



CARBINE RESOURCES
LIMITED

March 2016 Quarterly Report

Key Points

- Carbine appoints highly experienced Board and Management team to drive Mount Morgan Gold-Copper Project (ASX: 13 April 2016)
- Mount Morgan drilling program is nearing completion following commencement in March 2016 (ASX: 2 March 2016). The initial 5,000m drilling program is designed to upgrade the existing resource base and test some of the known exploration targets. The Company is awaiting assays results for the drilling completed to date.
- GR Engineering Services (GRES) progressing Mount Morgan DFS work which commenced in December 2015 (ASX: 23 December 2015).
- The Company completed plant modifications to improve the throughput rate of the site water treatment plant and has achieved an increase in water recovery during commissioning from 30% to 75%.

Mount Morgan Site Activities

Drilling Update

During the quarter, the Company continued progression of the previously announced 5,000m drilling program at the Mount Morgan Gold-Copper Project.

The program is nearing completion, with drilling 100% complete over the historical No 2 Mill and Shepherds tailings dumps. The Company is awaiting assays for this drilling. The drilling still to be completed is associated with the Mundic Gully area.

Fast Facts

Ordinary Shares

Shares on Issue 157M

Market Cap. & Cash

Mkt Cap. (at \$0.20)
\$31.4 million

Cash at 31 March 2016
\$2.3 million

Unlisted Asset (BOE Opts)
\$0.4 million

Board of Directors

- Mr Tony James
Managing Director
- Mr John Fitzgerald
Non-Executive Chairman
- Mr Graham Brock
Non-Executive Director
- Mr Evan Cranston
Non-Executive Director

Company Highlights

- DFS progressing
- Drilling nearing completion
- Positive Scoping Study and PFS completed
- Binding A\$25M/yr pyrite offtake contract
- Binding A\$8M/yr copper sulphate offtake contract
- Innovation award winner
- Rights to the 1Mtpa Kundana CIP Plant

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The drilling has identified significantly thick tailings mineralisation in all tailings dumps drilled. Visual inspection identified an average thickness of 14m at No 2 Mill while holes at Shepherds have averaged over 17m.

Drilling in the No 2 Mill tailings dump also tested visually identified tailings known to be outside of the existing resource boundary that were previously identified as an Exploration Target. Drilling completed in this area confirmed the presence of additional tailings in 7 out of the 13 holes drilled. The holes have tailings intersections of up to 18m with an average intersection depth of 12m. The holes that did not intersect tailings were located on the extremity of the exploration target zone and confirm the extent of the No 2 Mill tailings dump. The Company is awaiting assay results for this drilling and will advise the market when available.

The results of the drilling program will allow the Company to complete a revised resource estimation which will be incorporated into the DFS work.

Other Site Activities

During the quarter other work on site included monthly baseline environmental monitoring and a base line noise survey.

Site visits occurred for consultants/specialists who are involved with the DFS work. This work included testing of the remnant Shepherds Gully tailings area by way of test pits for DFS design work for the Tailings Storage Facility (TSF). The test pits have identified other sources of tailings that may be considered for future assessment and potential processing. Ongoing evaluation work will occur in relation to the potential of economic processing of this material.

Last quarter the Company announced the signing of a long term water treatment agreement with the Queensland Government to provide management services for the Mount Morgan Water Treatment Plant.

During the quarter, the Company focused on completing retrofits to the existing facility to improve the throughput of the plant and potentially the quality of product water produced. These retrofits, while relatively minor in cost, have provided indications of significant improvements to the operating efficiency of plant, with overall product water recovery during the commissioning process increasing from approximately 30% to over 75%.





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DFS Update

During the quarter, the Company continued to work with GR Engineering and other technical consultants/specialists on the Mount Morgan DFS. Work currently being done or completed to date includes:

- Mine/plant design, including capital and operating cost estimates
- Ion Exchange processing development in association with Clean TeQ Limited
- Tailings site geotechnical drilling/assessment by Golder Associates
- Plant site geotechnical drilling/assessment by Cardno Environmental Consultants
- Mine planning by GHD Limited
- DFS optimisation testwork by ALS Metallurgy
- Environmental assessments by Australasian Resource Consultants
- Site water management planning by ATC Williams

The DFS program will continue throughout the current quarter. The Company will update the market of any material developments with the DFS as it progresses.

Corporate Activities

Appointment of highly experienced Board and Management team

The Company has appointed an experienced mining executive team to drive the development of the Mount Morgan Gold-Copper Project through final feasibility and into the construction and ultimately the operations phase.

The appointments comprise:

- John Fitzgerald as Non-Executive Chairman,
- Anthony (Tony) James as Managing Director,
- Graham Brock as Non-Executive Director, and
- Chris Newman as Geology Manager.





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Mr James is a mining engineer with considerable operational, project development and corporate experience including recent roles as Managing Director of Atherton Resources (ASX: ATE) and Mutiny Gold (ASX: MYG). At Atherton Resources he achieved a favourable outcome for shareholders following the takeover by Auctus Minerals. At Mutiny he led the implementation of a revised development strategy for the Deflector copper-gold deposit in WA that resulted in the successful merger of Mutiny Gold and Doray Minerals (ASX: DRM).

Prior to these roles, Mr James held a number of executive positions with international gold producer Alacer Gold Corporation, including President of its Australian operations following the merger between Anatolia Minerals (TSX: ANO) and Avoca Resources (ASX: AVO) in 2011. He also played a key role in Avoca's initial growth and success, leading the feasibility and development of the Higginsville Gold Operations.

Mr Fitzgerald is an experienced mining and finance executive and is also a non-executive director of Northern Star Resources Limited (ASX: NST), Danakali Limited (ASX: DNK) and Dakota Minerals Limited (ASX: DKO). Prior to these roles, Mr Fitzgerald was previously Chairman of Integra Mines and Atherton Resources and has held senior positions at NM Rothschild & Sons, Investec Bank Australia, Commonwealth Bank and HSBC Precious Metals.

Mr Brock is a metallurgist with over 40 years' experience in the mining industry, and in particular gold and base metal projects. He has been involved in the full range of mine development activities from feasibility through construction, commissioning and operations. Mr Brock has been previously involved in development of several successful gold mines including Golden Crown, Westonia, Wirralie, Waihi, Big Bell, Mt Hogan, Salsigne and Stawell. Within the base metal sector, he was also part of the successful development of Mt Keith, Lake Johnston, Kambalda, Honeymoon Well, Black Swan, Golden Grove, Wheal Jane and Namosi.

Mr Newman is a geologist with considerable experience in both exploration projects and mining operations including greenfields exploration. He was previously Geology Manager for Atherton Resources prior to the takeover by Auctus minerals. Prior to this, Mr Newman was Executive Vice President/Chief Exploration and Geology Officer for Alacer Gold. He was also Manager Geology for Avoca Resources and was credited with the discovery and growth of the Trident gold ore body at Higginsville. He has also held a number of senior geological and management positions, including roles with WMC and BHP Billiton.





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To facilitate this change in Board and Management, Mr Stephen Dobson, Mr Tom Bahen and Mr Patrick Walta have resigned from the Board. Mr Walta will remain with the Company as Principal Consultant and continue to assist in development of the Project.

Mr Evan Cranston will remain on the Board as Non-Executive Director.

Placement

In conjunction with the Board and Management changes, the Company has agreed a placement of 3.33 million shares at 15 cents to the incoming Board members, executives and their associates. The issue price represents a 9.9% discount to the 30 day VWAP.

For further information, please contact:

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Appendix 1: Carbine's Tenement Interest

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 31 March 2016:

Mount Morgan, Queensland	Tenement Reference	Interest
	ML5628	Option to Acquire 100%
	ML5613	Option to Acquire 100%
	ML5616	Option to Acquire 100%
	ML5660	Option to Acquire 100%
	ML5608	Option to Acquire 100%
	ML5617	Option to Acquire 100%
	ML5609	Option to Acquire 100%
	ML5619	Option to Acquire 100%
	ML5602	Option to Acquire 100%
	ML5618	Option to Acquire 100%
	ML5658	Option to Acquire 100%
	ML5635	Option to Acquire 100%
	ML5622	Option to Acquire 100%
	ML5620	Option to Acquire 100%
	ML5623	Option to Acquire 100%
	ML5627	Option to Acquire 100%
	ML5615	Option to Acquire 100%
	ML5589	Option to Acquire 100%
	ML5659	Option to Acquire 100%
	ML5634	Option to Acquire 100%
	ML5626	Option to Acquire 100%
	ML5633	Option to Acquire 100%
	ML5621	Option to Acquire 100%
	ML5624	Option to Acquire 100%
	ML5625	Option to Acquire 100%
	ML6692	Option to Acquire 100%
	ML5612	Option to Acquire 100%
	ML5649	Option to Acquire 100%
	ML5614	Option to Acquire 100%
	ML5648	Option to Acquire 100%
Many Peaks, Queensland		
	ML3640	Option to Acquire 100%
	ML3641	Option to Acquire 100%
	MDL30	Option to Acquire 100%
	EPM14918	Option to Acquire 100%



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Burkina Faso Permits	Licence Number	Interest
Nongodoum	11-213	100% Carbine
Magel	11-214	100% Carbine
Madougou	09-156	Option to Acquire 80%
Kandy	10-100	Option to Acquire 80%
Madougou 2	11-052	Option to Acquire 100%
Ingara	Application	100% Carbine
Siliga	Application	Option to Acquire 100%

There were no mining tenements or interests in farm-in/farm-out agreements acquired or disposed of during the quarter.

The Company is currently relinquishing its assets in Burkina Faso.

