



Quarterly Activities Report

For the Period Ended 31 December 2014



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
(ASX: CNQ)

HIGHLIGHTS

- On 7 October 2014 Carbine Tungsten Limited (“Carbine” or “the Company”) received notification from Mitsubishi Corporation RtM Japan Limited (“Mitsubishi RtMJ”) that a US\$15 million secured loan (including the prepayment fund of the previous US\$1 million loan), had been approved by their Board, subject to the finalisation of documentation.
- Carbine was pleased to announce on 18 December 2014 that its Option Rights Issue from the 2013 Share Placement to sophisticated and professional investors had been fully subscribed. The exercise of 6,452,273 unlisted options provided \$645,227 in additional funds to strengthen the Company’s cash position. The Board wished to thank all option holders for their continued confidence and support.
- Mitsubishi RtMJ’s President and CEO, Mr Kenji Tani, and other senior Mitsubishi RtMJ executives attend Carbine’s Annual General Meeting held in Melbourne on 12 November 2014. Carbine’s single largest corporate shareholder, Mota-Engil, was also represented at the meeting by Mr Antonio Viera.

EXECUTIVE SUMMARY

The Company has had a very productive quarter and was particularly pleased by the announced funding commitment and presence of the CEO and senior Mitsubishi RtMJ executives at the Company’s Annual General Meeting (“AGM”) held in Melbourne in November 2014. This funding and support is a significant assurance by one of the world’s largest metals trading houses and underpins the initial funding requirements for the stockpile phase of the Company’s Mt Carbine hard rock project development. The commitment from Mitsubishi RtMJ was followed by a joint overseas visit with a senior Mitsubishi RtMJ executive for discussions on additional investment with an independent investment partner with particular interest in developing the open cut mining phase of the project. The Company wishes to thank Mitsubishi RtMJ for its co-operation and support in these holistic project developments and is pleased to see Mitsubishi RtMJ’s keen interest in assisting with supportive independent investment, not only securing their 80% production offtake rights from the stockpile phase but also supporting their further interests in 50% production offtake rights from the open pit phase of the hard rock project development by way of promoting the project to other interested investment parties and stakeholders who wish to participate in the project’s overall development.

Subsequent to the AGM Mitsubishi RtMJ’s management also visited Carbine’s Cairns office and have appointed a management representative to participate on the Project Steering Committee who plans to re-locate to Cairns from Japan in the near future, to monitor the project development during the construction and ramp up phases. Carbine welcomes these co-operative commitments and participation by Mitsubishi RtMJ which will help contribute to the project’s success. Carbine is finalising the conditions precedent requirements and cash drawdown arrangements of the Mitsubishi RtMJ loan and will be visiting Japan in the coming weeks to conclude these items.

Carbine has also continued to progress its technical and commercial plans for the open pit development phase of the project and has advanced discussions with investment and interested offtake groups (under confidentiality agreements) for the unallocated production capacity of that phase of the project. In addition Carbine has also been active in preparing the engineering and construction package details for the stockpile project phase and has been detailing the scope of works for award to a suitable engineering and construction management company. A number of suitable companies have been short-listed and discussions and commercial terms are under review.

The project is also set to benefit substantially from the falling Australian dollar for its operational and capital expenditure costs. The lull in general activity in the bulk mining commodity sector is opportune for the project’s timing. The general mining downturn benefits Carbine’s forthcoming equipment purchase and construction phase, resulting in reduced delivery times for equipment and has also driven a more competitive pricing environment from both equipment suppliers and construction contractors alike. The coarse grained wolframite and scheelite mineralisation enables the use of a simple and historically proven gravity separation process circuit, this combined with the existing Mt Carbine infrastructure and brownfields nature of the project, results in a low risk and low cost development.



The tungsten market has remained relatively buoyant in comparison to the price reductions for the majority of the bulk mining commodities. The key reason for this relates to the simple market-constrained supply and ongoing demand dynamics and the fragile tungsten supply security for consumers both inside and outside of China. Recent World Trade Organisation (“WTO”) disputes over insufficient tungsten supplies from China appear not to have dramatically changed Chinese supply policies with respect to tungsten and the lack of economically realisable additional tungsten mine production from both within China and elsewhere globally continue to appear extremely limited. Security of stable supplies from Russia, which is the world’s second largest tungsten producer, also appears uncertain. Whilst tungsten consumption growth generally tracks to global GDP growth percentiles, its unique properties, long historical use and widespread indispensable industrial and strategic military use coupled with ongoing projected supply deficits are likely to continue to see tungsten’s value positively differentiated and increasing from most other bulk and some paradoxically termed “rare earth metals” commodities, which in relative geological terms, are in abundant supply compared to their present and future predicted demand. In contrast tungsten is a truly geologically scarce metal. Strategic stockpiles of tungsten in the USA are expected to be exhausted during 2015 and this scenario is also likely to support a strong and increasing tungsten price and continue new mine production demand going forward.

Carbine continues delivering on its positive and realistic path of progress and development and looks forward to further delivering on its plans via a globally significant tungsten resource project and cementing co-operative blue chip corporate partnerships.

DEVELOPMENT, EXPLORATION, TECHNICAL & CORPORATE ACTIVITIES

QUARTER ENDED 31 DECEMBER 2014

DEVELOPMENT ACTIVITIES

NOTIFICATION RECEIVED FROM MITSUBISHI RtMJ REGARDING PROJECT FUNDING

Carbine was pleased to announce on 7 October 2014 that it had received notification from Mitsubishi RtMJ that their Board had approved, subject to the finalisation of documentation, a US\$15 million secured loan (including the prepayment fund of the previous US\$1 million loan) to fund the Company’s initial phase of its Hard Rock Tungsten Project, being the 12 million MT stockpile project.

The finalisation of the loan agreement which contains various conditions precedent to drawdown is subject to final legal confirmation and CNQ’s board approval. The Board of Carbine looks forward to working closely with Mitsubishi RtMJ on its world class tungsten project development.

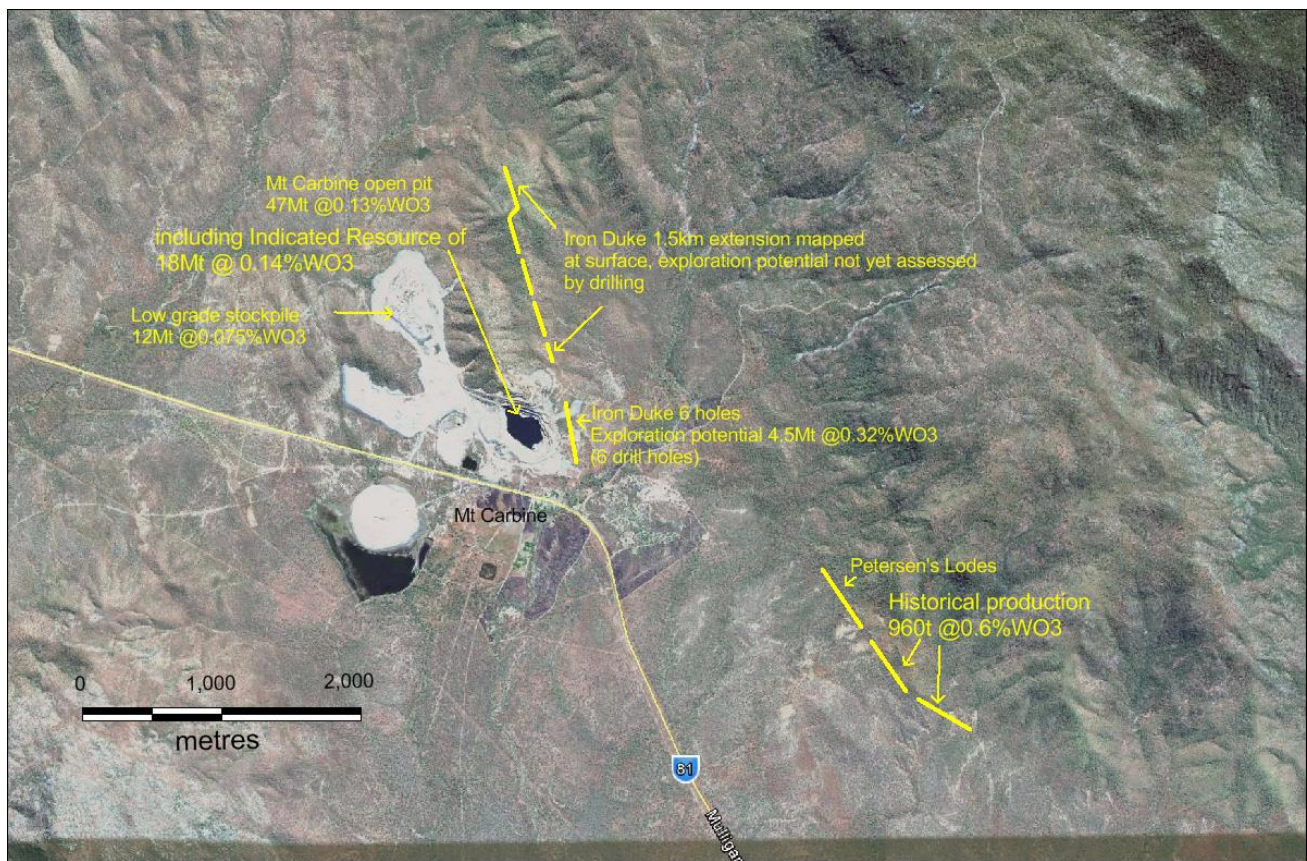
EXPLORATION ACTIVITIES

IRON DUKE PROSPECT

Further exploration and sampling in EPM 14872 confirmed tungsten mineralisation along the mapped strike length (>1.5 km) of the strata bound Iron Duke prospect. The principal rock types in this prospect are discontinuous pillowed basalt lenses locally altered to a skarn mineral assemblage, and an adjacent, stratigraphically continuous chert horizon. The chert is strongly brecciated and scheelite mineralisation appears to have filled cavities in the broken chert, as well as appearing in the skarn alteration assemblage associated with altered basalt. Assays of samples taken from the surface exposures of the mineralised zone range from 0.06% WO₃ to 3.03% WO₃ and these 11 samples average 0.72% WO₃. The significance of these assays will not be known until the prospect is drilled although this sampling confirms the potential for high grade tungsten mineralisation in the Iron Duke prospect (the average grade over an average true width of 8m in 6 drill holes that intersect the Iron Duke prospect in the adjacent ML 4867 is 0.32% WO₃). Drilling is planned for 2015.

PETERSENS LODES

The Petersens Lode prospect is also a strata-bound zone of scheelite mineralisation that extends for 1.3km at the contact between deltaic sediments of the Hodgkinson Formation and the hornfelsed aureole that has been formed along the western boundary of the Carbine Granite intrusive (exposed east of the prospect), due to thermal metamorphism of the intruded sedimentary rocks. The prospect widens from 1-2m width at the southern end of its mapped extent to at least 40m where it is closest to Mt Carbine. The prospect consists of quartz vein and skarn hosted mineralisation developed in the deltaic sediments especially adjacent to discontinuous pillowed basalt lenses. No stratigraphic continuity has been established between the Iron Duke and Petersens Lodes prospects at this point. At the northern-most end of the Petersens Lodes prospect a 40m wide zone of skarn alteration has been rock chip sampled and averages 0.165% WO_3 .



TECHNICAL ACTIVITIES

JIG TRIALS

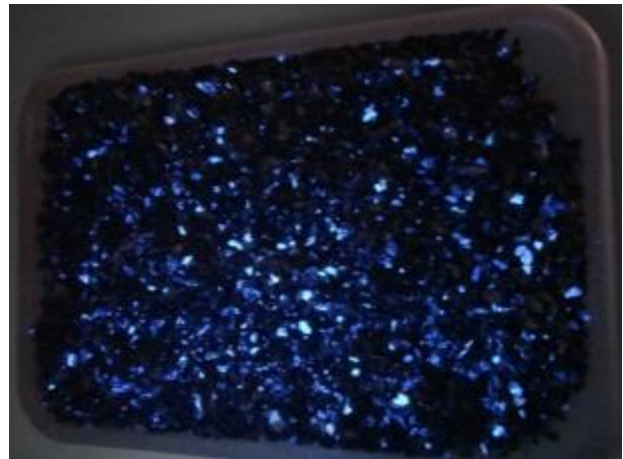
Laboratory jig tests were conducted on a bulk 600kg sample from the low grade stockpile ore sorter accepts material obtained during the earlier ore sorter trials. Further tests on the jig products were conducted including:

- Tabling tests;
- Flotation tests to remove deleterious materials; and
- Magnetic separation tests to produce final saleable wolframite and scheelite concentrates.

Analytical results have just been made available and a detailed analysis is being undertaken to determine the overall performance of this testwork program. Some very good quality products were produced as evidenced by the two photographs of the product, when seen under a ultra-violet light, which shows clearly the predominance of the scheelite minerals in the concentrate.



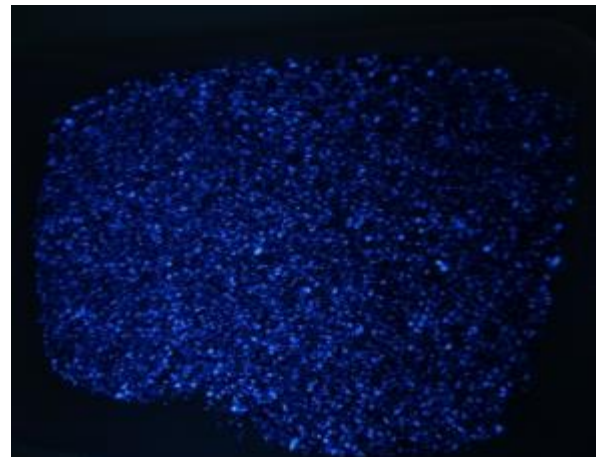
Coarse -3mm jig concentrate under natural light.



Coarse -3mm jig concentrate under UV light. Photographs show that the scheelite is present as liberated grains.



Medium -1mm + 0.3mm jigging concentrate under natural light.



Medium -1mm + 0.3mm jig concentrate with UV light showing a large amount of scheelite.



These photographs and microscopic examination confirm that the scheelite is mostly present as liberated grains. These jig concentrates were analysed and indicated almost 30% tungsten tri-oxide ("WO₃"). These results have been consistent for the other concentrate products throughout the testwork program. At the end of the overall testwork program concentrates at 70% WO₃ were obtained which is the targeted marketable grade.

CORPORATE

RESIGNATION OF NON-EXECUTIVE DIRECTOR

On 10 November 2014 the Company advised that Mr Anthony Edward (Tony) Gordon had chosen not to stand for re-election at the Annual General Meeting on 12 November 2014 and resigned as a Non-Executive Director of the Company in order to pursue his other increased work commitments.

Tony's decision to resign will bring to an end his operational and technical association with the Company. His resignation took effect from 10 November 2014.

The Directors would like to thank Tony for his valuable contribution and wish him the very best in his future endeavours.

RIGHTS ISSUE FULLY SUBSCRIBED

Carbine was pleased to announce on 18 November 2014 that it had successfully raised \$645,227 from the exercise, in full, of 6,452,273 unlisted options with a 15 November 2013 pre-set strike price of \$0.10 and expiry of 15 November 2014.

These options were issued on 15 November 2013 following the placement to sophisticated and professional investors on the basis of one (1) option for every two (2) shares taken up in the placement. The share placement, also completed on 15 November 2013, raised \$709,750.

All holders within this option allotment chose to exercise their entitlement to convert the options to ordinary shares. This provided additional funds to help strengthen the Company's cash position. The Board would like to thank all option holders and shareholders of the Company for their continued confidence and support.

MITSUBISHI RtMJ'S CEO&EXECUTIVE TEAM ATTEND CARBINE'S ANNUAL GENERAL MEETING ("AGM")

On 18 November 2014 the Company officially thanked the President and CEO, Mr Kenji Tani of Mitsubishi RtMJ, and other senior Mitsubishi RtMJ executives for their support and attendance at the Company's Annual General Meeting held in Melbourne on 12 November 2014. This followed the 7 October 2014 announcement made by the Board of Mitsubishi RtMJ of its intention to provide US\$15 million in funding for the initial phase of the Company's hard rock tungsten mine development project.

Carbine also extended its thanks to Mr Antonio Vieira for representing the Company's largest corporate shareholder, Mota-Engil, at its AGM.



Photo Participants:-

Centre Left – Jim Morgan, CEO & Managing Director (Carbine Tungsten Limited)

Centre Right – Kenji Tani, President & CEO (Mitsubishi RtMJ)

Far Right to Left – Nobuharu Hirota, Division Head – Coal & Non Ferrous Metals (Mitsubishi Australia Ltd); Russell Krause, Non-executive Chairman (Carbine Tungsten Limited), Dai Yoshikawa, General Manager – Mt Carbine Project Office (Mitsubishi RtMJ); and Glenn Williams, Senior Manager - Non Ferrous Metals Department (Mitsubishi Australia Ltd)

2014 ANNUAL GENERAL MEETING

Carbine's 2014 Annual General Meeting was held on Wednesday 12 November 2014 at The Rendezvous Grand Hotel, Melbourne with approximately 30 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 via the link provided below:-

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

EXPIRY OF UNLISTED OPTIONS

On 18 November 2014 Carbine advised that the following unlisted ex-employee options had expired without exercise:-

ASX Code	Number of Employee Options	Exercise Price	Expiry Date
CNQ	450,000	\$0.14	17 November 2014
CNQ	950,000	\$0.19	17 November 2014

TENEMENT INFORMATION REQUIRED UNDER LISTING RULE 5.3.3

In accordance with Listing Rule 5.3.3 the following information is submitted with respect to the tenements held by Carbine and its wholly owned subsidiaries:-

Tenement Number	Tenement Location
Queensland	
EPM 14871	Mt Carbine
EPM 14872	Mt Carbine
ML 4867	Mt Carbine (Sub-lease)
ML 4919	Mt Carbine (Sub-lease)

During the period no farm-in or farm-out agreements were entered into nor were any mining tenements acquired.

JIM MORGAN
CEO & MANAGING DIRECTOR

COMPETENT PERSONS' STATEMENT

The information in this report 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 (Resigned 10 November 2014)
Mr R.W. (Rolly) Nice, Non-Executive Director

Company Secretary

Mr David Clark

Registered Office & Principal Place of Business

50 Scott Street
Bungalow, Cairns QLD 4870 Australia
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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 to: info@carbinetungsten.com.au

General Enquiries

Contact Mr Jim Morgan on (07) 4052 2400

Issued Capital and Market Capitalisation

At 20 January 2015 Carbine Tungsten's issued capital was 308,579,626 ordinary shares and 8,000,000 unlisted options exercisable at 20 cents. At a share price of \$0.125 on 20 January 2015 the market capitalisation was \$38.57 million.

Number of Shareholders and Major Shareholders

At 20 January 2015 Carbine Tungsten had 1,214 shareholders. The share register records the following as major shareholders at 20 January 2015 accounting for 35.82% of the issued shares:

Shareholder	%
Dr Leon Eugene Pretorius	11.67
Mota Engil Minerals & Mining Investments BV	5.19
Rossdale Superannuation Pty Ltd <Rossdale Super Fund A/C>	4.44
Baglora Pty Ltd <Mott Family Super Fund A/C>	4.42
Andrew James Morgan	1.90
Silva Pty Ltd	1.82
Andrew Hewlett White and Associates	1.79
Max Mobile Auto Clinic Pty Ltd	1.69
Alan Scott Nominees Pty Ltd <Superannuation Fund A/C>	1.62
JA Johnstone Pty Ltd <Waterhouse Super Fund A/C>	1.28

Cash Balance

At 31 December 2014 Carbine Tungsten's cash balance was approximately \$1,097,000.

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)