



Mt Carbine, Queensland

Quarterly Activities Report

For the Period Ended 31 December 2013



Carbine Tungsten Limited
ACN 115 009 106

Registered Office & Principal Place of Business:
50 Scott Street, Bungalow QLD 4870; Tel: +61 7 4052 2400; Fax: +61 7 4052 2444

HIGHLIGHTS

- Carbine Tungsten Limited (“Carbine” or “the Company”) places 12,904,546 ordinary shares valued at \$709,750 to sophisticated investors on 15 November 2013 to advance its Hard Rock Stockpile and Open Pit Development Programs.
- Detailed surface geological mapping within a 3km radius of the existing open pit revealed potential mineralisation at the Iron Duke and Petersen’s Lode prospects which are located within the existing Mining Lease or in the adjacent EPM 14872 held by Carbine.
- Approval was secured in December 2013 from the Queensland Department of Environment and Heritage Protection (DEHP) for the Plan of Operations associated with the stockpile processing phase of the Company’s Hard Rock Project.
- Metallurgical test work program confirms stockpile processing viability.
- Mitsubishi Corporation RtM Japan Ltd’s (“Mitsubishi RtMJ”), senior management team and technical consultants visit Mt Carbine for detailed commercial and technical discussions.
- A further concentrate shipment was despatched from the Tailings Retreatment Plant at Mt Carbine on 18 December 2013.

EXECUTIVE SUMMARY

During this highly productive quarter, Carbine continued to deliver on its key objective of becoming a major tungsten producer with a hard rock mine and processing facility, by restoring the historically proven hard rock tungsten mine to its former position as a globally significant, free market tungsten concentrate supply source.

The Company’s focus remains on achieving its objective of significantly increasing the production of tungsten concentrates from its world class tungsten mine and is now preparing for plant construction and operations during 2014, following the completion of preparatory environmental drainage works and approval of the Company’s Plan of Operations. The Company now has approval for the processing of over twelve million tonnes of previously mined at-surface stockpiled ore material of up to three million tonnes per annum.

Carbine has conducted a successful fund raising campaign during the quarter to provide working funds whilst detailed discussions and confirmatory metallurgical test work was conducted for its major off-take partner, Mitsubishi RtMJ.

A successful visit by Mitsubishi RtMJ’s senior commercial and technical team took place during late December 2013 and the two companies progressed to detailed legal and commercial documentation in terms of their Memorandum of Understanding, interim loan and stockpile project funding facility.

Carbine’s Geological team have been highly active in reporting and detailing the existing resource and planning an exploration program to test the very exciting 3km strike length of the Iron Duke open pit extension prospect.

The Company’s executive have significantly advanced discussions with separate supportive debt funding groups and has similarly progressed these funding facilities to detailed commercial document stage.

Given the confirmed quality of the project, coupled with the exciting exploration prospects and the continued high demand for tungsten concentrates in the market, the Company looks forward with confidence to concluding its funding activities and commencing the processing plant construction works.

DEVELOPMENT, EXPLORATION, PRODUCT MARKETING & CORPORATE ACTIVITIES QUARTER ENDED 31 DECEMBER 2013

DEVELOPMENT ACTIVITIES

PLAN OF OPERATIONS APPROVAL SECURED FOR STOCKPILE PROCESSING

Carbine announced on 3 December 2013 that final approvals had been granted by the DEHP for the Plan of Operations relating to the commencement of the tungsten stockpile processing phase of the Company's Hard Rock Project.

The approvals included a processing capacity of up to three million tonnes per annum at the Mt Carbine Project, a new hard rock processing facility and the extraction of ore from 12 million tonnes of hard rock stockpiled tungsten material.

As stated by Carbine's Managing Director, Jim Morgan: "The approval for the Plan of Operations was the final document required towards the development of the stockpile processing phase of the Hard Rock Project. Given the global tungsten supply shortage and growing tensions around traditional Asian tungsten supply sources, Mt Carbine is well positioned having a ready supply of tungsten concentrates from its historically proven large scale mine. This provides Carbine with a realistic and significant global advantage and the opportunity to become a leading low cost, low risk, long term, free market tungsten supplier."

HARD ROCK PROJECT

The Company announced on 15 November 2013 that it was in the advanced stages of negotiations with a range of potential project funding partners following the recent site visit from senior representatives of Carbine's off-take partner, Mitsubishi RtMJ, and international delegates from the International Tungsten Industry Association.

EXPLORATION

EXPLORATION ACTIVITY ENHANCES RESOURCE POTENTIAL OF THE MT CARBINE PROJECT

On 15 November 2013 the Company was pleased to report on the exploration progress being made with respect to three previously identified prospective target areas proximal to its existing Mt Carbine operations as shown in Figure 1 below.

Recent detailed surface geological mapping within a radius of 3km from the existing open pit has provided further confirmation of potential mineralisation at the Iron Duke and Petersen's Lode prospects which are located within the existing Mining Lease or in the adjacent EPM 14872 held by Carbine.

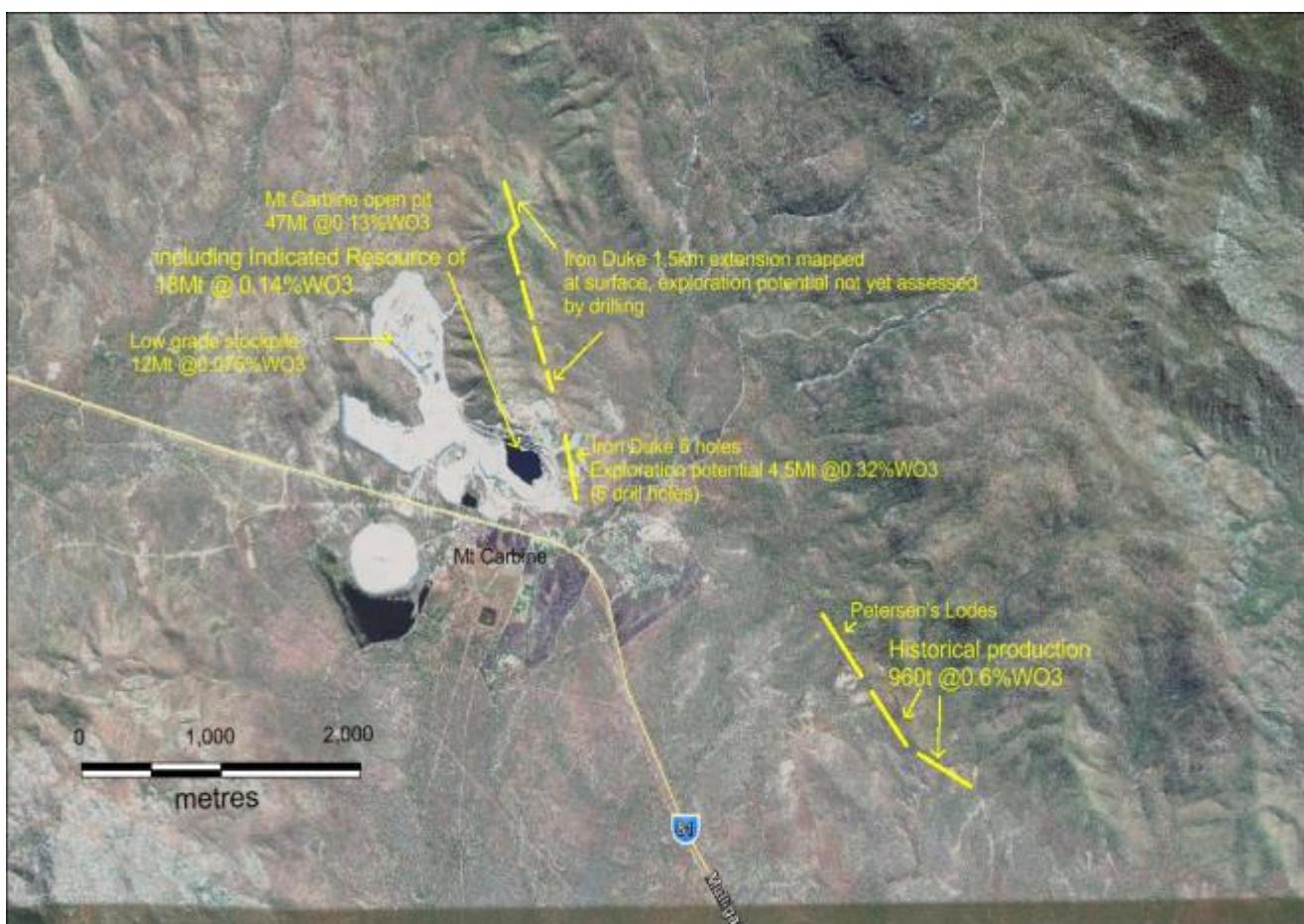


Figure 1

Background

The northern-most prospect, Iron Duke, remains largely untested except immediately adjacent to the existing open pit, where 6 drill holes returned high-grade assays over an average true width of 8m and a weighted average grade of 0.33% WO₃. There is a single record of production from the southern prospect, Petersen's Lode, of 960 tonnes of ore with a grade of 0.6% WO₃ being sold.

The geological mapping program is continuing with the Iron Duke prospect remaining open along strike to the north.

Mt Carbine has an Indicated Resource of 12Mt at 0.075% WO₃ in stockpiles at surface, and 18Mt at 0.14% WO₃ (using a cut-off of 0.05% WO₃) in the planned open pit mine. The dominant tungsten mineral in these two resources is wolframite (iron tungstate). The prospects identified from old workings, and from the recent mapping, are dominated by the tungsten mineral scheelite (calcium tungstate).

Financing is currently being negotiated for the construction of a plant to process the surface tungsten stockpiles, and this will include a component to fund the drill testing program for the potentially high grade prospects being targeted.

The Iron Duke Prospect

The potential of the Iron Duke prospect was recognised after the scheelite-dominated mineralised zone was intersected in 6 core holes that formed part of confirmatory drilling of the wolframite-dominated resource beneath the present open pit. The holes were drilled from east of the pit and intersected the Iron Duke zone at depths below 100m from surface.

The surface area above the Iron Duke zone is covered by mineralised waste dumps from the previous mining operation, and without removing these dumps there is no opportunity to sample any surface exposures.

However, in the recent detailed surface geological mapping exercise, the package of rocks that contains the Iron Duke mineralisation was recognised two hundred metres north of the drill intercepts and followed for 1.5km to the north. A strata-bound zone with an average width exceeding 20m in surface exposures strikes north for a distance of 1.7km from the drill intercepts. Scheelite and minor wolframite have been found in outcrop over the entire strike length of the zone.

Petersen's Lode

Petersen's Lode consists of a semi-continuous exposure of a strata-bound mineralised zone that has a strike length of 1.2km. The zone is widest (60m) at its northern end approximately 1.7km south east of Mt Carbine and continues to the south east but narrows so that 3km south east of Mt Carbine it averages 2-3m width in old workings that date from the 1970's. A sample taken over 20m at the northern end of the lode assayed 0.2% WO₃.

The grades indicated in the sampling from Iron Duke and Petersen's Lode are higher than the estimated global average grade in the present open pit resource.

MINERAL RESOURCE STATEMENT & COMPLIANCE WITH 2012 JORC CODE

The Company released detailed reports on 22 November 2013, 4 December 2013 and 13 January 2014 for the purpose of rendering its existing resource statement compliant with the 2012 JORC Code for the Reporting of Mineral Resources and Ore Reserves.

These reports can be viewed by following the link below:-

<http://www.carbinetungsten.com.au/ctasx>

PRODUCT MARKETING

TAILINGS RE-TREATMENT PROJECT, MT CARBINE

A consignment of high grade tungsten concentrate was despatched from the Company's Tailings Retreatment Plant on 18 December 2013.

CORPORATE

SHARE PLACEMENT TO SOPHISTICATED INVESTORS

On 15 November 2013 Carbine was pleased to announce that it had raised \$709,750 through the placement of 12,904,546 ordinary shares at \$0.055 per share to sophisticated investors. This placement also carried one unlisted option for every two shares taken up with a strike price of \$0.10 and a term of 12 months.

The funds raised would be used to further progress the permitting and approvals phase of the open pit tungsten mine as well as provide general working capital.

2013 ANNUAL GENERAL MEETING

Carbine's 2013 Annual General Meeting was held on Friday 15 November 2013 at The Rydges Melbourne with approximately 20 shareholders and interested parties in attendance. All resolutions tabled at the meeting were carried.

A copy of the Meeting Results and Powerpoint Presentation can be viewed by following the link below:

<http://www.carbinetungsten.com.au/ctasx>

EXPIRY OF UNLISTED OPTIONS

1,500,000 unlisted options exercisable at \$0.34 expired without exercise on 30 November 2013.

LISTING RULE 5.3.3

In accordance with the Listing Rule 5.3.3 Carbine submits the following information with respect to its tenements:-

Tenement Number	Tenement Location
	New South Wales
EL6532	Tara
	Queensland
EPM 14589	Elizabeth Creek
EPM 17895	Constance Range
EPM 14871	Mt Carbine
EPM 14872	Mt Carbine
ML 4867 & ML 4919	Mt Carbine

During the period the Company did not acquire or dispose of any mining tenements nor was it involved in any farm-in or farm-out arrangements.

JIM MORGAN
CEO & MANAGING DIRECTOR

COMPETENT PERSONS' STATEMENT

The information in this Resource Statement that relates to Exploration Results and Mineral Resources and Ore Reserves is based on information compiled by Dr Andrew White, who is a Fellow of the Australian Institute of Geoscientists and a consultant to Carbine. Dr White has sufficient experience relevant to the style of mineralisation, mining and processing the type of deposit under consideration 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". Dr White consents to the inclusion of the matters based on his information in the form and context in which it appears.

CARBINE TUNGSTEN LIMITED AT A GLANCE

Directors

Mr R.H. (Russell) Krause, Non-Executive Chairman

Mr A.J. (Jim) Morgan, Managing Director

Mr A.E. (Tony) Gordon, Non-Executive Director

Mr R.W. (Roland) Nice, Non-Executive Director

Company Secretary

Mr Tom Bloomfield

Registered Office & Principal Place of Business

50 Scott Street

Bungalow, Cairns QLD 4870 Australia

Telephone: +617 4052 2400 / Facsimile: +617 4052 2444

Website and Emails

Please visit Carbine Tungsten's website for the latest announcements and news: www.carbinetungsten.com.au.

To receive Carbine Tungsten's announcements by email, email to: info@carbinetungsten.com.au

General Enquiries

Contact Mr Jim Morgan on (07) 4052 2400

Issued Capital and Market Capitalisation

At 20 January 2014 Carbine Tungsten's issued capital was 296,345,179 ordinary shares, and 1,400,000 Performance Rights and 7,942,273 unlisted options exercisable between 10 and 19 cents. At a share price of \$0.045 (20 January 2014) the market capitalisation was \$13.33 million.

Number of Shareholders and Major Shareholders

At 20 January 2014 Carbine Tungsten had 1,159 shareholders. The share register records the following as major shareholders at 20 January 2014 accounting for 35.83% of the issued shares:

Shareholder	%
Dr Leon Eugene Pretorius	12.15
Mota Engil Minerals & Mining Investments BV	5.40
Baglora Pty Ltd <Mott Family Super Fund A/C>	4.21
Neil Kenneth Watson & Margaret Helen Moroney <Rossdale Super Fund A/C?	3.06
Silva Pty Ltd	2.51
Andrew Hewlett White and Associates	1.79
Neil Kenneth Watson and Margaret Helen Moroney <Rossdale Super Fund A/C>	1.56
Alan Scott Nominees Pty Ltd <Superannuation Fund A/C>	1.40
Andrew James Morgan	1.32
Nicholson Super Pty Ltd <Nicholson Family S/F A/C>	1.22
Fallon Nominees Pty Ltd <Fallon Family A/C>	1.21

Cash Balance

At 31 December 2013 Carbine Tungsten's cash balance was approximately \$301,000.

Shareholder Enquiries

Matters relating to shares held and changes of address should be directed to the share registry:

Computershare Investor Services Pty Limited

Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067

Telephone (within Australia): 1300 850 505

Telephone (international): +61 3 9415 4000

ASX Listing Code

The Company's ASX listing code is CNQ (Carbine North Queensland)