



Quarterly Report to 30 September 2022

Highlights

- ◆ Maiden Resource confirms the exceptional quality of the Muchea West Silica Sand Project
 - 93 Million Tonnes of 99.71% SiO₂ with Fe₂O₃ at 250ppm, Al₂O₃ 0.044% (Indicated: 39.89Mt of 99.73% SiO₂ with Fe₂O₃ at 250ppm, Al₂O₃ 0.034%; Inferred 53.28Mt of 99.70% SiO₂ with Fe₂O₃ at 260ppm, Al₂O₃ 0.052%)
 - Includes higher grade resource at Southeast Area of Interest of 21 Mt of 99.73% SiO₂ with Fe₂O₃ at 250ppm, Al₂O₃ 0.023% (Indicated: 9.60Mt of 99.74% SiO₂ with Fe₂O₃ at 260ppm, Al₂O₃ 0.022%; Inferred 11.22Mt of 99.72% SiO₂ with Fe₂O₃ at 250ppm, Al₂O₃ 0.024%)
- ◆ Scoping Study process work completed with results, analysis and report due late 2022
- ◆ Surveys essential in Mining Licence application process commenced

Carbine Resources Limited (ASX: CRB) (the Company or Carbine) is pleased to provide shareholders with the quarterly activities and cash flow report for the three-month period ended 30 September 2022.

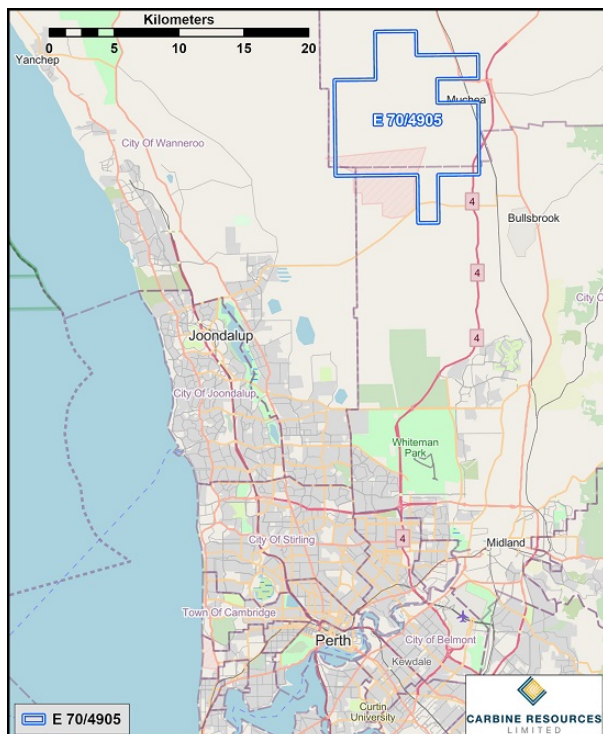
Muchea West Silica Sand Project

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 102km², 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% SiO₂ and Inferred Resource of 179Mt at 99.6% SiO₂ for a global resource of 208Mt at 99.5% SiO₂¹, 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



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



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Carbine Maiden Resource Estimate

Carbine, during the June quarter, undertook its maiden Mineral Resource Estimation for the Muchea West Silica Sand Project prepared by independent consultants, Widenbar and Associates. The maiden Resource of 93 million tonnes of 99.71% SiO₂ with Fe₂O₃ at 250ppm, Al₂O₃ 0.044% was announced in the September quarter.

The Resource is comprised of 39.89 million tonnes of 99.73% SiO₂ with Fe₂O₃ at 250ppm, Al₂O₃ 0.034% in the Indicated category and 53.28 million tonnes of 99.70% SiO₂ with Fe₂O₃ at 260ppm, Al₂O₃ 0.052% in the Inferred category.

The Company is also pleased to note that the Resource includes higher grade resource at the Southeast Area of Interest of 21 million tonnes of 99.73% SiO₂ with Fe₂O₃ at 250ppm, Al₂O₃ 0.023% (Indicated: 9.60Mt of 99.74% SiO₂ with Fe₂O₃ at 260ppm, Al₂O₃ 0.022%; Inferred 11.22Mt of 99.72% SiO₂ with Fe₂O₃ at 250ppm, Al₂O₃ 0.024%).

The Muchea West Silica Sand Mineral Resource has been classified in the Indicated and Inferred categories, in accordance with the 2012 Australasian Code for Reporting of Mineral Resources and Ore Reserves (**JORC Code**) and has been reported at a 99.00 % SiO₂ cutoff.

Table 1: Muchea West Silica Sand Project – Mineral Resource Estimate – All Drilling

		SiO ₂ Cutoff	Volume	Tonnes	Density	SiO ₂	Al ₂ O ₃	Fe ₂ O ₃	K ₂ O	TiO ₂	LOI
Material	Classification	%	million m ³	million	t/m ³	%	%	%	%	%	%
Main + Lower	Indicated	99.00	25.90	39.89	1.54	99.73	0.034	0.025	0.003	0.052	0.135
Main + Lower	Inferred	99.00	34.60	53.28	1.54	99.70	0.052	0.026	0.005	0.056	0.147
Main + Lower	Total	99.00	60.50	93.17	1.54	99.71	0.044	0.026	0.004	0.054	0.142

South East Area Resource

The South East Area of Interest at the deposit will be a focus for the Company to convert it to the initial mining area, and has a separate high-grade resource reported. The unclassified material in the block model has been extended in this area (see Figure 2) and has been reported as an Exploration Target reflecting the greater confidence related to this material.

Samples from this drilling constituted the bulk sample used as the feed for a series of Scoping Studies that are underway and should result in a proposed flow sheet and final product characteristics.



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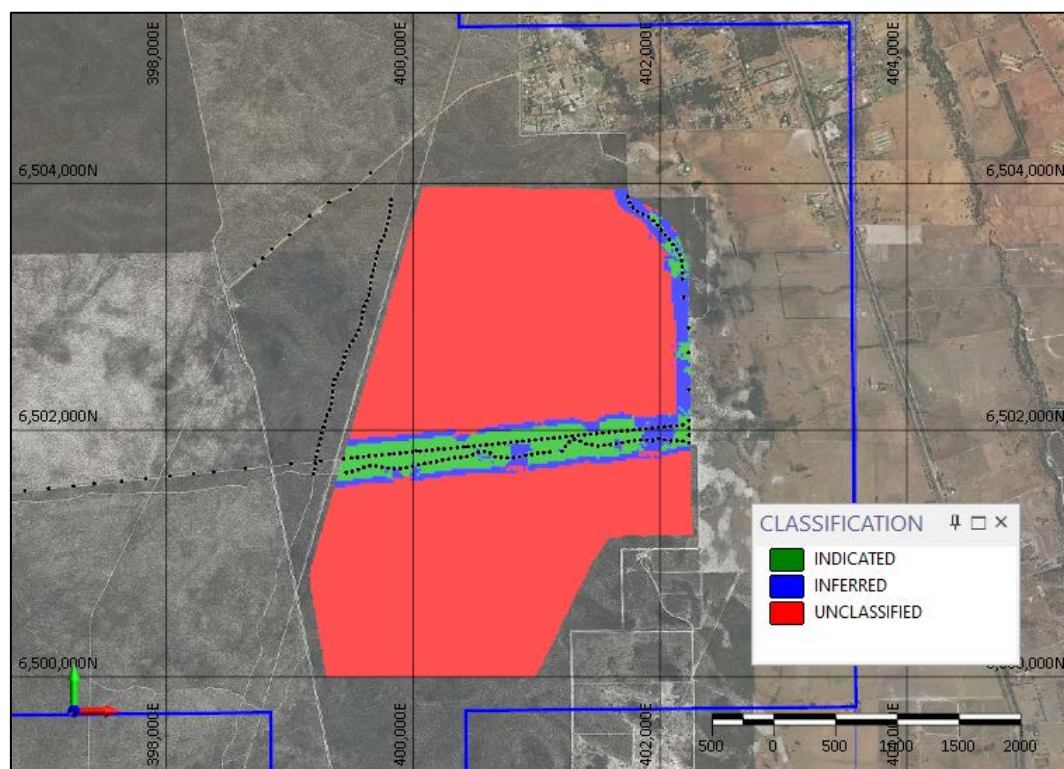


Figure 2: South East Area Sand Resource Classification

Table 2: Main + Lower Sand Indicated and Inferred Resource for South East drilling only

	SiO ₂ Cutoff	Volume	Tonnes	Density	SiO ₂	Al ₂ O ₃	Fe ₂ O ₃	K ₂ O	TiO ₂	LOI
Classification	%	million m ³	million	t/m ³	%	%	%	%	%	%
Indicated	99.00	6.23	9.60	1.54	99.74	0.022	0.026	0.003	0.043	0.148
Inferred	99.00	7.29	11.22	1.54	99.72	0.024	0.025	0.003	0.044	0.167
Total	99.00	13.52	20.82	1.54	99.73	0.023	0.025	0.003	0.043	0.158

Revised Exploration Target

The Mineral Resource Estimate is defined from within the maiden Exploration Target reported to the ASX on 29 July 2021 and has the effect of removing that area from the Exploration Target and upgrading it to a Resource. Subsequently the Exploration Target is reduced.

The subsetting of the South East Resource and the South East Exploration Target changes the reporting of the Exploration Target.

In addition to the maiden Resource of 93 Mt @ 99.7% SiO₂, the Exploration Target for the Muchea West Silica Sand Project is now reported as:

- Western Area: 400Mt to 500 Mt of Silica Sand at an average grade of 99.6% to 99.8 % SiO₂



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- ◆ Eastern Area: 210Mt to 270 Mt of Silica Sand at an average grade of 99.6% to 99.8 % SiO₂
- ◆ **South Eastern Area 152 Mt to 168 Mt of Silica Sand at an average grade of 99.6% to 99.8% SiO₂**

The potential quantity and grade of the Exploration Targets are conceptual in nature. There has been insufficient exploration to estimate further Mineral Resources and it is uncertain if further exploration will result in the estimation of additional Mineral Resources.

Scoping Study Progress

The Scoping Study was scheduled for completion in August but due to delays in the return of assay results from the process testwork the completion date was not reached and the report has yet to be received.

Independent Metallurgical Operations (IMO) have been engaged to prepare and manage the Scoping Study which has been based on well-established mining and processing techniques utilising conventional technology.

The Study, targeting a 2Mtpa mining and beneficiation plant with a mine life at 20 years, is well advanced with a conceptual mining model and costs estimates completed by Orelogy Mine Consulting, and the process design and cost estimates undertaken by Como Engineers nearing completion.

A bulk composite sample was prepared at IMO's metallurgical laboratory facility, Metallurgy Pty Ltd from drill samples used to prepare the Mineral Resource Estimate (MRE). The bulk sample was processed at pilot scale using a conventional beneficiation flowsheet comprising scrubbing, attritioning, and gravity separation. The bulk product samples produced will provide a product for marketing and for potential client engagements.

The pilot scale testing has been completed and results are under review by Como Engineers, with the process design, capital, and operating cost estimates near completion.

The final Scoping Study report including the financial evaluation is scheduled for completion towards the end of 2022.

Safety

No accidents nor incidents were reported from work conducted on E70/4905 for the September Quarter by Carbine staff and contractors,

Ongoing Work

The initial fauna studies have been completed but this is an ongoing study and is not anticipated to be reported until late Q4 2022.

The spring botanical study commenced in September and is expected to be completed in October.

The hydrological study has commenced for the South East Area of Interest.

Engagement with the Federal Government and DMIRS in relation to a Mining Licence Application for the South East Area of Interest is dependent on the completed Scoping Study.

Next Steps

The results of the subsequent studies will outline the potential economic parameters to be derived from a future operation at Muchea West and will allow Carbine to commence discussions necessary for the development of the Project.

Jarrah Dieback surveys and Heritage surveys will be commissioned following the completion of the Scoping Study.



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Tenure

Carbine was notified by the Department for Mines, Industry Regulations and Safety that the application for extension of term for E70/4905 was successful. The new termination/renewal date for E70/4905 is the 23rd of April 2027.

Corporate

Peter Main, Chairman of Carbine, resigned as announced on October 3 2022. Oonagh Malone has accepted a non-executive board position and will also continue as Company Secretary.

This announcement has been authorised for release by the Board of Carbine Resources Ltd.

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 7 April 2022. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcement.

The mineral resource estimate in this announcement was reported by the Company in accordance with listing rule 5.8 on 4 July 2022. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcement and that all material assumptions and technical parameters underpinning the estimate in the previous announcement continue to apply and have not materially changed.

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. The Exploration Target was reported to the ASX on 4 July 2022 and the material assumptions and technical parameters continue to apply.





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Appendix 1: Carbine's Tenement Interests

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 30 September 2022.

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

No tenement interests were acquired or 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 30 September 2022 as advised in the Appendix 5B:

- expenditure incurred on exploration and evaluation during the quarter related primarily to 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 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 2023	(22 July 2021 to 30 Sept 2022)		
Opening cash	\$3,241,000	\$3,241,000	-	
Proceeds from Public Offer	\$3,000,000	\$2,620,000	\$380,000	1
Total	\$6,241,000	\$5,861,000	\$380,000	
Exploration expenditure	\$3,200,000	\$1,040,000	\$2,160,000	2
Proposed cash payment	\$500,000	\$500,000	-	
Corporate costs (including Directors' fees)	\$1,500,000	\$885,000	\$615,000	3
Working capital	\$780,000	\$372,000	\$408,000	4
Expenses of the Public Offer	\$300,000	\$443,000	(\$143,000)	5
Total	\$6,280,000	\$3,240,000	\$3,040,000	
Remaining cash		\$2,621,000		



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Notes:

1. 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.
2. \$1,040,000 of exploration expenditure to September 2022 is 33% of total proposed exploration expenditure over the two years of \$3,200,000. This is on track in light of the expected timing of the mining license application, future study costs, future drilling and other exploration programs.
3. \$885,000 of corporate costs and directors' fees to Sep 2022 is 59% of total proposed corporate costs and directors' fees over the two years of \$1,500,000. This is on track to expend this amount on corporate costs and directors' fees.
4. \$372,000 of working capital expenditures and movements to September 2022 is 48% of total proposed working capital expenditures and movements over the two years of \$780,000. The Company is on track to expend this amount on working capital because this included movements in GST receivable and other movements to 30 September 2022 that will be recouped in future quarters. This also includes the payment of \$302,915 in stamp duty for the acquisition which will not reoccur.
5. The Company has expended \$443,000 on the public offer and related transaction costs, 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")

30 SEPTEMBER 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(67)	(221)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(79)	(250)
	(e) administration and corporate costs	(117)	(275)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	12	15
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (stamp duty on Muchea West Project acquisition)	-	(303)
1.9	Net cash from / (used in) operating activities	(251)	(1,034)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	4
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	-	4

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	(1)
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)	-	-
3.10	Net cash from / (used in) financing activities	-	(1)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,872	3,652
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(251)	(1,034)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	4
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(1)

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 (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,621	2,621

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,121	1,372
5.2	Call deposits	1,500	1,500
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,621	2,872

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	123
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.

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
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.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(251)
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)	(251)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,621
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,621
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	10.4
	<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: **31 October 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.