



CARBINE TUNGSTEN

Mt Carbine Tungsten concentrate grade from its tailings retreatment operation exceeds best feasibility cost model assumptions

The Board of Directors of Carbine Tungsten limited (ASX Code: CNQ) is very pleased to announce that the quality of the product samples recently sent to its potential major customer Mitsubishi Unimetals Corporation Ltd (MCU) has proved to greatly exceed the anticipated Tungsten (WO₃) content expected from the tailings recovery Feasibility Study. The higher-than-expected grade of concentrate will bring better-than-expected revenue if indicative of future production.

The product samples recently taken from initial production runs from the Company's tailings retreatment plant have undergone detailed assaying by MCU, who reported values in excess of 70% WO₃ in all three trial samples. Portable XRF analyses also indicate that recovery of tungsten was over 60%, well in excess of pilot and laboratory-scale test results.

The recent visit by CEO Mr Jim Morgan and an external consultant to Japan confirmed the terms of the Letter of Intent already provided by MCU that states that MCU will purchase all production from the current tailings re-treatment plant, which is currently in the production ramp-up phase at Mt Carbine. Discussions were also held in Japan with MCU regarding the possible opportunities for MCU to contribute funding and offtake products for Carbine Tungsten's 30,000 MTU per annum hard rock mine development project at the same site. MCU have confirmed their interest in shortly arranging another visit to the site by a team of their senior technical and financial staff to further discuss and review these options.

As previously announced, the next step in the MCU offtake process is delivery of a 20 tonne bulk shipment of concentrate that is expected to be ready for despatch by the end of May 2012. During the current phase of ramping up production to achieve design throughput at the re-treatment plant, assays have been obtained onsite with Carbine Tungsten's XRF equipment and further check sampling is being conducted by independent accredited laboratories.

The tailings re-treatment process is proving to be highly successful, and the operational design and plant has proven its ability to produce a very high-grade product from the tailings resource. However, low plant availability, due to various equipment breakdowns and materials handling issues, has hampered a rapid production ramp-up of the plant. The Company is confident that these challenges, which are often typical during a plant's ramp-up phase, have relatively standard technical solutions and will be progressively overcome as the plant continues increasing its production rates.

The Company is pleased by the achievements to-date of its staff and management in establishing a successful 24-hour new mine and plant operation in North Queensland that is producing high-grade saleable product, to the supply constrained tungsten concentrate market. The Company considers its further plans to become a significant world-class supplier of tungsten concentrates from its hard rock mine development to be very realistic and achievable within a much shorter project timeframe than other currently known alternative tungsten supply developments.

Jim Morgan
Managing Director

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