



## CARBINE TUNGSTEN

11 April 2012

Companies Announcement Office  
Australian Securities Exchange

### Exploration and Hard Rock Mining Update

Carbine Tungsten Limited (ASX Code: CNQ) is pleased to announce the results of the recently-completed programme of five deep diamond drill holes within close proximity to its Mt Carbine Mine.

The Company and its consultants are evaluating the results from this additional drilling and expanded geological modelling, with the express intention of continuing open pit mining methods, when it re-establishes its mining activities, which it now plans to commence in 2014. Resource modelling will determine the duration and extent of the open pit operation. This approach will allow the Company to accelerate its previously-announced schedule for the hard rock and mining development phase of the Mt Carbine project. Planned production capability remains at 30,000 metric tonne units of tungsten concentrate per annum, commencing in 2014. This allows the production capability to be brought forward by five years compared to the Company's earlier planning.

The hard rock production plant facility, which is planned for completion by the end of 2013, will initially operate using the 12 million tonnes of existing, pre-mined and stockpiled lower-grade material until the open pit mine comes into operation in 2014. Thereafter a blend of both ore sources will be available to feed the processing plant.

#### Exploration Results

Two diamond holes were drilled to test depth extensions near the present pit and the other three holes were drilled to test strike and dip (plunge) extensions. The purpose of these holes was to provide additional information to augment the present knowledge of the ore body and the extent of the mineralising system.

There were high-grade intersections in the two near-mine drill holes. The peak XRF fusion chemical assay being 6.17 metres at 0.21%  $WO_3$  from 40.8 metres and 12.37 metres at 0.133%  $WO_3$  from 81 metres in Hole MTCB001, extending the known mineralisation 100 metres to the south-east of the pit. The deep hole that was drilled at depth immediately to the north-west of the pit intersected a number of narrow high-grade zones, including 0.3 metres at 5.58%  $WO_3$  from 495.95 metres in Hole MTCB002, extending the high-grade mineralisation 180 metres to the north-west of the pit and open to vertical depths of 440 metres.

The reconnaissance drilling showed that the mineralisation strikes and plunges to the north-north-west, and extends at least another 600 metres to the north-north-west.

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### In-Ground Resources

Presently, there are 39.8 million tonnes at 0.144%  $WO_3$  of JORC Inferred Resources in, below and around the present pit area, which was only developed to 90 metres below ground level (as can be seen in Figure 1, below).

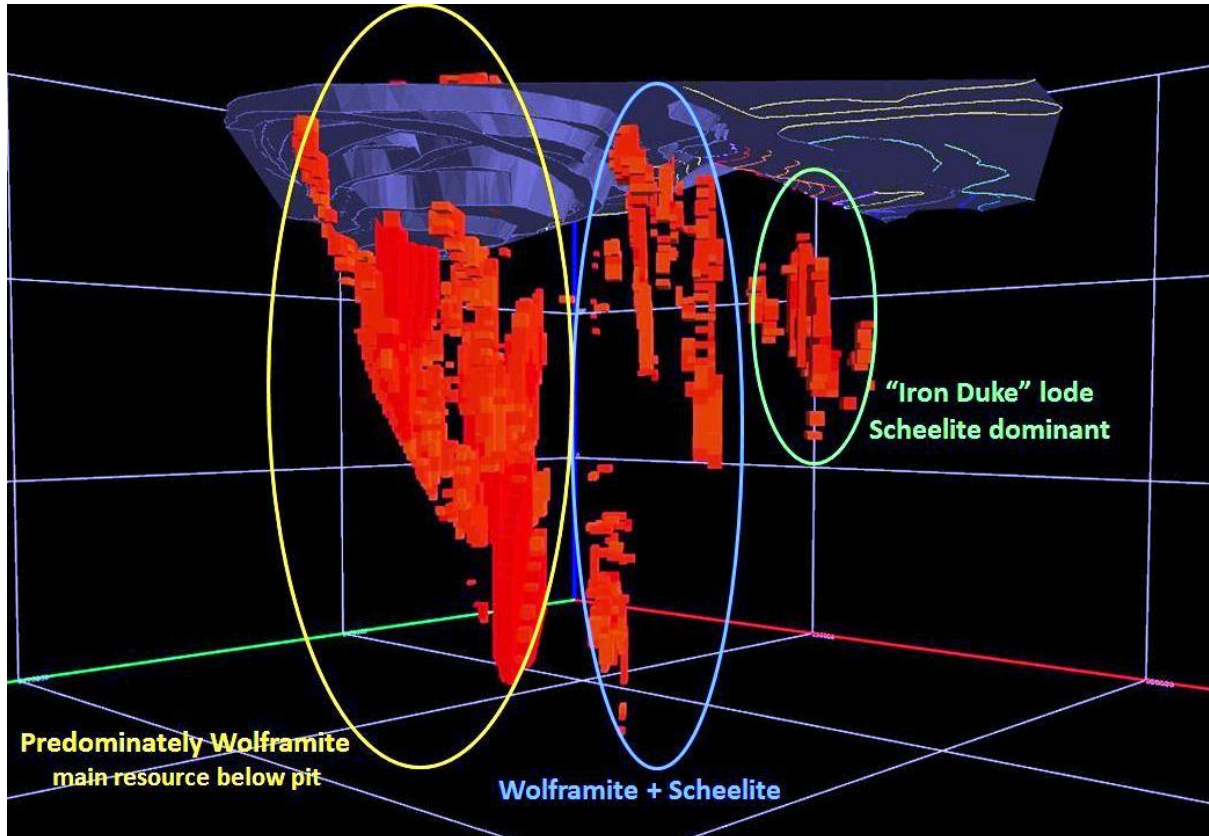


Figure 1. 3D view of the  $>0.22\%$   $WO_3$  Mt Carbine resource and mineral system looking along strike toward the north-west, showing the current resource relative to the existing open pit and highlighting the wolframite and scheelite mineralogical zones.

To increase the level of confidence in this resource to Indicated and Measured Resources or Ore Reserve status, additional drilling will be required. This drilling will commence once the existing open pit is dewatered and initial open cut mining operations commence.

Following studies of the ore panels, as in Figures 1 and 2, the Company's consultants and executives have re-examined the basis for the previous owner's plans to convert the mine from an open pit to an underground operation. Substantial ore material exists directly beneath the pit and the newly-discovered mineralisation along strike to the south-east may present the opportunity for the long-term continuation of open pit mining. The design of the new processing plant will also allow the plant to separate and efficiently process scheelite material that was not considered an economic option by the previous owners given the product pricing and processing technology that existed at that time.

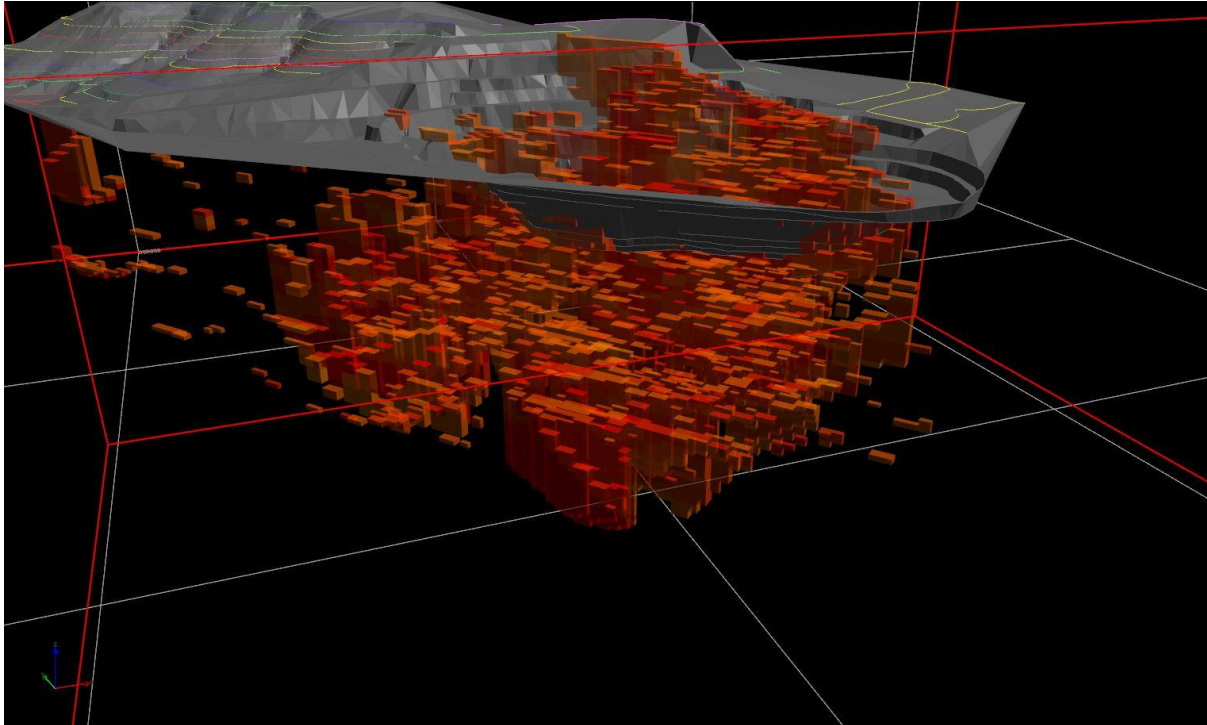


Figure 2. 3D view of the existing 39.8 million tonnes resource relative to the existing open pit, looking down and toward the north-east.

### Low-Grade Ore Stockpiles

There are between 12 and 16 million tonnes of low-grade ore stockpiles that were rejected by the previous operators either as being of too low grade at the time to process through the crushing plant or rock fragments of too large a size to be processed through their plant. It is this material that will initially be processed through the crushing plant that the Company plans to build by the end of 2013. During this period the unmined resource will be better defined and quantified, and the mine plan will be finalised. It is then proposed that a blend will be fed to the plant.

The processing plant will crush all material to a size suitable for X-ray ore sorting. The Company recently ran a two-month test campaign that confirmed the suitability of the ore to be separated from the stockpile with a 92% recovery rate by the use of X-ray ore sorting on 50 mm material.

### Acceleration of Stage 2 and 3 Development

Previously, the Company stated its plan to process the low-grade stockpiles at the surface (>12 million tonnes at 0.075% WO<sub>3</sub>) as Stage 2 of re-development of the Mt Carbine mine, to be followed by Stage 3, hard rock mining. In this plan, Stage 2 would have been a five-to-seven-year project and Stage 3 would have followed on for a greater than 15-year project. Following discussions with customers, it is apparent that current demand will easily absorb a higher production of concentrate than envisaged in the staged development. In order to take advantage of the strong market for tungsten concentrates, together with the encouraging results from the exploration drilling, the Company's new management proposes to bring



forward the above two stages of the project and will treat them as one “hard rock” project phase in future. The feasibility study and front-end engineering and design have commenced for this purpose, and are anticipated to take until late 2012 to be completed.

The Company’s tailings recovery processing plant is now in the ramp-up phase, and the existing plant will continue to operate as a fines recovery facility once the hard rock processing plant is completed. This will significantly improve the overall plant recovery by efficiently recovering tungsten from the stockpiles and open cut material during future processing.

The Company plans to be in constant production going forward to provide a seamless product supply to its customers and cash flow, with increased product output and revenue once the hard rock processing plant is complete.

### **Funding**

The Company is aware that, given its plans to increase production and bring forward its development of the hard rock phase, there are certain long-lead time equipment items that need to be ordered 12 to 15 months before installation. The Board is investigating options for funding the capital expenditure for the next phase of development, including the near-term funding of deposits on these long-lead time items.

### **Carbine Tungsten Limited**

**A James Morgan**  
Managing Director

### **General Enquiries**

Contact Jim Morgan on 0487 144 834

*Information in this report that relates to Exploration Results is based on information compiled by Dr Kris Butera, who is a Member of the Australian Institute of Geoscientists (MAIG). Dr Butera is a full-time employee of the Carbine Tungsten Limited group of companies. He has sufficient experience relevant to the styles of mineralisation and types of deposits under consideration, and to the activity he is undertaking to qualify as a Competent Person, as defined by the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Dr Butera consents to the inclusion in this report of matters based on his information in the form and context in which it appears.*