



December 2019 Quarterly Report

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 31 December 2019.

During the quarter the Company continued to progress an identified opportunity and advised in January 2020 that it had signed a binding share sale agreement (**Share Sale Agreement**) with Cockatoo Iron NL (**Cockatoo Iron**) and certain key shareholders of Cockatoo Iron that are associated with the directors of Cockatoo Iron whereby the Company will, on the satisfaction of various conditions precedent, acquire a controlling interest in, and up to 100% of the issued shares and converting notes in Cockatoo Iron from the Cockatoo Iron shareholders and holders of converting notes (**Vendors**) (**Transaction**).

Cockatoo Iron holds 100% of both Pearl Gull Pty Ltd (**Pearl Gull**) and Silver Gull Iron Pty Ltd (**Silver Gull**), which are the registered holders or applicants in respect of certain mining tenements (detailed below) which cover a significant portion of Cockatoo Island (**Cockatoo Island Project**).

The Company proposes to issue up to 291,479,451 Shares to shareholders and noteholders of Cockatoo Iron in consideration for the Transaction. No advisory fees are payable by the Company in connection with the Transaction.

As part of the Transaction, the Company intends to raise \$3.2 million at an issue price of \$0.03 per ordinary fully paid share pursuant to an offer under a prospectus, with AMCI Iron Ore Pty Ltd, an affiliate of the AMCI Group (**AMCI**) participating as cornerstone investor, agreeing to subscribe for approximately \$2.5 million worth of Shares. Funds raised will be spent on an exploration program regarding the Cockatoo Island Project.

The Transaction is subject to satisfaction of various conditions precedent, including: shareholder approval and the Company satisfying the requirements of Chapters 1 and 2 of the Listing Rules for reinstatement to official quotation of its securities.

COCKATOO ISLAND PROJECT

Cockatoo Island is located in the north of Western Australia and has a history of iron ore mining going back to the 1950's. In terms of infrastructure, the mining tenements held by Pearl Gull enable access to Cockatoo Island by air (ie includes an airstrip), and includes a workshop/office and a potable water bore field.

Past production activities undertaken by other entities (not owned by Cockatoo Iron) on Cockatoo Island have focused on the seawall pit (M04/448), but this is now flooded. This tenement is not owned by Cockatoo Iron or its subsidiaries, and so is not being acquired by the Company pursuant to the Transaction.

Cockatoo Iron is targeting high grade mineralisation on inland parts of Cockatoo Island. With the exception of the pending applications in respect of E04/2528 and L04/104, the tenements held by Cockatoo Iron and its subsidiaries are shown below in green outline and labelled "CKI Tenements". For the avoidance of doubt, the tenements in blue outline labelled "PLV Tenements" are not held by Cockatoo Iron and are not the subject of the Transaction.



Figure 1: Granted tenements held by Pearl Gull and Silver Gull (green outline). Pending applications held by Silver Gull in respect of E04/2528 and L04/104 are not shown. Tenements in blue are not the subject of the Transaction.

Pearl Gull and Silver Gull are registered as the holder / applicant of the following Tenements:

Tenement / Application	Registered holder / Applicant
E04/2528 (application for exploration licence)	Silver Gull (applicant)
L04/104 (application for miscellaneous licence)	Silver Gull (applicant)
L04/102 (granted miscellaneous licence)	Pearl Gull (registered holder)
L04/103 (granted miscellaneous licence)	Pearl Gull (registered holder)
M04/235 (granted mining lease)	Pearl Gull (registered holder)

Cockatoo Iron proposes to undertake a high-impact exploration program in an area of known mineralisation where interpreted repeats of high-grade hematite lenses seen elsewhere on Cockatoo Island are expected to sub-crop. Any new mineralisation discovered likely requires a relatively modest size threshold to be economic given the infrastructure in place and the potential for commercialising overburden material as ballast or, at a later stage, beneficiation plant feed.

Cockatoo Iron is investigating the potential for:

- repeats of high grade mineralisation in commercial quantities;
- economic development of lower grade hematite mineralisation (beneficiation); and
- ballast material for use in oil and gas pipeline construction to be quarried from its Tenements.



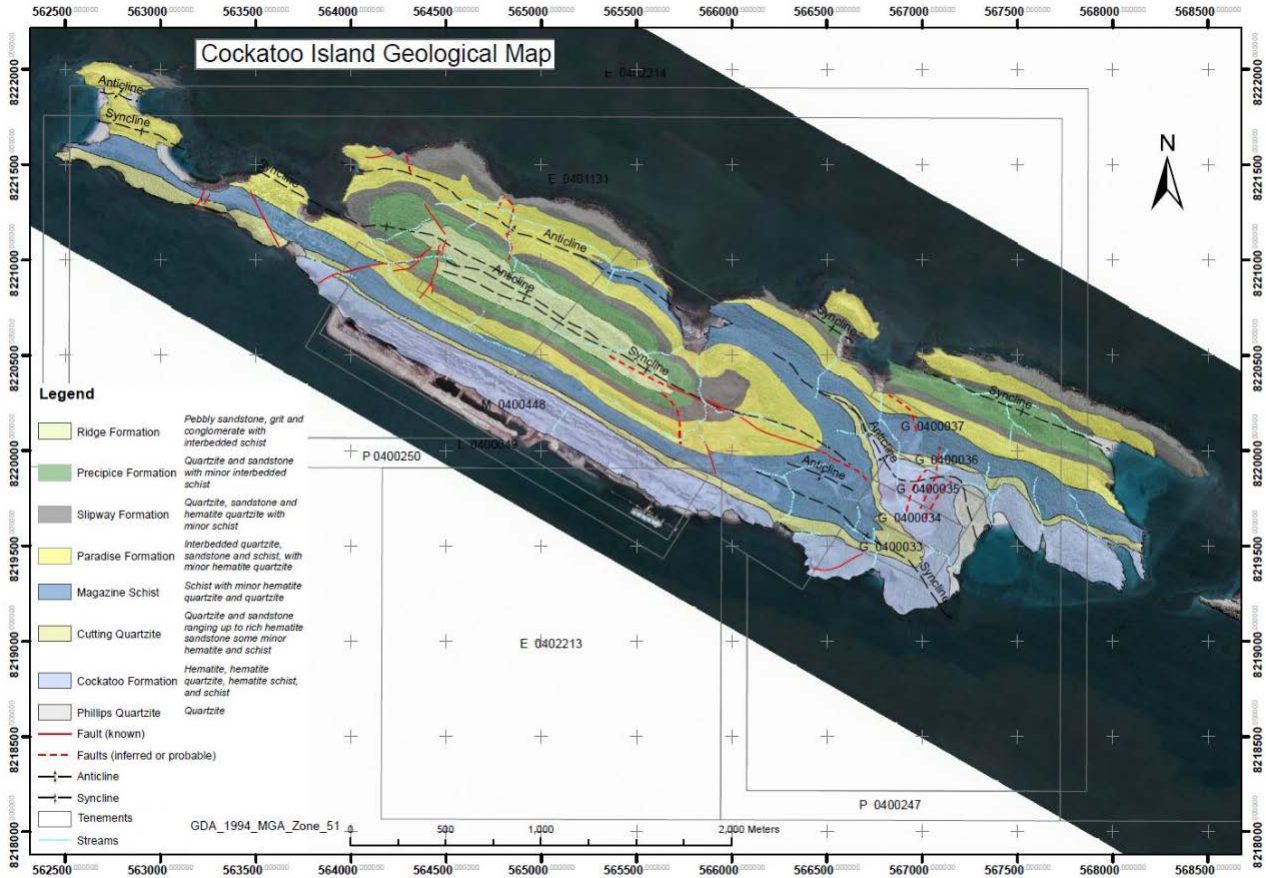


Figure 2: Geological Map of Cockatoo Island

As the Transaction will amount to a significant change in the nature and scale of the Company's activities, the Company is required to obtain the approval of its shareholders for the Transaction, and must re-comply with Chapters 1 and 2 of the Listing Rules. In addition to approving the Transaction, at the General Meeting the Company will also seek shareholder approval for the Capital Raising and the appointment of Alex Passmore, Myles Schammer and Patrick Murphy as Non-Executive Directors of the Company.

In accordance with ASX's policy for entities undertaking re-compliance transactions, the Company's securities will remain suspended from trading on ASX until the Company has complied with Chapters 1 and 2 of the Listing Rules in accordance with listing rule 11.1.3.

Cash at bank for the Company, as at 31 December 2019, is approximately \$2.18 million. The Company also holds listed securities with an approximate value of \$500,000.

For further details about the Transaction, refer the ASX announcement dated 22 January 2020.

For further information, please contact:

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CARBINE RESOURCES
LIMITED

Appendix 1: Carbine's Tenement Interests

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 31 December 2019.

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.

