure is to reject the surface 1m (ie from 0m to 1m) when sampling. This reflects the practice of setting aside the portion of the profile containing all the botanical material to be used for rehabilitation. Elsewhere at Muchea the critical depth of this material has been shown to be from 0m to 0.4m.

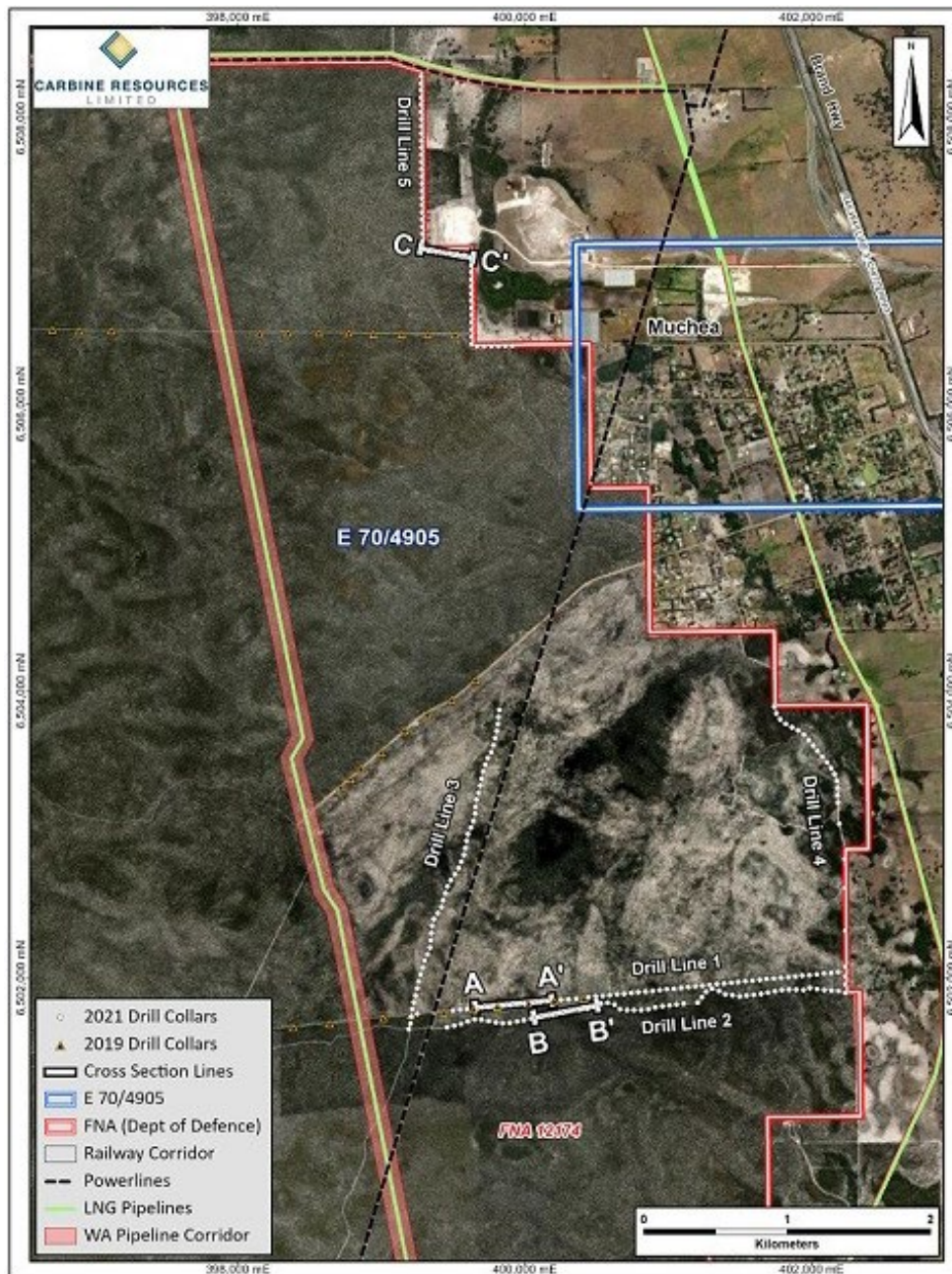


Figure 2: Drill Collar Plan



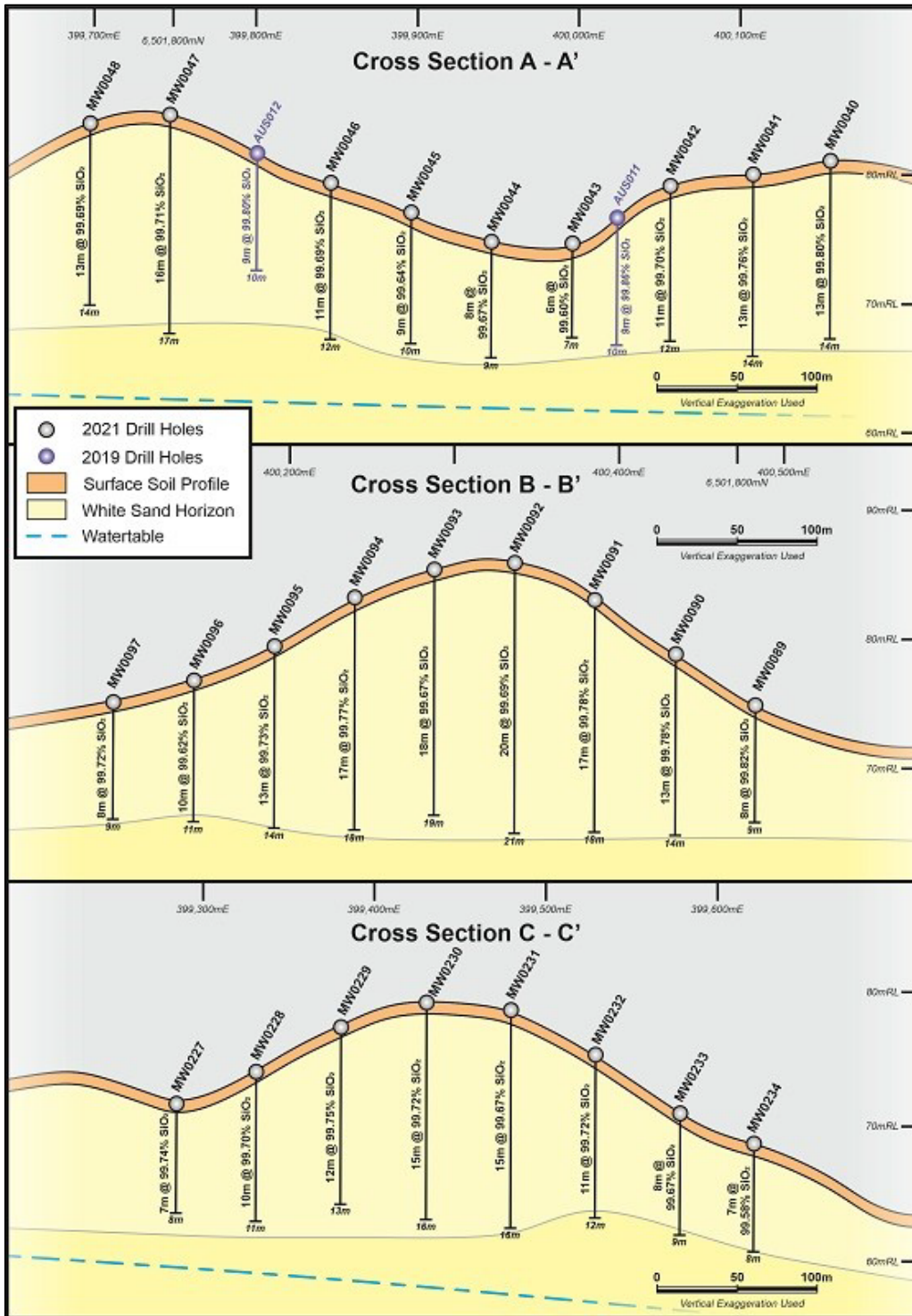


Figure 3: Cross sections (see Figure 2)

Studies

A number of studies have been commissioned by Carbine to further progress the Muchea West Project and to advance towards a Mining Licence application.

Drill lines 1 and 2 (Figure 2) are spaced close enough for the sample results to be used to complete a Mineral Resource Estimate (**MRE**) within the JORC 2012 guidelines.



To this end, Widenbar and Associates have been engaged to undertake the MRE. The Principal Geologist, Lynn Widenbar, is a Member of the AusIMM and a competent person for this style of deposit.

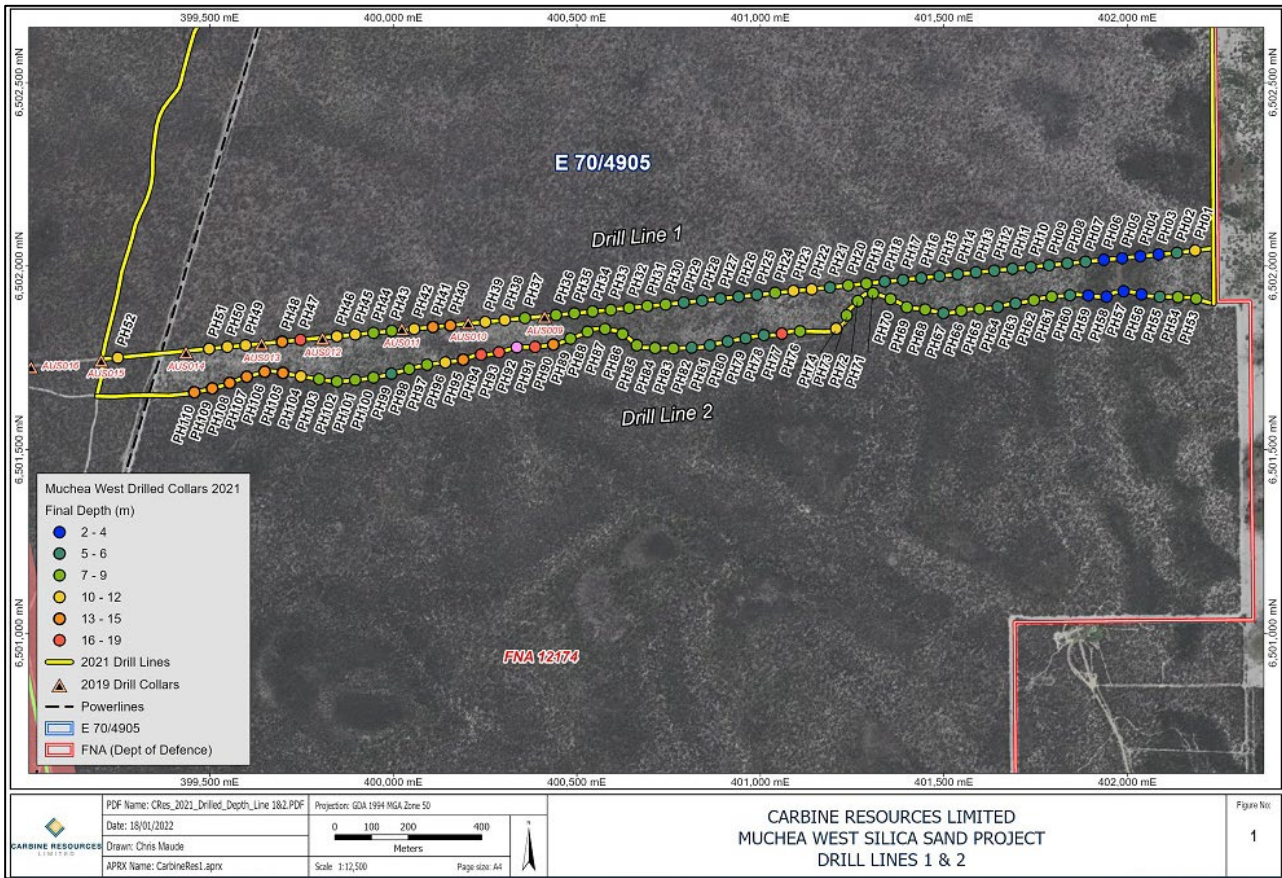


Figure 4: Drill spacings and hole depths Lines 1 and 2

Independent Metallurgical Operations (IMO) are undertaking beneficiation process optimisation studies utilising the drill samples produced from the recent programme and, if necessary, the samples from the earlier 82 holes completed prior to Carbine’s acquisition of the Muchoa West Silica Sand project.

Final product from these trials will be available to Carbine to allow for the commencement of discussions regarding offtake from any future operation.

PGV Environmental are undertaking botanical survey as a prerequisite for the lodging of a Program of Work (PoW) with the Department of Mines, Industry Regulation and Safety (DMIRS). Other contracts to complete the PoW process will be awarded in the near future.

Terrestrial Ecosystems are undertaking the fauna surveys required for the next stage of drilling and for any future application for additional exploration and/or the Mining Licence Application.

Proposed Exploration

The results of this first drilling campaign completed by Carbine will define the second and definitive campaign of resource drilling. The work required to allow Carbine to apply for access and approval of this PoW has commenced.



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Carbine will commence drilling at Muchea West after permission is granted by all relevant parties and a survey has been completed to clear the drilling locations. The optimum period for this drilling is April to May 2022.

The proposed phase 2 drill program is for up to 950 holes and 12,000m of drilling.

The completion of this drilling will feed 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.

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

Summary

Carbine is progressing with its proposed exploration budget and schedule, having completed its first drill campaign and commenced the scoping studies for resource estimations and processing.

The results of these studies will outline the potential economic parameters to be derived from a future operation at Muchea West and allow Carbine to commence discussions necessary for the development of the project.

Work is underway to gain access for the second, and definitive, drill campaign with expectations for completion in H1, 2022.

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 29 July 2021 and 1 April 2021. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcements.





Appendix 1: Carbine's Tenement Interests

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 31 March 2022.

Project	Tenement Number	Status	Ownership
Muchea West Silica Sands Project	E70/4905	Live	100%

No tenement interests were acquired or disposed of during the quarter.

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 31 March 2022 as advised in the Appendix 5B:

- expenditure incurred on exploration and evaluation during the quarter related primarily to assays and scoping study works; and
- payments to related parties of the Company pertain to fees payable to the managing director, non-executive directors and company secretary, and for rent and accounting, bookkeeping and administration services provided to the Company on commercial arm's length terms.





Appendix 3: Variance to Use of Funds Statement

The following information is provided pursuant to Listing Rule 5.3.4 with respect to its Use of Funds Statement set out in its Prospectus dated 28 April 2021 and its actual expenditure since ASX recompliance on 22 July 2021.

Expenditure Item	Use of Funds for 2 years	Actual Expenditure	Variance from use of funds statement	Notes
	To 22 July 2023	(22 July 2021 to 31 March 2022)		
Opening cash	\$3,241,000	\$3,241,000	-	-
Proceeds from Public Offer	\$3,000,000	\$2,620,000	\$380,000	1
Total	\$6,241,000	\$5,861,000	\$380,000	
Exploration expenditure	\$3,200,000	\$917,000	\$2,283,000	2
Proposed cash payment	\$500,000	\$500,000	-	-
Corporate costs (including Directors' fees)	\$1,500,000	\$529,000	\$971,000	3
Working capital	\$780,000	\$356,000	\$424,000	4
Expenses of the Public Offer	\$300,000	\$443,000	(\$143,000)	5
Total	\$6,280,000	\$2,745,000	\$3,535,000	
Remaining cash		\$3,652,000		

Notes:

1. This includes \$380,000 received in the June 2021 quarter and \$2,620,000 received in the September 2021 quarter, for the maximum subscription achieved of \$3,000,000. This \$380,000 is included in the opening cash balance of \$3,241,000.
2. \$917,000 of exploration expenditure to March 2022 is 29% of total proposed exploration expenditure over the two years of \$3,000,000. This is on track in light of the expected timing of future drilling and other exploration programs and studies.
3. \$529,000 of corporate costs and directors' fees to March 2022 is 35% of total proposed corporate costs and directors' fees over the two years of \$1,500,000. This is on track to expend this amount on corporate costs and directors' fees.
4. \$356,000 of working capital expenditures and movements to March 2022 is 46% of total proposed working capital expenditures and movements over the two years of \$780,000. The Company is on track to expend this amount on working capital because this included movements in GST receivable and other movements to 31 March 2022 that will be recouped in future quarters. This also includes the payment of \$302,915 in stamp duty for the acquisition which will not reoccur.
5. The Company has expended \$443,000 on the public offer and related transaction costs to March 2022, which was \$143,000 more than the \$300,000 projected. This difference was caused by extra costs associated with relisting compliance and completion of the transactions.

Appendix 5B

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

Name of entity

CARBINE RESOURCES LIMITED

ABN

81 122 976 818

Quarter ended ("current quarter")

31 MARCH 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(99)	(99)
(b) development	-	-
(c) production	-	-
(d) staff costs	(88)	(88)
(e) administration and corporate costs	(50)	(50)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (stamp duty on Muchea West Project acquisition)	(303)	(303)
1.9 Net cash from / (used in) operating activities	(539)	(539)
2. Cash flows from investing activities		
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 (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	4	4
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	29
2.6	Net cash from / (used in) investing activities	4	4
3.	Cash flows from financing activities		
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	(1)	(1)
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 (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(1)	(1)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,652	3,652
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(539)	(539)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	4	4
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1)	(1)

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 (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,116	3,116

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	616	1,152
5.2	Call deposits	2,500	2,500
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,116	3,652

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	161
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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(539)
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)	(539)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,116
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,116
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.8
<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: **29 April 2022**

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.