



March 2021 Quarterly Report

Carbine Resources Limited (ASX: CRB) (the **Company** or **Carbine**) is pleased to provide shareholders with the quarterly activities report for the three-month period ended 31 March 2021.

On 1 April 2021, the Company advise that it had signed a binding Term Sheet (**Term Sheet**) with Australian United Silica Corporation Pty Ltd (**Ausco**) and certain key shareholders of Ausco that are designated as a Major Shareholders (together, the Major Shareholders and each a Major Shareholder) whereby the Company will, on the satisfaction of various conditions precedent, acquire 100% of the issued capital in Ausco (**Transaction**).

Ausco holds 100% of the Muchea West Silica Sands Project which covers a land area of 102km² consisting of an exploration licence, E70/4905. Further details on the Project are set out below.

In connection with the Transaction, the Company intends to raise a minimum of \$2.5 million and a maximum of \$3 million (before costs) at an issue price of \$0.03 per ordinary fully paid share pursuant to a public offer under a prospectus (**Prospectus**). Funds raised will be spent on an exploration program regarding the Muchea West Silica Sand Project.

The Transaction is subject to satisfaction of various conditions precedent, including (amongst other things) shareholder approval and the Company satisfying the requirements of Chapters 1 and 2 of the Listing Rules for reinstatement to official quotation of its securities.

The Company lodged its notice of Annual General Meeting on 20 April 2021 seeking, amongst other things, approval for the Transaction. The Company encourages shareholders to review the notice and to lodge their votes by proxy, particularly in light of the constantly evolving situation with regards to COVID-19.

The Company expects to lodge its Prospectus with ASIC and the ASX imminently and encourages all shareholders to review it.

Proposed Acquisition of Muchea West Silica Sand Project

Location, Access & Proximal Infrastructure

The Muchea West Project is located approximately 40km north-northeast of Perth and approximately 500m to the west of Muchea. Direct access from the tenure is via the Brand Highway thence via farm tracks and fence lines. Both the Brand Highway and the Moora-Kwinana Railway provide a direct connection with the Kwinana Bulk Terminal. The Muchea West Project is located directly adjacent to VRX Silica Ltd's Muchea Project.



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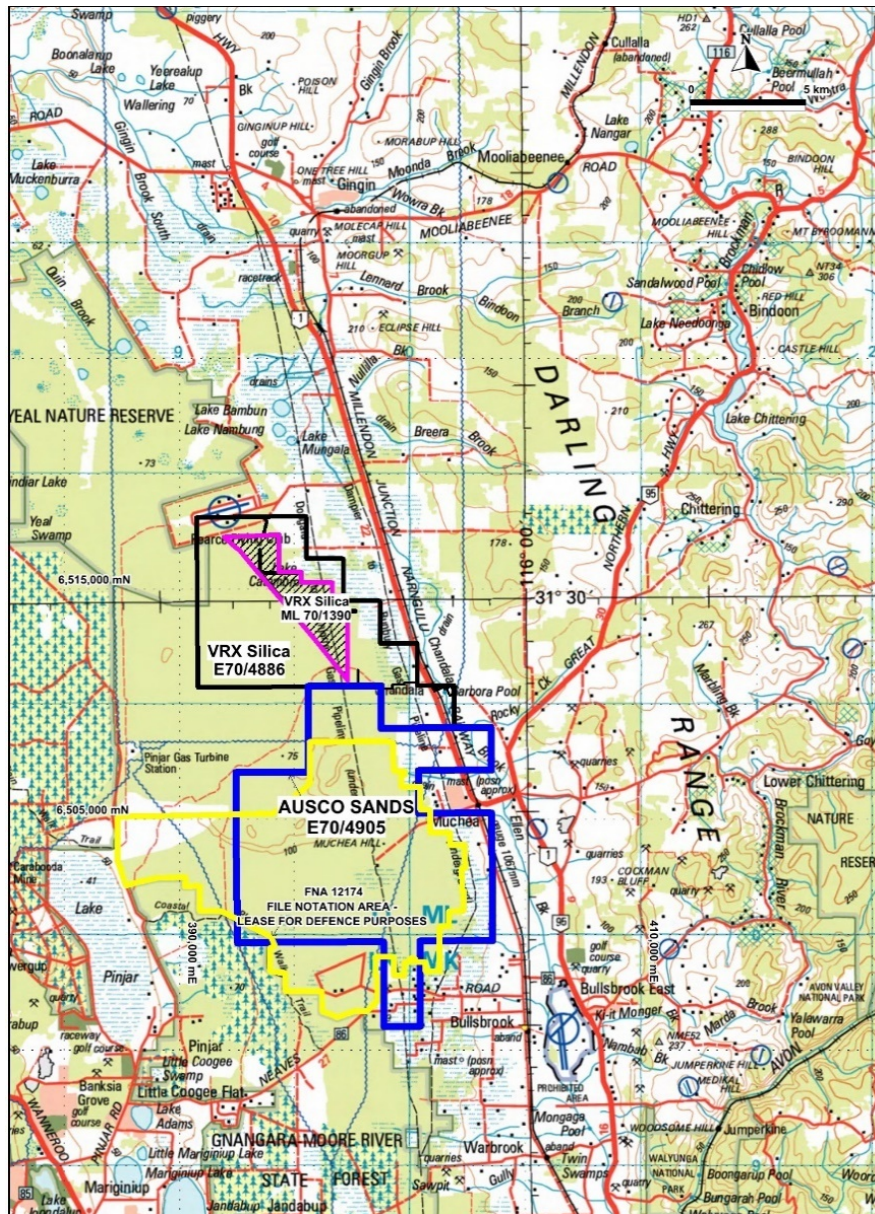


Figure 1: Project Location Plan

Tenure

The Muchea West Project covers a land area of 102km² and consists of a single granted exploration licence, E70/4905.

Project Geology

The Project is underlain by the Bassendean Sand Formation, which extends over large areas of the Swan Coastal Plains of the Perth Basin from about 23 km north of Jurien, to about 15km southwest of Busselton. The Bassendean Sand Formation is considered to have a maximum thickness of about 45 m, and the unit is found as a strip parallel to the coast, having a width of about 10-20 km, and its western edge about 5-10km inland. Concretionary ferruginous material, locally known as “coffee rock”, is developed discontinuously in the sand near the groundwater table. In the Tenement, good quality silica sand overlies iron rich brown sand, occasionally interspersed with ferruginous nodules.



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The upper units of the Bassendean Sand Formation are typically clean, well-rounded and well sorted sands. At depth, it is commonly brown to dark brown with high iron contents, however closer to the surface the sand is cream/white. The physical, chemical and mineralogical characteristics of the Bassendean Sands can vary considerably, resulting in variation in the quality of the sand regionally as well as locally. In general, the Bassendean Sand Formation is covered with very little or no overburden.

Previous Exploration Undertaken

The region surrounding the Project has been explored for both silica sand and mineral sands.

Recent Exploration Activities

A total of eighty-two aircore drill holes (78 drill holes to depth of 10m and 4 to depth of 15 to 20m) were drilled at nominal 200m spacing on six drill lines along existing tracks (as shown in Figure 2 below within the Tenement area). The drilling locations were located using hand held GPS.



Figure 2: Drill Collar Plan

The drilling encountered unconsolidated sand and was terminated either at designated depth or the water table. One metre downhole samples were collected at each drilling location. Aircore drill samples are collected in a plastic tub and homogenised, rotary split into one larger sample bag (~3kg) and 2 smaller 250g subsamples. One of the subsamples is prepared for laboratory and the other is retained for repeat analysis and QA/QC purposes. The bulk sample is retained for later metallurgical test work. The sample splitter and cyclone are cleaned regularly to prevent sample contamination.



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Drilled samples for each 1 m interval were also placed into chip trays which are then photographed to provide a permanent record of the downhole lithology. Detailed visual assessment and logging of sample recovery are provided in the drill logs. The first metre of all the drill holes is mainly the humus layer.

The sample assays were carried out to determine the major and trace elements such as SiO₂ (%), Fe₂O₃ (%), Al₂O₃ (%), CaO (%), MgO (%), K₂O(%), TiO₂(%) and LOI(%). Major and trace elements in exception to SiO₂ were analysed using a four-acid digest followed by Inductively Coupled Plasma Optical (Atomic) Emission Spectrometry (ICP-OES) analysis. Loss on Ignition (LOI) at 1000°C was analysed by Thermal Gravimetric Analyser. SiO₂ was back calculated by subtracting all ICP major and trace elements plus LOI from 100%.

Significant results from drilling include:

- Hole Aus011: 9m at 99.8% SiO₂ from 1m
- Hole Aus013: 9m at 99.8% SiO₂ from 1m
- Hole Aus014: 9m at 99.9% SiO₂ from 1m
- Hole Aus044: 19m at 99.7% SiO₂ from 1m
- Hole Aus068: 15m at 99.6%SiO₂ from 5m

A total of 82 holes were drilled by Ausco at the Muchea West Silica Sand Project. Of this total, 0 holes intersected white sand profiles with silica contents below 99.0% SiO₂ and only 16 holes returned profiles with silica contents less than 99.6% SiO₂.

Terms of Acquisition

The Company proposes to issue 200,000,010 fully paid ordinary shares (**Consideration Shares**) to the Ausco Shareholders for the sale of their Ausco Shares and 50,000,003 unquoted options with an exercise price of \$0.06 and a 5 year expiry date (**Consideration Options**) to the Ausco Optionholders for the cancellation of their Ausco Options in consideration for the Transaction.

The Company also proposes to issue 25,000,000 unquoted options with an exercise price of \$0.06 and a 5 year expiry date (**Facilitation Options**) as a facilitation fee at settlement to Golden Triangle Capital Pty Ltd. The issue of the Facilitation Options as a facilitation fee is not consideration for the acquisition of Ausco. The Facilitator is not a shareholder or related party of Ausco.

Proposed Board Changes

With effect from the settlement date, Mr Peter Main will be appointed as Non-Executive Chairman and Mr Peter Batten will be appointed as Managing Director. Mr Evan Cranston will remain on the Board as a Non-Executive Director. Mr Mathew O'Hara and Ms Oonagh Malone will step down as directors of the Company (with Ms Oonagh Malone continuing to act in the role of Company Secretary).

Mr Batten is a geologist with 35 years of experience in the resources industry as a geologist, mine manager and consultant and has worked on nickel, gold, graphite, uranium and iron or related projects. Mr Batten has worked in Bougainville, Australia, Argentina, Guinea, Indonesia, Namibia, New Zealand, South Africa, Sweden, USA and Zimbabwe. Mr Batten was a director for MCB Resources Limited (**MCB**) from 9 January 2018 until 5 August 2019. Mr Batten holds a BSC Geology and MAusIMM. Mr Batten is not currently a director of any ASX-listed companies, however has been the director of six other ASX listed companies in the past including Managing Director of Bannerman Resources Limited and Managing Director of White Canyon Uranium Limited.



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Mr Main is a mining and finance professional with experience spanning more than 30 years. During that time, Mr Main has gained working knowledge in financial markets around the mining sector and industry experience. During his career Mr Main has spent 13 years in the mining industry from operations through to CEO of a TSX-V listed mining company, obtaining experience across facets of the industry. He spent 20 years in finance, more recently in an advisory capacity to the mining and finance industries. Prior to that, Mr Main worked for investment banks. He has managed the Royal Bank of Canada's (**RBC**) Australian equity sales and trading business for 11 years and also RBC's regional business. Mr Main also spent six years at Hartley Poynton as a mining analyst and almost nine years full time service in the Australian Army. He was a former Director of Rizal Resources. Mr Main is currently a Non-Executive Director of Paladin Energy Ltd (ASX:PDN) where he is chairman of the Audit & Risk Committee and a member of the Remuneration, Nomination & Governance, and Sustainability Committees.

The Company also proposes to make a total of \$500,000 in cash payments to certain creditors of Ausco, including directors and consultants of Ausco in satisfaction of director and consultant fees for services provided by the Ausco creditors.

Financial Update

During March 2021, the Company sold 10 million shares that it held in Boss Energy Ltd (ASX: BOE) for \$0.165 each or \$1,650,000, before selling costs of \$8,302.

Cash at bank for the Company, as at 31 March 2021, was approximately \$3.08 million.

The Company advises that in accordance with the additional reporting requirements of ASX Listing Rules 5.3.1 and 5.3.2, no funds were spent during the quarter on exploration, evaluation, development or production activities.

This announcement has been authorised for release by the Board of Carbine Resources Limited.

For further information, please contact:

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COMPETENT PERSON'S STATEMENT

The information in this report that relates to historical exploration results were initially reported by the Company to ASX on 1 April 2021. 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 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 announcements.



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Appendix 1: Carbine's Tenement Interests

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 31 March 2021.

The Company held no interest in any mining tenements at the end of the quarter.

The Company did not acquire or dispose of any interests in mining tenements during the quarter.

Appendix 2: Related Party Payments

In line with obligations under ASX Listing Rule 5.3.5, Carbine notes that the payments to related parties of the Company as advised in the Appendix 5B for the period ended 31 March 2021 pertain to fees payable to non-executive directors and for rent and accounting, bookkeeping and administration services provided to the Company on commercial arm's length terms.