



## **MOUNT MORGAN PFS CONFIRMS POTENTIAL FOR LOW COST OPERATION**

### **Highlights**

- ◆ **Positive PFS confirms potential for a low cost multi-product operation**
- ◆ **US\$234/oz (A\$311/oz) All-in Sustaining Costs for life of mine**
- ◆ **Minimum 8 year mine life based on current JORC resources only**
- ◆ **PFS provides significant improvement to Project viability from Nov '14 Scoping Study:**
  - **29% reduction in mine development capital costs (A\$63.3M)**
  - **12% reduction in operating costs (A\$29.2/t)**
- ◆ **PFS covers less than 30% of identified gold mineralisation at Mount Morgan**
- ◆ **Upcoming resource drilling to target JORC resource conversion of known exp. targets**
- ◆ **Carbine remains fully funded through to decision to mine**

**Carbine Resources Limited (ASX: CRB)** is pleased to announce the completion of the Mount Morgan Gold & Copper Project Pre-Feasibility Study (PFS). Developed by GR Engineering Services Limited and other specialist engineering firms, the PFS has provided additional independent verification of the potential viability of the proposed operations.

The PFS projects potentially robust economics for the operations, and further improves on the results achieved in the November 2014 Scoping Study (completed by Ausenco Services Pty Ltd).

**Table 1: PFS and Scoping Study comparison for the Mount Morgan Project**

Parameter	Units	Scoping Study Nov '14	PFS Aug '15	Improvement
Capital Costs	A\$M	\$81.9M	<b>\$63.3M</b>	<b>29%</b>
Operating Costs	A\$/t	\$32.7	<b>\$29.2</b>	<b>12%</b>
All-in Sustaining Costs	US\$/oz	\$393	<b>\$234</b>	<b>68%</b>

**The PFS parameters were completed by GR Engineering to an accuracy of +/- 20%.**

Commenting on the PFS results, Carbine Executive Director Patrick Walta said “the Company is pleased with the continued positive developments at the Mount Morgan Project. The Board and management are excited by the opportunity to potentially bring into production one of the lowest cost gold operations in Australia.”



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**CAUTIONARY STATEMENT**

The PFS referred to in this announcement is based on lower-level technical and economic assessments, and are insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage or to provide certainty that the conclusions of the PFS will be realised.

The PFS is preliminary in nature as its conclusions are drawn on Inferred (70%) and Indicated mineral resources (30%). The relative sequence of mining targets the use of Indicated resources for the initial years of operations until they are exhausted (estimated to be up to three years based on current Indicated resources). The nature of the tailings deposits (unconsolidated material at surface) makes selective targeting of Indicated resources possible.

The Indicated and Inferred resources and Exploration Target outlined in this announcement have been prepared by a competent person in accordance with the JORC Code.

The Company believes it has a reasonable basis for reporting the results of the PFS based partially on Inferred resources due to the nature of tailings deposits and the availability of historical production history and tailings deposition history. The Company has a high degree of confidence that the Inferred resources will be upgraded with further exploration work. There is however currently a low level of geological confidence associated with current Inferred mineral resources, and there is no certainty that further exploration work will result in the determination of Indicated mineral resources or that the production target itself will be realised. The stated production target is based on the Company's current expectations of future results or events and should not be solely relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met.

If the Inferred resources are removed, the overall mine life would reduce to approximately three years, i.e. by processing of the current JORC Indicated resources only. Carbine notes that even under this scenario the Project forecasts a positive financial performance. The Company is therefore satisfied that the use of Inferred resources in production target reporting and forecast financial information is not the determining factor in overall Project viability and that it is reasonable to report the PFS including the Inferred resources.

The PFS outputs contained in this report relate to 100% of the Project. Unless otherwise stated all cashflows are in Australian dollars, are not subject to inflation/escalation factors and all years are calendar years.

The Company cautions that there is no certainty that the forecast financial information derived from production targets will be realised. Material assumptions underpinning the production targets and financial forecasts derived from the production targets are set out in this announcement and, in particular, the Forward Looking Statements & Modifying Factors section.

The Company has concluded it has a reasonable basis for providing the forward looking statements included in this announcement. The detailed reasons for that conclusion are outlined throughout this announcement and, in particular, in the Forward Looking Statements & Modifying Factors section of this announcement.



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## Summary

The PFS defines a one million tonne per annum operation over a minimum eight year mine life. The nominated mine life only includes the processing of known JORC Resources at the site and does not include any of the current Exploration Targets:

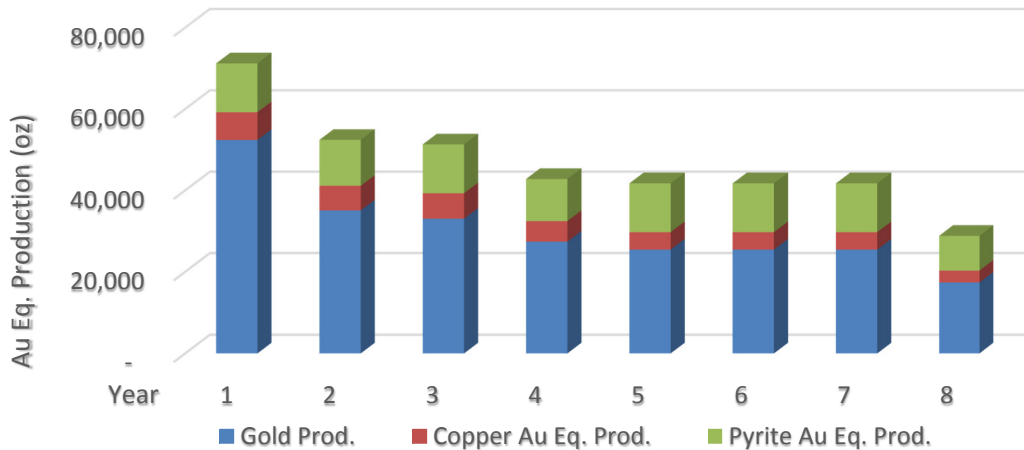
**Table 2: Exploration Target summary for the Mount Morgan Project (see Table 5 for full resource details)**

Exploration Target	Tonnes	Au (g/t)	Au (oz)
<b>HIGH GRADE: Tailings &amp; Dumps</b>			
<i>(low range)</i>	<b>4.7 Mt</b>	<b>1.54</b>	<b>231,000</b>
<i>(high range)</i>	<b>5.8 Mt</b>	<b>1.81</b>	<b>337,000</b>
<b>LOW GRADE: Open Pit Tails &amp; Slag</b>			
<i>(low range)</i>	27.1 Mt	0.53	459,000
<i>(high range)</i>	34.0 Mt	0.62	679,000

These Exploration Targets are not a mineral resource and are conceptual in nature. There has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource.

The proposed eight year operation produces three separate salable products, namely gold, copper and pyrite. Average annual production is estimated at 31,200oz gold doré bullion, 3,200t copper sulphate and 211,000t of pyrite concentrate. The above production target and forecast financial information is based on a combination of inferred (70%) and indicated (30%) mineral resources. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

The operation is expected to produce an average of 46,500oz/yr Au eq. including over 58,000oz/yr Au eq. during the first three years of operations. This high production during the initial years of operation ensures a relatively quick payback of capital costs and minimises financial risk. Significant upside to mine life and production rates exists on conversion of some or all of the Exploration Targets to JORC resources.



**Figure 1: Life of mine gold equivalent production at Mount Morgan**



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Capital and operating costs for mine development have been estimated at A\$63.3M and A\$29.2/t respectively. Capex is based on construction utilising all new equipment and includes allowances for all EPCM costs and excludes commissioning labour costs and contingencies.

GR Engineering have estimated a contingency of an additional A\$4.48M for the Project. Capital and operating costs have an accuracy of +/- 20%.

All-in Sustaining Costs (AISC) for the operations are estimated to average US\$234/oz for the life of mine. The low AISC are achieved as the operation requires minimal mining activity (reclamation of unconsolidated surface tailings only) and also produces two by-product streams, which provide additional revenue and offset operating costs.

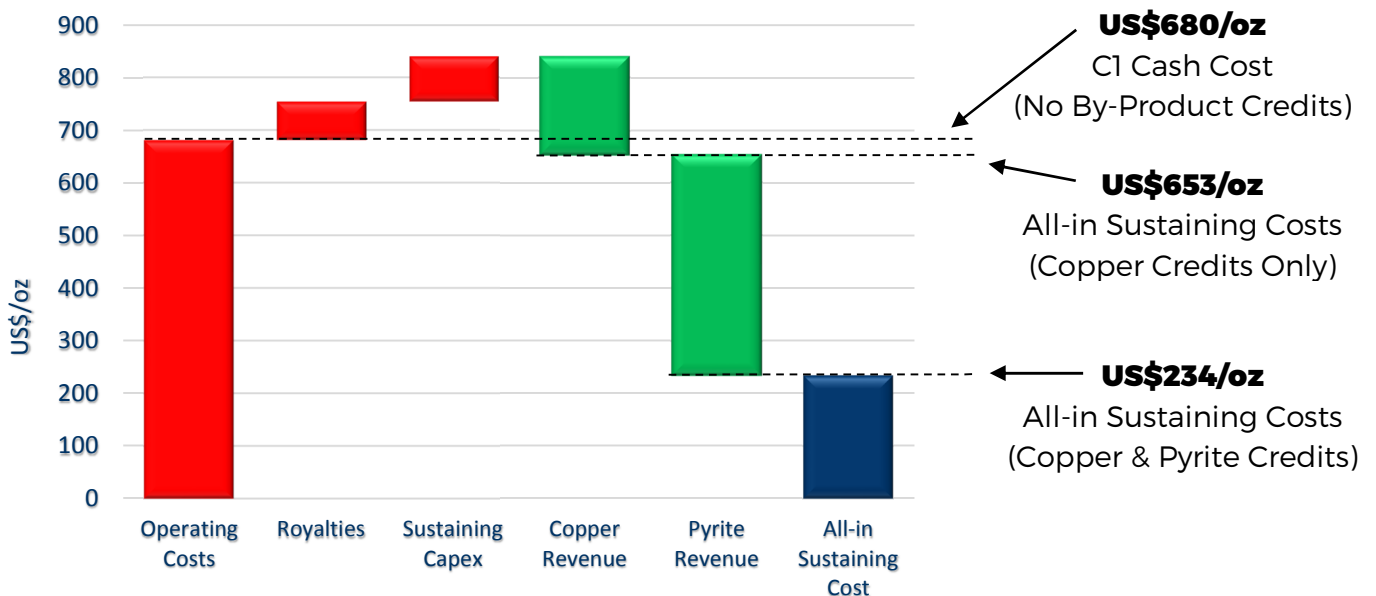


Figure 2: Life of mine All-in Sustaining Costs at Mount Morgan

The low AISC for the Mount Morgan Project provide a strong basis for the continued viability of the Project irrespective gold price movements over time.

The PFS utilises realistic assumptions of long term metal pricing forecasts over the life of the mine, being:

- ◆ Gold: US\$1,125/oz;
- ◆ Copper Sulphate: US\$1,750/t (eq. to US\$5,100 contained Cu price with CuSO<sub>4</sub> premium);
- ◆ Pyrite Concentrate: US\$60/t mine gate sales; and
- ◆ A\$/US\$ average exchange rate of 0.75.



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## PFS Capital Cost Overview

The capital costs for the Project are estimated at A\$63.3M. This includes all installation and commissioning costs and excludes commissioning labour costs and contingency. Pre-development costs such as acquisition and feasibility costs are treated as sunk costs.

*Table 3: Capital cost summary for the Mount Morgan Project*

Capital Cost Parameter	Total Cost A\$,000s
<b>DIRECT COSTS</b>	
Earth & civil works	4,402
Mechanical equipment	20,725
Platwork	5,466
Structural steel	6,187
Electrical installations	6,050
Buildings	1,009
Piping	3,737
Construction equipment	2,980
<b>Total Direct Costs</b>	<b>50,556</b>
<b>INDIRECT COSTS</b>	
Temporary construction facilities	221
Supervision and construction management	2,884
Project and procurement management	1,591
Engineering design	5,494
Owners Costs	74
Initial fills	1,905
Insurance Spares	538
<b>Total Indirect Costs</b>	<b>12,707</b>
<b>Total Capital Cost (<math>\pm 20\%</math>)</b>	<b>63,263</b>

Future feasibility studies will also assess options to reduce capital costs through further processing optimisation, leasing mobile and plant equipment, purchasing near-new second hand infrastructure and rationalising other major infrastructure.

Upside exists to reduce capital costs via the full or partial use of the Kundana CIP Plant. GR Engineering have completed a review of the plant and determined the asset contains considerable value for use at either Mount Morgan or other gold projects.

The Kundana Plant is currently packed up at the Paddington Mine in WA, following a A\$3.5M decommissioning and refurbishment program in 2010/11. A number of WA gold developers have expressed interest in procuring the plant. Sale of the Kundana plant is an option, and would allow for the offsetting of costs associated with construction of a fit for purpose plant at Mount Morgan.



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**PFS Operating Costs Overview**

The total operating cost is estimated at A\$29.2/t and uses prices obtained in, or escalated to, Q2 2015.

The estimate includes all operating costs for:

- ◆ mining activities;
- ◆ process plant, including labour, power, reagents and consumables,
- ◆ maintenance, metallurgical services and laboratory costs
- ◆ mobile equipment and operations;
- ◆ tailings disposal; and
- ◆ general administration, including labour, management, logistics, environmental, and safety.

**Table 4: Operating cost summary for the Mount Morgan Project**

Operating Cost Parameter	Unit Cost (A\$/t)	% of Total Cost
<b>ORE HANDLING</b>		
<i>Overburden removal</i>	\$ 1.75	6.0%
<i>Mining Costs</i>	\$ 2.20	7.5%
<b>PROCESSING</b>		
<i>Labour</i>	\$ 5.41	18.5%
<i>Maintenance Materials</i>	\$ 2.40	8.2%
<i>Wear Materials</i>	\$ 2.03	6.9%
<i>Reagents &amp; Consumables</i>	\$ 9.81	33.6%
<i>Power</i>	\$ 2.90	6.9%
<b>ADMINISTRATION</b>		
<i>General Administrative Costs</i>	\$ 2.37	8.1%
<i>Environmental Remediation &amp; Monitoring</i>	\$ 0.34	1.2%
<b>Total Operating Cost (± 20%)</b>	<b>\$ 29.22</b>	<b>100%</b>

The operating costs include labour costs for a permanent workforce of 47 direct staff for the Mine. The proposed operations are anticipated to assist in the indirect employment of up to an additional 200 people for Mount Morgan and the region.

Reagents and consumables of the proposed operations represent the most significant operating cost, comprising over 33% of the total. In particular, lime, caustic and cyanide reagents represent a substantial portion of the overall reagent cost.

Carbine continues to assess options for the continued refinement and optimisation of reagent costs to ensure the Project can deliver robust overall operating costs.





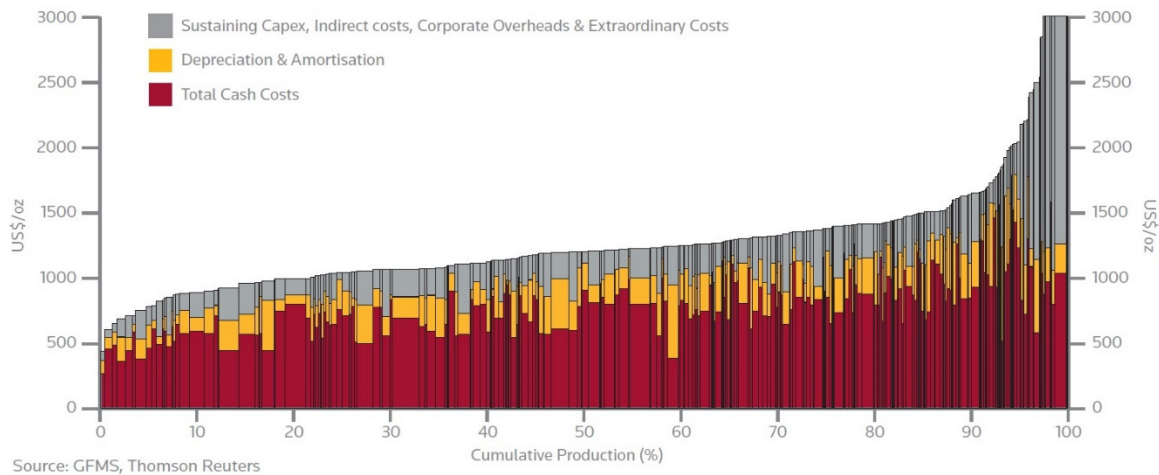
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## PFS All-in Sustaining Costs Overview

The All-in Sustaining Costs for the Project have been estimated at US\$234/oz for the life of operations. This cost was developed based on realistic assumptions of long term metal pricing forecasts over the life of the mine (gold US\$1,125/oz, copper US\$5,100/t, pyrite US\$60/t mine gate) and an A\$/US\$ average exchange rate of 0.75.

The All-in Sustaining Costs includes allowance for government royalties (gold 5%, copper 4.7% and pyrite 2.5%), however relief from royalties is being negotiated with the Queensland Government as recompense for assisting with remediation activities of the site. If royalties were removed from operations it is estimated the All-in Sustaining Costs would reduce to US\$160/oz.

In comparison with Figure 3, the Mount Morgan Project has the potential to become one of the lowest cost gold producers in Australia. Note, Carbine's AISC is exclusive of the amortisation and depreciation depicted in the All-in Costs shown in Figure 3.



**Figure 3: Global gold production All-in Cost Curve**

The relatively low All-in Sustaining Costs for the Project compared to the current gold price are primarily driven by the sale of by-products (copper and pyrite). This low cost provides considerable buffer against any drop in the gold price and hence improves confidence in the potential of the Project to remain viable throughout its mine life.

The by-products produced at Mount Morgan represent superior quality products that attract a premium to market rate prices. In particular, the 50% grade sulphur pyrite concentrate produced at Mount Morgan is almost unmatched in the industry, with the majority of pyrite operations achieving ~45% sulphur or lower. Furthermore, the benchmark grade for pyrite in China remains at 35% sulphur, therefore the pyrite from Mount Morgan is highly attractive for blending activities.

To the Board's knowledge there is only one other mining operation that produces a similar quality pyrite concentrate. To date, Carbine has entered into three MOU's for pyrite offtake and is negotiating binding offtakes agreements for pyrite and copper sulphate offtakes.

The All-in Sustaining Costs are based on the preliminary mine plan and production schedule which include Inferred resources. Readers are referred to the Cautionary Statement on page two of this announcement.





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### **Forward Work Plan**

Following on from the robust PFS results, Carbine will now progress the completion of a drilling program at the site prior to initiation of a Definitive Feasibility Study (DFS). The DFS will be utilised to confirm and refine the value proposition of the Project via continued optimisation of the flowsheet and acquisition of more definitive equipment and reagent pricing.

The Company will also be conducting an assessment of the potential to raise early stage financing for mine development off the back of the PFS.

Key areas of Project development that are targeted to occur during the next period include:

- ◆ Conversion of Inferred resources and the Exploration Target into Indicated resources, allowing potential for delineation of JORC reserves for the Project.
- ◆ Upgrading of the PFS to include additional defined Indicated resources and allow the release of full PFS financial metrics to the market.
- ◆ Assisting the DNRM and other government agencies in ensuring on-going efficient environmental monitoring and remediation activities, including the potential management of the current water treatment plant on site.
- ◆ Finalising binding offtake agreements for by-products.
- ◆ Assessing potential partners for the supply of processing equipment and technology.
- ◆ Continued negotiation with government agencies for royalty relief and/or subsidies in recompense for assistance with the environmental remediation of the state owned legacy.
- ◆ Initial assessment of financing partners to potentially fast track the Project through feasibility and into production.

### **For further information, please contact:**

**Patrick Walta** – Executive Director (08) 6142 0986







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## APPENDIX 1: PROJECT BACKGROUND & GENERAL PFS INFORMATION

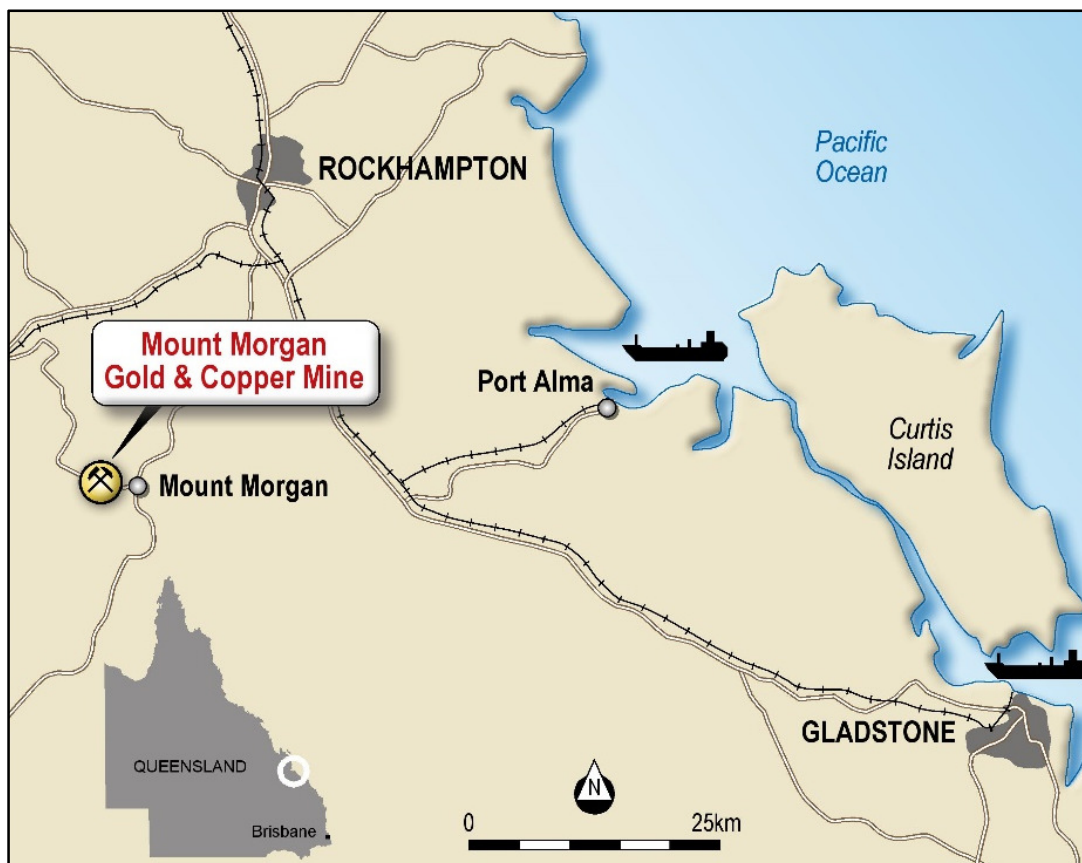
### Project Location & Regional Infrastructure Overview

The historic Mount Morgan Mine is located on the outskirts of the town of Mount Morgan on the central Queensland coast. The town has a population of ~3,000 people and well established infrastructure.

The region is also well populated by the large industrial towns of Gladstone and Rockhampton. These cities are home to several engineering firms, mining equipment suppliers and general contractors.

Gladstone is also home to Queensland's largest multi-commodity port facility and the fourth largest coal exporting terminal in the world.

Gladstone businesses supply raw materials to the region including sodium cyanide, flocculants and sodium hydroxide. There are also a number of limestone and lime producers to the north and south of Rockhampton, within 50km of Mount Morgan, including Cement Australia Limited.



**Figure 4: Mine location & proximity to regional cities & ports**



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## Mining Lease Tenure & Environmental Legacy Ownership Overview

The Mount Morgan Mine is covered by 30 mining leases spanning 677.5 hectares.

The leases are all current and valid until 31 August 2025.

Freehold title applies to all the operations areas of the mine site.

Native title has been extinguished over the Project area and the operational status of the mining leases means that the potential for review of native title does not arise.

The historical environmental legacy of Mount Morgan is 100% owned by the Queensland Government through the Department of Natural Resources and Mines (DNRM).

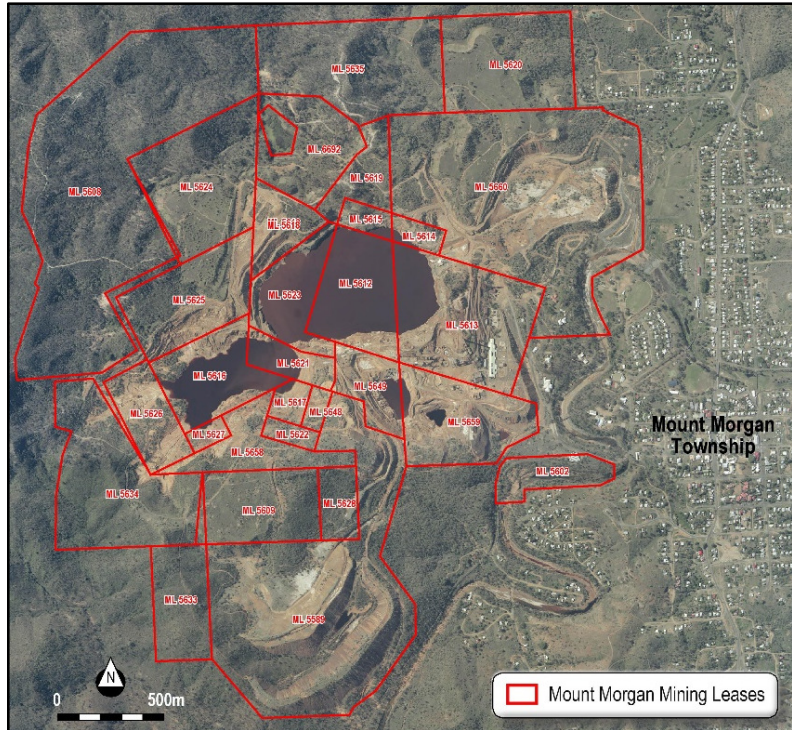


Figure 5: Mining leases at Mount Morgan

***The mining lease holder is not liable for existing environmental legacy or the impact of past mining activities.***

Management of the future mining activities and remediation of the site is governed by the Mount Morgan Phase 2 Agreement between the mining lease holder and the DNRM. The Agreement sets out the rights and obligations regarding the establishment of tailings retreatment operations at Mount Morgan. The Agreement requires the mining lease holder to:

- ◆ submit a detailed Plan of Operations before initiating mining activities;
- ◆ contribute to the rehabilitation of any area disturbed by its mining activities by removing tailings from that area down to the natural ground level; and
- ◆ manage any water in the mining areas.

The Agreement requires the DNRM to:

- ◆ maintain all ownership of the environmental legacy for all non-disturbed areas and areas mined down to natural ground level by the mining lease holder;
- ◆ maintain current environmental remediation activities; and
- ◆ allow the mining lease holder to construct mining & processing infrastructure for operations.

The Phase 2 Agreement therefore allows the mining lease holder to undertake mine development activities and mining operations without exposing itself to the historical environmental liabilities.



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## Mineral Resources & Exploration Target Overview

**Table 5: Current JORC Resources and Exploration Target for the Mount Morgan Project**

<b>JORC Resources <sup>[1]</sup> (Tailings)</b>	<b>Tonnes (000s)</b>	<b>Au (g/t)</b>	<b>Cu (%)</b>	<b>Au (oz)</b>	<b>Cu (t)</b>
Indicated	2,487	1.59	0.16%	127,000	3,900
Inferred	5,861	1.07	0.14%	202,000	8,400
<b>TOTAL JORC</b>	<b>8,348</b>	<b>1.23</b>	<b>0.15%</b>	<b>329,000</b>	<b>12,300</b>
<b>Exploration Target <sup>[2]</sup> (Exclusive of JORC Resources)</b>	<b>Tonnes (000s)</b>	<b>Au (g/t)</b>	<b>Cu (%)</b>	<b>Au (oz)</b>	<b>Cu (t)</b>
<b>Tailings</b>					
<i>(low range)</i>	<b>2,900</b>	<b>1.45</b>	<b>0.13%</b>	<b>135,000</b>	<b>4,000</b>
<i>(high range)</i>	<b>3,280</b>	<b>1.66</b>	<b>0.18%</b>	<b>175,000</b>	<b>6,000</b>
<b>Mullock Dumps</b>					
<i>(low range)</i>	<b>1,750</b>	<b>1.69</b>	<b>0.11%</b>	<b>95,000</b>	<b>2,000</b>
<i>(high range)</i>	<b>2,500</b>	<b>2.00</b>	<b>0.15%</b>	<b>162,000</b>	<b>4,000</b>
Metallurgical Slag					
<i>(low range)</i>	1,850	0.60	0.43%	36,000	8,000
<i>(high range)</i>	6,000	1.00	0.69%	193,000	41,000
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
<b>TOTAL EXPLORATION TARGET</b>					
<i>(low range)</i>	<b>31,800</b>	<b>0.67</b>	<b>0.11%</b>	<b>690,000</b>	<b>36,500</b>
<i>(high range)</i>	<b>39,800</b>	<b>0.79</b>	<b>0.19%</b>	<b>1,015,000</b>	<b>76,500</b>

Note: Rounding errors occur

### <sup>[1]</sup> 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](http://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. A competent person statement in relation to these Indicated and Inferred resources is included on the final page of this Announcement.

### <sup>[2]</sup> Exploration Target

Carbine has identified an Exploration Target 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 Target. The potential quantity and grade of the Exploration Target 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 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 Target during the next year by drilling and possible bulk testing to provide material for additional metallurgical test work and to verify tonnage and grade. A competent person statement in relation to this Exploration Target is included on the final page of this Announcement.





## **CARBINE RESOURCES** LIMITED

### **Historical Operations Overview (Including Historical Tailings Reprocessing Activities)**

During its operational life, the Mount Morgan Mine produced 8.4Moz of gold, 400,000t of copper and 1.2Moz of silver from the mining and processing of approximately 50Mt of ore.

Mining operations at Mount Morgan were discontinued in 1980 after nearly 100 years of activity.

Following closure of primary ore mining operations, tailings reprocessing of a section of the tailings resource was successfully conducted from 1981 to 1991 via the operation of a 3Mtpa gold carbon-in-pulp plant.

The historical tailings operations occurred over a period when average gold prices were US\$395/oz.

The plant treated 28Mt of tailings ore over 10 years, 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.

No mining or processing activity has occurred on site since the shutdown of operations in 1991, after which the DRNM took administration of the site.



***Figure 6: Mount Morgan ore processing and tailings deposition (circa 1910)***





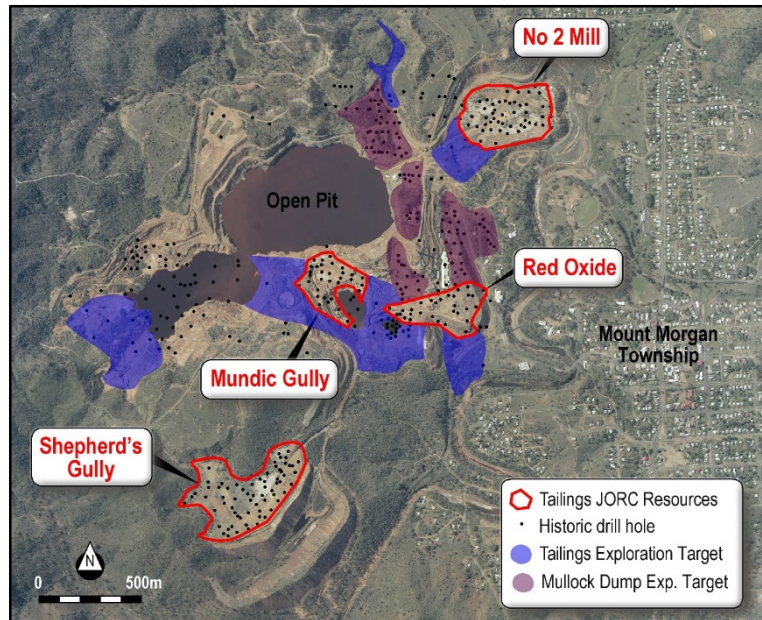
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## Mining Overview

The proposed tailings operation is primarily about materials handling and minerals processing rather than physical mining activities.

The mineralised tailings comprise material that has been moved and/or treated during past operations and is now stockpiled in dumps or behind tailings retaining walls.

Mount Morgan's historical mining operations were based on a blended feed to the processing plant located on the south east corner of the open pit. This blended feed resulted in the relatively consistent production of tailings grades.



**Figure 7: Proposed mining areas at the Mount Morgan**

The PFS proposes the use of dry mining via a loader and truck operation, providing a simple and cost effective method for extracting and delivering feed material to the plant. Hydraulic mining will also be assessed during further studies.

Minimal overburden is located on site, occurring mostly in the Mundic Gully and Red Oxide areas. This overburden will be progressively removed during mining operations. Other tailings require no overburden stripping. It should also be noted that all overburden on the site is mineralised in both gold and copper and presents a significant opportunity to selectively mine and blend the material into the plant for processing. This activity has not been taken into account as part of the PFS.

Mining is predicted to be straightforward and low risk. It is proposed that current JORC Indicated resources are targeted in the initial years of operations, providing feed to the plant for up to three years based on current resources. Following this, the current Inferred resources will be mined and processed. The proposed mining sequence is:

- ◆ Mundic Gully tailings & blending of Red Oxide material
- ◆ No. 2 Mill tailings & blending of Red Oxide material
- ◆ Shepherds Gully tailings & blending of Red Oxide material

The use Exploration Target Tailings, Mullock Dumps, Metallurgical Slag and Open Pit Tails (see Table 5 of Appendix 1) has not been included in this announcement. Upside remains to the extension of mine life and/or increase of throughput should these materials be included in the mining schedule.

Due to the nature of tailings deposits and the availability of historical production history and tailings deposition history, the Company has a high degree of confidence that the resources will be upgraded with further exploration work.



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## Processing Overview

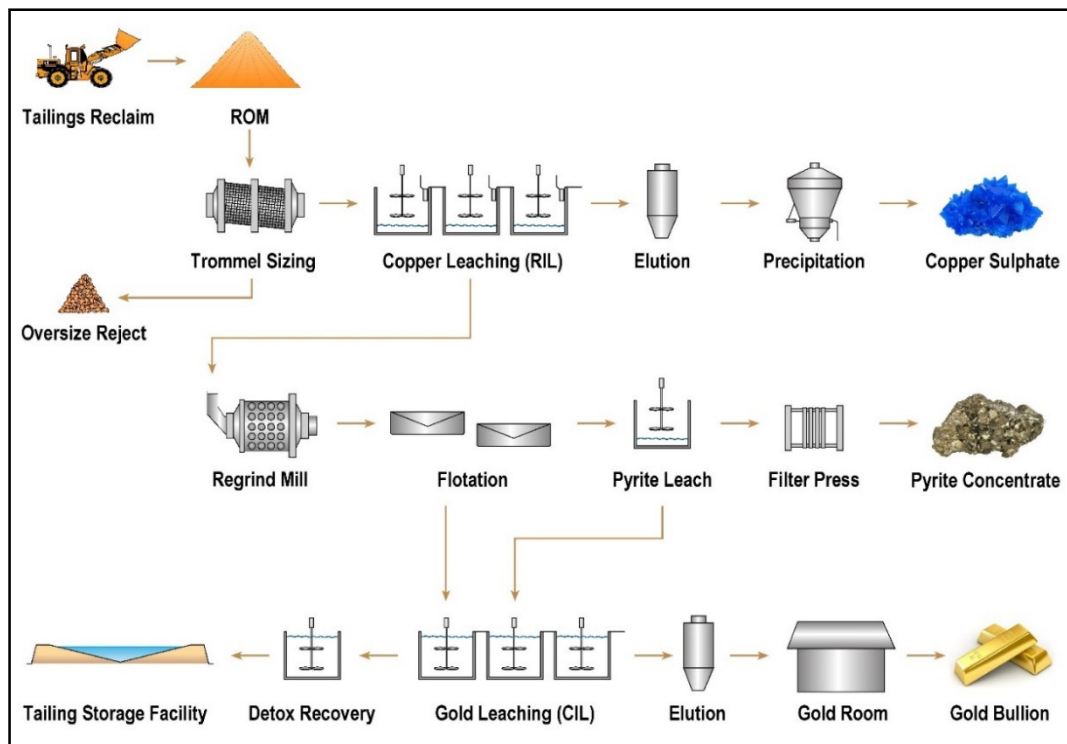
The PFS contemplates a 1.0Mtpa capacity tailings processing plant. The plant is to be operated 24 hours per day for 90% of the time (7,884 h/y), accounting for availability and utilisation.

Processing will comprise classification to >425um, followed by a three stage process to extract copper, gold and pyrite resources:

- ◆ Copper will be initially recovered via resin-in-leach processing (RIL) of the tailings slurry under acidic conditions, producing on average 3,200tpa of copper sulphate. This is achieved by re-pulping the tailings in acidic water from the historic Mount Morgan open pit, providing excess acid for copper leaching.
- ◆ After a neutralization and a polishing grind to p80 75um, a high grade pyrite concentrate (average 211,000tpa) is produced using a conventional flotation circuit.
- ◆ Gold is then extracted from both the pyrite concentrate and flotation tailings via a conventional leaching and a Carbon-in-Leach (CIL) circuit, producing an average of 31,200/oz per annum. Due the high grade nature of some of the JORC resources at Mount Morgan, the mine is projected to produce over 40,000oz per annum during the first 3 years of operation.

Figure 8 below shows the overall flowsheet for the proposed operations. The flowsheet was optimised from the original Scoping Study flowsheet and designed to reduce capital costs while maintaining product recoveries and operating costs.

Metallurgical testwork to date on composites of each tailings dam has produced recoveries of up to 76% of gold, 68% of copper and 90% of pyrite from the tailings material.



**Figure 8: Proposed flowsheet for extraction of copper, gold and pyrite at Mount Morgan**





# CARBINE RESOURCES LIMITED

## APPENDIX 2: MODIFYING FACTORS, FORWARD LOOKING STATEMENTS & COMPETANT PERSONS STATEMENTS

### Forward Looking Statements & Modifying Factors

This announcement contains certain forward looking statements. The words “expect”, “forecast”, “should”, “projected”, “potential”, “could”, “may”, “will”, “predict”, “plan” and other similar expressions are intended to identify forward looking statements. Indications of, and guidance on, future earnings, cash flow forecasts, and financial position and performance are also forward looking statements. Forward looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. Forward looking statements may be affected by a range of variables that could cause actual results or trends to differ materially. These variations, if materially adverse, may affect the timing or the feasibility of the development of the Project.

The announcement also contains forward looking statements in relation to future mining activity, however Carbine will require additional funding to bring the Project into production and there is no certainty of this funding being available. The Directors’ strategy during this study phase of the Project is to raise funds periodically when they are needed in the least dilutionary manner to shareholders. The Company intends to evaluate a range of funding alternatives for Project development once an Ore Reserve has been estimated.

The Company believes it has a reasonable basis for making the forward looking statements in this announcement, including with respect to the inclusion of Inferred resources in any production targets, based on the information contained within this announcement. In particular:

- ◆ The current JORC resources are based on independent verification by Coffey Mining Pty Ltd and the current Exploration Target was compiled by an independent consulting geologist who conducted an extension review of the substantial historical drilling and tailings production database (see Competent Persons Statements).
- ◆ All metallurgical testwork was carried out by an independent metallurgical consultant and ALS Laboratories, in conjunction with assistance from specific technology companies, namely Clean TeQ Holdings Limited for RIL development.
- ◆ GR Engineering Services Limited was the independent lead consulting engineering firm who derived the all major capital and operating cost inputs for the PFS, as well as the completion plant/mine design, assessment of infrastructure requirements, mass balance, equipment lists, process design criteria, process flow diagrams and flowsheet development.
- ◆ The tailings storage facility was specifically designed and estimated by specialist tailings consultants Golders Pty Ltd.
- ◆ All mining and overburden estimated were acquired from Charlton Earthmoving and Civil Pty Ltd, who are familiar with the site having had direct experience with the Project through previous owners of the mining leases.
- ◆ The PFS also utilised information derived from previous detailed feasibility studies completed by Ausenco Services Pty Ltd (Carbine’s Scoping Study from November 2014) and previous owners Norton Gold Fields Limited and Moonraker Pty Ltd. This included water management reports, environmental impact assessments, social impact analysis and pyrite logistics analysis.





## **CARBINE RESOURCES** LIMITED

### **Competent Person Statement – Exploration Target:**

*The information in this report that relates to the Exploration Target 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. This was initially release to the ASX on 13 November 2014 and has not materially changed since it was last reported.*

### **Competent Person Statement – JORC Resources:**

*The information in this report that relates to the Mineral Resources of the Mount Morgan Mine project was prepared in accordance with the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") by Troy Lowien, Resource Geologist, of consultants Coffey Mining Pty Ltd, who is a Member of The Australasian Institute of Mining and Metallurgy ("AusIMM") and has a minimum of five years of experience in the estimation, assessment and evaluation of Mineral Resources of this style and is the Competent Person as defined in the JORC Code. Troy Lowien conducted the geological modelling, statistical analysis, variography, grade estimation, and report preparation. This report accurately summarises and fairly reports his estimations and he has consented to the resource report in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.*

