



CARBINE TUNGSTEN

Quarterly Activities Report for the Period Ended 31 March 2012



Aerial view of the Mt Carbine mine site.



Aerial view of the tailings re-treatment plant, tailings stockpile and the water supply dam in the distance.

Carbine Tungsten Limited

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Summary of Activities and Events

QUARTER ENDED 31 MARCH 2012

- The Mt Carbine Tungsten Tailings Re-Treatment Plant was officially opened on 26 March 2012. The opening marked the initial re-awakening phase of the Mt Carbine mine development. It was attended by both interstate and local shareholders, investors, international customers and local community dignitaries and stakeholders. The opening also provided an opportunity for the Company to introduce the newly-appointed Non-Executive Director, Mr Andrew James (Jim) Morgan, and to welcome him in his new role as Managing Director and Chief Executive Officer (CEO) of the Company, which he subsequently assumed on 2 April 2012. The opening of the tailings production plant and the appointment of new management brings a new era of action and growth to the Company. These events will re-establish the Mt Carbine mine as a tungsten concentrate production facility, and provide a strong springboard for the Company to enter a period of continuous and rapidly-increasing supply of tungsten concentrates to a market that displays a high demand and shortage of alternative supply.

The Company's new management is confident that it has the capability and market imperatives to accelerate its plans to develop the mine within a short development time frame. The Company intends to fund its future development plans by seeking finance from strategic investment partners and interested off-take customers who are keen to secure future product supply in the tungsten concentrate business. Based on the mine's past proven history as a reliable supplier of high-quality tungsten and given its extensive existing resource assets, the Company considers that the Mt Carbine mine provides a unique and realistic opportunity to provide future corporate growth based on its extensive resource assets and the strong management expertise in geological, development and production backgrounds. The Company's vision of becoming a significant participant in the exciting global tungsten supply business has successfully commenced.

- Mr Jim Morgan joined Carbine Tungsten Limited's (Carbine Tungsten's) Board as a Non-Executive Director effective from 19 January 2012. Mr Travis Peisker also joined Carbine Tungsten as the Project Manager of the Mt Carbine tailings project on 3 January 2012, with Mr Roger Strickland commencing as Carbine Tungsten's Processing Plant Metallurgist on 19 March 2012. The Mt Carbine mine site now has a full complement of 22 staff members.
- Mitsubishi Corporation Unimetals Ltd (Mitsubishi) provided Carbine Tungsten with a Letter of Intent to purchase all concentrates produced from the Mt Carbine tailings re-treatment project subject to the product being acceptable. The price paid by Mitsubishi for the product will be based on the monthly London Metal Bulletin price for Ammonium Paratungstate, less a discount depending on the grade and mineral content of the tungsten concentrate. This agreement was triggered by the supply of a small volume of representative samples in April 2012 and is to be followed by a 20 tonne shipment being despatched to Mitsubishi in late May 2012.
- A Non-Renounceable Rights Issue for the offer of 43,160,569 new fully paid ordinary shares on the basis of one new share for every five shares held by shareholders at an issue price of \$0.09 per share. As there were only 26,478,146 shares applied for, Carbine Tungsten reserved its right, in accordance with the Offer Document, to place the Shortfall shares in their sole discretion to institutional, professional, sophisticated and other investors. The allotment of the 26,478,146 Rights Issue shares took place on 21 March 2012 and of 14,702,423 Shortfall shares on 4 April 2012. The balance will be allotted following shareholder approval. The \$3.88 million raised from the Non-Renounceable Rights Issue will be utilised as follows:

❖ Commissioning the Mt Carbine Tailings Re-Treatment Plant	\$1,110,000
❖ Completion of Stage 2 (processing low-grade stockpiles) Feasibility Study	\$1,240,000
❖ Exploration Drilling Tara (NSW) Silver-Tin Prospect	\$500,000
❖ Corporate Costs and Working Capital	\$88,439
❖ Expenses of Issue	\$150,000

- The Tara Prospect (NSW) was tested for tin mineralisation and remains an attractive tin prospect but a review of the data indicates that the prospect also has very significant silver prospectivity. Further deep diamond core hole testing is proposed.

Summary of Activities and Events

SINCE 31 MARCH 2012

- Mr Andrew James (Jim) Morgan commenced as Managing Director and CEO of Carbine Tungsten on 2 April 2012.
- The cold commission phase of the tailing re-treatment plant project has been completed and the production ramp-up has commenced. A small volume of representative samples from the tailings processing plant were sent to Mitsubishi in April 2012. A 20 tonne bulk shipment of the same product is expected to take place by the end of May 2012.
- The Initial Public Offering (IPO) of Gossan Hill Gold Limited (Proposed ASX Code: GOS) was opened to Carbine Tungsten shareholders. Carbine Tungsten will hold a 22.4% shareholding interest in Gossan Hill Gold if the offer is fully subscribed. The closing date for subscriptions is 7 May 2012.
- Stage 2 (processing low-grade stockpiles) and Stage 3 (hard rock mining) of the Mt Carbine mine re-development have been brought forward, and treated as one “hard rock” phase due to strong market demand for tungsten concentrates together with encouraging results from the exploration drilling. The feasibility study and front-end engineering and design have commenced, and are anticipated to take until late 2012 to be completed.
- Evaluations and geological modelling have been undertaken on the results from five deep diamond drill holes within close proximity to the Mt Carbine mine, with the express intention of commencing open pit mining in 2014. Planned production capability will be at least 220,000 metric tonne units of tungsten in concentrate per annum, commencing in 2014.
- Representatives from Carbine Tungsten Limited visited Mitsubishi in late April 2012 to finalise the Off-Take Agreement, subject to successful trials of the bulk product.

Mining Production and Development Activities – Quarter Ended 31 March 2012

TAILINGS RE-TREATMENT PROJECT, MT CARBINE

The last shipment of major equipment was delivered to site on 23 February 2012 and Carbine Tungsten now has a full complement of 22 staff to operate the plant. The official opening of the tailings retreatment plant at the Company's Mt Carbine tungsten mine took place on 26 March 2012.

The total costs for the tailings re-treatment project will come in close to its intended budget of \$4.5 million and revised cash flow models assuming an A\$:US\$ exchange rate of \$1.08 indicate that the project has a very attractive Net Present Value and Return on Capital.

Full scale wet commissioning of the tailings re-treatment plant commenced in the last week of April 2012.



Rougher shaker tables at the right, slimes / fines recovery shaker table in the foreground.



Kelsey Jig modules at the right nearing completion, shaker table shed at the left.



Office, stores and workshop area under construction at the right, shaker table shed at the left, Carbine Tungsten front-end loader in the foreground, low-grade stockpiles visible.



Upper deck, Kelsey jig module.



Carbine Tungsten Limited Directors with senior representatives from Mitsubishi Corporation Unimetals Ltd at the opening ceremony.

PRODUCT MARKETING

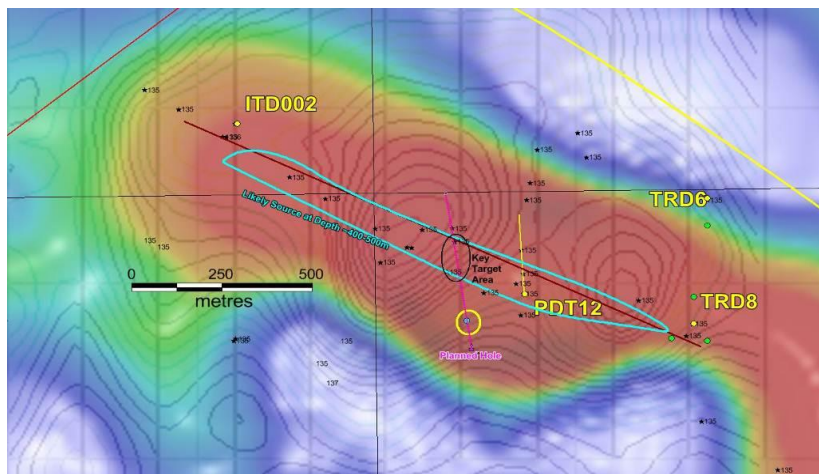
Company executives visited customers in China and Japan in mid-April 2012 to conclude sales agreements for the tailings re-treatment project. It will therefore be a high priority for Carbine Tungsten, following the successful production ramp-up of the tailings re-treatment plant, to quickly re-establish and bring to market the full-scale mining production capabilities of Mt Carbine.

Gross revenues for the tailings re-treatment stage of the project have been estimated at \$10,000,000 per year. The estimated gross revenues from processing the low-grade stockpiles in Stage 2 have been estimated at \$50,000,000 per year while hard rock mining has estimated gross revenues of \$100,000,000 per year, assuming 3 million tonnes per year of production, 94% recovery from ore sorting, 80% recovery from concentration, product grade of 65% WO₃ and current APT prices.

Exploration Activities – Quarter Ended 31 March 2012

TARA PROSPECT (NSW) SILVER PROSPECTIVITY

The Tara prospect has been tested for tin mineralisation and remains an attractive tin prospect, but a review of data by Carbine Tungsten's geological team indicates that the prospect also has very significant silver prospectivity, with bonanza-grade intercepts in two holes 400 metres apart (12 metres at 3,598 g/t or 116 ounces per tonne silver from 116.6 metres in hole TRD8 and 1.3 metres at 643.2 g/t silver from 181.9 metres in hole TRD6, both drilled by Pan Australian in the mid-1980s). It is proposed to drill a deep diamond core hole to test the geophysical target for both its silver and tin potential. The hole has been targeted using the extensive geophysical and geological database on the Tara prospect that the Company has developed over the past four years.



Tara silver-tin prospect, showing location of planned deep diamond drill holes to test for silver and tin mineralisation.

IPO FOR GOSSAN HILL GOLD LIMITED

Carbine Tungsten previously advised its shareholders that it planned to spin-out the gold prospects held by the Company into a new company, Gossan Hill Gold Limited (Gossan Hill Gold), with the intention of raising sufficient funds via an IPO to adequately test the gold prospects. As well as the two main gold prospects (Peel Fault and Weabonga) vended into Gossan Hill Gold by Carbine Tungsten, the Company was fortunate in negotiating the acquisition of two other gold projects (Mt Adrah from Bright Star Resources Limited and Bauloora from Robust Resources Limited) into Gossan Hill Gold. A priority offer of shares in Gossan Hill Gold will be made to Carbine Tungsten shareholders (as well as to Bright Star and Robust shareholders).

The IPO plans to raise \$8 million (with a minimum subscription of \$4 million) and Carbine Tungsten will hold approximately 22% of the shares in Gossan Hill Gold if the IPO is fully subscribed. The Prospectus for Gossan Hill Gold was lodged with ASIC on 24 February 2012.

All the gold prospects in the Gossan Hill Gold IPO are in NSW (refer map below) and a brief description of the prospects is provided below:



Location of Gossan Hill Gold Limited gold prospects in NSW.

Mt Adrah – drilling and IP surveys are planned to locate possible extensions to a JORC-compliant 239,000 ounce inferred gold resource or similar mineralisation in the vicinity;

Bauloora – contains a recently-recognised, low-sulphidation, epithermal gold mineralised system, which extends for 2 kilometres. Drilling and detailed geological mapping are planned to test this prospect, where surface rock chip samples grading up to 39 g/t gold, with visible gold, have been obtained;

Peel Fault – following on from the discovery of gold mineralisation at the Magnesite Hill prospect, drilling, and geophysical and geochemical surveys are planned to test for orogenic gold deposits and IRGD along the 100 kilometre strike-length of the Peel Fault on the western flank of the New England province; and

Weabonga – geophysical and geochemical targets are ready to drill on historic gold mines that shut down nearly a century ago.

Exploration Activities – Since 31 March 2012

EXPLORATION DRILLING, MT CARBINE

Carbine Tungsten and its consultants are evaluating the results of the recently-completed programme of five deep diamond drill holes within close proximity to its Mt Carbine mine site. Additional geological modeling is being undertaken with the express intention of continuing open pit mining methods, which it now plans to commence in 2014. Resource modeling will determine the duration and extent of the open pit operation.

Planned production capability remains at 30,000 metric tonne units of tungsten concentrate per annum, commencing in 2014. This allows the production capability to be brought forward by five years compared to the Company's earlier planning. The hard rock production plant facility, which is planned for completion by the end of 2013, will initially operate using the 12 million tonnes of existing, pre-mined and stockpiled lower-grade material until the open pit mine comes into operation in 2014. Thereafter a blend of both ore sources will be available to feed the processing plant.

EXPLORATION RESULTS, MT CARBINE

Two diamond holes were drilled to test depth extensions near the present pit and another three holes were drilled to test strike and dip (plunge) extensions.

There were high-grade intersections in the two near-mine drill holes. The peak XRF fusion chemical assay is 6.17 metres at 0.21% WO_3 from 40.8 metres and 12.37 metres at 0.133% WO_3 from 81 metres in Hole MTCB001, extending the known mineralisation 100 metres to the south-east of the pit. The deep hole that was drilled at depth immediately to the north-west of the pit intersected a number of narrow high-grade zones, including 0.3 metres at 5.58% WO_3 from 495.95 metres in Hole MTCB002, extending the high-grade mineralisation 180 metres to the north-west of the pit and open to vertical depths of 440 metres.

The reconnaissance drilling showed that the mineralisation strikes and plunges to the north-north-west, and extends at least another 600 metres to the north-north-west.

In-Ground Resources

Presently, there is a JORC Inferred Resource of 39.8 million tonnes at 0.144% WO_3 at a cut-off of 0.05% WO_3 in, below and around the present pit area, which was only developed to 90 metres below ground level (as can be seen in Figure 1, below).

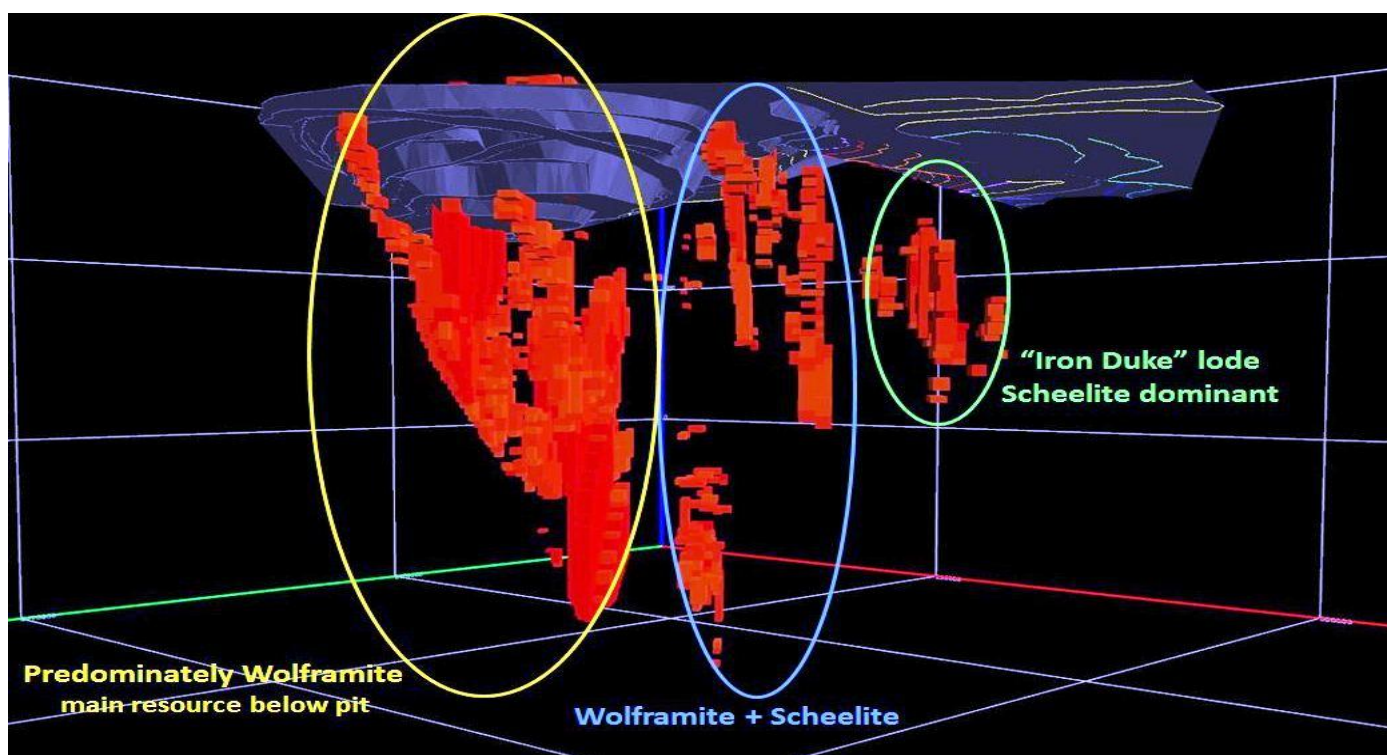


Figure 1. 3D view of the >0.22% WO_3 Mt Carbine resource and mineral system looking along strike toward the north-west, showing the current resource relative to the existing open pit and highlighting the wolframite and scheelite mineralogical zones.

To increase the level of confidence in this resource to Indicated and Measured Resources or Ore Reserve status, additional drilling will be required. This drilling will commence once the existing open pit is dewatered and initial open cut mining operations commence.

Following studies of the ore panels, as in Figures 1 and 2, the Company's consultants and executives have re-examined the basis for the previous owner's plans to convert the mine from an open pit to an underground operation. Substantial ore material exists directly beneath the pit and the newly-discovered mineralisation along strike to the south-east may present the opportunity for the long-term continuation of open pit mining. The design of the new processing plant will also allow the plant to separate and efficiently process scheelite material that was not considered an economic option by the previous owners given the product pricing and processing technology that existed at that time.

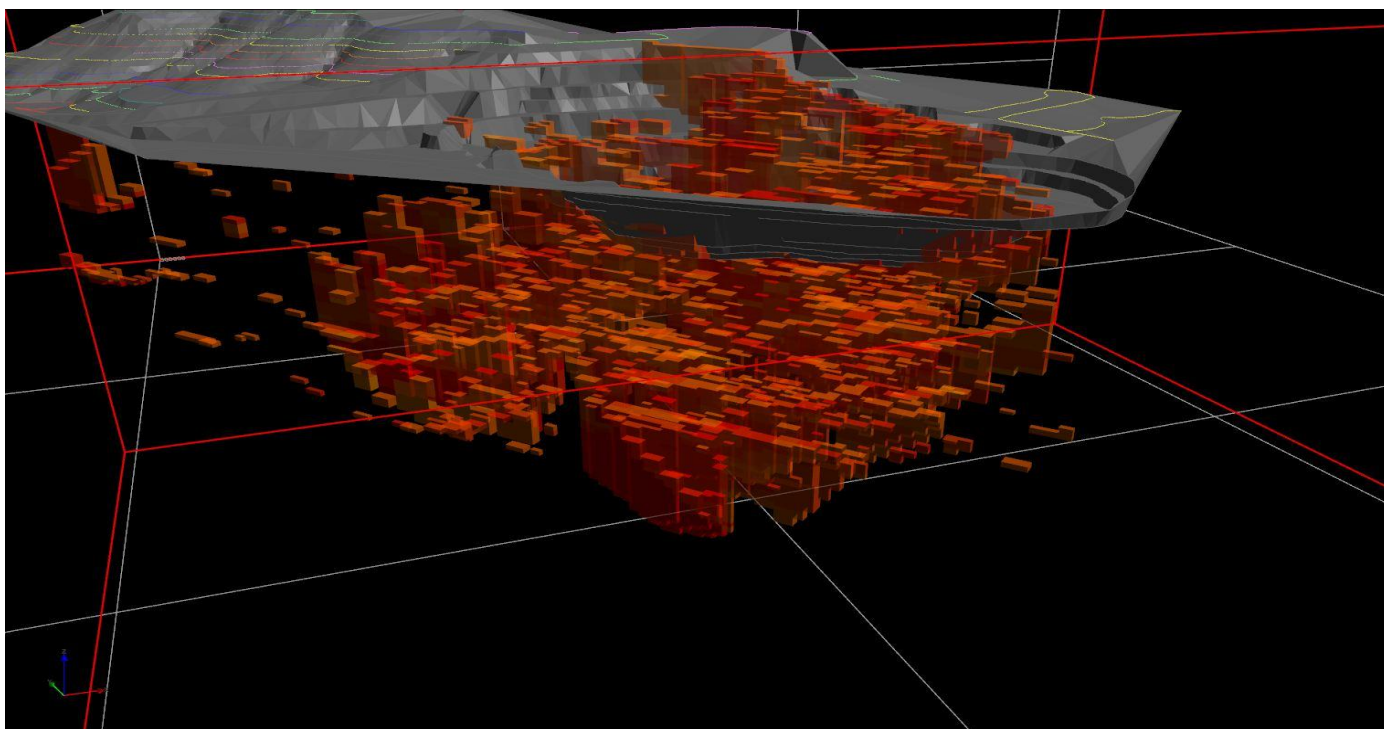


Figure 2. 3D view of the existing 39.8 million tonnes resource relative to the existing open pit, looking down and toward the north-east.

Low-Grade Ore Stockpiles

There are between 12 and 16 million tonnes of low-grade ore stockpiles that were rejected by the previous operators either as being of too low grade at the time to process through the crushing plant or rock fragments of too large a size to be processed through their plant. It is this material that will initially be processed through the crushing plant that the Company plans to build before the end of 2013. During this period the unmined resource will be better defined and quantified, and the mine plan will be finalised. It is then proposed that a blend will be fed to the plant.

The processing plant will crush all material to a size suitable for X-ray ore sorting. The Company recently ran a two-month test campaign that confirmed the suitability of the ore to be separated from the stockpile with a 94% recovery rate by the use of X-ray ore sorting on 50mm material.

Acceleration of Stages 2 and 3 of Project Development

Previously, the Company stated its plan to process the low-grade stockpiles at the surface (>12 million tonnes at 0.075% WO₃) as Stage 2 of re-development of the Mt Carbine mine, to be followed by Stage 3, hard rock mining. In this plan, Stage 2 would have been a five-to-seven-year project and Stage 3 would have followed on for a greater-than-15-year project. Following discussions with customers, it is apparent that current demand will easily absorb a higher production of concentrate than envisaged in the staged development. In order to take advantage of the strong market for tungsten concentrates, together with the encouraging results from the exploration drilling, the Company's new management proposes to bring forward the above two stages of the project and will treat them as one "hard rock" project phase in future. The feasibility study, and front-end engineering and design have commenced for this purpose, and are anticipated to take until late 2012 to be completed.

The Company plans to be in constant production going forward to provide a seamless product supply to its customers and consistent incoming cash flow, with increased product output and revenue once the hard rock processing plant is complete.

Funding

The Company is aware that, given its plans to increase production and bring forward its development of the hard rock phase, there are certain long-lead time equipment items that need to be ordered 12 to 15 months before installation. The Board is investigating options for funding the capital expenditure for the next phase of development, including the near-term funding of deposits on these long-lead time items.

Mining Production and Development Activities – Since 31 March 2012

TAILINGS RE-TREATMENT PROJECT, MT CARBINE

The tailings re-treatment plant ramp-up is progressing well with representative samples from the processing of the tailings being sent to Mitsubishi on 13 April 2012. Additional product samples will also be shipped to other interested customers. The Company's next production target is to commence bulk shipments of the product, which is targeted to take place within the next six to eight weeks.

HARD ROCK DEVELOPMENT

The "Hard Rock" development plans have now been accelerated due to positive market demand for the product and encouraging results based upon recent drilling data in terms of re-establishing the open pit mining operations at the Mount Carbine mine.

The initial funding of A\$2 million to ensure the "Hard Rock" project acceleration remains on track will be raised by means of a share placement with a strategic investment partner or vendor off-take finance within the next few weeks. Options for the funding of the "Hard Rock" development project are being investigated and will be ongoing for a number of months while the feasibility studies are being completed, currently estimated to be before the end of 2012. A visit to Japan and China was recently undertaken by executives and technical representatives of the Company. Funding options for the "Hard Rock" development project were advanced by Carbine Tungsten's representatives during this visit to Japan and China.

Jim Morgan

Managing Director

COMPETENT PERSON STATEMENT

Information in this report that relates to Exploration Results and Resources is based on information compiled by Dr Kris Butera, who is a Member of the Australian Institute of Geoscientists (MAIG). Dr Butera is a full-time employee of the Carbine Tungsten Limited group of companies. He has sufficient experience relevant to the styles of mineralisation and types of deposits under consideration, and to the activity he is undertaking to qualify as a Competent Person, as defined by the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Butera consents to the inclusion in this report of matters based on his information in the form and context in which it appears.



CARBINE TUNGSTEN AT A GLANCE

Directors

Dr Leon Pretorius, Executive Chairman
Mr Jim Morgan, Managing Director and Chief Executive Officer
Dr Andrew White, Non-Executive Director

Company Secretary

Mr Robert Waring

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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: info@carbinetungsten.com.au

General Enquiries

Contact Mr Jim Morgan on 0487 144 834

Issued Capital and Market Capitalisation

At 13 April 2012 Carbine Tungsten's issued capital was 256,982,719 ordinary shares, and 4,560,870 unlisted options exercisable between 14 and 44 cents. At a share price of \$0.125 (14 April 2012) the market capitalisation was \$32.1 million.

Number of Shareholders and Major Shareholders

At 13 April 2012 Carbine Tungsten had 1,233 shareholders. The share register records the following as major shareholders at 13 April 2012 accounting for 33.16% of the issued shares:

Shareholder	%
Leon Eugene Pretorius	12.27
Baglora Pty Ltd <Mott Family Super Fund A/C>	4.31
Neil Kenneth Watson and Margaret Helen Moroney <Rossdale Super Fund A/C>	3.43
Stephen Bruce Bartrop and Associates	3.18
David John Hanks	2.33
Andrew Hewlett White and Associates	1.89
Bullock Point Pty Ltd <Bishop Family Super Fund A/C>	1.59
Alan Scott Nominees Pty Ltd <Superannuation Fund A/C>	1.40
Fallon Nominees Pty Ltd <Fallon Family A/C>	1.39
Nicholson Super Pty Ltd <Nicholson Family S/F A/C>	1.37

Cash Balance

At 31 March 2012 Carbine Tungsten's cash balance was approximately \$1,688,000.

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
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Telephone (international): +61 3 9415 4000

ASX Listing Code

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