



# CARBINE RESOURCES LIMITED



## September 2012 Quarterly Report

### Highlights

#### Ouahigouya Gold Project – Burkina Faso

- ◆ Results from initial reconnaissance aircore drilling of gold anomalism in geochemistry at the Foufaka Prospect on the Kandy Permit identified multiple, large down hole gold mineralisation zones. Best results included:
  - ◆ 10m at 3.5g/t gold from 12m (KDAC216);
  - ◆ 32m at 0.73g/t gold from 2m (KDAC283);
  - ◆ 11m at 1.17g/t gold from 34m (KDAC057);
  - ◆ 10m at 1.02g/t gold from 12m (KDAC241);
  - ◆ 16m at 0.63g/t gold from 16m (KDAC278);
  - ◆ 14m at 0.86g/t gold from 30m (KDAC054); and
  - ◆ 6m at 2.37g/t gold from 22m (KDAC168).
- ◆ Maps and report of detailed mapping for over 1,450 km<sup>2</sup> received with details on regolith, lithologies, structure, alteration, and gold mineralisation.
- ◆ Targeting exercise underway on regional permits to generate additional targets for geochem testing.

#### Corporate

- ◆ In August 2012 Carbine completed the sale of the Red Dam Asset for \$1.94m in cash and script to Phoenix Gold Ltd.
  - ◆ Final instalment of \$50,000 paid in cash.
  - ◆ 8 million shares issued in Phoenix Gold Ltd (share price \$0.32 at 31 October 2012) becoming Phoenix's' second largest shareholder at the time of issue.
  - ◆ \$10/ounce royalty on all gold production.
- ◆ Cash at bank on 30 September \$3.9 million.

#### Fast Facts

##### Ordinary Shares

Shares on Issue 140,017,394

##### Market Capitalisation and Current Cash

Market capitalisation  
(at \$0.059) \$8.3 million  
Cash 30 Sept 2012 \$3.9 million

##### Board of Directors

- Mr Peter Sheehan  
(Managing Director)
- Mr Evan Cranston  
(Non-Executive Director)
- Dr Paul Kitto  
(Non-Executive Director)
- Mr Grant Mooney  
(Non-Executive Director)

##### Company Highlights

- 1,870km<sup>2</sup> highly prospective ground in Burkina Faso, West Africa

##### Key Project

##### Ouahigouya Gold Project

- 1,870km<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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## Ouahigouya Gold Project, Burkina Faso

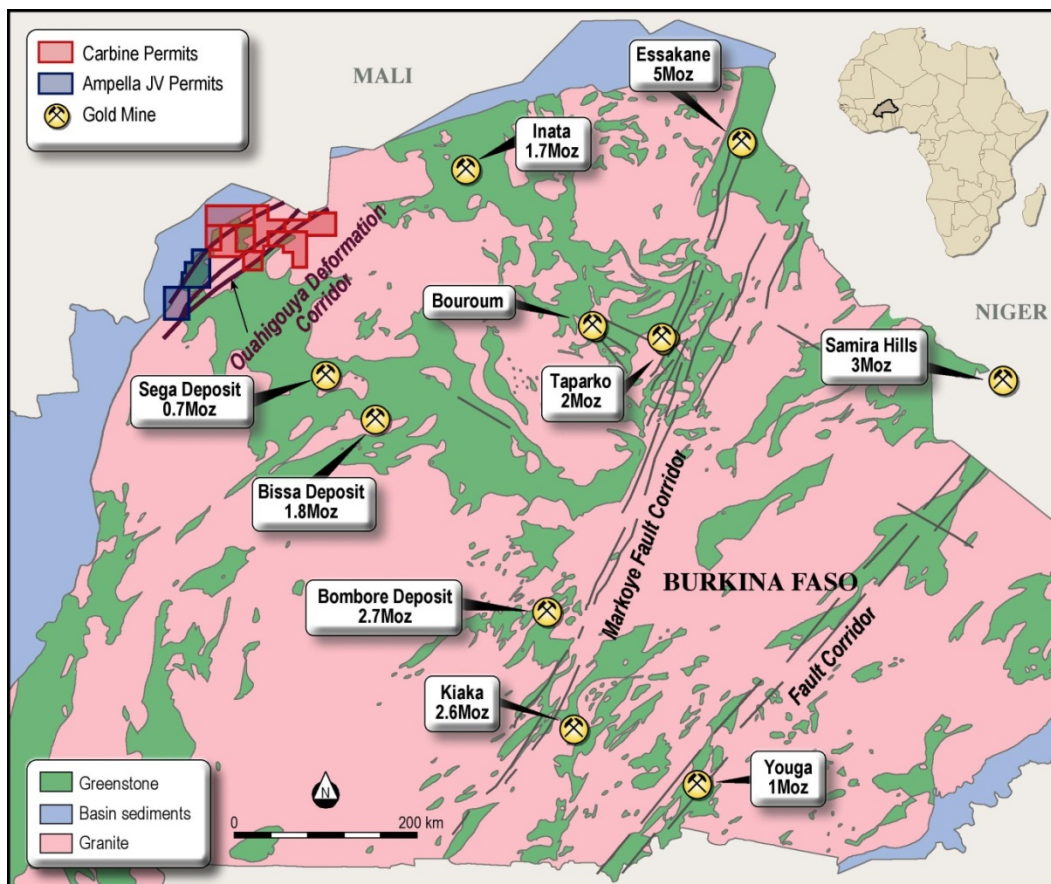
The Ouahigouya Gold Project is located in an outlier of the Hounde Greenstone Belt in northwest Burkina Faso (West Africa) and consists of a contiguous land holding of 1,870 km<sup>2</sup> comprising 10 granted Exploration Permits; Madougou, Kandy, Lossa, Dere, Dabinyan I, Ban, Koumbri, Madougou 2, Nongodoum, and Magel (Figure 1 & Table 1). Additionally, there are two pending permit applications at Siliga and Ingara.

The Permits are located on a major northeast trending crustal scale shear zone, the Ouahigouya Deformation Corridor. 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.

During the quarter activities were restricted to:

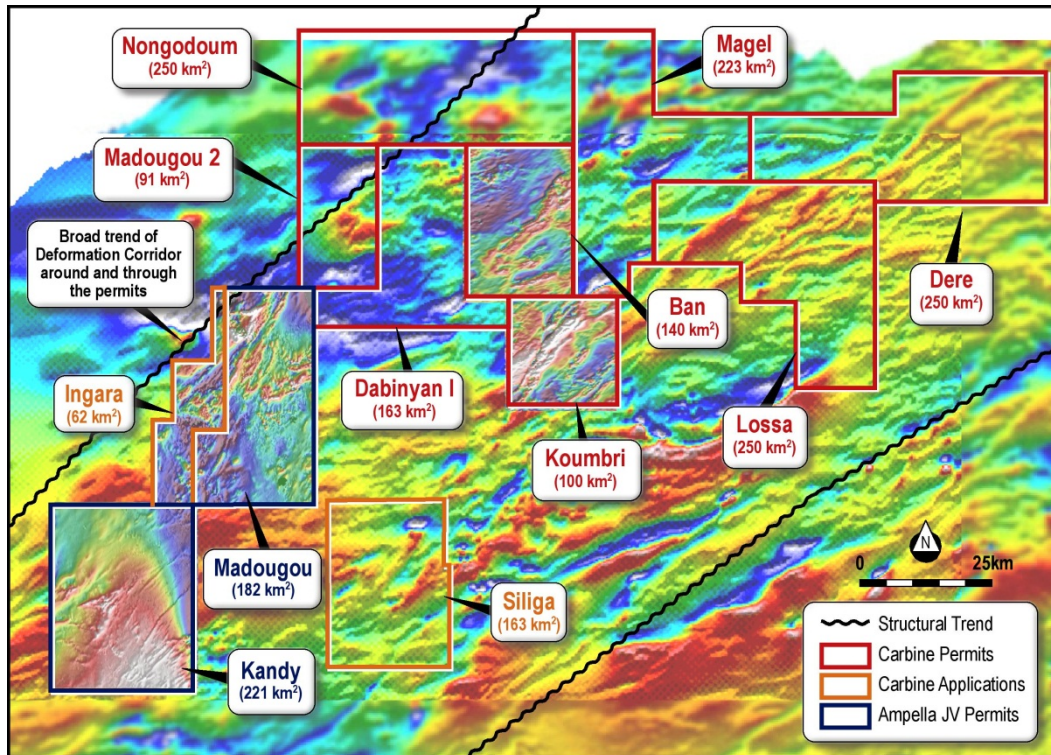
- ◆ reviewing regional geochem reconnaissance sampling;
- ◆ analysis of detailed regional mapping report;
- ◆ first pass regional targeting exercise; and
- ◆ completing magnetic susceptibility readings on 2012 RC and aircore drilling.

Field activities were suspended due to the wet season for the entire month of August which impacted productivity.



**Figure 1** Ouahigouya Gold Project location map (Burkina Faso).





**Figure 2** Ouahigouya Gold Project – Permit location within Ouahigouya Deformation Corridor and surface areas on reduction to the pole (RTP) magnetics image.

**Table 1** Schedule of Exploration Permits at 30 September 2012

Permit	Number	Area (km <sup>2</sup> )	Interest
Madougou	12-162	182	Can earn 80% (Ampella JV)
Kandy	10-100	221	Can earn 80% (Ampella JV)
Lossa	09-030	250	Option to Acquire 100%
Dere	09-036	250	Option to Acquire 100%
Dabinyan I	09-233	163	Option to Acquire 100%
Ban	08-092	140	Option to Acquire 100%
Koumbri	08-090	100	Option to Acquire 100%
Madougou 2	11-052	91	Option to Acquire 100%
Nongodoum	11-213	250	100% Carbine
Magel	11-214	223	100% Carbine
<b>Total Granted</b>		<b>1,870</b>	
Permit	Number	Area (km <sup>2</sup> )	Interest
Siliga	application	163	Option to Acquire 100%
Ingara	application	62	100% Carbine
<b>Total Applications</b>		<b>225</b>	





## **Madougou & Kandy Permits (Ampella Joint Venture Permits; can earn 80%)**

### ***Kandy Permit***

#### **Foufaka Prospect**

Results were reported in July (ASX Press Release 24 July 2012) from 305 aircore drill holes for 16,332m completed in January and February 2012 (Figure 3). Drilling targeted a large gold geochemistry anomaly (approximately 2km in strike, over 40 ppb, up to 997 ppb), supported by some low-moderate grade trench results to the north of the drilling including 5m at 0.73g/t Au. Aircore drilling was carried out on 6 sections each spaced 200m apart (Figure 1). Best results include:

- 4m at 2.02g/t gold from 36m (KDAC018);
- 2m at 3.94g/t gold from 24m (KDAC042);
- 14m at 0.86g/t gold from 30m (KDAC054);
- 11m at 1.17g/t gold from 34m (KDAC057);
- 8m at 0.65g/t gold from 10m (KDAC063);
- 6m at 1.11g/t gold from 10m (KDAC053);
- 4m at 1.53g/t gold from 14m (KDAC155);
- 6m at 2.37g/t gold from 22m (KDAC168);
- 4m at 1.77g/t gold from 32m (KDAC206);
- 10m at 3.5g/t gold from 12m (KDAC216);
- 10m at 1.02g/t gold from 12m (KDAC241);
- 10m at 0.64g/t gold from 30m (KDAC277);
- 16m at 0.63g/t gold from 16m (KDAC278);
- 32m at 0.73g/t gold from 2m (KDAC283);
- 10m at 0.73g/t gold from 8m (KDAC301); and
- 4m at 6.4g/t gold from 12m (KDAC304).

Drilling identified multiple mineralised zones of quartz veining and shearing within sediments, which is interpreted from observed geology and aeromagnetics to trend northeast-southwest. The mineralisation is defined in aircore drilling over approximately 600m, with several intersections still open to the northeast and southwest.

A follow-up reverse circulation (RC) drill program is designed to infill and confirm mineralisation in the fresh rock. Also, additional aircore drilling is designed as step out drilling to identify the full strike extent of the gold mineralisation at the Foufaka Prospect. Finally, the positive results at Foufaka confirm the need for testing of several other similar sized gold geochemistry anomalies on the Kandy Prospect.

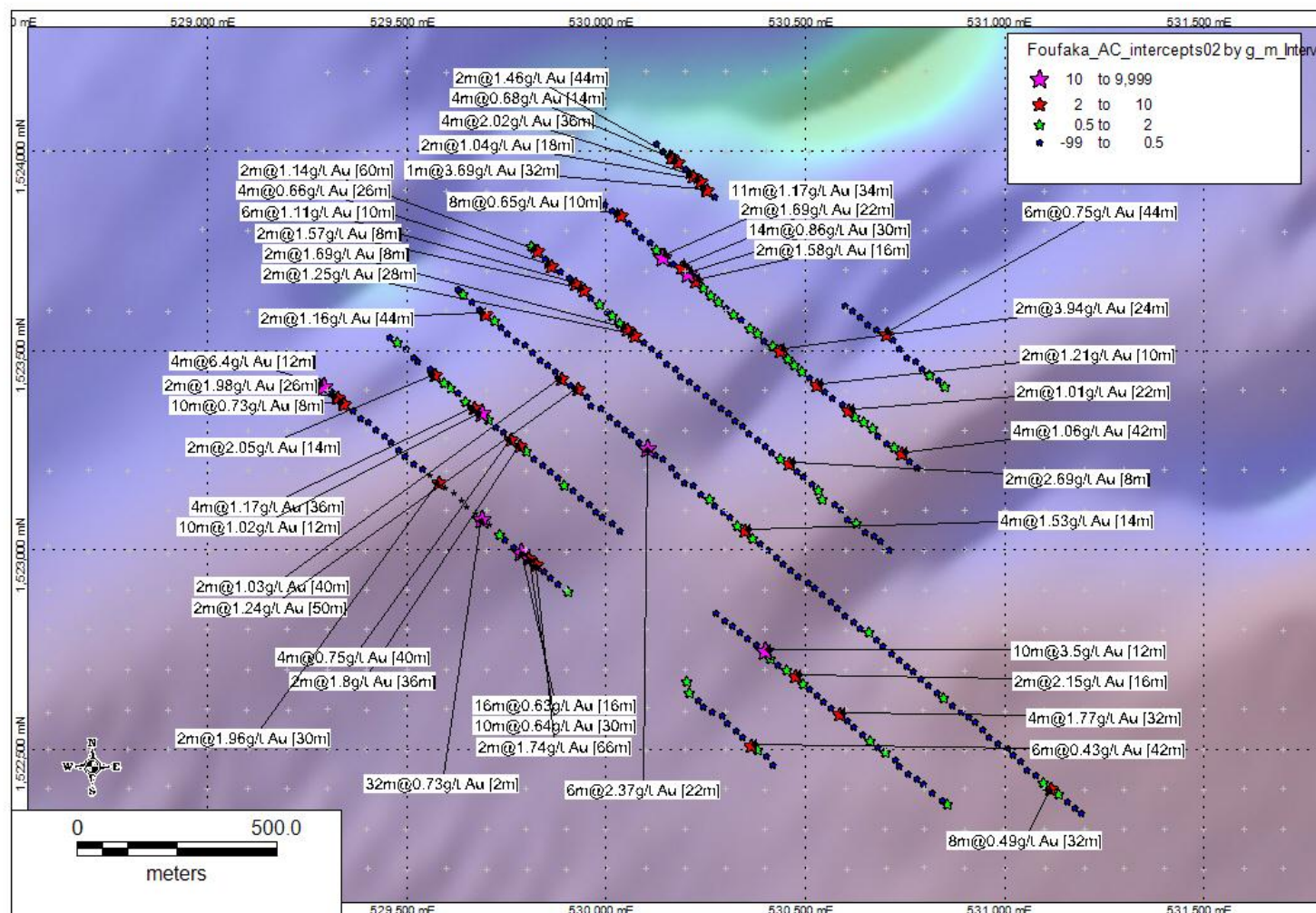
### **Regional Permits (CRB 100% or Options to acquire 100%)**

Assessment of the regional permits to generate new prospects for geochem sampling and drilling is a priority for 2012. A regional targeting exercise was carried out on several permits during the September quarter of 2012 utilising multi-element regional geochemical survey (streams-lag), reconnaissance mapping and sampling, and known mineralised trends from previous prospecting and drilling.

#### ***Detailed Mapping***

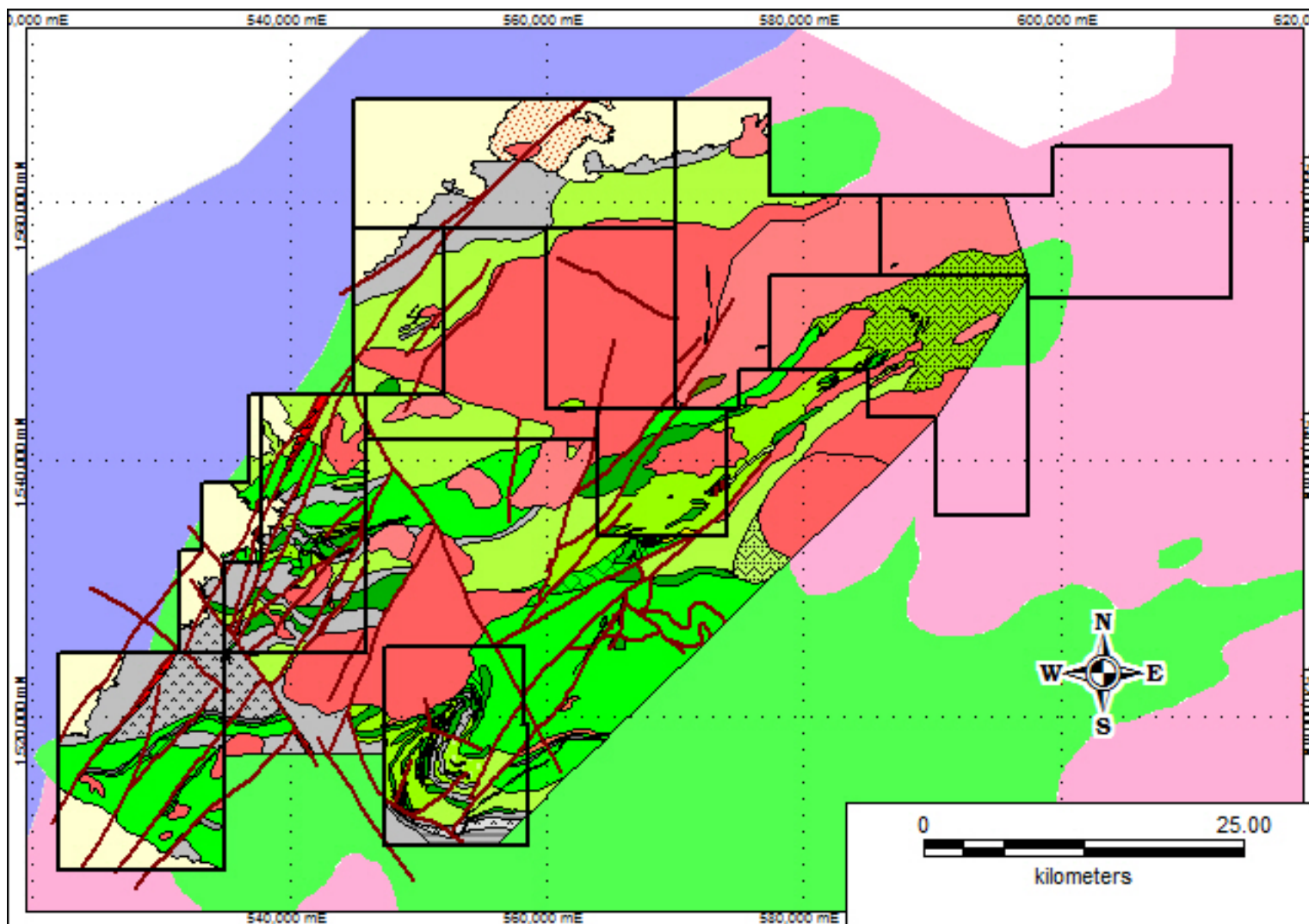
Detailed mapping of over 1,450 km<sup>2</sup> was completed in July 2012 on regional permits at Lossa, Dere, Dabinyan I, Ban, Koumbri, Madougou 2, Nongodoum, Magel, and Siliga (Figure 4). The Company received maps with a final report detailing regolith, lithologies, structure, alteration, detailed discussion on gold mineralisation with a predictive model. Mapping shows significant areas of prospective greenstone stratigraphy previously shown on government maps as being granite.





**Figure 3** Fofaka Prospect: Location of mineralised gold intercepts from recent aircore drill holes (stars) overlaid on Total Magnetic Intensity (reduced to the pole). Figure shows that gold mineralisation is still open to southwest and northeast.





**Figure 4** Ouahigouya Gold Project - interpreted bedrock geology and structure (from Crossing 2012).





### ***Regional Targeting Exercise (ongoing)***

Work began on a regional targeting exercise to prioritise regional permits for more detailed geochemistry sampling and drilling. The exercise focused on looking for the presence of 5 key criteria, namely, presence of regional mineralised structure, structural complexity (faults, folds, flexures etc.), presence of gold (artisanal workings and/or geochem), rheological contrast, and presence of chemical contrast/trap (Fe-rich rocks, carbonaceous shale etc.). Madougou 2, Koumbri and Siliga permits were the first permits to be assessed using the criteria with several prospects ranking highly. The exercise will be completed during the next quarter and recommendations made identifying priority areas for geochem sampling.

### **Red Dam Gold Project, Western Australia**

In August 2012, the Company announced it had completed the sale of tenement M16/344 known as Red Dam with Phoenix Gold Limited for the following consideration:

- ◆ \$50,000 non-refundable cash deposit paid on signing formal agreement (October 2011);
- ◆ \$50,000 cash paid at settlement (August 2012);
- ◆ 8 million fully paid ordinary PXG shares currently trading at \$0.32 (31 October 2012); and
- ◆ \$10 per ounce gross production royalty.

Phoenix and Carbine have completed the conditions precedent in the Formal Sale Agreement.

### **Corporate**

Cash at bank as at 30 September 2012 was \$3.9 million.

**31 October 2012**

### **For further information, please contact:**

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*The information in this report that relates to exploration results is based on information compiled by Peter Sheehan who is a member of the Australian Institute of Mining and Metallurgy. Peter Sheehan is employed by Carbine Resources Ltd. Peter Sheehan has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he 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". He consents to the inclusion of the matters based on information in the form and context in which it appears.*

