



# CARBINE RESOURCES LIMITED

## June 2011 Quarterly Report

### Highlights

#### Madougou Permit

##### Nazala Area

- ◆ Aircore drill program (RAB-style) over the Nazala Area confirms the presence of numerous mineralised gold zones each up to 1.6km strike length. Potential for very long combined strike length.
- ◆ Results indicate the presence of both narrow high grade gold intercepts and wider lower grade zones of gold mineralisation. Best results include:
 

NZAC025*:	32m at 1.31g/t gold	NZAC046:	2m at 20.2g/t gold
NAZAC035*:	10m at 1.51g/t gold	NZAC062:	15m at 2.3g/t gold
NZAC039*:	4m at 3.23g/t gold	NZAC066:	22m at 0.97g/t gold
NZAC045*:	14m at 1.85g/t gold	NZAC103:	10m at 1.18g/t gold
- ◆ Many drill results are still outstanding but results received to date show mineralised gold zones to be almost coincident to zones outlined from the earlier deep geochemistry survey.
- ◆ A reverse circulation drill rig has been secured to undertake a large drill program immediately after the wet season.

#### Dagbenan, Dagbenan South and Nimbo Prospects

- ◆ Aircore drill program over the Prospects has been completed and final results received. Best intersections include:
 

DGAC014:	8m at 3.14g/t gold (Dagbenan South)	DGAC050:	10m at 1.50g/t gold (Dagbenan)
DGAC017:	2m at 11.13g/t gold (Dagbenan)	NBAC023:	2m at 19.23g/t gold (Nimbo)
DGAC046:	6m at 2.01g/t gold (Dagbenan)	NBAC024:	2m at 8.01g/t gold (Nimbo)

#### Kandy Permit

- ◆ Initial results for a deep geochemistry survey over the Kandy Permit indicate the presence of a large gold geochemical anomaly in the northeastern corner of the Permit (Foufaka Prospect).

#### Madougou 2 Permit

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

#### Australian Office

ABN 81 122 976 818  
Suite 23, 513 Hay Street  
Subiaco WA 6008  
PO Box 1311 Subiaco WA 6904  
phone +61 8 6142 0980  
fax +61 8 9388 8824

[carbine@carbineresources.com.au](mailto:carbine@carbineresources.com.au)  
[www.carbineresources.com.au](http://www.carbineresources.com.au)

#### Fast Facts

##### Ordinary Shares

Shares on Issue 108.2 million

##### Options on Issue

CRBO

(ex.15c July 11) 31.5 million

##### Market Capitalisation and Current Cash

Market capitalisation  
(at \$0.165) \$17.8 million

Cash @ 30 June \$6 million

#### Board of Directors

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

#### Company Highlights

- 1,464km<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

- 1,464km<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

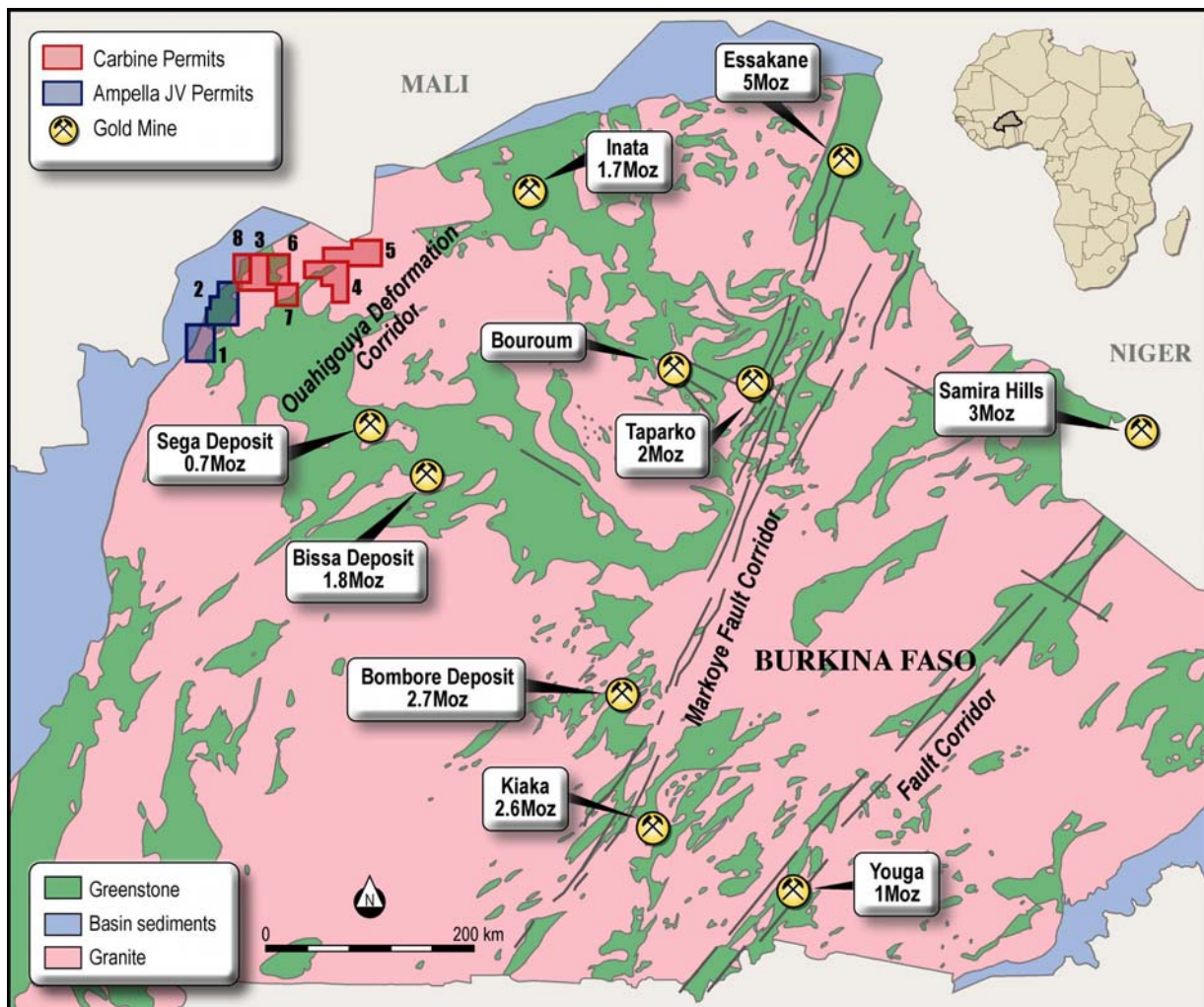
#### Burkina Faso Office

128 Rue Kindfu  
Secteur 13 Zone du Bois  
01 BP 1621 Ouagadougou 01  
phone. +226 5036 8077  
fax. +226 5044 7033



## Madougou Project, Burkina Faso

The Madougou Project is located in the Houde 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 June Quarter Carbine have been aggressively undertaking 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.

### **Aims**

The aims for 2011 are to outline and drill one potential resource, to conduct comprehensive evaluation of the Madougou and Kandy Permits and to generate a pipeline of prospects from the other six Permits. Carbine will also continue to work towards increasing the strategic landholding within the area and will also assess other suitable opportunities.

### **Planned Exploration work over Madougou and Kandy Permits**

Detailed exploration programs are being undertaken over the Madougou (currently the most advanced Permit) and Kandy Permits and include:

- ◆ Extensive deep geochemical surveys on both reconnaissance (on a 400m by 100m scale) and infill grids (down to 25m by 50m scale over select areas).
- ◆ AC drilling over all prospects to assist with moving them towards RC and DD ready status.
- ◆ Up to three phases of RC and one phase of DD have been planned over highest priority targets.

These programs are already well underway, with the deep geochemical survey over the Madougou Permit complete and the survey over the Kandy Permit almost complete. To date, almost 12,000 deep geochemistry holes for a total of 128,540m of deep geochemical drilling have been completed. Over 9.5kms of geochemical anomalies have been outlined on the Madougou Permit and a large gold geochemical anomaly covering 2.5 square kilometres has been outlined on the Kandy Permit. Many geochemistry results are still outstanding. Anomalies have been outlined over six Prospect Areas on the Madougou Permit; Nimbo, Dagbenan South, Dagbenan, Nazala, Wagande and Wagande South (Figure 2) and over the Foufaku Prospect on the Kandy Permit (Figure 3).

To date, over 40,000m of first-pass AC drilling has been conducted over the Dagbenan, Dagbenan South, Nimbo, Wagande, Wagande South, Nazala and Dore Prospects. Aircore holes are sampled at two metre composite intervals, so over 20,000 samples have been sent to the laboratory. Although many very encouraging results have already been received (as detailed in the following sections), there are approximately 5,000 samples still outstanding at the laboratory.

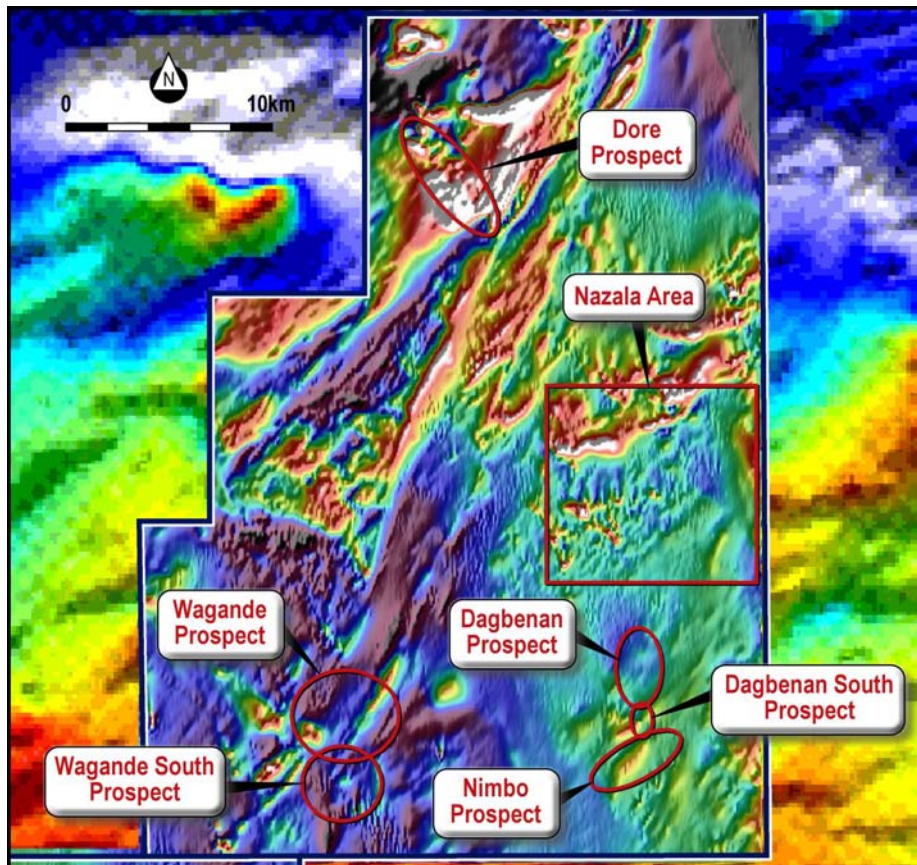
The planned 2011 expenditure over the Madougou and Kandy Permits should secure Carbine's 70% earn-in to the Joint Venture Agreement with Ampella Mining Limited.





## Regional Exploration on remaining Six Permits

Regional exploration programs are also planned over the other six Permits. These programs include regional regolith and geological mapping, geochemical sampling (grab and stream sediment) and high-resolution geophysics. The aim of these programs is to ensure a pipeline of prospects for ranking and follow-up later in 2011 and early 2012.



**Figure 2:** Locations of all Prospects over which geochemical anomalies have been outlined so far on the Madougou Permit.





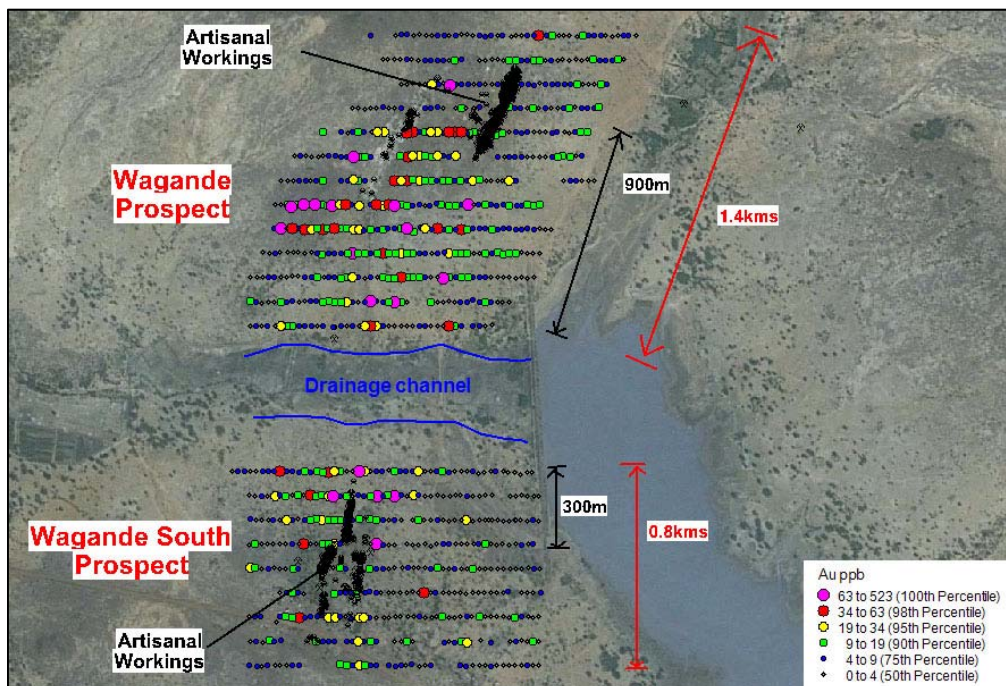
## Results from the Madougou Permit

### Wagande and Wagande South Prospects

In April Carbine Resources Limited announced that two new gold geochemical anomalies, totaling 1.2km combined strike length have been outlined over the Wagande and Wagande South Prospects at the Madougou Permit, Burkina Faso.

Using a 95<sup>th</sup> percentile split of the data, the anomaly of >19ppb can be seen to have a combined strike length of 1.2kms over the two Prospects (Figures 3 and 4). There is potential for mineralization to continue beneath the minor drainage channel that sits between the Prospects. In this case, total strike length would increase to 1.8kms. Improved access for further geochemistry has been gained as the channel dried out towards the end of the dry season. A number of new lines of geochemistry were undertaken with results pending. Sampling was conducted on grids using a 100m by 25m spacing.

Within this >19ppb anomaly, higher grades of up to 523ppb are seen. A larger, lower tenor anomaly of >9ppb extends around both Wagande and Wagande South Prospects over a combined strike length of 2.2kms (Figures 3 and 4).



**Figure 4:** Aerial photograph of Wagande and Wagande South Prospects showing locations of deep geochemical survey points, artisanal workings and the drainage channel between the deposits. The strike length of the >19ppb anomaly is shown by the black arrows and of the lower tenor >9ppb anomaly is shown by the red arrows.

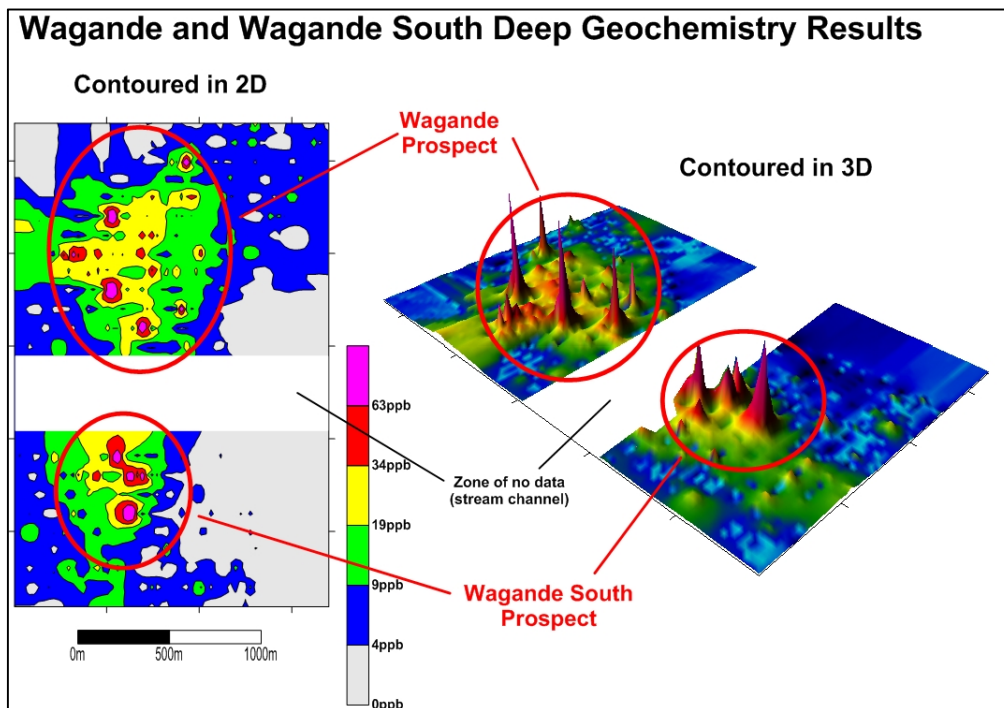




The anomalies are associated with large north-northeast trending structures and their intersection with north-south and west-northwest trending structures. Preliminary indications are that the anomalies are associated with quartz stockworks and quartz veining along these shears.

A drill program to investigate beneath these new anomalies has been completed with results currently being compiled.

Twenty six grab samples of quartz vein and quartz stockwork material were taken over the Wagande and Wagande South Prospects. Eight samples yielded results of over 0.5g/t gold, six graded higher than 1g/t gold and two gave results in excess of 11g/t gold. Highest values obtained were 11.9g/t and 14.1g/t gold.



**Figure 4:** Deep geochemistry results over the Wagande and Wagande South Prospects on the Madougou Permit contoured in 2D and 3D.





## Nazala Prospect

Subsequent to the quarter end, Carbine announced that the recently completed RAB-style aircore program over the Nazala Area, Madougou Project, Burkina Faso (Figure 2) is confirming the presence of numerous mineralised zones in the area (ASX 20<sup>th</sup> July 2011). Preliminary indications support the occurrence of both narrow high grade zones and wide lower grade areas of gold mineralisation.

This was a first pass drill program designed with the aims of outlining the nature of sub-surface mineralisation and geology beneath the very high tenor and extensive gold geochemical anomaly outlined earlier in 2011 (ASX 21<sup>st</sup> March 2011).

Results from the deep geochemistry survey indicated the possibility of numerous mineralised gold zones over a very large area at Nazala (Figure 5). These geochemistry results when combined with data derived from mapping and geophysics suggested that gold mineralisation is controlled by a mixture of multiple structural orientations, a bent fold hinge and competency contrasts along lithological contacts. Dominant structural trends appeared to be in the east-northeast and north-northwest orientations. The RAB-style aircore program was therefore designed with an east-west drill direction to ensure all potential mineralised trends were intersected.

Drill results received to date support these assumptions, with zones of gold mineralisation outlined in aircore drill holes being almost coincident with zones of gold mineralisation interpreted from the deep geochemical survey (Figures 6 and 7). Each of these zones may be up to 1.6km in strike length and once final results are received the full strike potential of this large area can be calculated. Best results achieved to date include:

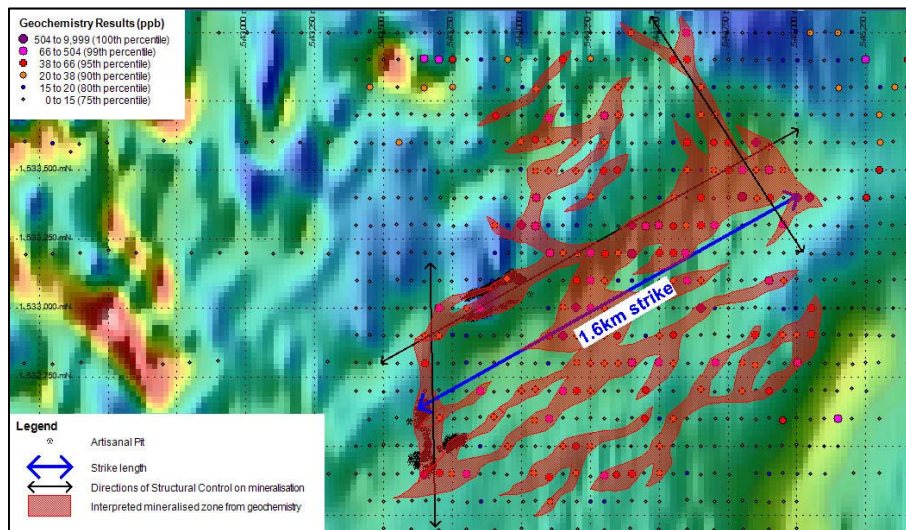
- |                                  |  |
|----------------------------------|--|
| ◆ NZAC025*: 32m at 1.31g/t gold  | ◆ NZAC066: 22m at 0.97g/t gold and 20m at 0.52g/t gold |
| ◆ NAZAC035*: 10m at 1.51g/t gold | ◆ NZAC072: 4m at 2.45g/t gold and 12m at 0.53g/t gold  |
| ◆ NZAC039*: 4m at 3.23g/t gold   | ◆ NZAC081: 4m at 4.29g/t gold                          |
| ◆ NZAC045*: 14m at 1.85g/t gold  | ◆ NZAC103: 10m at 1.18g/t gold                         |
| ◆ NZAC046: 2m at 20.2g/t gold    | ◆ NZAC117: 6m at 1.32g/t gold                          |
| ◆ NZAC062: 15m at 2.3g/t gold    | ◆ NZAC161: 2m at 5.9g/t gold                           |

This first pass RAB-style drill program aimed to outline the nature of sub-surface gold mineralisation and geology in the Nazala Area. These aims have been achieved, however, quartz veining is very common in this area so a number of the aircore holes were unable to achieve the desired depths. A deeper reverse circulation (RC) program will therefore be required to fully test the potential of this area. Carbine had planned to conduct a short follow-up RC drill program before the wet season but the early arrival of the rains meant that although available to drill the RC rig was unable to gain access to the Prospect Area. The rig has instead been secured to conduct a larger more comprehensive drill program immediately after the wet season (October – November).

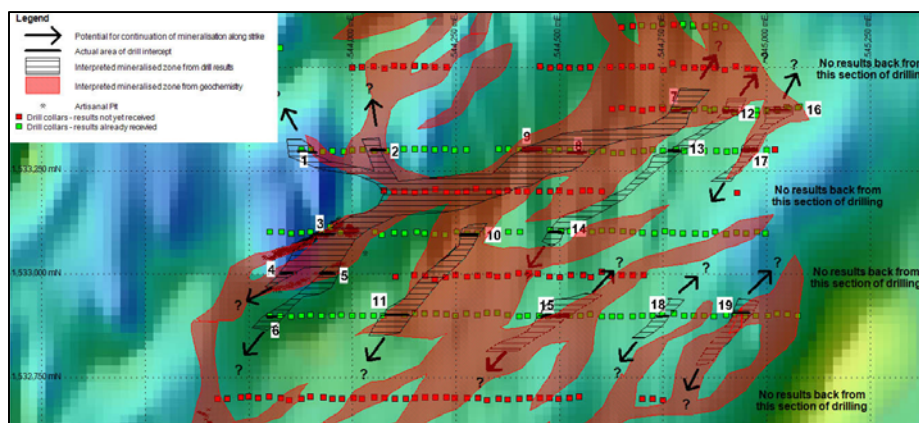




Data derived from drilling to date has confirmed that the Nazala Area is structurally and lithologically complex. A full Prospect-wide geological study has been initiated. This will include re-logging of all drill chips, an ASD analysis (a study of the alteration types associated with mineralisation) and a full petrographic study. All this data will be compiled and analysed (alongside full drill results) during the wet season with the aim of finalising details for the large follow-up RC drill program.



**Figure 5:** Mineralised gold zones over the main Nazala Area – 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:** Mineralised gold zones over the main Nazala Area – interpreted from both geochemistry results and drill results received to date. Mineralised gold zones interpreted from geochemistry and drilling can be seen to be almost coincident. Many mineralised zones are apparent with several of them still open along strike. The numbers 1- 19 refer to individual intercepts at that location.





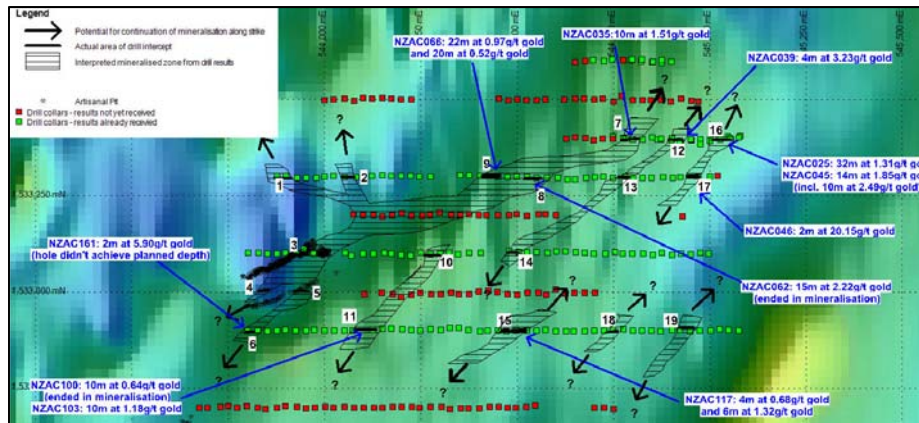


Figure 7: Individual drill intersections and their locations at Nazala.

### Dagbenan, Dagbenan South and Nimbo Prospects

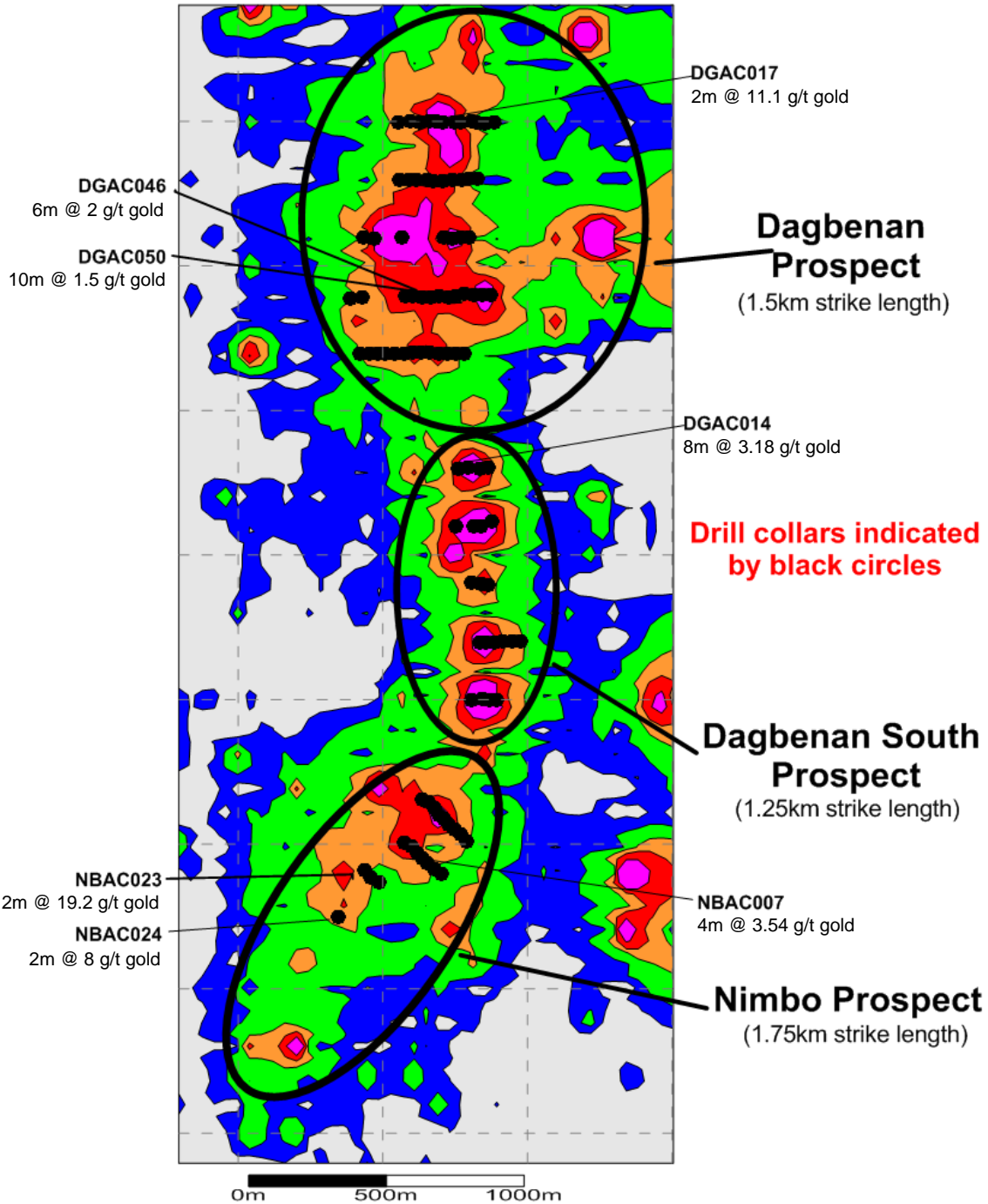
In May Carbine announced that the scout aircore drill program over the Dagbenan, Dagbenan South and Nimbo Prospects at the Madougou Project, Burkina Faso (Figures 2) has been completed and final results have been received. Best results have been obtained from the Dagbenan and Nimbo Prospects. Mineralisation at the Dagbenan Prospect is associated with quartz veining in a sheared mafic host with best intersections including 10m at 1.5g/t gold, 8m at 3.14g/t gold, and 2m at 11.13g/t gold. Drill sections were spaced 200m apart along the strike of the Prospect and results show the presence of a number of mineralised quartz veins along a strike length of 1200m (Figure 8). Full analysis of the results and 3D modeling of the Prospect is underway. Follow-up drilling will be planned as appropriate.

Four sections of aircore drilling over a 520m strike length were undertaken at the Nimbo Prospect (Figure 8). Best results from this drilling have been associated with quartz veining in a sheared granodiorite. Previous drilling (June 2010) intersected economic grades in a different set of quartz veins and anomalous grades associated with a shear zone at the edge of the granodiorite. This is therefore the third rock unit showing potential for mineralisation at Nimbo. Drill holes on two of the four sections, spaced 160m apart along strike, intersected the mineralised granodiorite with the best intersections including 2m at 19.23g/t gold and 2m at 8.01g/t gold. After full analysis of these results, further drilling will be planned to investigate the continuation of this high grade mineralisation.





## Completed Drill Sections



**Figure 8:** Map showing locations of drill sections and drill hole collars over Dagbenan, Dagbenan South and Nimbo Prospects.





## **Dore**

In April Carbine announced that the re-logging, re-mapping and re-modeling of the Dore Prospect was completed and final plans for the deep geochemistry survey were being made. These programs were completed in May – June.

In July Carbine had planned to conduct a short follow up RC program before the wet season (where previous intercepts included 56m @ 1.6g/t gold) but the early arrival of the rains meant the RC rig was not able to gain access to the prospect area. The RC rig has been secured to conduct a larger more comprehensive program immediately after the wet season (October - November). A short AC program has instead been conducted at Dore and results will be announced to the market as they become available.

## **Ban and Koumbre Exploration Permits**

High-resolution aeromagnetics and radiometrics surveys have also been completed over the Ban and Koumbre Permits that were optioned in October 2010 (Figure 1). Survey lines were spaced at 100m and flight altitude was 30m. Final processed images have been received and interpretation is underway. This new interpretation will be used to plan focused exploration programs for immediately after the wet season in October – November.

## **Kandy Permit**

In May, Carbine announced that a geographically extensive gold geochemical anomaly had been identified on the Kandy Permit, at the Madougou Project, Burkina Faso (Figure 1).

Initial results have been received from the Foufaka Prospect in the northeastern corner of the Kandy Permit. Using a 90<sup>th</sup> percentile split of the data, anomalous values of greater than 25ppb gold can be seen to cover an area of approximately 2.5sqkms (Figure 9).

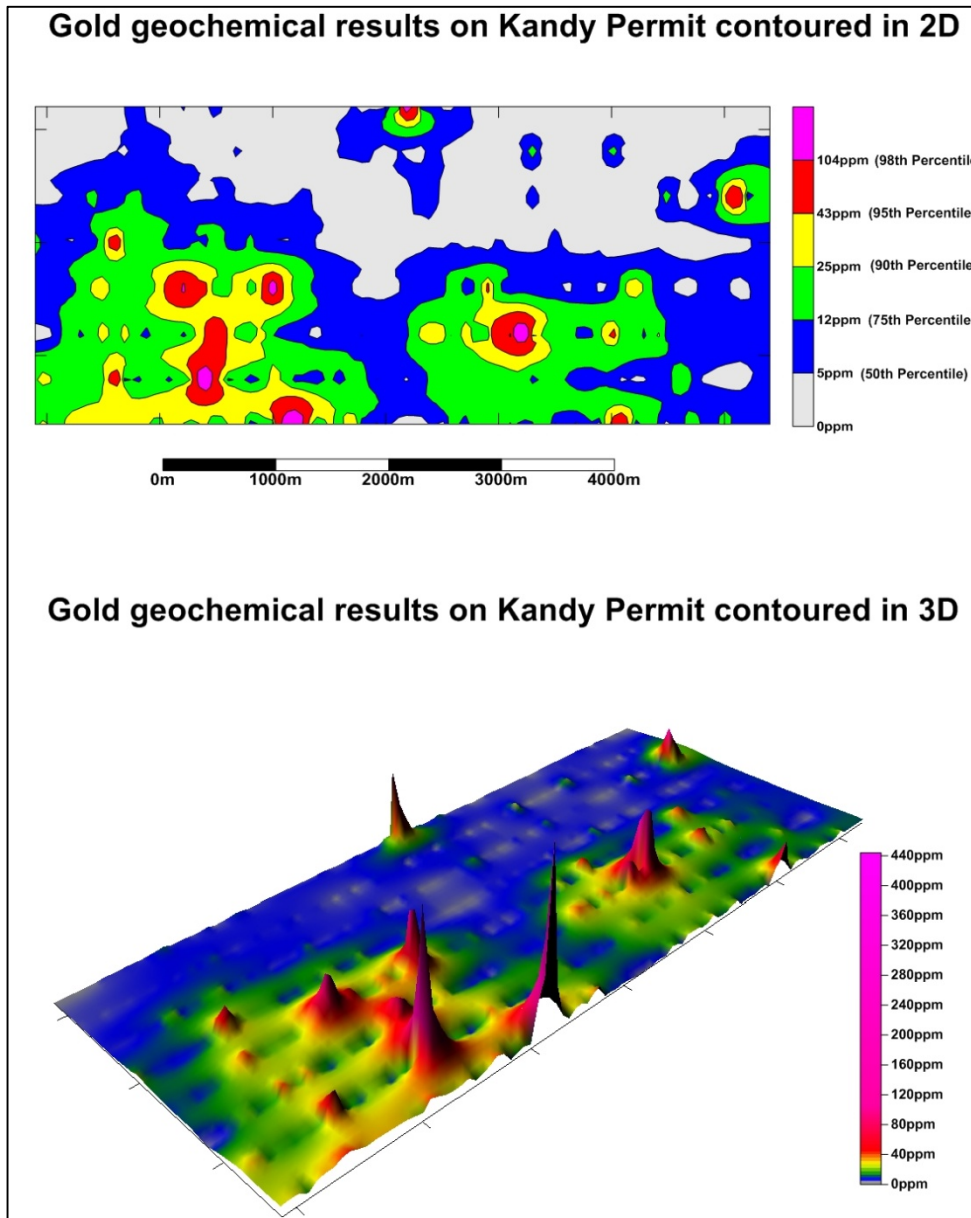
Higher tenor geochemical results have been received with a number of areas showing values of greater than 43ppb gold (the 95<sup>th</sup> percentile). Highest values received to date are 444ppb. These results are from the first set of samples taken and the anomaly remains open to the south, the southeast and the southwest.

The grid spacing of 400m by 100m was designed as a basic reconnaissance grid. This reconnaissance survey has been almost completed over the highest priority areas of the Permit. Infill surveys on a spacing of 100m by 100m have also been undertaken over the higher grade portions of the initially released anomaly.





Gold anomalism on the Kandy Permit is following similar structural trends to the Madougou Permit, with two trends, a northeastern trend and a north-northwestern trend, visible in the data. Analysis of this geochemical data is ongoing along with mapping and a grab sampling program.



**Figure 9:** Gold results from the deep geochemistry survey over the north-eastern corner of Kandy contoured in 2D and 3D





## **Madougou 2 Exploration Permit**

Subsequent to the end of the June quarter, 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. Recent and historical scout drilling on the Madougou Permit returned intersections of 56m at 1.6g/t gold, 4m at 9.6g/t gold, 8m at 20.9g/t, 10m at 6.7g/t gold and 14m at 4.8g/t gold.

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 aeromagnetism 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 the company held its Annual General Meeting with all resolutions passed on a show of hands.

At the AGM, Mr Ron Sayers resigned as a Non-executive Director of Carbine due to his increased work commitments. Ron was an inaugural director of Carbine and the Company would like to thank him for his enormous contribution over the years.

During the quarter a total of 3,106,709 options were exercised and allotted raising \$466,006.35.

Cash at bank as at 30 June 2011 was \$6,009,711.26.

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.*

