



September 2015 Quarterly Report

HIGHLIGHTS

- ◆ PFS completed, robust low cost operation defined
- ◆ All-in Sustaining Costs of US\$234/oz projected
- ◆ Binding A\$25M/yr pyrite offtake contract secured
- ◆ LOI executed with Gladstone Port for pyrite exports
- ◆ Long term water treatment contract with QLD government

Mount Morgan Gold & Copper Project, Queensland

Pre-Feasibility Study Completion

During the quarter, the Company completed the Mount Morgan Pre-Feasibility Study. This included the completion of Phase 3 testwork and optimisation of the proposed flowsheet to recover gold, copper and pyrite resources from the Project.

Developed by GR Engineering Services Limited and other specialist engineering firms, the PFS provided additional independent verification of the potential viability of the proposed operations.

The PFS projected potentially robust economics for the operations, and further improved on the results achieved in the November 2014 Scoping Study (completed by Ausenco Services Pty Ltd).

Parameter	Units	Scoping Study Nov '14	PFS Aug '15	Improvement
Capital Costs	A\$M	\$81.9M	\$63.3M	29%
Operating Costs	A\$/t	\$32.7	\$29.2	12%
All-in Sustaining Costs	US\$/oz	\$393	\$234	68%

GR Engineering completed the PFS to an accuracy of +/- 20%.

The PFS defines a one million tonne per annum operation over a minimum eight year mine life. The nominated mine life only includes the processing of known JORC Resources at the site and does not include any Exploration Targets.

Fast Facts

Ordinary Shares

Shares on Issue 140M

Market Cap. & Cash

Mkt Cap. (at \$0.072)
\$10.1 million

Cash at 30 Sep 2015
\$2.6 million

Board of Directors

- Mr Patrick Walta
(Executive Director)
- Mr Evan Cranston
(Non-Executive Director)
- Mr Tom Bahen
(Non-Executive Director)
- Mr Stephen Dobson
(Non-Executive Director)

Company Highlights

- PFS completed
- Low all in sustaining costs (<US\$234/oz)
- Binding A\$25M/yr pyrite offtake contract
- Proceeding to DFS and reserve drilling
- Innovation award winner
- High grade drilling results
- Rights to the 1Mtpa Kundana CIP Plant
- Developing the Many Peaks Copper Project

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Exploration Target	Tonnes	Au (g/t)	Au (oz)
HIGH GRADE: Tailings & Dumps <i>(low range)</i> <i>(high range)</i>	4.7 Mt 5.8 Mt	1.54 1.81	231,000 337,000
LOW GRADE: Open Pit Tails & Slag <i>(low range)</i> <i>(high range)</i>	27.1 Mt 34.0 Mt	0.53 0.62	459,000 679,000

These Exploration Targets are not a mineral resource and are conceptual in nature. There has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource.

The proposed eight year operation produces three separate salable products, namely gold, copper and pyrite. Average annual production is estimated at 31,200oz gold doré bullion, 3,200t copper sulphate and 211,000t of pyrite concentrate. The above production target and forecast financial information is based on a combination of inferred (70%) and indicated (30%) mineral resources. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

The operation is expected to produce an average of 46,500oz/yr Au eq. including over 58,000oz/yr Au eq. during the first three years of operations. This high production during the initial years of operation ensures a relatively quick payback of capital costs and minimises financial risk. Significant upside to mine life and production rates exists on conversion of some or all of the Exploration Targets to JORC resources.

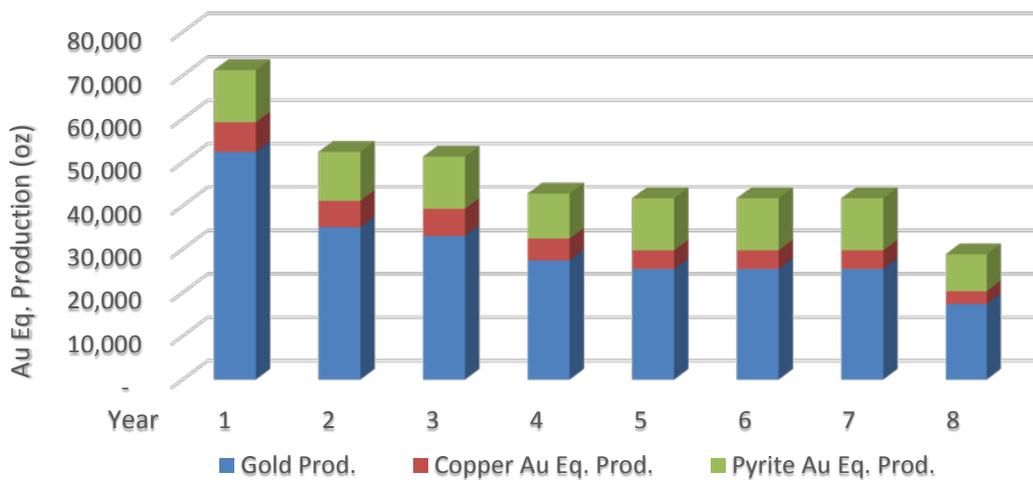


Figure 1: Life of mine gold equivalent production at Mount Morgan





CARBINE RESOURCES
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Capital and operating costs for mine development have been estimated at A\$63.3M and A\$29.2/t respectively. Capex is based on construction utilising all new equipment and includes allowances for all EPCM costs and excludes commissioning labour costs and contingencies.

GR Engineering have estimated a contingency of an additional A\$4.48M for the Project. Capital and operating costs have an accuracy of +/- 20%.

All-in Sustaining Costs (AISC) for the operations are estimated to average US\$234/oz for the life of mine. The low AISC are achieved as the operation requires minimal mining activity (reclamation of unconsolidated surface tailings only) and also produces two by-product streams, which provide additional revenue and offset operating costs.

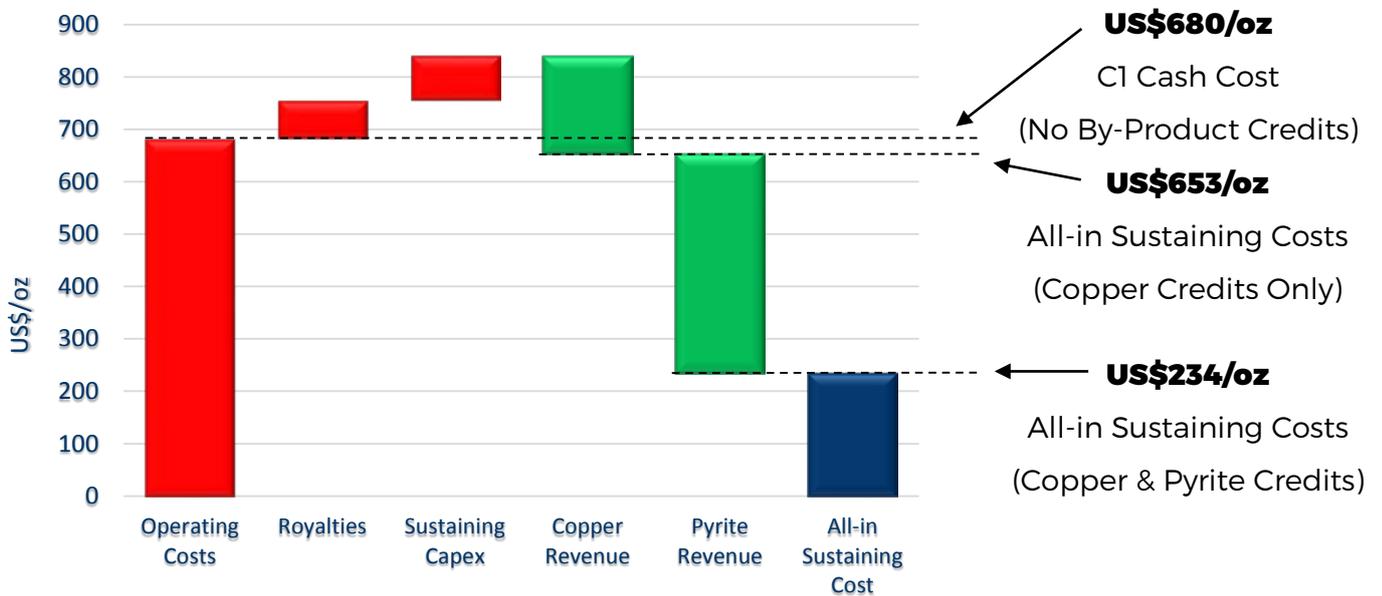


Figure 2: Life of mine All-in Sustaining Costs at Mount Morgan

The low AISC for the Mount Morgan Project provides a strong basis for the continued viability of the Project irrespective of gold price movements over time.

The PFS utilised realistic assumptions of long term metal pricing forecasts over the life of the mine:

- Gold: US\$1,125/oz;
- Copper Sulphate: US\$1,750/t (eq. to US\$5,100 contained Cu price with CuSO₄ premium);
- Pyrite Concentrate: US\$60/t mine gate sales (equivalent to ~US\$80/t FOB Gladstone); and
- A\$/US\$ average exchange rate of 0.75.





Binding Offtake Agreement for Mount Morgan Pyrite

Subsequent to the quarter's end, the Company announced the execution of a binding Principal Offtake Agreement with global industrial mineral distributor Talana Limited for the sales of pyrite produced at the Mount Morgan Gold & Copper Project.

Annual revenue from the agreement is projected at over A\$25 Million per annum at a US exchange rate of \$0.70. In addition, the net earnings (including allowances for FOB logistics costs) from this contract are anticipated to reduce the C1 Cash Costs for the operations by 62% from US\$680/oz to US\$260/oz. The projected All-in Sustaining Costs for the Project remain at US\$234/oz.

The offtake contract therefore provides a significant by-product revenue stream for the proposed operations, which is in addition the Project's major revenue source from gold sales.

The agreement also has significant environmental benefits, with the removal of pyrite from the mine site eliminating the source of the State owned environmental legacy issues. This process will greatly assist in the progressive rehabilitation of the mine site and Dee River which runs alongside.

While the Queensland Government maintains all liability for the historical environmental legacies of the mine site via a State agreement, Carbine is pleased to be actively assisting in remediation and rehabilitation through its proposed operations.

The agreement follows on from over 12 months of due diligence, logistics analysis, end user testing and pricing negotiations. Under the terms of the contract, Carbine and Talana have agreed:

- A four year exclusivity for the sales of up to 225,000tpa (+/- 10%) of Mount Morgan pyrite;
- Initial sales price of US\$80/t FOB, with annual price negotiations based on product demand;
- Payment of 90% of each shipment at the mine gate and the remaining 10% FOB; and
- Letter of credit payment terms.

The cost of domestic pyrite logistics (trucking and port handling) have been projected at US\$20/t based due diligence and service contractor quotations. These costs may be improved upon once the logistics chain is optimised when operations begin.

Given the significant demand for Mount Morgan pyrite experienced during marketing activities, Carbine and Talana are now actively exploring the potential for future increases in pyrite production and export from Mount Morgan of up to 1.0 Million tonne per annum.





LOI with Gladstone Port Authority

During the quarter, the Company executed a Letter of Intent (**LOI**) with the Gladstone Ports Corporation for the export of pyrite from the Barney Point Terminal at the Port of Gladstone.

The Port of Gladstone has a successful history of pyrite storage and handling, having been used for pyrite export by the original owners of the Mount Morgan Mine in the 1970s.

The Barney Point Terminal is the current preferred location for pyrite ship loading at the Port of Gladstone. In 2015 Gladstone Ports Corporation announced that the existing coal operations at the Terminal will cease by August 2016 enabling operations at Barney Point to focus on other dry bulk export opportunities.

The LOI provides a pathway for the parties to develop a formal agreement and ultimately undertake the proposed storage and loading of pyrite through Barney Point.

While still currently non-binding, the LOI provides indicative terms for port access, including storage and loading allotments, harbor dues, handling costs and other ancillary costs.

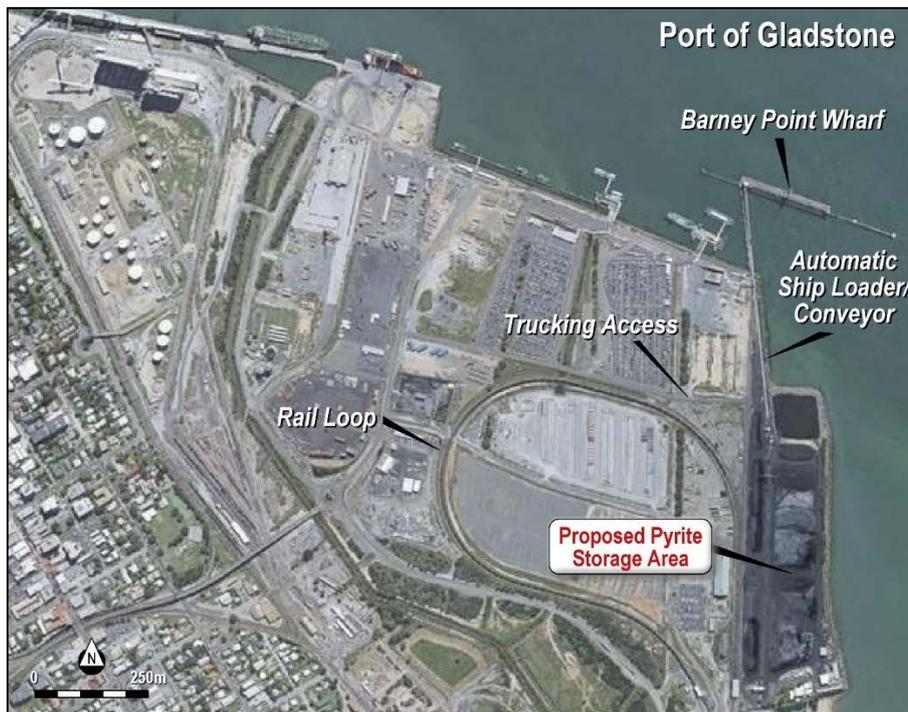


Figure 3: Barney Point Terminal at the Port of Gladstone





Significant Government Contract for Water Treatment at Mount Morgan

Subsequent to the quarter's end, the Company announced the execution of a long term contract with the State of Queensland to manage the existing lime dosing water treatment plant at Mount Morgan.

The contract provides an immediate source of cashflow for the Company, with annual revenue from the agreement initially projected to be up to \$1.25 Million per annum.

Under the terms of the contract, Carbine has agreed to:

- Take over management of the site's existing operational lime dosing water treatment plant;
- Remuneration of \$2,500/ML of treated water, up to a maximum 500ML per annum; and
- 10 year total contract length (1×3×3×3 years).

The initial contract for Carbine's services has been set at \$1.25 Million based on the discharge of 500ML per annum. However, the water treatment plant can produce over 1,500ML per annum of treated water with minor modifications. Therefore, additional scope exists to increase the contract size following initial satisfactory completion of the 500ML per annum milestone and the modifications.



Figure 4: The Mount Morgan water treatment plant





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Carbine's management of the water treatment activities on site at Mount Morgan targets improving both the volume and quality of treated water entering the Dee River, which runs alongside the mine. These activities have the potential to both reduce the level of water within the existing open pit and also provide an ongoing improvement to overall river health downstream.

The contract was executed after negotiations between Carbine and the Queensland Department of Natural Resources & Mines (**DNRM**), which included significant water testing and plant operations assessments. It represents another key milestone in the redevelopment of the historic Mount Morgan Mine.

Carbine is now planning to submit a proposal to retrofit the existing water treatment plant with an ion exchange (**IX**) demonstration plant at the front end. This plant will target delivery of multiple additional benefits to the operations, namely:

- Further improvement to the quality of the water discharged into the Dee River;
- Providing a demonstration scale facility to showcase the use of IX technology for future tailings reprocessing activities at the mine site; and
- Extraction of up to 300 tonnes of copper from the Mount Morgan pit water per annum, providing an additional near term cash flow source from what is a waste product.



Figure 5: Operating water treatment plant and evaporators at the Mount Morgan Mine





CARBINE RESOURCES
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Other Carbine Projects

Many Peaks Copper Project, Queensland

The Many Peaks Copper deposit is located approximately 125km south of Gladstone. The deposit previously produced over 500,000t of copper ore grading ~2% Cu.

Carbine is currently assessing historical drilling information for this project for completion of a desktop study.

Corporate Activities

Key Personnel Appointments

Subsequent to the quarter's end, Terry Moylan was appointed to the role of Chief Operating Officer, to ensure successful progression of the Mount Morgan Gold & Copper Project through final feasibility and mine construction activities.

Terry is a mechanical engineer with 43 years' experience in mining and metals production. He was previously the General Manager of Projects & Business Development for Norton Gold Fields, where he was responsible for the continued development and operation of the 3.5Mtpa (180koz gold p.a.) Paddington Gold Mine.

Terry has also developed new gold mines in Australia, Mongolia and China and has been involved in the exploration and evaluation of gold and copper assets in Mongolia and Siberia. In addition, he has worked for Newmont Gold and Reynolds Metals on the expansion and reorganisation of mining operations in Australia.

During the quarter, the Company also made a strategic appointment of Mr. Stephen Dobson to the Board as non-executive director.

Stephen is a financial specialist with more than 25 years' experience in global capital debt and equity markets. He was previously Managing Director of Mirabaud Securities Australia, part of the Swiss based Mirabaud Group. Stephen also has previous experience at Merrill Lynch & Co, where he held leadership positions in Sydney, New York, London, Singapore and Perth.

Stephen has been appointed to oversee the successful raising of mine development capital for the Mount Morgan Gold & Copper Project.





Boss Resources Options Package

During the quarter, the Company entered into an agreement with Boss Resources Limited (**Boss**) to provide a part funding guarantee relating to the acquisition of the Honeymoon Uranium Project. The funding guarantee provided a short term commitment from Carbine for the acquisition prior to the completion of a rights issue by Boss.

In recompense for the guarantee, Carbine received a significant options package of 10 Million Boss options at an exercise price of \$0.02/share, with a three year expiry. The initial Black-Scholes valuation of these options was \$165,000.

Subsequent to the quarter's end, Boss completed a rights issue and additional placement (following strong demand) relating to the acquisition and can therefore facilitate the release of Carbine's guarantee obligations.

R&D Rebate Received

During the quarter the Company announced receipt of \$511,308 as part of the Australian Tax Office's Research & Development Tax Incentive Program.

The R&D Rebate represents a 45% return of Carbine's 2014 expenditure in relation to development activities on the Mount Morgan Gold & Copper Project.

The R&D Rebate confirms Carbine's eligibility to receive future rebates of \$0.45 for each dollar spent in association with the Project, as the activities relate to development of a previously untested flowsheet for the mine. This allows Carbine to continue to minimise financial exposure as the Project is progressively developed.

For further information, please contact:

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





Appendix 1: Carbine's Tenement Interest

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 30 June 2015:

Burkina Faso Permit	License 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%
Mount Morgan Tenements Queensland		
	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 Tenements Queensland	
ML3640	Option to Acquire 100%
ML3641	Option to Acquire 100%
MDL30	Option to Acquire 100%
EPM14918	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.

Competent Person Statement – Exploration Target:

The information in this report that relates to the Exploration Target 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. This was initially release to the ASX on 13 November 2014 and has not materially changed since it was last reported.

Competent Person Statement – JORC Resources:

The information in this report that relates to the Mineral Resources of the Mount Morgan Mine project was prepared in accordance with the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") by Troy Lowien, Resource Geologist, of consultants Coffey Mining Pty Ltd, who is a Member of The Australasian Institute of Mining and Metallurgy ("AusIMM") and has a minimum of five years of experience in the estimation, assessment and evaluation of Mineral Resources of this style and is the Competent Person as defined in the JORC Code. Troy Lowien conducted the geological modelling, statistical analysis, variography, grade estimation, and report preparation. This report accurately summarises and fairly reports his estimations and he has consented to the resource report in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

