



CARBINE RESOURCES
LIMITED

ASX / MEDIA ANNOUNCEMENT

25 September 2017

Mount Morgan Project Update

Carbine Resources Limited (ASX: CRB) provides the following Project update incorporating the progress of the front end engineering and design (FEED) demonstration plant, the environmental authority (EA) amendment application and the Raging Bull acquisition option for the remaining 25% of the Mount Morgan Gold-Copper Project in Queensland.

Carbine's Managing Director, Tony James, said "Even though the approvals process and FEED demonstration work is taking longer than was originally anticipated, the Company's focus remains on doing the work properly for the long term benefit of the Project. We have resisted shortcuts through the entire feasibility and approval stage of the Project and, being so close to completion, we remain focused in our endeavors to achieve all the Project objectives. The Company will continue to work closely with the Department of Natural Resources and Mines to ensure that long term environmental and community benefits associated with mining and processing the Mount Morgan tailings are achieved."

FEED Demonstration Plant

The semi-continuous process associated with the demonstration plant has been successfully completed for 50% of the process flow sheet. The completed sections include the copper resin in pulp (RIP) and pyrite flotation circuits. Work has now progressed to the gold carbon in leach (CIL) and the cyanide recovery RIP circuits. Early indications from the work completed is that the initial scrubbing and the copper RIP circuits can be optimized to simplify the process which may lead to a reduction in capital and operating costs. When the demonstration plant work is completed, revised capital and operating costs will enable the Company to update the Project's financial model. The FEED demonstration plant work is currently scheduled to be completed by early October.

Working closely with GR Engineering Services, the FEED work has also identified a new vendor/supplier for the copper and cyanide RIP circuits. GreenGold Engineering has successfully built and installed resin circuits for operating mines. GRES and Carbine technical staff have visited the Mirah Gold Mine in Indonesia to review the GreenGold Engineering installed resin circuit in detail and have subsequently optimized some of the resin processes in the FEED demonstration plant work. The following figures show the current FEED demonstration work in progress.



CARBINE RESOURCES
LIMITED



Figure 1: Copper RIP



Figure 2: Resin loaded with copper



Figure 3: Pyrite flotation



Figure 4: Pyrite concentrate





CARBINE RESOURCES LIMITED

Environmental Authority (EA) Amendment Application

A revised EA amendment application for the Mount Morgan Project is currently being finalised by the Company after further consultation with Department of Heritage and Environmental Protection (DEHP) and the Department of Natural Resources and Mines (DNRM). The revised amendment currently takes into account the relocation of the processing plant to Sandstone Gully, the increased size of the Tailings Storage Facility (TSF) in Sandstone Gully, and the inclusion of the Shepherds tailings for mining and processing. The Company plans to submit a revised EA amendment application to the DEHP in early October with the expectation that an approval will be received in Q4 2017.

The area still to be finalised in the approval process between the Company, the DEHP and the DNRM is the ongoing discharge of water into the Dee River via the Government's lime dosing water treatment plant (WTP). In 2006 the Queensland Government (DNRM) commissioned a lime dosing water treatment plant at Mount Morgan for the treatment of acid mine drainage (AMD) prior to release into the Dee River. The water that is processed through the WTP is taken directly from the open cut pit under an existing long term agreement with the DNRM. In the Definitive Feasibility Study (DFS) completed by Carbine in 2016 for the mining and processing of tailings (ASX: 8 December 2016) the Company plans to utilise the water in the open cut pit for processing along with a quantity of treated water from the WTP. The DFS also required that water would also continue to be discharged into the Dee River from the Government's WTP at a level to match the operations processing and mining schedule.

As a result of the utilisation of the Government's existing WTP, the Company has been advised that the EA may not be required to be further amended to include water discharge into the Dee River. Ongoing discussions are continuing between the Company, DEHP and DNRM on the site water balance and discharge requirements taking into account the ongoing risk associated with high open pit water levels and the ongoing opportunity to reduce those levels in association with the Company's mining and processing schedules. These ongoing discussions will also enable the Government to finalise any approval and licensing requirements associated with this part of the Project.

Raging Bull Option Extension

In order to complete the work associated with FEED demonstration plant and the EA amendment application prior to making a decision on the Raging Bull Mining option (ASX: 24 March 2017), the Company has agreed to extend the timeframe for the terms with Raging Bull Mining Pty Ltd (RBM) for the acquisition of the remaining 25% of the Mount Morgan Project by 6 months to 23 March 2018. Payment for the extension will be by issue of \$200,000 worth of Carbine shares to the Raging Bull nominees. This share issue is offset by a reduction in the value of the consideration payable on exercise of the option, with the original agreed payment of \$2.3 million now reduced to \$2.1 million. The option exercise payment remains payable in Carbine shares or cash (or a combination) at the election of Carbine.

For further information, please contact:

Investors

Tony James – Carbine Resources
+61 8 6142 0986

Media

Paul Armstrong – Read Corporate
+61 8 9388 1474