



March 2017 Quarterly Report

KEY POINTS

- ◆ **Finalised an exclusive six month option to move to 100% ownership of the Mount Morgan Project through the acquisition of 25% joint venture partner Raging Bull Mining Pty Ltd (RBM).**
- ◆ **Progression of the three outstanding Regulatory approvals for the Mount Morgan Project including:**
 - ◆ **Endorsement by the Queensland Heritage Council (QHC) to undertake “Make Safe” works and establish a heritage agreement to manage the ongoing heritage significance.**
 - ◆ **Submission of the ‘Draft Environmental Authority Amendment Application’.**
 - ◆ **Finalisation of the submission for the Regional Interests Development Approval (RIDA).**
- ◆ **An application for financial support submitted to the Queensland Government’s \$130million Jobs and Regional Growth Fund.**
- ◆ **Continuation of due diligence activities and ongoing discussions with potential project financiers.**

Carbine Resources’ recently completed Feasibility Study on the Mount Morgan Gold-Copper project in central Queensland demonstrated a strong base case for the development of a low cost, long-life project (ASX: 8 December 2016).

The Feasibility Study Base Case assumed a 1.1mtpa throughput rate achieving a 9.5 year mine life. The estimated Ore Reserve is associated with just four of the historical tailings dumps at Mount Morgan delivering gold, copper sulphate and premium unroasted iron pyrite concentrate to market. The estimated preproduction capital cost is A\$85 million and the all-in sustaining costs after by-product credits is estimated at A\$549/oz. The Project’s economics enable a forecast payback period of just two years.

In light of the study’s strong technical and financial outcomes, Carbine is currently advancing the required regulatory approvals, offtake arrangements for the premium unroasted iron pyrite market, and project finance terms.





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Carbine has also submitted an application to the Queensland Government for financial support from the Jobs and Regional Growth Fund in relation to the development of the Mount Morgan Project. The \$130 million Jobs and Regional Growth Fund is part of the government's broader \$200M Jobs and Regional Growth Package, targeted at growing regional economies and jobs for Queenslanders. The company's application is currently being assessed for consideration. Further detail about the Fund can be found on the website, www.statedevelopment.qld.gov.au/industry/industry-support/jobs-and-regional-growth-fund

Regulatory Approvals

The three significant approvals required for the development of the Mount Morgan Project are the Development by the State Application under section 71 of the Queensland Heritage Act 1992 (Heritage), Environmental Authority Amendment (EA), and the Regional Interests Development Approval (RIDA). The company estimates that the regulatory approval process will now be by the middle of 2017.

"The Development by the State Application under section 71 of the Queensland Heritage Act 1992" (Heritage) was submitted by the Department of Natural Resources and Mines (DNRM) in January 2017. The period of public comment is now closed with no submissions entered. The Queensland Heritage Council (QHC) has subsequently endorsed the application by the state to undertake "make safe" works associated with the Mount Morgan Project. The QHC further recommended that Carbine and EHP enter into a Heritage Agreement to ensure the ongoing management of the heritage significance of the site. The final granting of the application is now subject to approval by the Minister of Natural Resources and Mines.

The Environmental Authority (EA) draft amendment was submitted to the Department of Environment and Heritage Protection (EHP) by Carbine on 7 April 2017. Following the review by the EHP, a final EA amendment will be submitted. Once the EA is finalised, a revised Program of Works (PoW) will be established. The Environmental Authority was previously approved for the project in 2010.

A development application seeking a Regional Interests Development Approval (RIDA) regarding resource activities in a Priority Living Area (PLA) was lodged in January 2017. The application was lodged with the Department of Infrastructure, Local Government and Planning (DILPG) under the Regional Planning Interests Act 2014 (RPI Act). Stage 1 of a Road Impact Assessment has been completed by the Company to support the application and the information was submitted to DILGP on 18 April 2017.

Unroasted iron pyrite primary offtake

Carbine currently has in place a pyrite offtake agreement with Talana Limited (ASX: 26 October 2015) which expires in June 2017. Ongoing discussions are occurring with Talana and various other parties in relation to pyrite offtake.

Water Treatment Plant

During the quarter, the Company continued to work with the DNRM on operational improvements to the Mount Morgan Water Treatment Plant. The plant ceased treatment of water in late August 2016 primarily due to the lack of fresh water required for lime slaking. The water used for lime slaking was being sourced from nearby Dam 8. Following the recent rainfall suitable water volume is now available in Dam 8 to recommence operating



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the Water Treatment Plant under the direction of the DNRM. The Company has also completed an independent review of the Water Treatment plants historical technical performance and has provided that review to the DNRM for consideration. Work continues on improving the performance of the WTP as it becomes an integral part of the ongoing Mount Morgan Project.

Other Site Activities

During the quarter, other limited work on site included baseline environmental monitoring and various site visits for consultants/contractors and specialists working on the project and the Water Treatment plant.

Corporate Activities

Raging Bull Metals, Norton Goldfields and Carbine

In early 2017, Carbine Resources Limited negotiated an exclusive six month option to acquire partner Raging Bull Mining Pty Ltd (RBM) to move to 100% ownership of the Mount Morgan Project. If the option is exercised by Carbine it will own 100% of RBM and RB Metals which will give Carbine full rights to the Mining Property Sales Agreement with Norton for the Mount Morgan Project and the decommissioned Kundana processing plant.

On exercise of the option, subject to any necessary approvals, the shareholders of RBM will receive:

- ◆ 25 million Carbine shares;
- ◆ A\$2.3 million in cash or shares at the election of Carbine (number of shares based on the 15 day VWAP at the time of option election), and
- ◆ 1.0% royalty.

Section 2.2 of the FS (ASX: 8 December 2016) outlines the various contractual arrangements which will ultimately transfer full legal ownership of the Morgan tenements to Carbine from Norton Goldfields via Raging Bull Metals. The Company has also continued discussions with Norton Goldfields in regards to the Mining Property Sale Agreement it has with Raging Bull Metals. Carbine will require title transfer to fund and develop the project.

Mount Morgan Project Financing

Discussions have continued with several financiers who have expressed interest in providing finance for the project development. A successful financing outcome is dependent on obtaining all project approvals, moving to 100% project ownership and entering into a long term pyrite offtake agreement.





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Competent Person Statements

Ore Reserves

The information in this report that relates to Mineral Reserves for Mount Morgan is based on, and fairly represents, information and supporting documentation prepared by Mr. A James, who is a Competent Person according to the JORC 2012 Code. Mr. A James is a fulltime employee of Carbine Resources as the Managing Director of the Company and he holds shares in the Company. He is a Fellow of the Australasian Institute of Mining and Metallurgy. He has sufficient experience that is relevant to the style of mineralization and the 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 Exploration Results, Mineral Resources and Ore Reserves'. The information is extracted from the ASX report entitled 'Feasibility Study Delivers 2 Year Payback – AISC \$549/oz' created on 8th December 2016, and is available to view on the Carbine Resources website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Exploration Targets, Exploration Results, Mineral Resources

The information in this report that relates to Exploration Targets, Exploration Results and the Inferred Mineral Resources for Mount Morgan In-Pit and Sandstone Gully is based on, and fairly represents, information and supporting documentation prepared by Mr. C Newman, who is a Competent Person according to the JORC 2012 Code. Mr. C Newman is a fulltime employee of Carbine Resources and a Fellow of the Australasian Institute of Mining and Metallurgy. He has sufficient experience that is relevant to the style of mineralization and the 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 Exploration Results, Mineral Resources and Ore Reserves'. The information in this report is extracted from previous company releases 'ASX: 16 August 2016 and 30 August 2016', and is available to view on the Carbine Resources website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.





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The information in this report that relates to the Mineral Resources for Mundic Gully, Shepherds Gully, No 2 Mill and Red Oxide is based on information compiled by Dr M. Abzalov, who is a Competent Person according to the JORC 2012 Code. Dr M. Abzalov is a Fellow of the Australasian Institute of Mining and Metallurgy. He has sufficient experience in estimation of resources of gold mineralisation, and has a strong expertise in the all aspects of the data collection, interpretation and geostatistical analysis to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Dr M. Abzalov is independent consultant, contracted to Carbine Resources for providing the technical guidelines for resource definition drilling at the Mount Morgan tailings project and in estimating the Mineral Resources. The information in this report is extracted from previous company releases 'ASX: 18 July 2016, 27 July 2016, 1 August 2016 and 9 August 2016, and is available to view on the Carbine Resources website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.





Appendix 1: Carbine's Tenement Interest

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 31 March 2017:

Mount Morgan, Queensland	Tenement Reference	Interest
	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, Queensland		
	ML3640	Option to Acquire 100%
	ML3641	Option to Acquire 100%
	MDL30	Option to Acquire 100%

No interests were acquired or disposed of during the quarter.