



CARBINE RESOURCES LIMITED

September 2011 Quarterly Report

Highlights – Madougou Permit

Nimbo Prospect

- ◆ During August, final results have been received from the scout aircore drill program completed in July over the Nimbo Prospect. Best intersections include:

NBAC083: 2m at 73.2g/t gold (ended in mineralisation)
NBAC085 8m at 12.4 g/t gold
NBAC095 11m at 4.9g/t gold

- ◆ Mineralisation is shallow, has been intersected over a 360m strike length and is open in all directions. An auger gold geochemical anomaly extends over a strike length of greater than 1.2kms.

Nazala Prospect

- ◆ Final results have been received from the scout aircore drill program over the Nazala Prospect. Best intercepts include:

NZAC246: 28m at 1.3g/t gold ending in mineralisation NZAC208: 10m at 11.9g/t gold
NZAC247: 30m at 1.1g/t gold NZAC025: 32m at 1.3g/t gold
NZAC248: 12m at 1.1g/t gold and 8m at 0.6g/t gold NZAC062: 15m at 2.3 g/t gold

- ◆ Many mineralised zones have been intersected at Nazala each up to 1.6km in strike length. Potential combined strike length of over 5kms.

Goussirdou Prospect

- ◆ Wide shallow first pass scout drill intercepts from the Goussirdou Prospect include:

GSAC065: 28m at 2.0g/t gold including 12m at 3.40g/t gold ending in mineralisation
GSAC074: 10m at 4.4g/t gold
GSAC064: 30m at 0.9g/t gold including 10m at 1.8g/t gold

- ◆ Goussirdou Prospect is along strike from Carbine's Nazala discovery on the Madougou Permit.

Madougou 2 Permit

- ◆ Option agreement signed on new exploration Permit, Madougou 2, for an additional 91sq. kms. Total land holding now 1,464sq. kms.

Corporate

- ◆ Options underwritten by Patersons Securities raising \$4,736,247.00 (before costs).
- ◆ Cash at bank at 30th September was \$8,738,192.

Fast Facts

Ordinary Shares

Shares on Issue 140,017,394

Market Capitalisation and Current Cash

Market capitalisation
(at \$0.16) \$22.4 million
Cash @ 30 Sept \$8.7 million

Board of Directors

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

Company Highlights

- 1,464km² 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

- 1,464km² 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

The Madougou Project is located in the Hounde Greenstone Belt in northwest Burkina Faso, West Africa and now comprises eight Permits, Madougou, Kandy, Lossa, Dere, Ban, Koumbre, Dabinyan 1 and Madougou 2 (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.

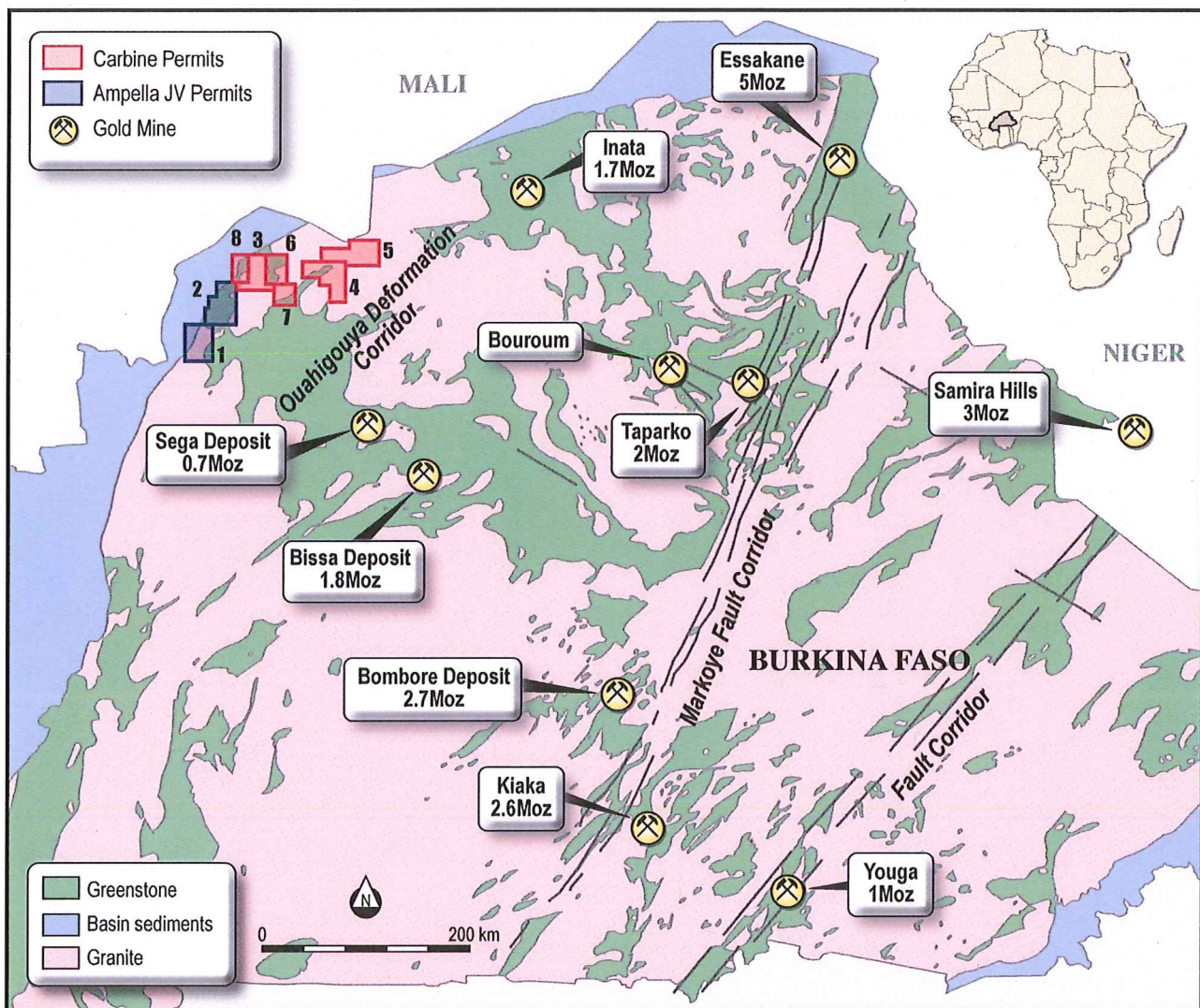


Figure 1: Diagram showing the location of the Madougou Project and individual Permits in Burkina Faso. Key to Permits: 1 = Kandy Permit, 2 = Madougou Permit, 3 = Dabinyan I Permit, 4 = Lossa Permit, 5 = Dere Permit, 6 = Ban Permit, 7 = Koumbre Permit, 8 = Madougou 2 Permit.



Madougou Project Exploration Program

During the September Quarter Carbine have continued to aggressively undertake its \$7 million exploration program for the Madougou Project, Burkina Faso (Figure 1) for 2011. Work programs are progressing very well with over 9.5kms of high tenor geochemical anomalies outlined on the Madougou Permit and a large gold geochemical anomaly covering 2.5 square kilometres outlined on the Kandy Permit. Follow-up aircore drill programs have been completed on a number of Prospects with very encouraging results received to date.

Results from the Madougou Permit

Nimbo Prospect

During August 2011, Carbine announced that final results have been received from the second phase of a scout aircore drill program undertaken at the Nimbo Prospect, Madougou Project Burkina Faso (Figures 1 and 2) in July of this year. Best intersections include:

- ◆ **2m at 73.2g/t gold (NBAC083 – ended in mineralisation)**
- ◆ **8m at 12.4 g/t gold (NBAC085)**
- ◆ **11m at 4.9g/t gold (NBAC095)**
- ◆ **4m at 9.6g/t gold (NBRC008)**
- ◆ **2m at 19.2g/t gold (NBAC023)**
- ◆ **6m at 2.8g/t gold including 2m at 8.01g/t gold (NBAC024 – ended in mineralisation)**
- ◆ **5m at 7.8g/t gold (NBRC008)**

Following up on a six hole, scout reverse circulation (RC) drill program conducted in June of 2010 where two mineralised zones were intersected, two phases of scout aircore drilling were conducted in May and July of this year. These phases of aircore drilling have confirmed the presence of an additional third mineralised zone.

Gold mineralisation occurs in three sub-parallel mineralised units:

- ◆ The main zone is associated with shearing and quartz-carbonate-pyrite alteration along the contact between a granodiorite and a package of sediments and mafic volcanoclastics.
- ◆ Quartz veining within the upper sediment and mafic volcanoclastic package provides the second host for mineralisation.
- ◆ A third zone of mineralisation has been intersected along shearing (with minor quartz veining) within the granodiorite.

All units are sub-parallel, strike in a north-east direction and dip gently at around 40-45 degrees to the south east (Figure 3). Mineralisation has been intersected over a strike length of 360m, is open in all directions and is not covered by a transported lateritic blanket at surface. An auger gold geochemical anomaly extends for a strike length of over 1.2kms.

A full re-log of all Nimbo Prospect drill chips has been completed, artisanal pits have been mapped and a 3D model of lithologies, structure and mineralisation constructed. Further information is being gathered to add to this comprehensive 3D model – this data will include full petrographic analysis of all rocks types and a full ASD Spectral Analysis (a study on the alteration minerals present and their zonation around mineralisation).

Carbine intends to fully investigate the potential of this very prospective Prospect and has secured an RC drill rig which will conduct a number of drill programs commencing immediately after the wet season (expected to be October-November). The aim is to move this Prospect to resource status within 12 months.



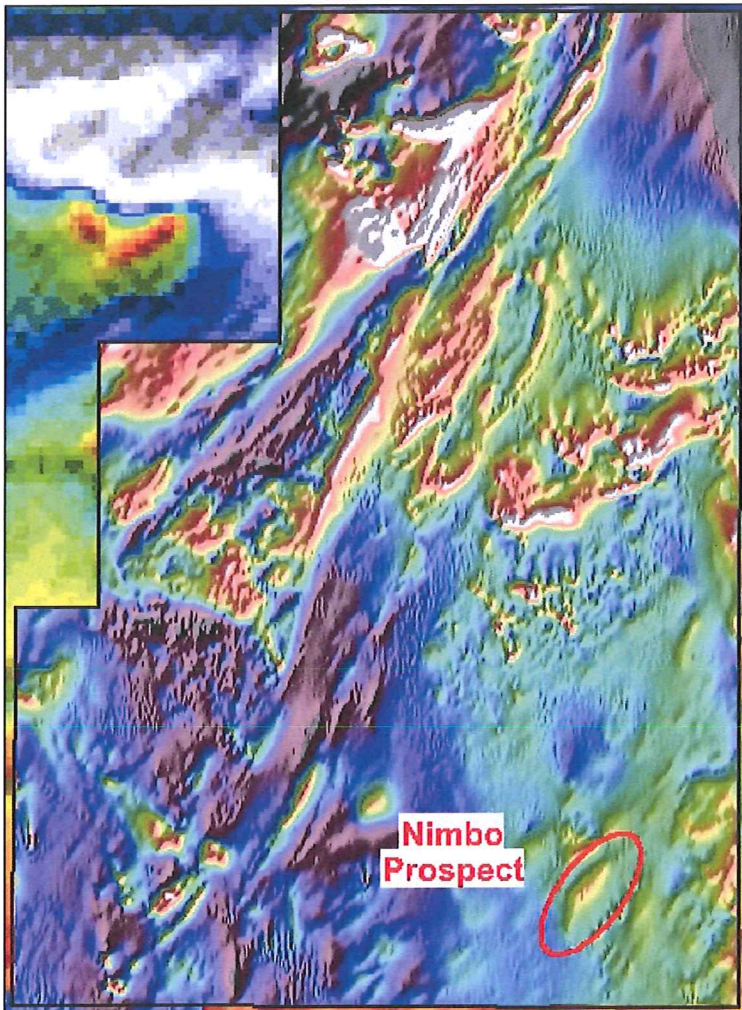


Figure 2: Location of Nimbo Prospect on Madougou Permit, Burkina Faso. Overlain on high resolution aeromagnetic image.

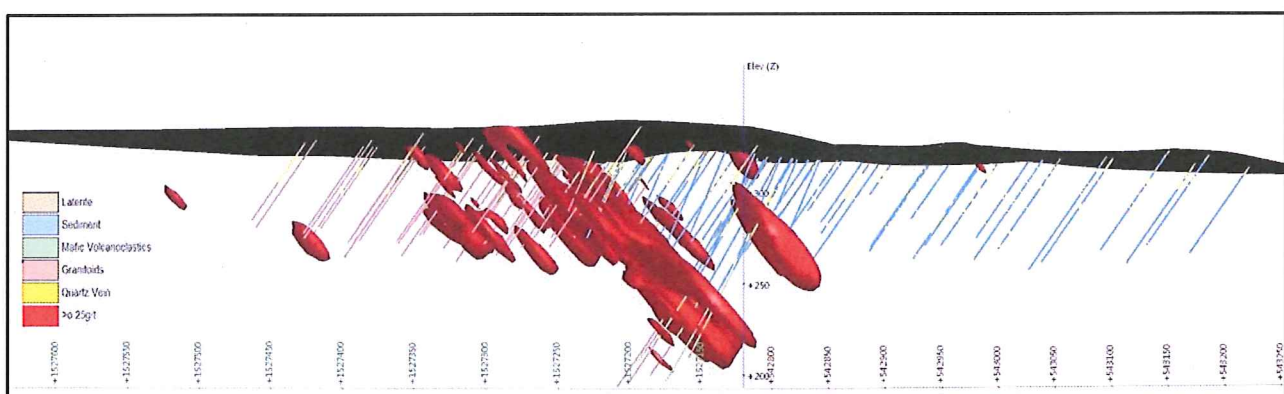


Figure 3: Zones of mineralisation (>0.25g/t gold) at Nimbo (looking northeast). Drill holes are colour coded according to rock type. Blue = sediments, Green = mafic volcaniclastics, Yellow = quartz veins, Pink = granitoid. Mineralisation is hosted mainly along the contacts between granitoids and sediments / mafic volcaniclastics but also within quartz veins within the upper sedimentary – volcaniclastic package and along shears within the granitoid.





Nazala Prospect

During August 2011, final results were received from the scout aircore drill program over the large Nazala Area, Madougou Project, Burkina. This large area has been sub-divided into two Prospects: Nazala Prospect and Goussirdou Prospect (Figure 4). Best results from the Nazala Prospect include:

- ◆ 10m at 11.9g/t gold including 4m at 29.0g/t gold (NZAC208)
- ◆ 8m at 3.9g/t gold including 2m at 14.5g/t gold (NZAC229)
- ◆ 32m at 1.3g/t gold (NZAC025)
- ◆ 4m at 3.2g/t gold (NZAC039)
- ◆ 2m at 20.2g/t gold (NZAC046)
- ◆ 4m at 4.3g/t gold (NZAC081)
- ◆ 6m at 1.3g/t gold (NZAC117)
- ◆ 4m at 2.5g/t gold and 12m at 0.5g/t gold (NZAC072)
- ◆ 20m at 1.40g/t gold including 12m at 2.1g/t gold (NZAC209)
- ◆ 22m at 1.0g/t gold and 20m at 0.5g/t gold (NZAC066)
- ◆ 10m at 1.5g/t gold (NZAC035)
- ◆ 14m at 1.9g/t gold (NZAC045)
- ◆ 15m at 2.3g/t gold (NZAC062)
- ◆ 10m at 1.2g/t gold (NZAC103)
- ◆ 2m at 5.9g/t gold (NZAC161)

A large RAB-style aircore program was completed over the Nazala Prospect just before the wet season. The program was designed to follow up on a previously released extensive and high tenor gold geochemical anomaly in this area (ASX: March 21st 2011) and to test the nature of the sub-surface mineralisation and geology that is masked by a cover of transported laterite.

Just over 19,000m of drilling in 334 aircore holes was completed. A number of holes didn't reach target depth due to hard ground conditions or the presence of large quartz veins which an aircore rig is unable to drill. Drill results at Nazala Prospect have confirmed the presence of number of sub-parallel mineralised zones each up to 1.6km in length (Figures 5 and 6). Total strike length may be in excess of 5kms and consists of both narrower high grade portions (e.g. **10m at 11.9g/t gold** in NZAC208) and wider lower grade portions (e.g. **32m at 1.3g/t gold** in NZA025).

Mineralisation is associated with a number of structural trends (east-northeast, north-northwest and north south), with a bent fold closure and with quartz veining on or close to lithological contacts. The dominant trend is east-northeast but increases in grade are seen at structural intersections. The current results received complement those results previously announced to the market in July 2011.

A full re-log of all Nazala Prospect drill chips has been completed and a 3D model is currently being constructed. All geological and mineralisation data is being compiled into this model which will be used to plan a comprehensive Reverse Circulation (RC) drill program. Carbine expects to undertake this RC drill program immediately after the wet season in October-November.



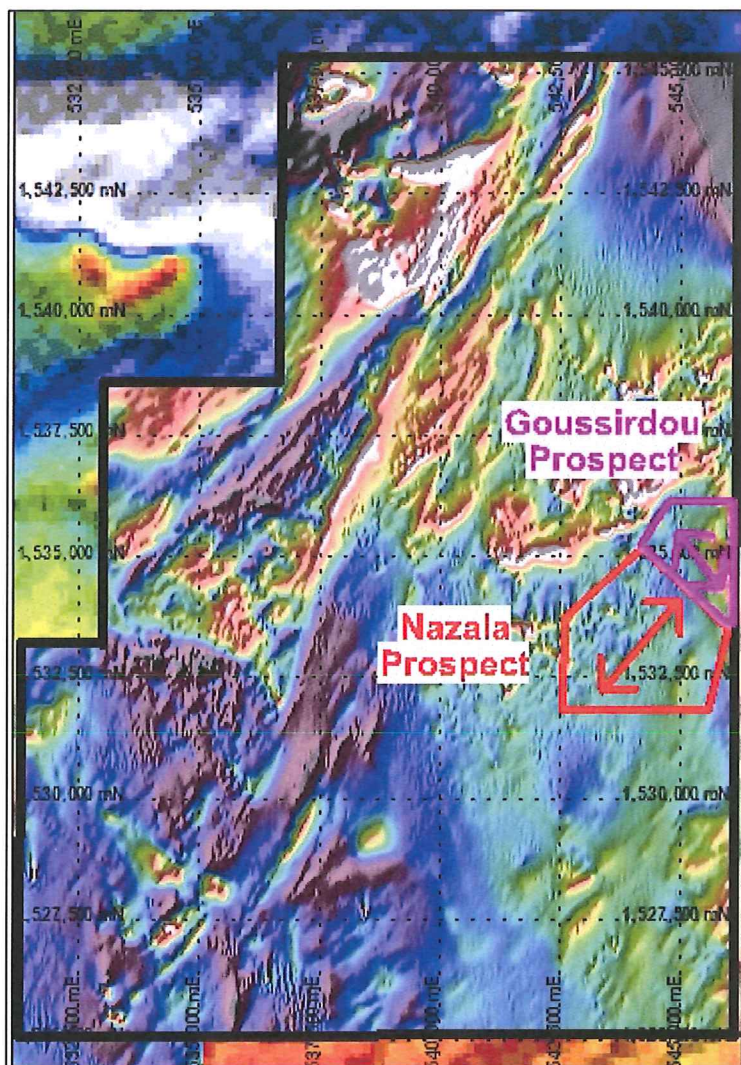


Figure 4: Subdivision of the large Nazala Area into the Nazala Main Prospect and the Goussirdou Prospect. Arrows show the main strike direction of mineralisation at each Prospect. Overlain on airborne geophysics for the Madougou Permit, Burkina Faso.



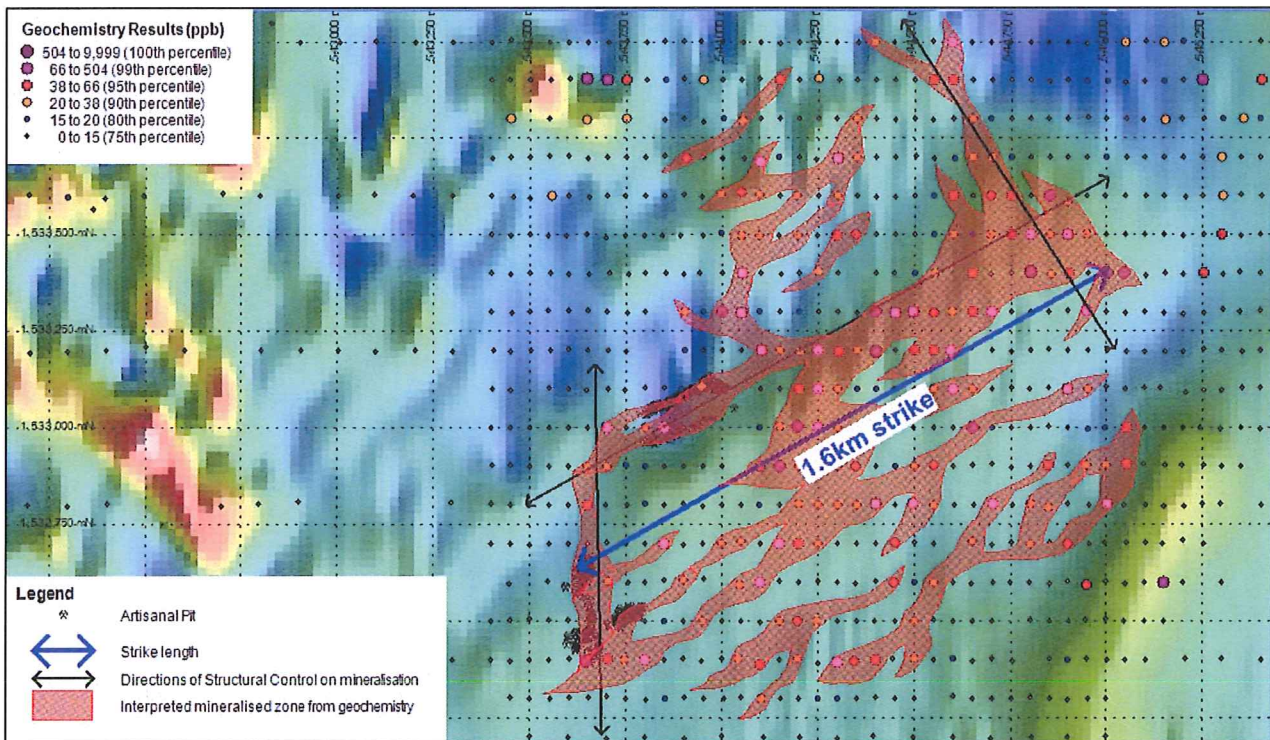


Figure 5: Mineralised gold zones over the Nazala Main Prospect – interpreted from geochemistry surveys. Structural controls on mineralisation strike in a number of orientations, with the main being 060°. Secondary controls strike at 000° and 330-350°. Numerous mineralised gold zones are apparent, each up to 1.6km in strike length. Data is overlain on an aeromagnetic image.

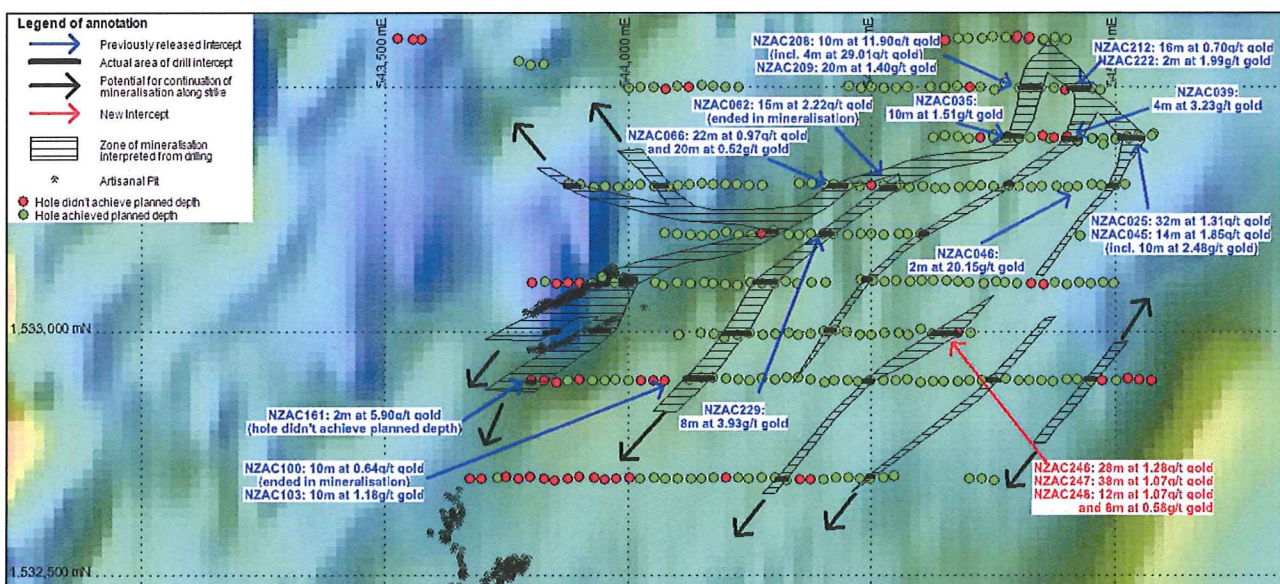


Figure 6: Zones of mineralisation interpreted from drilling results over the Nazala Main Prospect. Holes which didn't achieve planned depth are denoted by the red collar symbol (i.e. circle) and those that did by a green collar symbol (i.e. circle). Also shown are the locations of individual drill intersections. All data is overlain on an aeromagnetic image



Goussirdou Prospect

During August, Carbine announced that first pass scout drilling results have been received from the recently completed aircore drill program over the newly outlined Goussirdou Prospect in Burkina Faso.

Highlights from the first pass drill program include:

- ◆ 30m at 0.9g/t gold (including 10m at 1.8g/t gold) (GSAC064)
- ◆ 28m at 2.0/t gold (including 12m at 3.4g/t gold) (GSAC065) ending in mineralisation
- ◆ 10m at 4.4g/t gold (GSAC074)
- ◆ 3m at 4.4g/t gold ending in mineralisation (GSAC105)
- ◆ 2m at 4.8 g/t gold (GSAC104)
- ◆ 18m at 0.7g/t gold (GSAC011)

A large RAB-style aircore program was completed over the Goussirdou Prospect just before the wet season. The program was designed to follow up on a previously released extensive and high tenor gold geochemical anomaly in this area (ASX: 21 March 2011) and to test the nature of the sub-surface mineralisation and geology that is masked by a cover of transported laterite.

A total of 107 holes for approximately 5500m of aircore drilling was completed over the Goussirdou Prospect. Holes were drilled on six sections spaced at intervals of between 200m and 300m over a strike length of 1.1kms (Figure 7). Two distinct mineralised zones have been intersected; the first is a wide zone (up to 30m true width) showing grades of just under 2g/t gold. The second is a narrower (potentially 6m true width) but higher grade zone averaging over 4g/t gold. Mineralisation is associated with quartz veining, lithological contacts and shearing, is striking in a north-northwest direction and is still open in all directions.

Forty four of the initial scout aircore holes didn't achieve the planned depths due to hard ground conditions; however an RC drill program will commence immediately after the wet season to ensure that the targeted depth is reached.

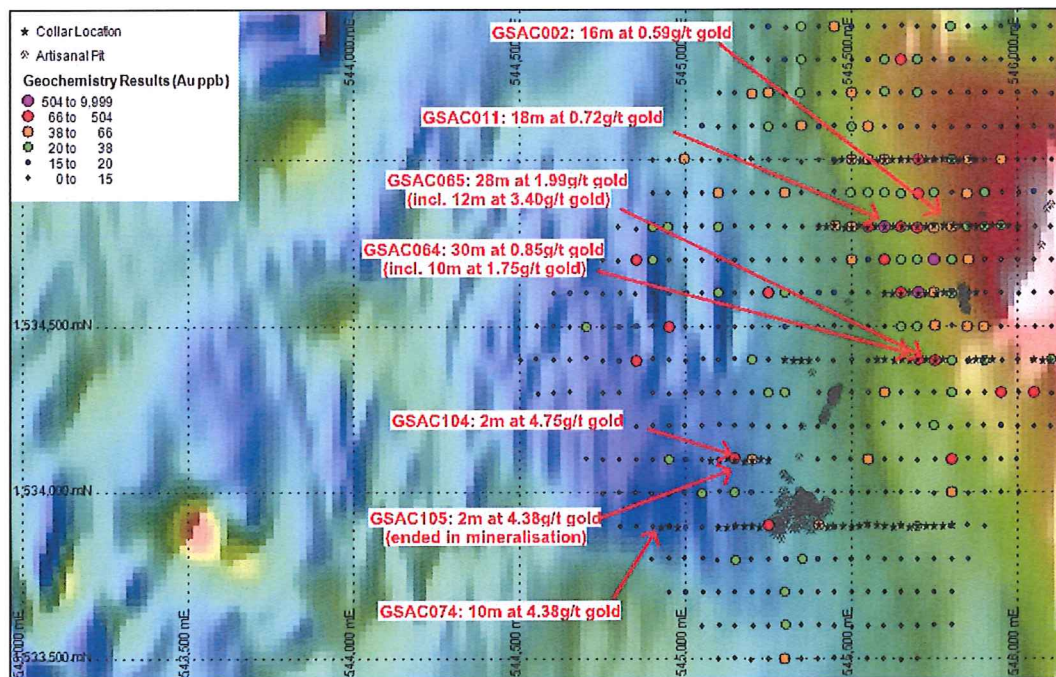


Figure 7: Geochemistry results over the Goussirdou Prospect overlain on an aeromagnetic image. Also shown are the collar locations of recent aircore drill holes with best intersections highlighted in red.



Madougou 2 Exploration Permit

In July 2011 Carbine announced that it has entered into an agreement to earn up to 100% of one important new exploration Permit for its Madougou Project, in Burkina Faso, West Africa (Figure 1). The new Permit, Madougou 2, which adds 91sqkms to the total land package, is situated to the northeast of Carbine's existing Madougou Permit. Total land holding at the Madougou Project has now increased to 1,464 square kilometres.

Similar lithologies, alteration and deformation to those seen on the Madougou Permit have been identified on the Madougou 2 Permit during preliminary reconnaissance mapping. Regional data and first pass reconnaissance mapping show the Permit to be underlain by a mixture of Birimian Greenstones (volcanics and sediments) and granitoids. Recent sediments cover the western extremities of the Permit.

Two large artisanal mining fields are located on Madougou 2 Permit. Mineralisation at these sites appears to be associated with quartz veining and shearing on the contacts between greenstone sediments and volcanics with intrusive bodies.

The new Permit has had very limited modern day exploration. In the 1990's Channel Resources conducted some regional soil geochemistry and drilled two scout RC holes over the southern half of the Permit intersecting 4m at 1.9g/t gold and 2m at 4.9g/t gold adjacent to the one of the present day artisanal mining sites.

Carbine intends to start exploration on this Permit during October 2011 after the wet season is over. The exploration programs will include mapping and grab sampling, soil and auger geochemistry together with high resolution aeromagnetics and radiometrics surveys.

The terms of the agreement include limited up-front payments with further staged payments over 3 years to allow Carbine Resources to acquire 100% of the Madougou 2 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

During the quarter a total of 13,515,824 options were exercised and allotted raising \$2,027,376.60. In addition to this a further 18,909,175 shares were issued to clients of Patersons Securities pursuant to the underwriting agreement (ASX: 29th July 2011) raising a further \$4,736,247.00 (before costs).

Cash at bank as at 30 September 2011 was \$8,738,192.

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

For further information, please contact:

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

Website: 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.