



Carbine to Acquire the Mount Morgan Gold/Copper Mine & Adopt a Cashflow Generation Strategy

Highlights:

- ◆ Earn-in agreement to acquire the Mount Morgan Au/Cu Mine & Kundana CIP Plant
- ◆ New strategic direction to focus on cash flow generation from mining operations
- ◆ Targeting assets with defined resources & near term production potential
- ◆ Plan to improve metal recoveries by utilising innovative extraction technology
- ◆ Access to a pipeline of projects for future growth

Carbine Resources Limited (Carbine) (ASX: CRB) is pleased to announce the execution of an earn-in agreement with Raging Bull Mining Pty Ltd (**Raging Bull**). The agreement allows Carbine:

- to acquire a 100% interest in the Mount Morgan Au/Cu Mine and 1Mtpa Kundana CIP Plant (**Project**);
- first right to earn-in to a pipeline of projects under development by Raging Bull; and
- access additional technical and commercial resources for the development of current and future projects.

Carbine will acquire the Project through the acquisition of Raging Bull Metals Pty Ltd (**RBM**), a wholly owned subsidiary of Raging Bull. RBM is the current holder an agreement with Norton Gold Fields Limited (**Norton**) (ASX: NGF) to acquire the Project.

The acquisition forms part of new cash flow generation strategy for Carbine, with a focus on utilisation of innovative extraction technology in the development of assets with low geological risk and near term production potential.

Carbine intends to leverage Raging Bull's technical expertise, technology access and networks in the development of the Project and other targeted assets.



Figure 1: Mount Morgan Mine location

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Project Overview

The historic Mount Morgan Mine is 38km from Rockhampton on the central Queensland coast (see Figure 1). The Mine is covered by 30 mining leases over 677.5 hectares, all 100% owned by Norton.

During its operational life, the Mount Morgan Mine produced 8.4Moz of gold, 400,000t of copper and 1.2Moz of silver from the mining and processing of approximately 50Mt of ore.

Mining operations at Mount Morgan were discontinued in 1980 after nearly 100 years of activity.

The mining leases contain substantial tailings resources which were deposited over the course of historical operations (see Figure 2). The Queensland Department of Natural Resources and Mines (**DNRM**) holds all environmental liabilities associated with the current status and legacy of the Mount Morgan Mine and surface tailings. Norton hold the mining leases and, as part their agreement with the DNRM, are responsible for any future environmental liabilities associated with new operations.



Figure 2: Mount Morgan Mine and surface tailings resources

A site overview depicting the existing gold and copper tailings resources at the Mount Morgan Mine is shown in Figure 3 (see page 4).



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The current resources at the Mount Morgan Mine are:

JORC Resources ^[1] (Tailings)	Tonnes (000s)	Au (g/t)	Cu (%)	Au (oz)	Cu (t)
Indicated	2,487	1.59	0.16	127,000	3,900
Inferred	5,861	1.07	0.14	202,000	8,400
TOTAL JORC	8,348	1.23	0.15	329,000	12,300
Exploration Targets ^[2]					
Dumps & Slags					
(low range)	3,600	1.13	0.28	131,000	10,000
(high range)	8,500	1.30	0.52	355,000	44,000
Open Pit Tails					
(low range)	25,300	0.52	0.09	423,000	23,000
(high range)	28,000	0.54	0.09	486,000	25,000
TOTAL EXP. TARGET					
(low range)	28,900	0.60	0.11	554,000	33,000
(high range)	36,500	0.72	0.19	841,000	69,000

Note: Rounding errors occur

^[1] Mineral Resources

The Indicated and Inferred Resources referred to above were presented by Norton Gold Fields Limited at the Mining 2009 Resource Convention (Brisbane). The presentation was released to the ASX on 28 October 2009 and is available for viewing on the Norton Gold Fields website (www.nortongoldfields.com.au). The resources were stated to have been prepared in accordance with the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") by Competent Person Troy Lowien, Resource Geologist, of consultants Coffey Mining Pty Ltd.

Carbine is not aware of any new information or data that materially affects the information included in the Norton market release of 28 October 2009, and confirms that material assumptions and technical parameters underpinning the resource estimates in the relevant market announcement continue to apply and have not materially changed. Current gold prices are well above those prevailing in 2008-2009. 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.

^[2] Exploration Targets

Carbine has identified a number of Exploration Targets at the site comprising low grade mullock dumps, slag dumps and retreated tailings from previous operations. In the Table above a range of approximate tonnage and grade has been compiled from extensive review of historic reports and studies by previous owners. Carbine has not yet completed any exploration activity on the Exploration Targets. The potential quantity and grade of the Exploration Targets is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource, and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The basis for the approximate estimates of tonnage and grade include historic production records, various topographic and volume surveys, drilling by various methods, grab and channel sampling and small scale bulk sampling.

Carbine proposes to further evaluate the Exploration Targets during the next year by drilling and possible bulk testing to provide material for additional metallurgical test work and to verify tonnage and grade.



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The Mount Morgan Gold/Copper Mine Site

--- Au/Cu Tailings Resources



Figure 3: Site overview of the Mount Morgan Mine

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Historical Tailings Processing

Following closure of mining operations at Mount Morgan, tailings processing was successfully conducted from 1981 to 1991 via the operation of a 3Mtpa gold carbon-in-pulp (**CIP**) plant.

The historical tailings operations occurred over a period when average gold prices were US\$395/oz. The plant treated 28Mt of tailings ore over 10 years, before operations were shut down due to a combination of falling gold price and increased operating costs, caused by the presence of additional soluble copper in the remaining tails.

No mining or processing activity has occurred on site since the shutdown of operations in 1991, after which the DRNM took administration of the site.

Strategy for Development

Considerable resource definition, metallurgical testing, environmental studies and mine planning have been carried out on the remaining resources at Mount Morgan. This completed work will allow Carbine expedite the development timeline.

Preliminary test on a new flowsheet developed by Raging Bull for the Mount Morgan tailings has shown the flowsheet can:

- reduce operating costs associated with excess cyanide consumption in the gold circuit;
- improve gold recoveries by reducing competition with copper in the gold circuit;
- provide an additional revenue stream via copper production from operations; and
- eliminate acid forming materials within the existing tailings resources.

Gold and copper recoveries from the initial test work compare favorably against results from Norton's 2010 feasibility study for Mount Morgan.

Carbine will immediately undertake a program of detailed metallurgical test work to confirm the viability of the proposed flow sheet for extraction of both copper and gold resources at Mount Morgan.

The Company then plans to commence a bankable feasibility study (**BFS**) to formally assess the viability of restarting tailings operations and complete the processing of all remaining JORC and non-JORC resources. Carbine is fully funded to complete the BFS and further JORC resource definition of exploration targets.

Carbine will also work closely with Norton, the DNRM and other stakeholders to ensure the Project meets community, state and corporate objectives during the development process.



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Kundana CIP Plant Acquisition

As part of the right-to-mine agreement with Norton, Carbine will acquire all existing plant and equipment associated with the Kundana CIP plant (see Figure 4).

The Kundana CIP plant has been fully decommissioned by Norton, with approximately \$3.5M spent on a complete refurbishment for use at Mount Morgan. The plant has a nominal capacity of 1Mtpa for treatment of tailings at the Mount Morgan Mine.

The Kundana plant provides Carbine with an opportunity to significantly reduce capital costs associated with future construction of processing facilities at the Mount Morgan Mine.



Figure 4: Kundana CIP Plant (pre-decommissioning and refurbishment)



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Many Peaks Tenement Acquisition

In addition to the Mount Morgan tenements and the Kundana plant acquisition, Carbine will also acquire a 100% interest in Norton's Many Peaks Copper & Gold exploration tenements.

Acquisition Terms

Carbine will progressively earn 100% of RBM by:

- solely funding the Project to completion of a BFS, earning an initial 75% interest; and
- executing an option to acquire the remaining 25% of RBM via independent valuation.

Raging Bull will receive 25M shares in Carbine on the successful production of 10,000oz of gold and also on 5,000t of copper from Mount Morgan and/or other projects acquired through Raging Bull.

RBM's right-to-mine agreement with Norton for acquisition of the Project requires:

- payment to Norton of \$100,000 on completion of due diligence & \$400,000 after six months;
- completion of a BFS on the Project;
- payment to Norton of \$2M on completion of a capital raising following the BFS; and
- a final payment to Norton of a total \$13M via 20% of the annual net earnings from operations of the Project.

Project Pipeline

As part of the earn-in agreement with Raging Bull, Carbine has a first right of refusal to acquire other opportunities under development by Raging Bull or its subsidiaries. This first right provides Carbine access to a pipeline of target opportunities with potential for strategic acquisition.

Carbine will review and assess these opportunities on an on-going basis to determine their suitability to form part of the Company's new strategy.

Board & Management Changes

Carbine has acquired additional technical and corporate resources for implementation of the new strategy and development of Mount Morgan and other future target assets.

Rod Smith

Rod is the former Managing Director of the mineral laboratory Ammtec Limited and is widely recognised for his experience and knowledge in gold and base metal ores. He successfully ran Ammtec for 17 years until its takeover by ALS Limited 2011.

Rod has joined Carbine as Principal Consultant and will oversee a team of consultants for the technical development of Mount Morgan and other future projects.



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Patrick Walta

Patrick is metallurgist and mineral economist with experience in both technical and commercial roles across the mining and water treatment industries. He is the former Chief Executive Office of Cradle Resources Limited and is currently the Managing Director of Raging Bull Mining Pty Ltd.

Patrick joins the Carbine team as Executive Director to lead all development activities of the Company, including those at Mount Morgan and other future projects.

For further information, please contact:

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Competent Person Statement:

The information in this report that relates to Exploration Targets is based on information compiled by Lance Govey, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Lance Govey is an independent geological consultant and has no association with Carbine Resources Limited other than being engaged for services in relation to the preparation of parts of this report. Lance Govey has sufficient experience that is relevant to 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 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Lance Govey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.