



# CARBINE RESOURCES LIMITED

## March 2014 Quarterly Report

### Highlights

- ◆ New strategic focus on cash flow generation from defined resources
- ◆ Targeting geologically de-risked assets with near term production potential
- ◆ Initial agreement to acquire of the Mount Morgan Copper & Gold Project
- ◆ Project contains established JORC resources with significant upside
- ◆ 1Mtpa refurbished carbon-in-pulp plant also included in acquisition

### Mount Morgan Gold & Copper Project, Queensland

Carbine has negotiated and entered into an agreement to acquire the Mount Morgan Au/Cu Mine (ASX: 3 April 2014).

The historic Mount Morgan Mine is 38km from Rockhampton on the central Queensland coast.

Mining operations at Mount Morgan spanned nearly 100 years, producing 8.4Moz of gold, 400,000t of copper and 1.2Moz of silver from approximately 50Mt of ore.



Figure 1: Mount Morgan Mine location

The operations produced substantial tailings resources which remain on the mining leases.

Following closure of mining operations at Mount Morgan in 1980, tailings processing was undertaken via the operation of a 3Mtpa gold carbon-in-pulp facility. The operation successfully ran for over a 10 years with average gold prices of US\$395/oz over the period.

The plant treated approximately 28Mt of tailings 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.

Today, the Mount Morgan Mine contains a JORC tailings resource of 8.35Mt grading 1.23g/t Au and 0.15% Cu (Refer Appendix 1 for detailed breakdown of Mineral Resource)<sup>1</sup>, with an additional exploration target of 28.9 - 36.5Mt grading 0.60 - 0.72 g/t Au and 0.15 - 0.19% Cu.<sup>2</sup>

### Fast Facts

#### Ordinary Shares

Shares on Issue 140M

#### Market Capitalisation and Cash

Market capitalisation (at \$0.026) \$3.6 million

Cash at 31 March 2014 \$5.2 million

#### Board of Directors

- Mr Patrick Walta (Executive Director)
- Mr Evan Cranston (Non-Executive Director)
- Mr Tom Bahen (Non-Executive Director)
- Mr Grant Mooney (Non-Executive Director)

#### Company Highlights

- Acquisition of the Mount Morgan Au/Cu Project
- Acquisition of the 1Mtpa Kundana CIP Plant
- Access to a pipeline of future projects
- \$5.2M cash at bank
- 1,264km<sup>2</sup> of tenements on outlier of Hounde Greenstone Belt in Burkina Faso, West Africa

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*Figure 2: Mount Morgan Mine and surface tailings resources*

The Queensland Department of Natural Resources and Mines holds all environmental liabilities associated with the current status and legacy of the Mount Morgan Mine and surface tailings.

Carbine plans to assess the potential for restarting tailings operations at Mount Morgan to economically recover both gold and copper resources via a previously untested metallurgical flowsheet.

Since signing of the acquisition agreement, Carbine has initiated a formal due diligence process over the Mount Morgan assets. As part of this process the Company has conducted a site visit and arranged for existing drill samples to be sent to Perth, which will be used to undertake a program of detailed metallurgical test work.

This test work will allow Carbine to both confirm the viability its proposed flow sheet and provide sufficient input for the detailed design component of a bankable feasibility study.

Preliminary test work on the new flowsheet has shown the process can:

- ◆ reduce operating costs associated with excess cyanide consumption in the gold circuit;
- ◆ improve gold recoveries by reducing competition with copper in the gold circuit;
- ◆ provide an additional revenue stream via copper production from operations; and
- ◆ eliminate acid forming materials within the existing tailings resources.

Carbine will continue to update investors with results of the due diligence program and metallurgical testwork as they are received.





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## **Ouahigouya Gold Project, Burkina Faso**

Carbine's Ouahigouya Gold Project is located in an outlier of the Hounde Greenstone Belt in northwest Burkina Faso (West Africa) and consists of a contiguous land holding of 1,264km<sup>2</sup> comprising five granted exploration permits and two permit applications.

The permits are located on a major northeast trending crustal scale shear zone, the Ouahigouya Deformation Corridor. Numerous gold occurrences are located along this deformation corridor with a large number of major and minor artisanal fields currently being mined.

No field activities were carried out during the quarter. The Company continues to assess options for future development of these assets, including joint venture or divestment.

## **Corporate Activities**

### ***Board & Management Changes***

Carbine has appointed Mr Patrick Walta to the Board in the role of Executive Director. Patrick will lead all development activities of the Company (ASX: 3 April 2014).

The Company has also appointed Mr Rod Smith as Principal Consultant. Rod will oversee a team of consultants in the development of technical aspects of the Company's assets.

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

**Patrick Walta** (Executive Director): +61 8 6142 0986

### **Competent Person Statement:**

*The information in this report that relates to Exploration Targets 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.*





## Appendix 1 – Mount Morgan Resources

<b>JORC Resources <sup>[1]</sup></b> <b>(Tailings)</b>	<b>Tonnes</b> <b>(000s)</b>	<b>Au</b> <b>(g/t)</b>	<b>Cu</b> <b>(%)</b>	<b>Au</b> <b>(oz)</b>	<b>Cu</b> <b>(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 Targets <sup>[2]</sup></b>					
Dumps & Slags					
<i>(low range)</i>	3,600	1.13	0.28	131,000	10,000
<i>(high range)</i>	8,500	1.30	0.52	355,000	44,000
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 EXP. TARGET</b>					
<i>(low range)</i>	<b>28,900</b>	<b>0.60</b>	<b>0.11</b>	<b>554,000</b>	<b>33,000</b>
<i>(high range)</i>	<b>36,500</b>	<b>0.72</b>	<b>0.19</b>	<b>841,000</b>	<b>69,000</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.

Carbine is not aware of any new information or data that materially affects the information included in the Norton market release of 28 October 2009, and confirms that material assumptions and technical parameters underpinning the resource estimates in the relevant market announcement continue to apply and have not materially changed. Current gold prices are well above those prevailing in 2008-2009. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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

Carbine has identified a number of Exploration Targets 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 Targets. The potential quantity and grade of the Exploration Targets 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 approximate 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 Targets during the next year by drilling and possible bulk testing to provide material for additional metallurgical test work and to verify tonnage and grade.





## Appendix 2

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 31 March 2014:

<b>Burkina Faso Permit</b>	<b>License Number</b>	<b>Interest</b>
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.

