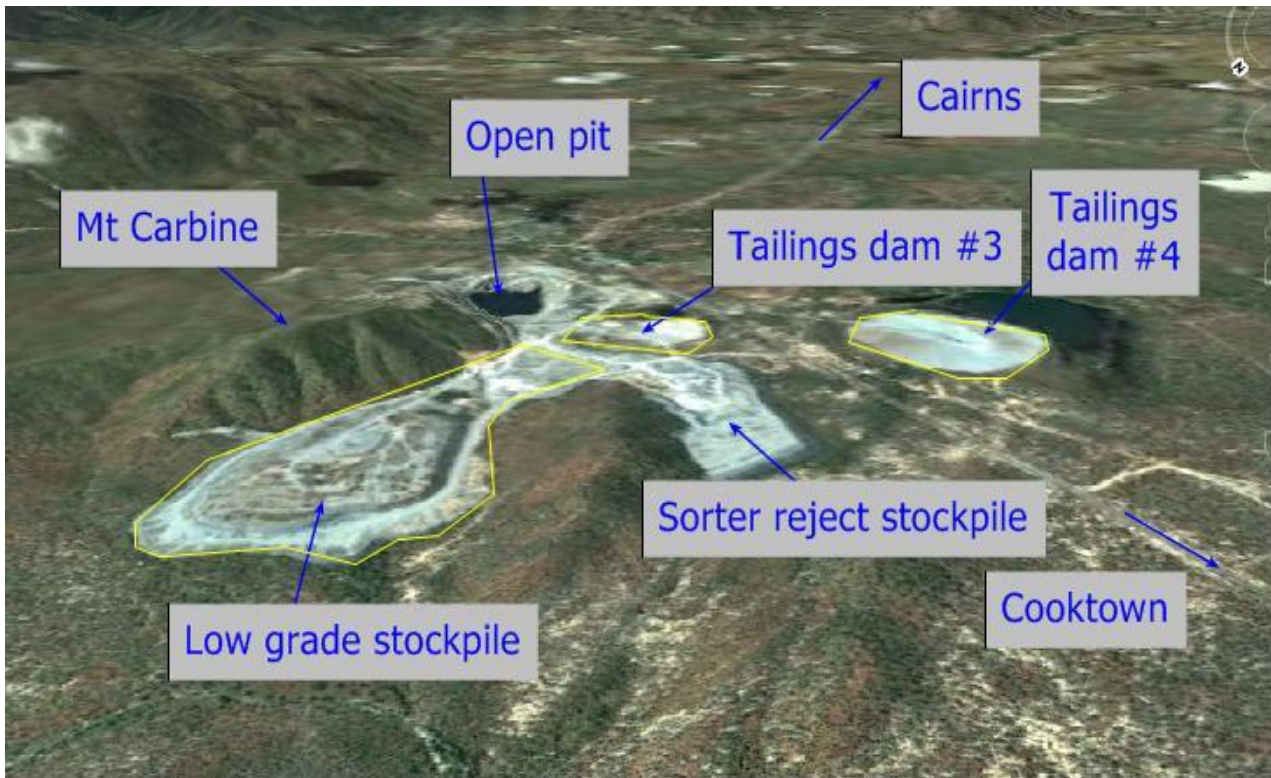




CARBINE TUNGSTEN

Quarterly Activities Report for Period Ended 31 December 2011



Carbine Tungsten Limited has made substantial progress towards completion of the plant designed to recover tungsten concentrates from the tailings storage facility at the Mt Carbine tungsten mine in Far North Queensland.

Summary of Activities during the Quarter to 31 December 2011

- Site construction proceeded satisfactorily, with Kelsey Jig modules assembled, MCC delivered to site, and concrete floor for shaker table shed poured;
- Final orders placed for equipment coming from overseas suppliers;
- Three exploration drill holes completed for a total of 1,495 metres of core; and
- Drilling confirms that the mineralisation extends for at least 700 metres to the north-west of the known mineralisation in the open pit and remains open to the north-west, south-east and down dip.

Carbine Tungsten Limited ACN 115 009 106

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Important Activities and Events since 31 December 2012

- Mr Jim Morgan appointed as a new Director, bringing strong project management, engineering and construction depth to the Board;
- Mr Ian Sheffield-Parker resigns as Managing Director;
- Dr Leon Pretorius appointed Executive Chairman;
- Dr Andy White taking interim hands-on role to implement management procedures to ensure successful plant construction and commissioning for Stage 1 (i.e. the tailings re-treatment plant) of Carbine Tungsten's plan for re-development of the Mt Carbine mine;
- Plant approximately 80% constructed and proceeding according to the revised construction schedule;
- Last shipment of equipment for plant construction expected on site mid to late February 2012;
- Plans for plant commissioning are well advanced, with progressive commissioning to commence as assembly of components is completed;
- Letter of Intent received from Mitsubishi Corporation Unimetals Ltd for off-take on favourable terms of all concentrate production from tailings re-treatment. Ultimate price to be determined from monthly London Metal Bulletin price for Ammonium Paratungstate (APT), less a discount depending on the grade and mineral content of the concentrate product; and
- Options, including considering a possible rights issue, are being evaluated by the Board to raise funds to cover an expected shortfall in working capital amounting to an estimated \$3.5 million.

Site Construction

Refurbishment of the Kelsey Jig components of the modules being installed at Mt Carbine was completed in Kalgoorlie, and the jigs transported to Mt Carbine and installed in the modules. The motor control centre (MCC) for the plant was also completed and delivered to site, and piping and pumping installations to deliver process water to the plant from the water retention dam south-east of the process plant were installed. Concrete for the shaker table shed and MCC supports were poured.

Final orders were placed and manufacture commenced or was completed for the remaining items of the plant, including the trommel, screen decks, conveyor belts, shaker tables, pumps and piping, with completion of delivery anticipated by mid-February.



Figure 1. Mt Carbine Tailings re-treatment plant between the Mulligan Highway and No 4 Tailings dam on 12 January 2012, showing container/MCC at the right, Kelsey Jig modules in the centre and shaker table shed nearing completion at the left of plant complex.

Exploration

Three holes in the planned exploration diamond core-drilling programme to test possible extensions to the sheeted quartz vein-hosted tungsten mineralisation at Mt Carbine were completed for a total of 1,495.2 metres drilling. The first two holes (MTCB 004 and MTCB 005) have confirmed the extension of the tungsten sheeted quartz vein system by 700 metres to the north-west of the open pit. Including the open pit, this increases the total strike length of the system to approximately 1,100 metres.

The third hole (MTCB 002) intersected sheeted quartz vein-hosted mineralisation below 425 metres, in a position suggesting the main ore body plunges to the north (see Figure 2). Mineralised intervals in each hole were identified with the Niton portable XRF analyser and the core split, and sent for assay. Due to large backlogs of analytical work in the laboratory, assays for the mineralised intervals are still awaited.



Figure 2. Plan view showing location of exploration drill holes MTCB 002, 004 and 005, and upward projects of intersection of sheeted quartz vein-hosted tungsten (wolframite and scheelite) mineralisation.

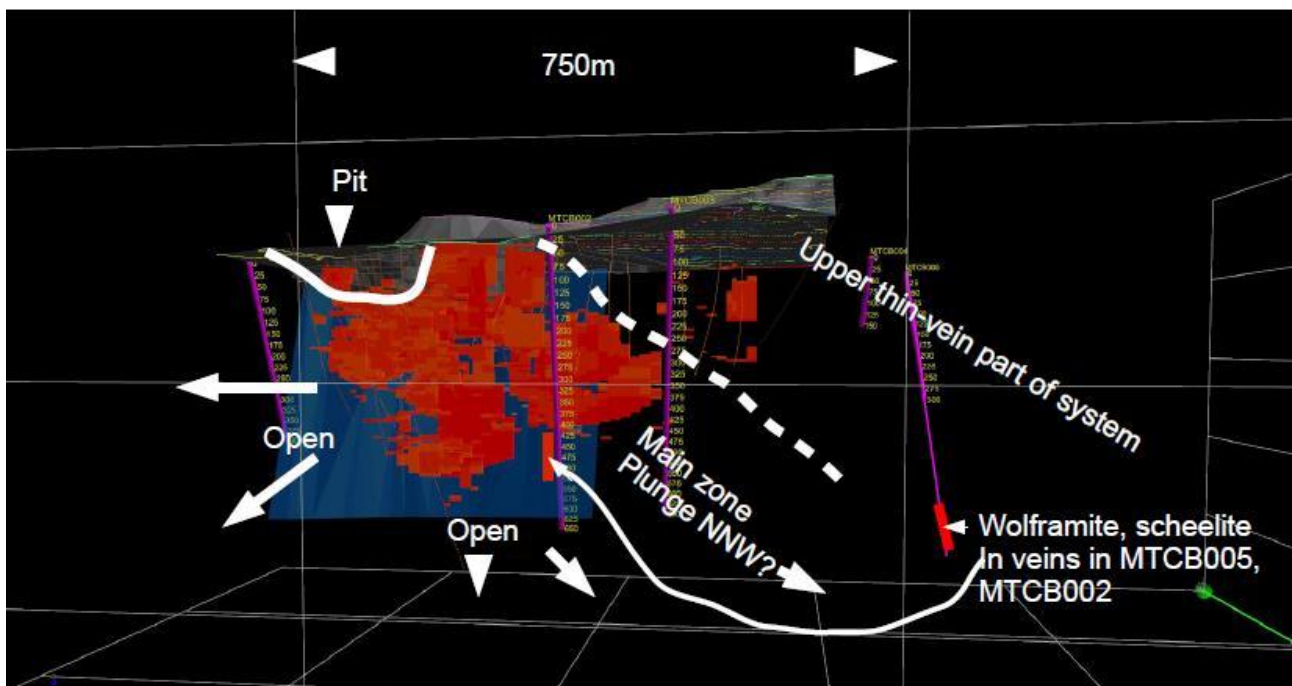


Figure 3. Cross section looking west, showing $>0.14\%$ WO_3 mineralisation (red), and location of sheeted quartz vein-hosted tungsten mineralisation encountered in drill holes MTCB 002 and 005, (projected to plane of the cross section), and indications of where mineralisation is open (untested by drilling).



Gold spin-out (Gossan Hill Gold Limited)

The Prospectus for the spin-out of Carbine Tungsten's gold properties is complete and lodgement with ASIC is planned for early February 2012, market conditions permitting.

Events and Activities since 31 December 2011

The Company announced important changes to Directors and senior management on 24 January 2012.

The Managing Director, Mr Ian Sheffield-Parker, resigned for personal and family reasons on 19 January 2012, effective from that date. The Company's Board and senior management instituted actions to ensure that no delay was incurred by Mr Sheffield-Parker's resignation. Dr Leon Pretorius was appointed Executive Chairman. Mr Andrew James (Jim) Morgan was appointed Non-Executive Director. Non-Executive Director Dr Andrew White agreed to relocating to Cairns on a temporary fly-in-fly-out basis, to work with the newly-recruited Project Manager, Mr Travis Peisker, staff and contractors to ensure the timely completion and commissioning of the tailings retreatment plant.

Mr Morgan will take up the full-time role of Managing Director / Chief Executive Officer (CEO) on 2 April 2012 after finalising his present commitments. Jim will be made available to Paladin for a reasonable time thereafter for an orderly handover.

Jim has over 30 years of experience in the Australian and international mining and construction industries, most recently as General Manager – Project Development for ASX-listed Paladin Energy Ltd at Paladin's Langer Heinrich Uranium Project in Namibia. He worked on the initial Langer Heinrich Stage 1 development and the subsequent Stage 3 expansion project. He also managed Paladin's Kayelekera Project EPCM functions and was involved with government approvals and community interface aspects of the Kayelekera uranium mine in Malawi. Before joining Paladin, Mr Morgan held senior positions and played key roles in mine development for Lafayette Mining Limited (Owners Representative, Rapu Rapu mine Philippines), Ticor (Owners Representative, Richards Bay mineral sands mining and titanium smelter project, South Africa), and acted as Owners Site Manager for Newcrest Mining Ltd for the Cadia Gold-Copper mine at Orange, NSW, and Owners Engineering Manager at Newcrest's Gosowong Gold mine in Indonesia. He holds tertiary qualifications in electrical engineering.

Letter of Intent for Sale of Concentrates from Tailings Retreatment

Following discussions with Mitsubishi Corporation Unimetals Ltd (MCU), MCU has provided Carbine Tungsten Limited with a Letter of Intent to purchase all concentrates produced from the Mt Carbine Tailings re-treatment project, subject to the product being acceptable.

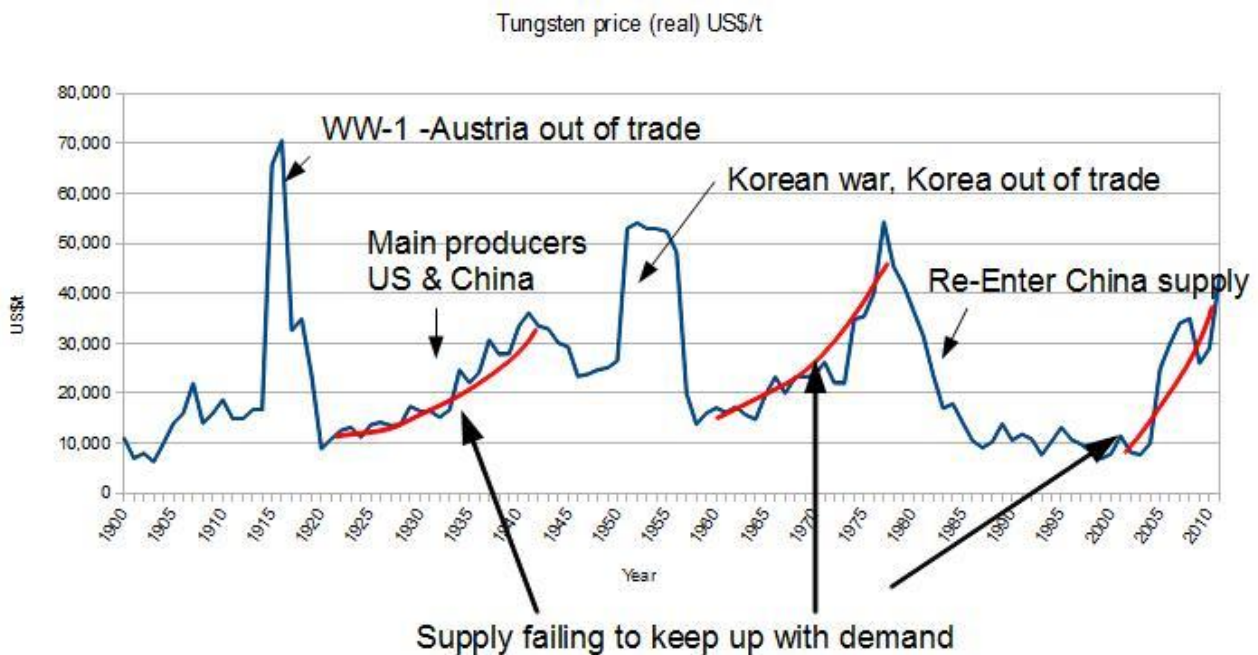
The price paid by MCU for the product will be based on the monthly London Metal Bulletin price for Ammonium Paratungstate, less a discount depending on the grade and mineral content of the tungsten concentrate.

Tungsten Price

Carbine Tungsten Limited has carried out its own research into the historical behaviour of the tungsten price since 1900. The graph below that shows the tungsten price in real terms related to 2011 USD indicates that sharp increases in the price are the consequence of the removal of the major supply from the world trade. This happened in the First World War and the Korean War. The graph also shows that during major depression/recession, providing that no new supply came into the world tungsten market, the price increased

steadily for a lengthy period, as is apparent following the Great Depression of the 1930s, and the global recession of the 1970s.

The Company's research also suggests that very few of the proposed new sources of tungsten will come into production before 2014, indicating that there is likely to be a period of several years of rising tungsten prices in spite of possible global recession.



Shortfall in Funding

The Company is reassessing its funding requirements due to the delay in completion of the tailings processing plant, and underestimating the effects of the skills shortages that have resulted in significant increases in costs relating to the completion and commissioning of the tailings retreatment plant. Although the plant will be completed with available funds, the Company will require additional working capital due to the resultant delay in the receipt of income from sales of concentrate product.

The Company's Directors and senior management are presently reviewing in detail the existing budget to determine the actual amount of working capital required, which is estimated to be \$3.5 million. The Company is presently assessing various options on how to raise this capital during February/ March 2012, including considering a rights issue to its shareholders.



Dr Andrew H White
Director



CARBINE TUNGSTEN AT A GLANCE

Directors

Dr Leon Pretorius, Executive Chairman
Dr Andrew White, Non-Executive Director
Mr A J (Jim) Morgan, 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 to: info@carbinetungsten.com.au

General Enquiries

Contact Dr Andrew White on 0411 110 513

Issued Capital and Market Capitalisation

At 16 January 2012 Carbine Tungsten's issued capital was 215,802,149 ordinary shares, and 4,560,870 unlisted options exercisable between 14.5 and 44.5 cents. At a share price of \$0.13 (18 January 2012) the market capitalisation was \$28.1 million.

Number of Shareholders and Major Shareholders

At 16 January 2012 Carbine Tungsten had 1,140 shareholders. The share register records the following as major shareholders at 16 January 2012 accounting for 32.71% of the issued shares:

Shareholder	%
Leon Eugene Pretorius	12.17
Baglora Pty Ltd <Mott Family Super Fund A/C>	4.27
Neil Kenneth Watson and Margaret Helen Moroney <Rossdale Super Fund A/C>	3.73
David Hanks	2.26
Stephen Bruce Bartrop and Kerry Wendy Chisholm <Fund on the Beach S/F A/C>	1.94
Bullock Point Pty Ltd <Bishop Family Super Fund A/C>	1.89
Alan Scott Nominees Pty Ltd <Superannuation Fund A/C>	1.67
Fallon Nominees Pty Ltd <Fallon Family A/C>	1.66
Nicholson Super Pty Ltd <Nicholson Family S/F A/C>	1.63
Golden Reef Enterprises Pty Ltd <Golden Reef Enterprises Family A/C>	1.49

Cash Balance

At 31 December 2012 Carbine Tungsten's cash balance was approximately \$2,887,000.

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)