



# CARBINE RESOURCES LIMITED



## September 2010 Quarterly Report

### Highlights

#### *Madougou Project, Burkina Faso*

- ◆ Results indicate potential for wide, open-pit grade at the Dore Prospect, continuous gold mineralization over tested strike length (200m and still open) at the Nimbo Prospect, and repeating quartz vein bearing structures at the Nazala Prospect.

Best results include:

- ◆ 56m at 1.6g/t gold from 94m (ended in mineralisation)
- ◆ 4m at 9.6g/t gold from 33m
- ◆ Final processed images of the high resolution airborne geophysical data gathered during June - July have been received and interpretation has indicated numerous new targets for immediate follow-up.
- ◆ Three new exploration Permits acquired during the quarter for an additional 662sq. kms.
- ◆ Subsequent to quarter end the Company acquired two new exploration Permits for an additional 240sq. kms.
- ◆ Total land holding now 1,367 sq. kms.
- ◆ Aggressive exploration programs are underway.

#### *Corporate*

- ◆ General Meeting held on 30 July.
- ◆ Appointment of new Company Secretary, Mr Grant Mooney.
- ◆ Subsequent to quarter end the Company raised \$7 million (before costs) by the placement of 17.5 million shares at \$0.40.

#### Fast Facts

##### **Ordinary Shares**

Shares on issue 98 million

##### **Options on Issue**

CRBO

(ex.15c July 11) 37 million

##### **Market Capitalisation and Current Cash**

Market capitalisation

(at \$0.30) \$40 million

Current Cash \$7.2 million

##### **Board of Directors**

- Ms Aoife McGrath  
(Executive Director – Exploration)
- Mr Evan Cranston (Non-Executive Director)
- Dr Paul Kitto (Non-Executive Director)
- Mr Ron Sayers (Non-Executive Director)

##### **Company Highlights**

- 1367km<sup>2</sup> highly prospective ground in Burkina Faso, West Africa
- 150,000 oz gold resource at Red Dam Project, Kalgoorlie, Western Australia

##### **Key Project**

##### **Madougou Gold Project**

- 1367km<sup>2</sup> tenement package
- Major deformation corridor
- Significant gold intercepts
  - 8m @ 20.8gpt gold
  - 10m @ 6.6gpt gold
  - 14m @ 4.8gpt gold
  - 56m @ 1.6gpt gold

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## **Madougou Project, Burkina Faso**

During the September Quarter Carbine continued its aggressive exploration program over the Madougou Project whilst acquiring additional exploration permits and maintaining tight control on costs.

The Madougou Project is located in the Hounde Greenstone Belt in northwest Burkina Faso, West Africa and comprises seven Permits, Madougou, Kandy, Lossa, Dere, Ban, Koumbre and Dabinyan 1 (Figure 1). A major northeast trending crustal scale shear zone, the Ouahigouya Deformation Corridor, passes through the Project. Numerous gold occurrences are located along this deformation corridor with a large number of both major and minor artisanal fields either historically or currently being mined. Many of these prospects are as yet untested by Western methods.

## **Results from Dore, Nimbo and Nazala Prospects, Madougou Project**

The Company announced that 1m gold fire assay results from the 3,857m scout reverse circulation drill program have now been received. These results are from three Prospects on the Madougou Permit in Burkina Faso - Dore, Nimbo and Nazala - (Figures 1 and 2) that were drilled in June – July 2010.

The results have indicated the potential for wide, open-pit grade mineralisation at the Dore Prospect where gold mineralisation is associated with mafic volcanoclastics adjacent to an interpreted thrust. The Dore Prospect is a major field of artisanal workings in the northwest of the Madougou Permit.

The Nimbo and Nazala Prospects occur on a 10km long soil anomaly in the southeast of the Madougou Permit with Nazala located approximately 8km to the north of Nimbo along this trend.

Gold mineralisation at the Nimbo Prospect has been shown to occur over a strike length of 200m with mineralisation still open in all directions. The trend of mineralisation is northeast-southwest and highest grades were encountered on the most southwesterly line of drilling. There is potential for two zones of gold mineralisation here; the upper zone is associated with quartz veining in fine-grained volcanoclastics while the lower zone occurs in a fine-grained mafic unit which typically exhibits intense sericite-silica-pyrite alteration.





Mineralisation at the Nazala Prospect is also associated with quartz veining. Veins intersected to date are in excess of 5m wide and available evidence points towards multiple repetitions of these veins. The trend of anomalous gold values at this location is east-west and remains open in all directions.

**Table 1:** Summary of best intersections received for 1m samples from the 3,857m reverse circulation drill program on the Madougou Permit, Burkina Faso.

Hole ID	From (m)	To (m)	Interval (m)	Grade (g/t)	Comment
DORC034	94	150	56	1.6	Ended in mineralisation
NBRC008	33	37	4	9.6	
NBRC008	88	91	3	1.5	
NBRC010	87	95	8	1.3	
NBRC012	82	85	3	1.8	
NBRC012	92	99	7	0.6	
NBRC013	87	90	3	2.4	
NZRC001	7	12	5	1.7	
NZRC002	3	4	1	3.8	
NZRC004	8	15	7	1.8	
NZRC005	50	52	2	2.6	

**Notes to Table1:**

- ◆ Mineralised widths are down-hole widths rather than true widths.
- ◆ Intersections are based on a 0.5g/t cut-off.
- ◆ Internal dilution (<0.5g/t) has been included to a maximum of 3 consecutive metres.
- ◆ Assay results were obtained from reverse circulation samples, riffle split to provide 2-3kg samples. Standard sample preparation and 50g fire assay was undertaken at ALS Chemex Laboratories in Ouagadougou, Burkina Faso.
- ◆ QAQC: Duplicate samples were taken every 25<sup>th</sup> sample, triplicates every 50<sup>th</sup> sample, certified blanks were inserted after every 40<sup>th</sup> sample and certified standards after every 60<sup>th</sup> sample.

## Geophysical Interpretation

Final processed images of the high resolution aeromagnetics flown in July have been received and interpreted. Many new targets have been outlined and these will be followed up with auger geochemistry within the next few months.

## New Dabinyan I, Lossa and Dere Exploration Permits

In September 2010, the Company entered into an agreement to earn up to 100% of 3 important new exploration Permits in the area of its Madougou Project, in Burkina Faso, West Africa. The new Permits, Dabinyan I, Lossa and Dere are situated to the northeast of Carbine's existing Permits, Madougou and Kandy (Figures 1 and 3).





Dabinyan I, Lossa and Dere Permits have had almost no modern day exploration and first pass mapping indicates the existence of significantly more Birimian Greenstone than previously outlined on regional geological maps. Similar lithologies, alteration and deformation to those seen on the Madougou Permit have also been identified on the new Permits during preliminary reconnaissance mapping. Regional scale geophysical images indicate that the Ouahigouya Deformation Corridor passes through all exploration Permits in Carbine's control and Carbine is currently planning exploration programs for these Permits.

### **New Ban and Koumbre Exploration Permits**

In October 2010, the Company announced that it has entered into an agreement to earn up to 100% of 2 important new exploration Permits in the area of its Madougou Project, in Burkina Faso, West Africa (Figure 1). The new Permits, Ban and Koumbre are situated directly to the east of Carbine's existing Permits, Dabinyan 1, Madougou and Kandy and to the west of Carbine's other Permits, Lossa and Dere.

Regional surveys and preliminary mapping show these Permits to overlie significant quantities of Birimian Greenstone, and to contain zones of intense structural deformation associated with the Ouahigouya Deformation Corridor. These are the same lithologies and deformation zones that exist on or pass through all Carbine's other Permits, including the Madougou Permit.

Carbine has started regional mapping over these Permits with grab samples currently in transit to the laboratory. Soil and auger geochemistry will follow together with high resolution aeromagnetics and radiometrics surveys.

The terms of the agreements include limited up-front payments with further staged payments over 3 years to allow Carbine Resources to acquire 100% of each Permit should exploration results support such undertakings. Negotiations are currently underway for additional Permits and full terms and conditions of each agreement will be released in due course.

### **Red Dam Project, Kalgoorlie**

No exploration work was undertaken at the Company's Red Dam Project during the quarter. Divestment opportunities will be considered to maximize shareholder value.





## Corporate

On 30 July 2010, the Company held a General Meeting in Perth. In accordance with the Notice of Meeting dated 28 June 2010, all motions put before the meeting were carried on a show of hands. No other business was conducted at the Meeting.

On 14 September, the Company announced the resignation of Company Secretary Geoff Hewett and appointment of new Company Secretary, Mr Grant Mooney.

During the quarter a total of 231,250 options were exercised and allotted raising \$34,687.50.

Cash at bank as at 30 September 2010 was \$2,656,767.

On 4 October, the Company announced the appointment of Security Transfer Registrars to maintain the register of the Company.

Placement subsequent to the end of quarter – 17.5 million shares at \$0.40 each totaling \$7million (before costs). Tranche 1 raised \$5million and Tranche 2, \$2million, will be subject to shareholder approval on 15 November 2010.

The Company continues to assess additional permits in Burkina Faso with negotiations underway.

### For further information, please contact:

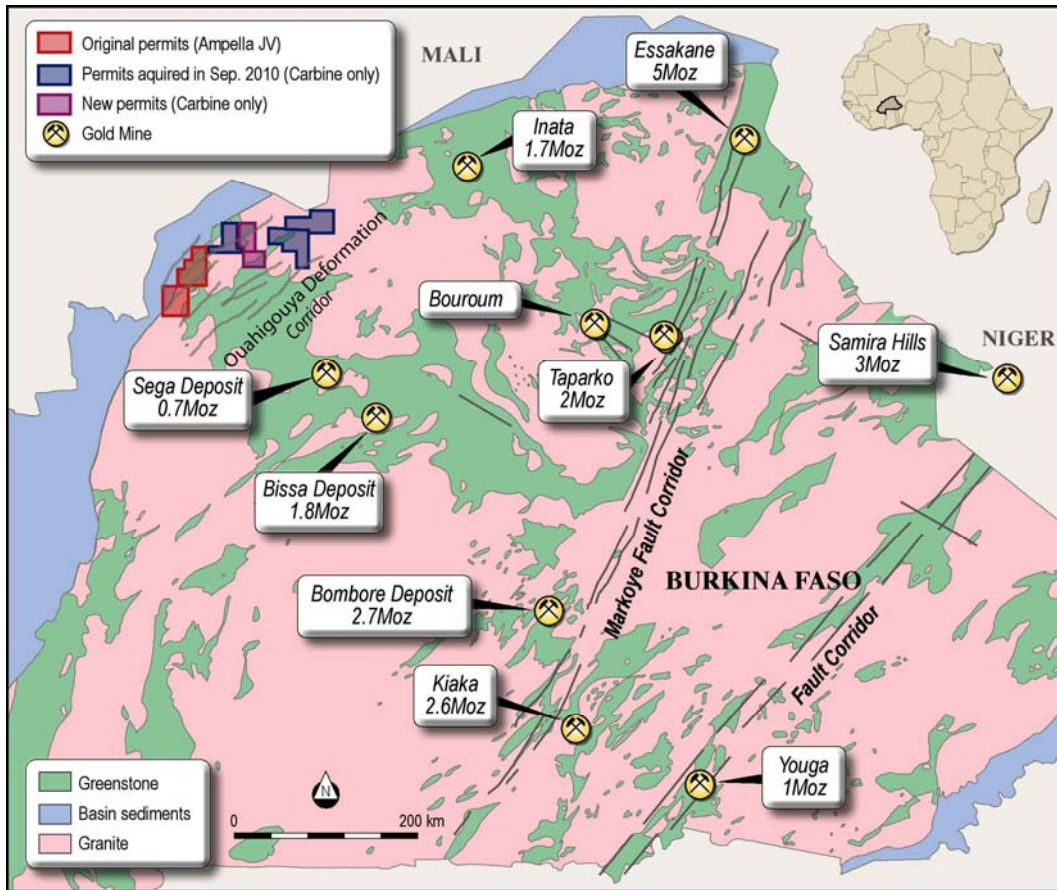
**Aoife McGrath** – Executive Director Exploration: +44 7522 062 655, +226 7897 4595 (UK and Burkina Faso)

**Evan Cranston** – Non Executive Director: +61 408 865 838 (Australia)

### Website: [www.carbineresources.com.au](http://www.carbineresources.com.au)

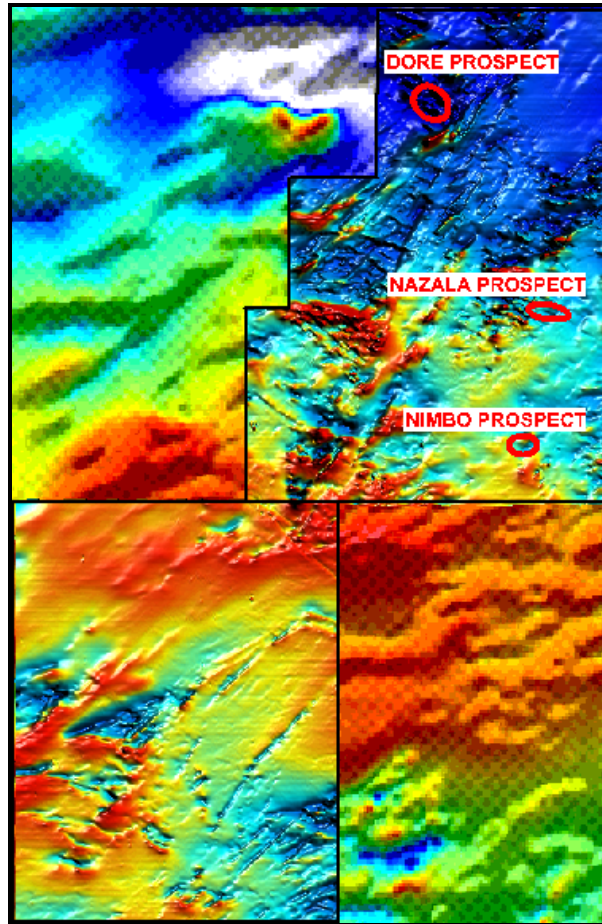
*The information in this report that relates to exploration results is based on information compiled by Aoife McGrath who is a member of the Australian Institute of Geoscientists. Aoife McGrath is employed by Carbine Resources Ltd. Aoife McGrath has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". She consents to the inclusion of the matters based on information in the form and context in which it appears.*





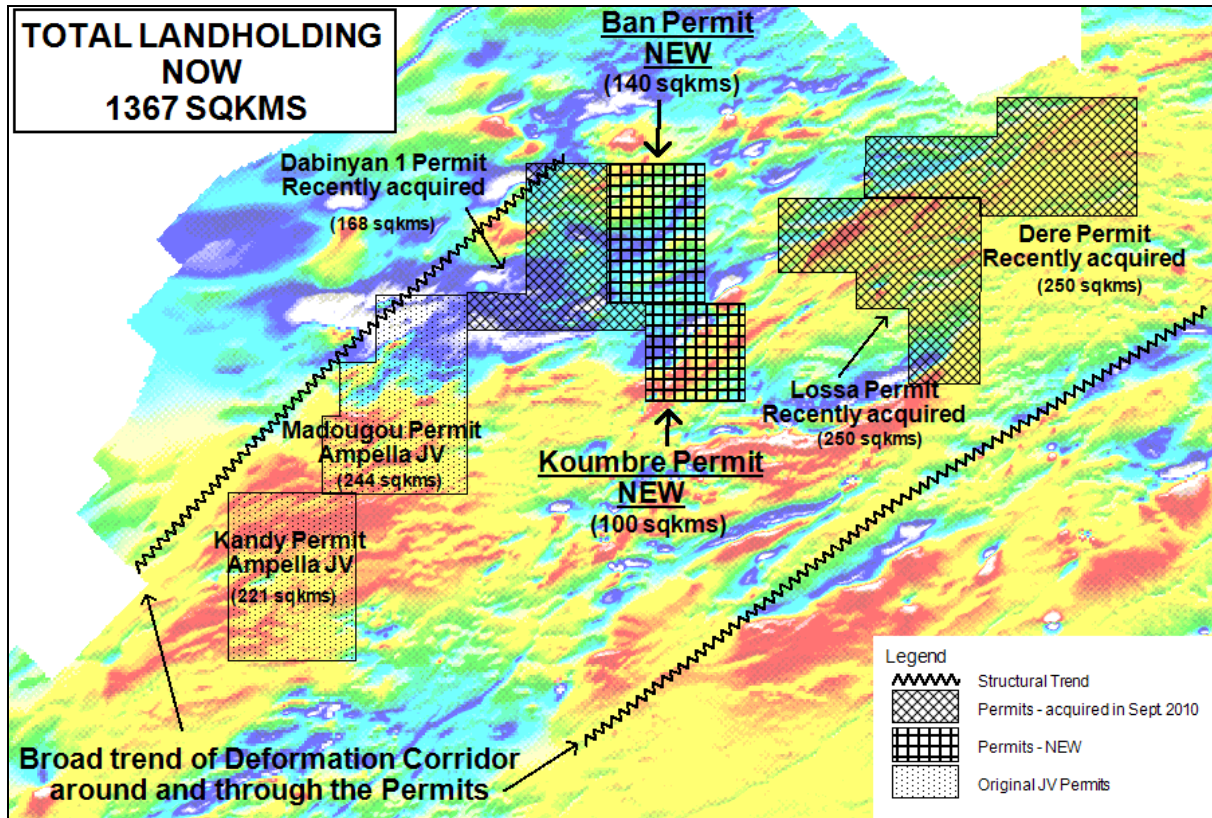
**Figure 1:** Diagram showing the location of the Madougou Project in Burkina Faso. The two original Permits under JV with Ampella Mining (Madougou and Kandy) are shown in red. The three Permits acquired in September 2010 (Dabinyan I, Lossa and Dere) are shown in blue and the two new Permits (Ban and Koumbre) are shown in purple.





**Figure 2:** Map showing the location of the prospects drilled overlain on recently acquired high resolution aeromagnetic image (over regional resolution aeromagnetic image).





**Figure 3:** Map showing the location of all Carbine Permits and their surface area, overlain on a regional resolution aeromagnetic image. Kandy and Madougou Permits form part of the JV with Ampella Mining, Dabinyan I, Lossa and Dere Permits were acquired in September for Carbine Resources and Ban and Koumbre Permits are the new acquisitions for Carbine Resources.