



Quarterly Report to 30 June 2023

Highlights

- ◆ **Down South Silica Project acquired**
- ◆ **Drill results confirm high purity nature of the Muchea West project**
- ◆ **Glenn Whiddon and James Pearse appointed to the Board as non-executive directors**

Carbine Resources Limited (ASX: CRB) (the **Company** or **Carbine**) is pleased to provide shareholders with the quarterly activities and cash flow report for the three-month period ended 30 June 2023.

Carbine Resources

Carbine Resources has positioned itself to be a leading producer of silica sand, targeting the high purity silica market with product destined for the glass industry.

At Muchea West, the Company has its flagship project that it is advancing towards decisions regarding development and production. The recent Mining Licence Application is the end product of exploration and processing studies completed to demonstrate the potential within the Project.

The MLA, lodged in December 2022 and recommended for grant on April 18 2023, will now progress through a series of studies and surveys on the path to a mining license and other associated approvals being granted.

Carbine also acquired the Down South Silica project located close to the Bunbury port and will commence access negotiations with the freehold landholders with the goal to commence exploration at this project next quarter; subject to the approval of Programs of Work (**PoW**).



Figure 1: Project locations

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. Covering a land area of 102km², the Project consists of a granted exploration licence, E70/4905, and a Mining Licence Application, MLA70/1422.

There is excellent access with the Tonkin Highway and the Moora-Kwinana Railway providing a direct connection with the Kwinana Bulk Terminal, key for bulk transport projects.



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The Muchea West Project is host to an Indicated Resource of 40Mt at 99.73% SiO₂ and Inferred Resource of 53Mt at 99.70% SiO₂ for an initial resource of 93Mt at 99.71% SiO₂¹, located in the northern portion of the Muchea West Bassendean Sands dune system.

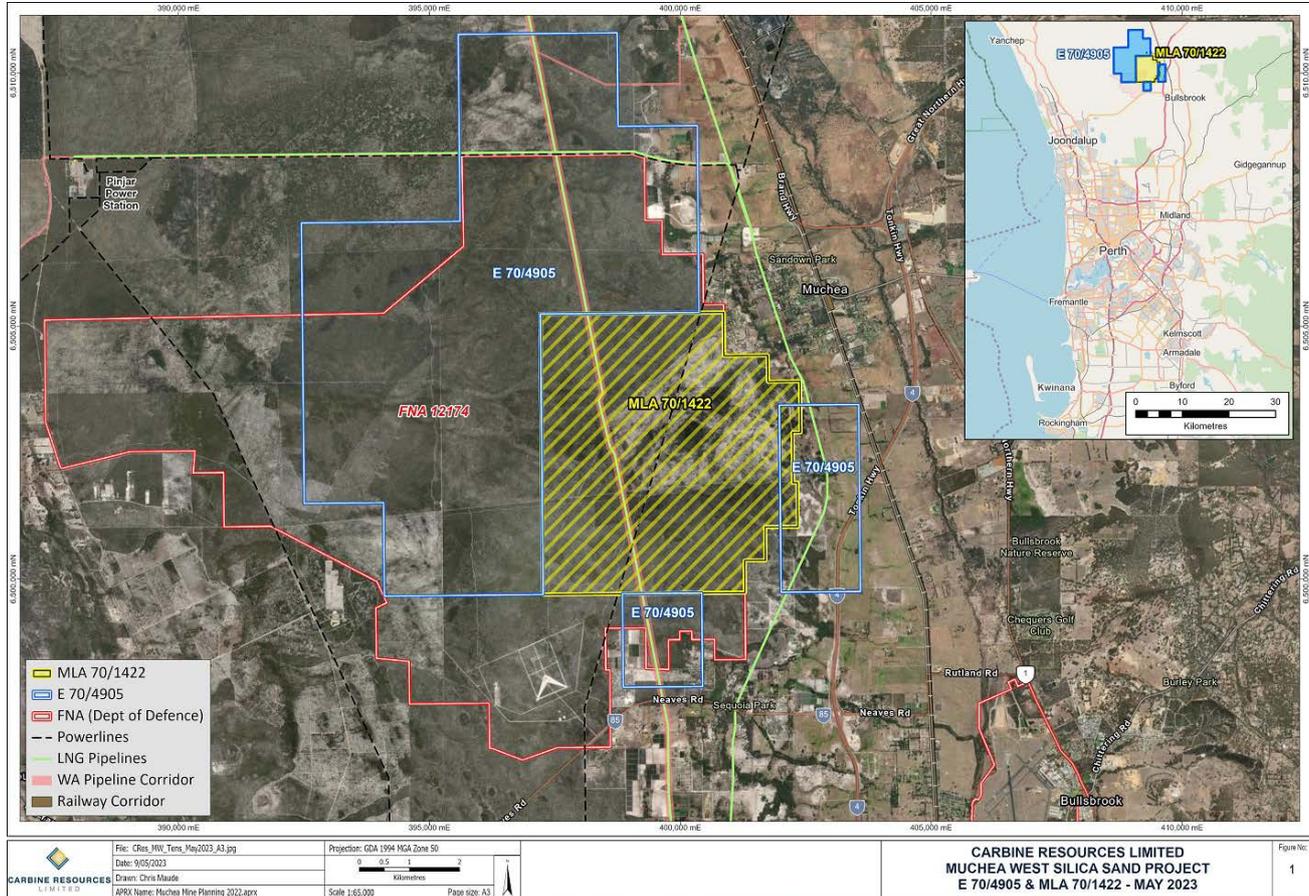


Figure 2: Muchea West Project with MLA70/1422

Mining Licence Application

The South East Area of Interest at the deposit was the focus for the initial mining application which has now been submitted to the Department of Mining Industry, Regulations and Safety (**DMIRS**).

MLA70/1422, which was lodged with DMIRS on 19 December 2022, is for silica sand and is located in the southeast portion of the Company's Exploration Licence, E70/4905 (Figure 2).

MLA70/1422 encapsulates the south eastern area of interest, as previously announced, and includes 44Mt of the Company's JORC Resource, equating to 47% of the current Resource for E70/4905.

MLA 70/1422 was recommended to the Minister for grant by DMIRS on 18 April 2023.

Carbine has invested significant time and resources to complete the environmental studies required to satisfy the conditions of a Mining Permit which shall be lodged as soon as possible and is expected to take a minimum of 2 years to be granted.

Drilling Results

¹ Carbine Resources Ltd, ASX Release, 4 July 2022 "Maiden Muchea West Silica Sand Resource"



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The results of hand auger drilling completed in the preceding quarter were received and reported on 17 May 2023. Single metre samples were collected for each hole, with the exception of the first metre. The program produced 421 samples that were transported to Austest for analysis. Results from Carbine's extensional drill program have confirmed the grades from previous drilling, and include intercepts such as:

- MW0258 – 10.5m @ 99.58% SiO₂, 235 ppm Fe₂O₃ and 594 ppm Al₂O₃ from 1m
- MW0279 – 7m @ 99.59% SiO₂, 96 ppm Fe₂O₃ and 1095 ppm Al₂O₃ from 1m
- MW0294 – 10m @ 99.50% SiO₂, 184 ppm Fe₂O₃ and 432 ppm Al₂O₃ from 1m
- MW0297 – 9m @ 99.45% SiO₂, 31 ppm Fe₂O₃ and 661 ppm Al₂O₃ from 1m
- MW0298 – 10m @ 99.56% SiO₂, 32 ppm Fe₂O₃ and 434 ppm Al₂O₃ from 1m

Of the 58 holes completed, only 2 holes returned a profile with less than 99.0% SiO₂. All 373 holes drilled on the project to date display the exceptional high grade and quality of the Muchea sand deposit.

The overall silica grades returned were consistent with previous drilling in this area. The grades of Fe₂O₃ and Al₂O₃ were variable. Several low topography areas were included in this drilling with increased clay contents. The Fe₂O₃ levels were higher than for the 2023 drilling with a maximum of 0.34% (MW0288) but on the southern line, a run of holes 700m long (MW0291 – MW0298, Figure 3) averaged less than 100 ppm (0.01%) Fe₂O₃.

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 full profile at Muchea West is from surface to a level 3m above the water table, as defined in 2019. Drilling stops the moment the water table is intersected irrespective of planned hole depth which is a condition of the licence.

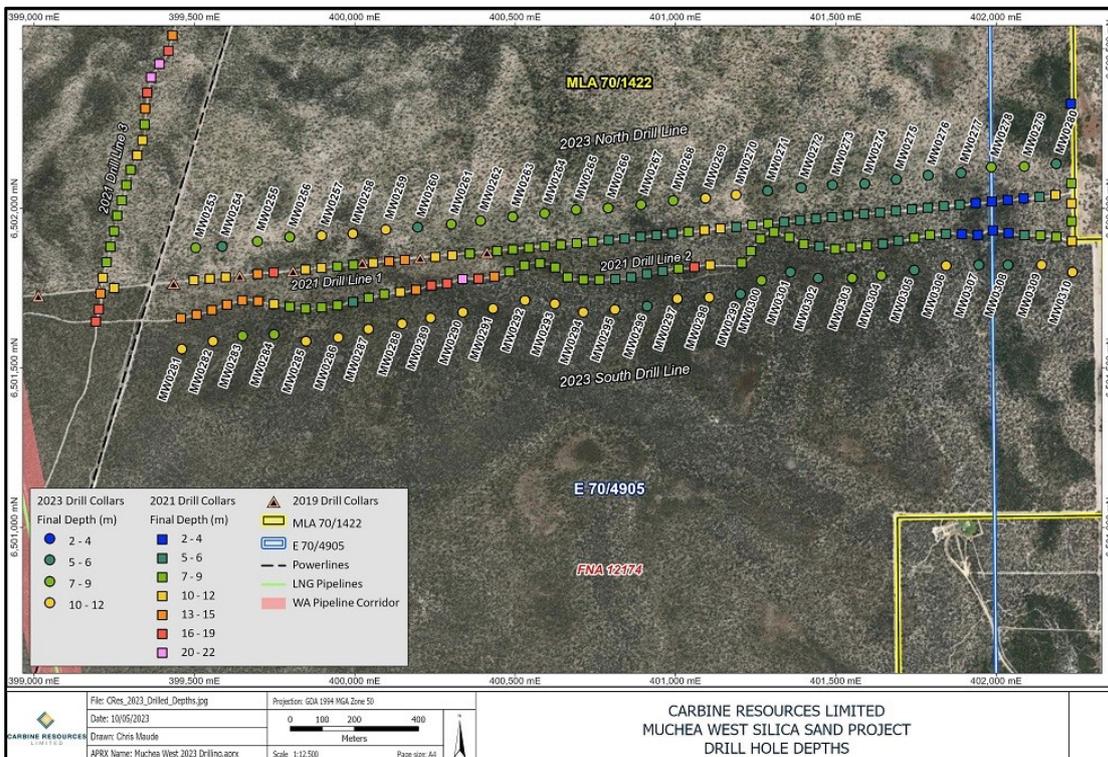


Figure 3: Drill spacings and depths

Environmental Studies



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The Muchea West Flora (Spring) and Fauna studies are complete and the final reports received.

Ongoing Work

The Company will undertake a revised Mineral Resource Estimate which is expected to further expand the resource within MLA70/1422. Carbine intends to undertake a feasibility study utilizing all available drill samples for the purpose of better defining the project fundamentals and processing options and outputs.

The completed environmental studies and the proposed studies are essential for Carbine to progress towards development.

Outside the MLA, Carbine will progress drilling in an effort to better understand the grade differences across the Exploration Licence.

Down South Silica Sand Project

Carbine announced during the quarter that it had acquired 100% of the Bunbury Silica Sands Project via the acquisition of Down South Silica Pty Ltd (**DSS**). See ASX announcements dated 25 May and 14 June 2023 for further details on the acquisition. DSS holds 100% of the Bunbury Silica Sands Project which covers a land area of 5,800Ha consisting of three exploration licences, E70/5823, E70/6414 and E70/6415.

The Bunbury Silica Sands Project is located approximately 10km southeast of Bunbury in the Wellington Land Division of the Southwest Mineral Field (Figures 4) and within the shires of Capel (17.56096 BI) and Dardanup (2.43903 BI). The area can be located on the Collie (SI50 – 06) 1:250,000 map sheet and the Bunbury (2031) 1:100,000 map sheet.

The ground has been the subject of numerous drilling programs, predominantly for mineral sands, but at least three companies have explored for silica sands.

Work completed by Westralian Sands prior to 1970 identified a number of areas of interest (Areas A, B and C shown in Figure 5) and the culmination of this work led to a small mining operation to test the economics of a silica sand export project from their Area A location.

Later, Australian United Silica Corporation Pty Ltd (AUSCO) mapped surface expressions of white sand and produced an outline of areas of potential (1, 2 and 3 shown in Figure 5).

A data review aimed at informing exploration planning activities for the Silica Sands Project will commence shortly. Carbine intends to contact landowners for permission to access properties for sampling purposes. Drilling will follow immediately on from their mapping of the Bassendean Sand Formation on accessible land.

Field based activities are planned to commence upon completion of the review.

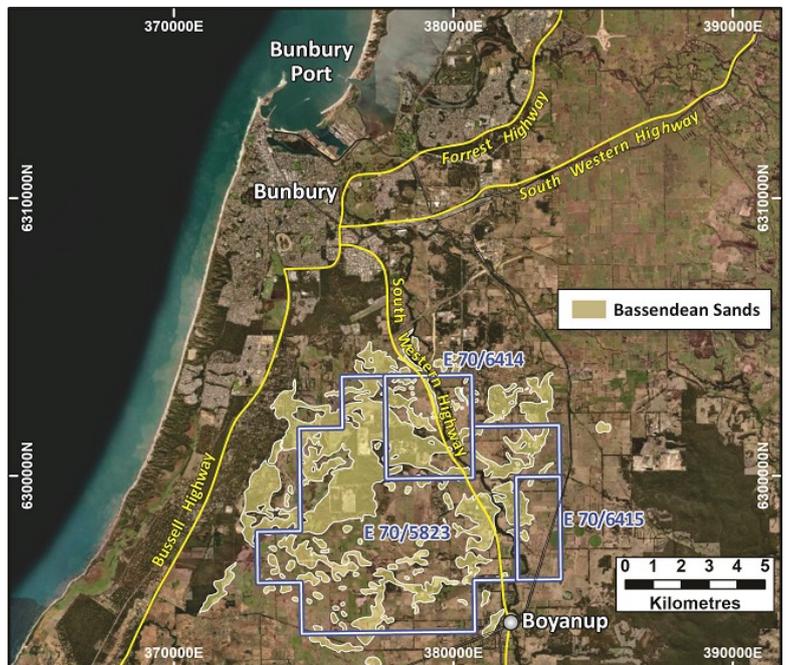


Figure 4: DSS Tenement Locations

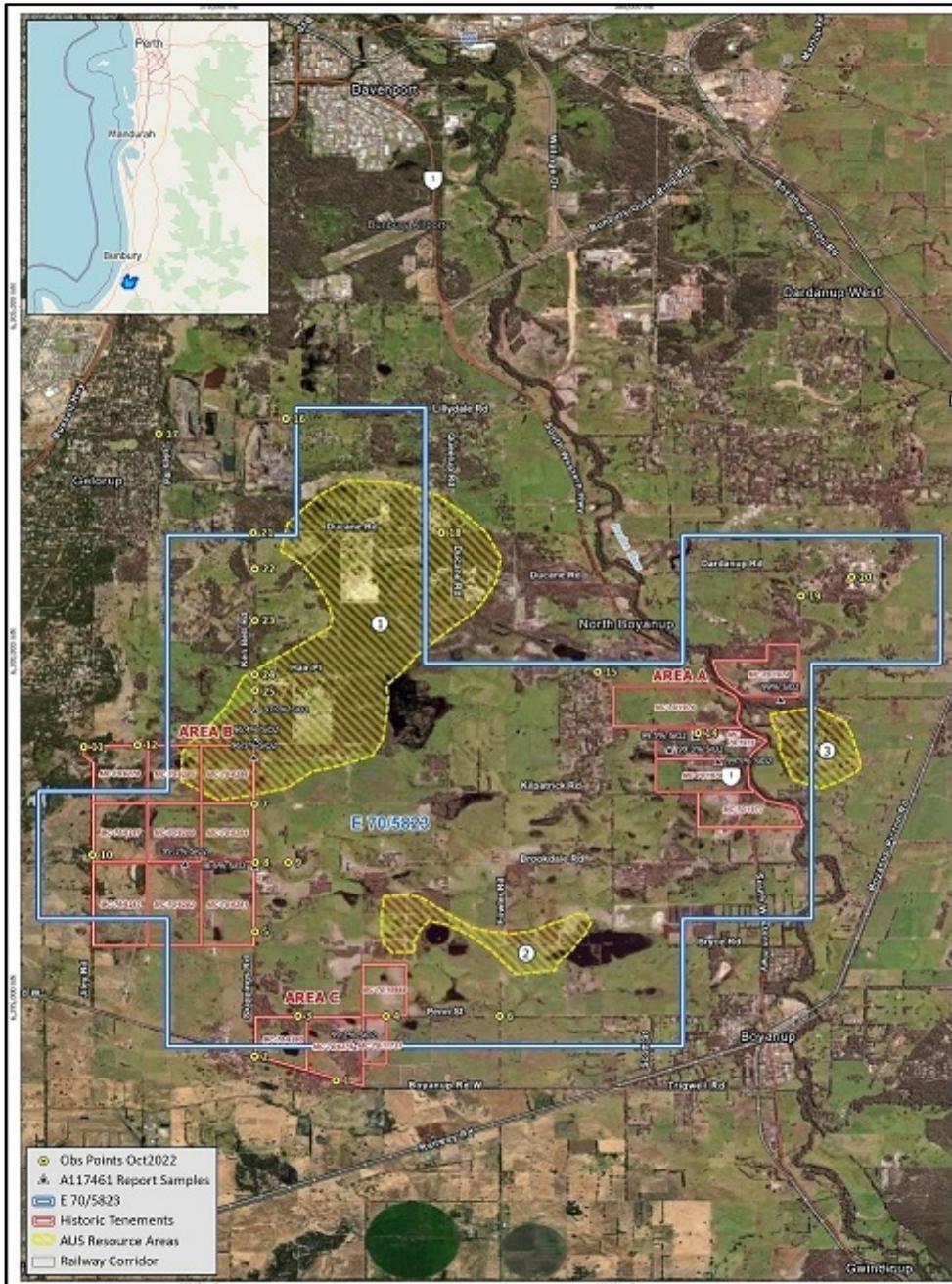


Figure 5: Areas of Interest at Bunbury Silica Sands Project

Safety

The Company is pleased to advise that no accidents or incidents were reported from work conducted on E70/4905 for the June Quarter by Carbine staff and contractors.

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





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Corporate

Royalty Dispute

The Company received disputed notices from each of Australian Mining and Exploration Group Pty Ltd (controlled by Matthew Hogan) and Brenton Parry (a shareholder with 3.9% of the Company's issued shares) (together, **Royalty Holders**) on 24 May 2023 (**Notices**).

The Notices refer to royalty deeds between each of the Royalty Holders and Australian United Silica Corporation Pty Ltd (**Ausco**), a 100% owned subsidiary of the Company, which provide for a royalty over silica sand, other sand or minerals mined from E70/4907 (Tenement) and any other mining tenement or tenements which may be granted in lieu of or relate to the same ground as E70/4905 (**Royalty Deeds**). The Tenement forms part of the Company's Muchea West Silica Sand Project.

Under the Notices, the Royalty Holders assert that Ausco has breached the Royalty Deeds by failing to give at least 30 days prior notice prior to any relinquishment or surrender of any part of the Tenement. The Royalty Holders also assert that the purpose of the notice requirement is to give the Royalty Holders the option to each acquire a 50% interest (100% in total) in the Tenement for \$1 (\$2 in total).

The Company's position is that the requirement to give the Royalty Holders prior notice of a relinquishment or surrender under the Royalty Agreements will not apply where a surrender of blocks is a necessary consequence of the operation of compliance with s 65(3) of the Mining Act 1978 (WA). The Company does not accept that the purpose of the Royalty Deeds is to enable the Royalty Holders to purchase the entire Tenement for \$2 on the Company complying with its compulsory relinquishment obligations to surrender blocks under the Mining Act 1978 (WA).

The Company's view is that there is no material financial impact on the Company with respect to the issues raised in the Notices (other than incurring legal and other costs in defending such claims). The Company has provided a response to the Royalty Holders and will inform the market in the event there are any further developments. In any event, the Company intends to defend any further claims made by the Royalty Holders in relation to the matters raised in the Notices.

Refer to ASX announcement dated 29 June 2023 for further details on the above dispute. The Company has not received any correspondence from the Royalty Holders since providing its response to the Notices.

Board Appointments

During the quarter, Directors Oonagh Malone and Evan Cranston were not re-elected by shareholders at the Company's Annual General Meeting held on 31 May 2023. Following that meeting the Board was reduced to one director, Peter Batten. Glenn Whiddon and James Pearse were subsequently appointed as Non-Executive Directors effective from 29 June 2023. Refer to ASX announcement dated 29 June 2023 for further details on the appointments.

For further information, please contact:

Peter Batten
Managing Director
+61 (8) 6142 0986



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COMPETENT PERSON'S STATEMENT

The mineral resource estimate in this announcement was reported by the Company in accordance with listing rule 5.8 on 4 July 2022. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcement and that all material assumptions and technical parameters underpinning the estimate in the previous announcement continue to apply and have not materially changed.

The exploration results in this announcement were reported by the Company in accordance with listing rule 5.7 on 17 May 2023. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcement.





Appendix 1: Carbine's Tenement Interests

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 30 June 2023:

Project	Tenement Number	Status	Ownership
Muchea West Silica Sands Project	E70/4905	Live	100%
Muchea West Silica Sands Project	MLA70/1422	Pending	100%
Down South Silica Project	E70/5823	Live	100%
Down South Silica Project	E70/6414	Live	100%
Down South Silica Project	E70/6415	Live	100%

A Mining Licence Application, MLA70/1422, was submitted to the Department of Mining Industry, Regulations and Safety on 19 December 2022. MLA70/1422 is entirely within E70/4905. MLA70/1422 was recommended for grant on 18 April, 2023.

Compulsory relinquishment of 40% of E70/4905 was due at the anniversary of the fifth year. This amounted to 14 graticular blocks. These blocks were relinquished on 19 April, 2023.

Carbine Resources Ltd purchased the company Down South Silica Pty Ltd as announced on 25 May 2023. Three tenements were included in the transaction, E70/5823, E70/6414 and E70/6415.

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 2023 as advised in the Appendix 5B:

- expenditure incurred on exploration and evaluation during the quarter related primarily to drilling, surveys and continuing study works at Muchea West Project; and
- payments to related parties of the Company pertain to fees payable to the managing director, previous non-executive directors and the company secretary, and accounting, bookkeeping and administration services provided to the Company on commercial arm's length terms by a related entity of a previous director.



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 30 June 2023)		
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	\$1,407,000	\$1,793,000	2
Proposed cash payment	\$500,000	\$500,000	-	
Corporate costs (including Directors' fees)	\$1,500,000	\$1,511,000	(\$11,000)	3
Working capital	\$780,000	\$357,000	\$423,000	4
Expenses of the Public Offer	\$300,000	\$443,000	(\$143,000)	5
Total	\$6,280,000	\$4,218,000	\$2,062,000	
Remaining cash		\$1,643,000		

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. \$1,407,000 of exploration expenditure to 30 June 2023 is 44% of total proposed exploration expenditure over the two years of \$3,200,000. This is behind schedule due to drilling delays primarily caused by lack of access caused by unusually wet conditions. However, the Company notes the MLA has now been submitted and studies are progressing. The continued rate of expenditure will depend on the mining licence application process and the timing of further drilling and exploration programs.
3. \$1,511,000 of corporate costs and directors' fees to 30 June 2023 is 101% of total proposed corporate costs and directors' fees over the two years of \$1,500,000. Such costs have been \$11,000 more than anticipated, which is considered immaterial.
4. \$357,000 of working capital expenditures and movements to 30 June 2023 is 46% of total proposed working capital expenditures and movements over the two years of \$780,000. The expenditure of the working capital will depend on the requirements of the Company outside of its exploration and corporate costs.
5. The Company has expended \$443,000 on the public offer and related transaction costs, 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")

30 JUNE 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(181)	(277)
(b) development	-	-
(c) production	-	-
(d) staff costs	(80)	(168)
(e) administration and corporate costs	(187)	(286)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	21	31
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(427)	(700)
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 (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(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	-	-
2.6	Net cash from / (used in) investing activities	-	-
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	-	-
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	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,070	2,343
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(427)	(700)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

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
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,643	1,643

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	143	570
5.2	Call deposits	1,500	1,500
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)	1,643	2,070

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	131
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, company secretarial fees, 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.</i>		
<i>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)	(427)
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)	(427)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,643
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,643
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.8
<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: **31 July 2023**

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.