



## Quarterly Reports to 31 December 2021

Carbine Resources Limited (ASX: CRB) (the **Company** or **Carbine**) is pleased to provide shareholders with the quarterly activities and cash flow reports for the three-month period ended 31 December 2021.

### Muchea West Silica Sand Project

The Muchea West Project, acquired by Carbine in July 2021, is located approximately 40km north-northeast of Perth and approximately 500m to the west of Muchea. Covering a land area of 102km<sup>2</sup>, the Project consists of a single granted exploration licence, E70/4905.

There is excellent access with the Tonkin Highway and the Moora-Kwinana Railway providing a direct connection with the Kwinana Bulk Terminal.

The Muchea West Project is located directly adjacent to VRX Silica Ltd's Muchea Project, host to an Indicated Resource of 29Mt at 99.6% SiO<sub>2</sub> and Inferred Resource of 179Mt at 99.6% SiO<sub>2</sub> for a global resource of 208Mt at 99.5% SiO<sub>2</sub><sup>1</sup>, located in the northern portion of the Muchea West dune system.

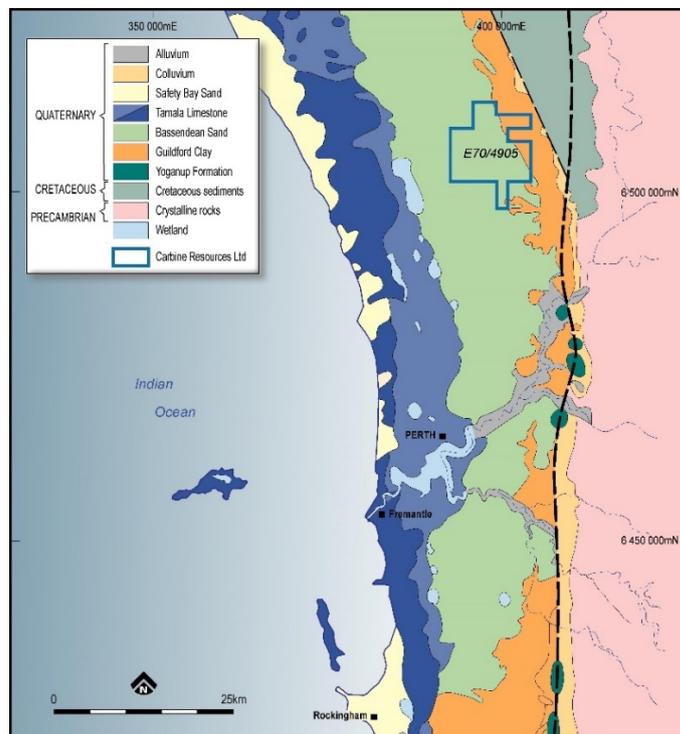


Figure 1: Muchea West Project on geological background – located just 40km north-northeast of Perth

<sup>1</sup> VRX Silica Ltd, ASX Release, 17 June 2019 "Muchea Mineral Resource Estimate Upgrade"



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### **Prior Exploration Activities**

A total of 82 vacuum drill holes (78 drill holes to a depth of 10m and 4 drill holes to depths between 15m and 20m) were drilled at nominal 200m spacing on six drill lines along existing tracks (as shown in Figure 2 below) within the tenement area by Ausco. Previously, the area within the tenement has been drilled for water and this drilling resulted in 28 water bores.

On 29 July 2021, the Company was pleased to release a maiden Exploration Target for the Muchea West Project as follows:

- E70/4905 - 800 to 1030 Mt of Silica Sand at an average grade of 99.6 to 99.9 % SiO<sub>2</sub>
- Eastern High Purity sub section - 400 to 480 Mt of Silica Sand at an average grade of 99.7 to 99.9 % SiO<sub>2</sub>

The Company notes that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.

### **Current Exploration Activities**

During the quarter, Carbine undertook its maiden drill program consisting of 233 vacuum drill holes drilled at nominal 50m spacing on five drill lines along existing tracks within the tenement area (as shown in Figure 2 below). This drilling was completed by Strataprobe Pty Ltd.

The drilling encountered unconsolidated sand and was terminated either at designated depth or the water table. The water table was in most places higher than expected due to the exceptional rainfall in the preceding two years. For the vacuum drilling, 1 metre downhole samples were collected at each drilling location. Vacuum drill samples are collected in a plastic tube and riffle split into two sample bags. One of the samples is prepared for laboratory and the other is retained for repeat analysis, process studies and QA/QC purposes. The sample splitter and vacuum tube are cleaned regularly to prevent sample contamination.

Drilled samples for each 1 m interval were also placed into chip trays which were photographed to provide a permanent record of the downhole lithology. Detailed visual assessment and logging of sample recovery are provided in the drill logs. The first metre of all the drill holes is mainly the humus layer and, as such, not assayed.

The sample assays will determine the major and trace elements such as SiO<sub>2</sub> (%), Fe<sub>2</sub>O<sub>3</sub> (%), Al<sub>2</sub>O<sub>3</sub> (%), CaO (%), MgO (%), K<sub>2</sub>O (%), TiO<sub>2</sub> (%) and LOI (%). Major and trace elements in exception to SiO<sub>2</sub> will be analysed using a four-acid digest followed by Inductively Coupled Plasma Optical (Atomic) Emission Spectrometry (ICP-OES) analysis. Loss on Ignition (LOI) at 10000C will be analysed by Thermal Gravimetric Analyser. SiO<sub>2</sub> will be back calculated by subtracting all ICP major and trace elements plus LOI from 100%.

A total of 1,088 samples are currently with Intertek Genalysis Laboratories, with results expected imminently.



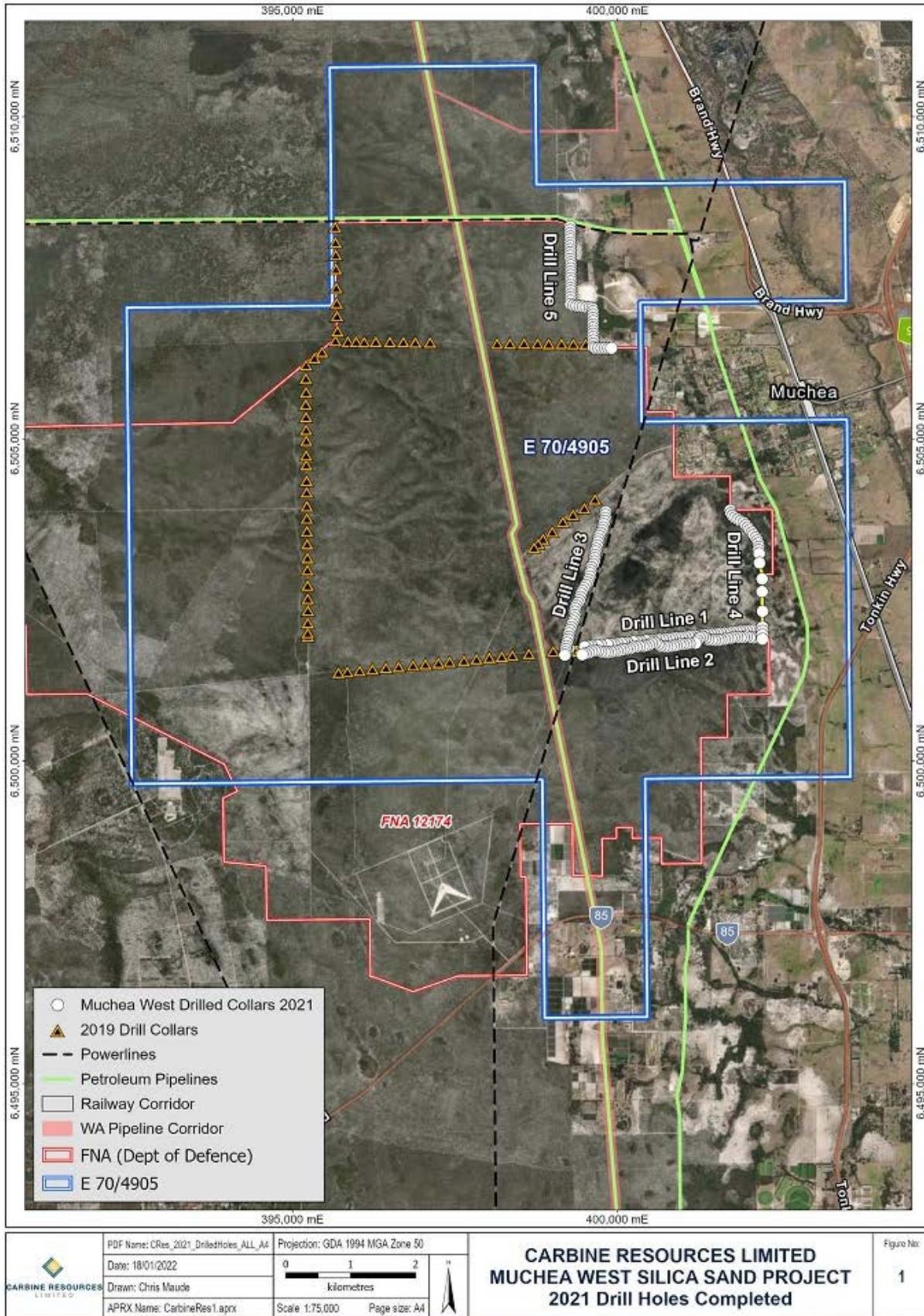


Figure 2: Drill Collar Plan



*Figure 3: Vacuum drilling line 5*

## **Studies**

A number of studies have been commissioned by Carbine to further progress the Muchea West Project and to advance towards a Mining Licence application.

Drill lines 1 and 2 (Figure 3) are spaced close enough for the sample results to be used to complete a Mineral Resource Estimate (**MRE**) within the JORC 2012 guidelines.

To this end, Widenbar and Associates have been engaged to undertake the MRE. The Principal Geologist, Lynn Widenbar, is a Member of the AusIMM and a competent person for this style of deposit.





**Figure 4: Drill spacings and hole depths Lines 1 and 2**

Independent Metallurgical Operations (IMO) are undertaking beneficiation process optimisation studies utilising the drill samples produced from the recent programme and, if necessary, the samples from the earlier 82 holes completed prior to Carbine’s acquisition of the Muchea West Silica Sand project.

Final product from these trials will be available to Carbine to allow for the commencement of discussions regarding offtake from any future operation.

PGV Environmental are undertaking botanical survey as a prerequisite for the lodging of a Program of Work (PoW) with the Department of Mines, Industry Regulation and Safety (DMIRS). Other contracts to complete the PoW process will be awarded in the near future.

Terrestrial Ecosystems are undertaking the fauna surveys required for the next stage of drilling and for any future application for additional exploration and/or the Mining Licence Application.

### Proposed Exploration

The results of this first drilling campaign completed by Carbine will define the second and definitive campaign of resource drilling. The work required to allow Carbine to apply for access and approval of this PoW has commenced or is being put in place.

Carbine will commence its second drilling program at Muchea West after permission is granted by all relevant parties and a survey has been completed to clear the drilling locations. The optimum period for this drilling is March to May 2022.



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The proposed phase 2 drill program is for up to 1,000 holes and 10,000m.

The completion of this drilling will feed into a Definitive Feasibility Study that will include Resource/Reserve estimations, final processing options, transport and infrastructure studies and the production of bulk samples for potential client engagements.

At the completion of this process, Carbine expects to be in a position to apply for a Mining Licence and Mining Approvals.

**Summary**

Carbine is on schedule with its proposed exploration budget, having completed its first drill campaign and commenced the scoping studies for resource and processing.

Work is underway to gain access for the second, and definitive, drill campaign with expectations for completion in H1, 2022.

This announcement is approved for release by the Board of the Company.

**For further information, please contact:**

**Peter Batten**  
**Managing Director**  
**+61 (8) 6142 0986**

**COMPETENT PERSON'S STATEMENT**

The exploration results in this announcement were reported by the Company in accordance with listing rule 5.7 on 1 April 2021. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcements.

The information in this report that relates to technical assessment of the Exploration Target is based on, and fairly represents, information and supporting documentation prepared by Mr Lynn Widenbar BSc(Hons), MSc, DIC, a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Widenbar is an employee of Widenbar and Associates Pty Ltd. Mr Widenbar has sufficient experience that is relevant to the technical assessment of the mineral assets under consideration, 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 Joint Ore Reserves Committee Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Widenbar consents to the inclusion of the matters based on his information in the form and context in which it appears in this announcement and confirms that there is no new information or data that materially affects the information as first released on 29 July 2021.





## Appendix 1: Carbine's Tenement Interests

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 31 December 2021.

Project	Tenement Number	Status	Ownership
Muchea West Silica Sands Project	E70/4905	Live	100%

No tenement interests were disposed of during the quarter.

## Appendix 2: Exploration Expenditure & Related Party Payments

In line with its obligations under ASX Listing Rules 5.3.1 and 5.3.5, Carbine Resources Limited notes the following in relation to the period ended 31 December 2021 as advised in the Appendix 5B:

- expenditure incurred on exploration and evaluation during the quarter related to the completion of a drilling and sampling program, metallurgical, engineering, botanical and fauna surveys and scoping study works; and
- payments to related parties of the Company pertain to fees payable to the managing director, non-executive directors and company secretary, and for rent and accounting, bookkeeping and administration services provided to the Company on commercial arm's length terms.





### Appendix 3: Variance to Use of Funds Statement

The following information is provided pursuant to Listing Rule 5.3.4 with respect to its Use of Funds Statement set out in its Prospectus dated 28 April 2021 and its actual expenditure since ASX recompliance on 22 July 2021.

Expenditure Item	Use of Funds for 2 years	Actual Expenditure	Variance from use of funds statement	Notes
	To 22 July 23	(1 July 21 to 31 December 21)		
Opening cash	\$3,241,000	\$3,241,000	-	-
Proceeds from Public Offer	\$3,000,000	\$2,620,000	\$380,000	1
Total	<b>\$6,241,000</b>	<b>\$5,861,000</b>	<b>\$380,000</b>	
Exploration expenditure	\$3,200,000	\$819,000	\$2,381,000	2
Proposed cash payment	\$500,000	\$500,000	-	-
Corporate costs (including Directors' fees)	\$1,500,000	\$327,000	\$1,173,000	3
Working capital	\$780,000	\$120,000	\$660,000	4
Expenses of the Public Offer	\$300,000	\$443,000	(\$143,000)	5
Total	<b>\$6,280,000</b>	<b>\$2,209,000</b>	<b>\$4,071,000</b>	
Remaining cash		<b>\$3,652,000</b>		

#### Notes:

- This includes \$380,000 received in the June 2021 quarter and \$2,620,000 received in the September 2021 quarter, for the maximum subscription achieved of \$3,000,000. This \$380,000 is included in the opening cash balance of \$3,241,000.*
- \$819,000 of exploration expenditure from acquisition on 22 July 2021 to December 2021 is 26% of total proposed exploration expenditure over the two years of \$3,200,000. This slightly ahead of the proposed budget and the Company remains on track to expend the full budgeted amount prior to 22 July 2023.*
- \$327,000 of corporate costs and directors' fees to December 2021 is 22% of total proposed corporate costs and directors' fees over the two years of \$1,500,000. This is on track to expend the budgeted amount.*
- \$120,000 of working capital expenditures and movements to December 2021 is 15% of total proposed working capital expenditures and movements over the two years of \$780,000. This is on track to expend this amount on working capital as this includes movements in GST receivable and other movements to 31 December 2021 that will be recouped in future quarters.*
- The Company has expended \$443,000 on the public offer and related transaction costs to December 2021, which was \$143,000 more than the \$300,000 projected. This difference was caused by extra costs associated with relisting compliance and completion of the transactions.*

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

**CARBINE RESOURCES LIMITED**

ABN

**81 122 976 818**

Quarter ended ("current quarter")

**31 DECEMBER 2021**

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(698)	(820)
(b) development	-	-
(c) production	-	-
(d) staff costs	(87)	(195)
(e) administration and corporate costs	(84)	(399)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	8
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (transaction costs)	(3)	(502)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(870)</b>	<b>(1908)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	(500)
(c) property, plant and equipment	-	(3)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	1,641
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (cash on acquisition of subsidiary)	-	29
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	<b>1,167</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(198)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	-	<b>2,802</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,522	1,591
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(870)	(1908)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	1,167
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	2,802

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,652</b>	<b>3,652</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,152	2,522
5.2	Call deposits	2,500	2,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,652</b>	<b>4,522</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	120
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

*Amounts shown at item 6.1 comprise of payments to related parties (or their associates) relating to director fees, rent and accounting, bookkeeping and administration services paid during the quarter.*

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(870)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(870)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,652
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,652
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	4.2
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **28 January 2022**

Authorised by: **By the Board**

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.