



# CARBINE RESOURCES LIMITED



## December 2011 Quarterly Report

### Highlights – Madougou Project

- ◆ Two new Permits (Nongodoum and Magel) were granted to Carbine Resources in November 2011.
- ◆ Total contiguous land holding increased to 1,932km<sup>2</sup>, which is one of the largest contiguous land holding packages in Burkina Faso.
- ◆ Aircore and multi-purpose (RC and DD) drill rigs secured for 2012 programs.
- ◆ Phase 1 RC drilling (15,000m) is already underway with over 2,366m completed during December at the Dore Prospect and 4,393m finished over the Goussirdou Prospect.
- ◆ Over 450m of trenching has been completed at the Foufaka Prospect on the Kandy Permit with a 15,000m aircore program to follow in early 2012.
- ◆ Regional exploration programs commenced on newly acquired Permits.
- ◆ Carbine fully funded for 2012 exploration season with approximately \$9.5 million in cash and liquid investments\*.

### Corporate

- ◆ Divestment of Red Dam for \$1.94 million in cash and shares to Phoenix Gold.
- ◆ Cash at bank at 31<sup>st</sup> December was \$7.5 million.
- ◆ Subsequent to quarter end, Aoife McGrath resigned as Executive Director - Exploration. The Company has immediately commenced a search for a suitable replacement.

\*Subject to the completion of Red Dam Sale.

### Fast Facts

#### Ordinary Shares

Shares on Issue 140,017,394

#### Market Capitalisation and Current Cash

Market capitalisation  
(at \$0.105) \$14.7 million  
Cash @ 31 Dec \$7.5 million

#### Board of Directors

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

#### Company Highlights

- 1,932km<sup>2</sup> highly prospective ground in Burkina Faso, West Africa

#### Key Project

##### Madougou Gold Project

- 1,932km<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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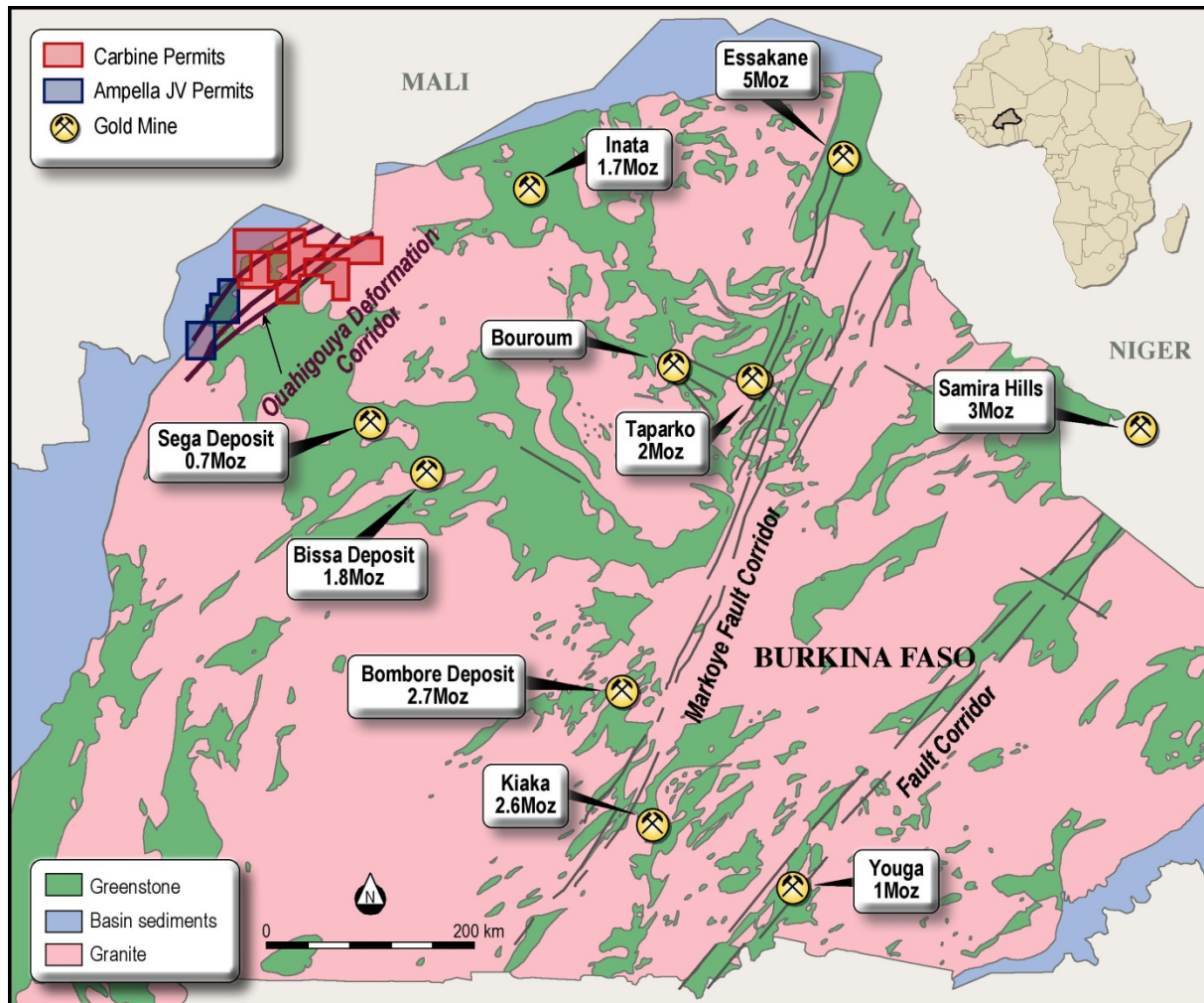
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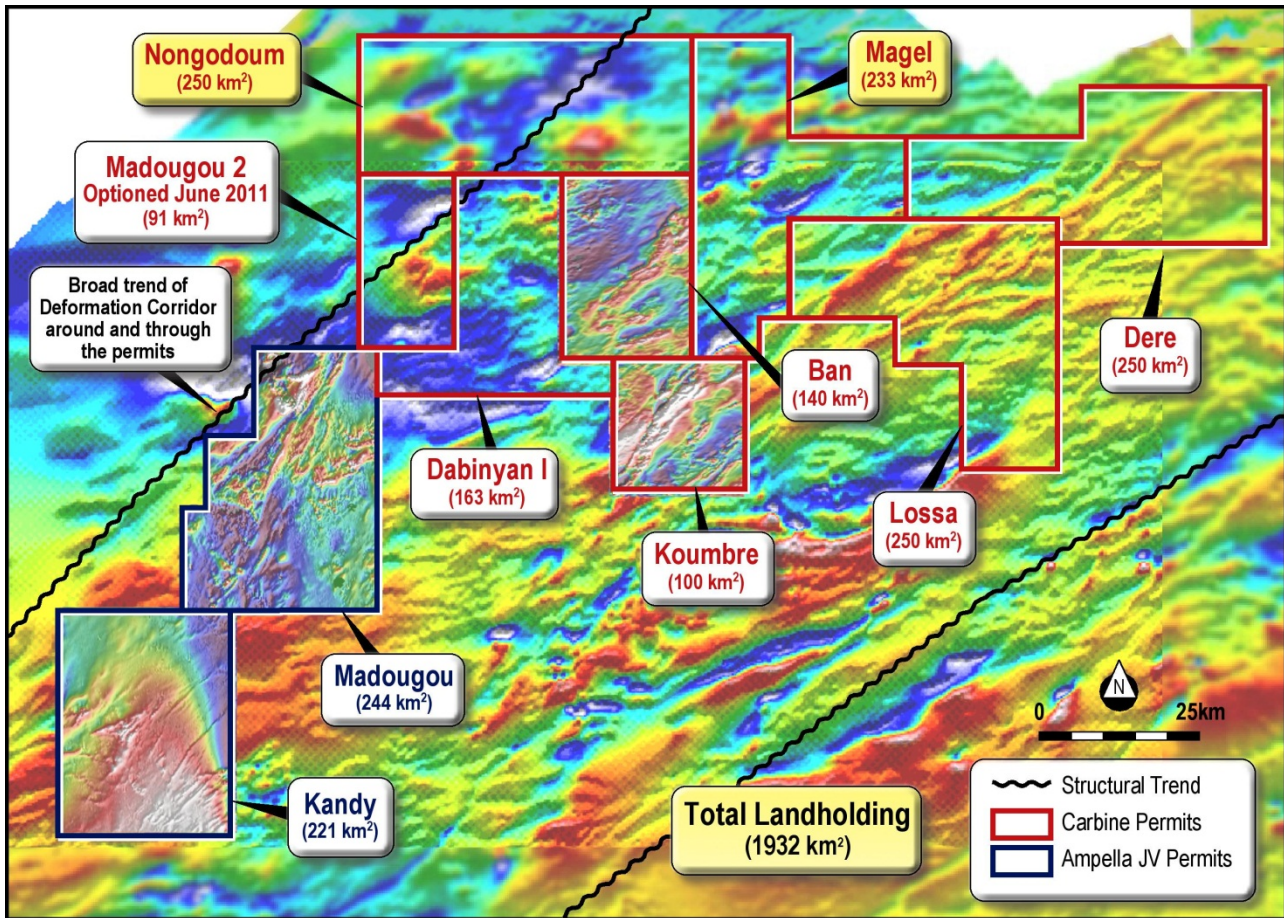
## Madougou Project, Burkina Faso

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 & 2). 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 in Burkina Faso, overlain on regional geology.





**Figure 2:** Location of new Permits (Nongodoum and Magel) in relation to existing Madougou Project Permits, overlain on a regional geophysical image.

## Strategic Land Holding Increased to 1,932km<sup>2</sup>

In November 2011, Carbine announced that it has been granted two new permits, Nongodoum and Magel for its Madougou Project, in Burkina Faso, West Africa (Figures 1 and 2). The new Permits add 473km<sup>2</sup> to the total land package, are located to the north of existing Permits and infill some strategic gaps in the Company's land holding in the area. Total land holding at the Madougou Project has now increased to 1,932km<sup>2</sup> making it one of the largest contiguously held land packages in Burkina Faso.

The Permits are believed to contain similar lithologies, alteration and deformation to those seen on the other Permits at the Madougou Project. Both Permits overlie the Ouahigouya Deformation Corridor and Birimian Greenstone. No modern day exploration has ever been conducted on the Permits. Nongodoum and Magel are situated along the regional strike direction from the Madougou Permit where recent RC and AC drilling undertaken by Carbine returned results of 56m at 1.6g/t gold, 2m at 73.2g/t gold, 8m at 12.41 g/t gold, 11m at 4.94g/t gold, 10m at 11.9g/t gold, 32m at 1.3g/t gold, 15m at 2.3 g/t gold.

Carbine intends to start exploration on these Permits during this field season. The exploration programs will include reconnaissance and local scale mapping, stream sediment sampling and grab sampling. The aim will be to outline target areas for follow up later in 2012.







## **Madougou Project Exploration Program**

During the December Quarter Carbine announced that the 2011-2012 exploration program at the Madougou Project, Burkina Faso (Figures 1 and 2) was well underway. During the quarter, over 6,700m of a Phase-1 RC drill program was completed at the Dore (2,366m) and Goussirdou Prospects (4,393m) (Figure 3) on the Madougou Permit.

Over 7,000m of RC in 48 holes was also planned over the Nazala Prospect during this phase of drilling. Numerous sub-parallel, north-east trending zones of mineralisation, each with a potential strike length of up to 1.6kms have been identified through aircore drilling at Nazala (ASX 27<sup>th</sup> July 2011, 29<sup>th</sup> August 2011). Best intersections included **10m at 11.9g/t gold, 32m at 1.3g/t gold, 28m at 1.3g/t gold, 15m at 2.3g/t gold**. Seven drill sections at intervals of between 100m and 250m will be drilled at this Prospect during this phase of RC. Mineralisation at Nazala is associated with quartz veining on or close to sheared and folded lithological contacts.

Excellent results were also received from previous drilling at the Nimbo Prospect (ASX 31<sup>st</sup> August 2011). Best intersections included **2m at 73.2g/t gold** (ended in mineralisation), **8m at 12.4g/t gold** and **11m at 4.9g/t gold**. Final planning of a short RC program to follow up on these results is underway and this may be completed during this phase of drilling.

At the Kandy Permit, over 450m of trench sampling has already been completed (Figure 5) and results are pending. Reconnaissance and infill deep geochemical surveys will re-commence in January and are expected to be complete in early 2012. A follow-up aircore drill program over the large Foufaka Prospect (ASX 24<sup>th</sup> May 2011) is currently being finalised. This will be undertaken in early 2012.

### **Regional Exploration on 8 remaining Permits:**

During 2012 Carbine plans to undertake continuous regional exploration over the 8 newly optioned / acquired Permits. The aims are to identify a pipeline of new targets for follow-up later in 2012 and early in 2013.

A team of geologists has been assembled with the sole focus of target generation from these Permits. Planned programs include:

- Regional and detailed scaled mapping (geological and regolith) and grab sampling.
- Regional and follow-up stream sediment sampling programs totaling approximately 400 samples.
- A soil sampling program of over 7,000 samples.
- 40,000m of deep geochemical drilling (auger and aircore).



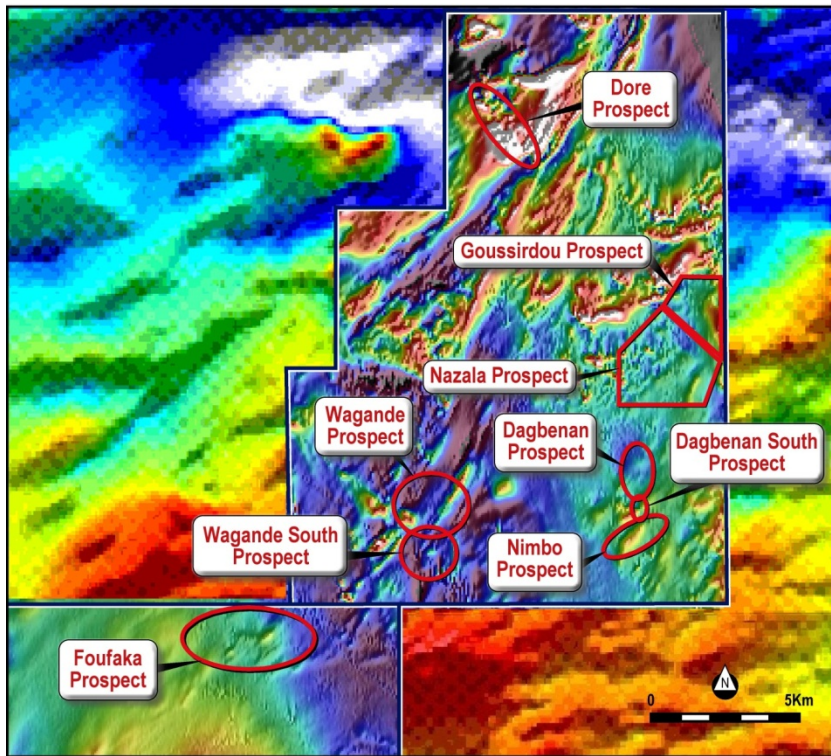


Figure 3: Location of already identified Prospects on the Madougou and Kandy Permits.

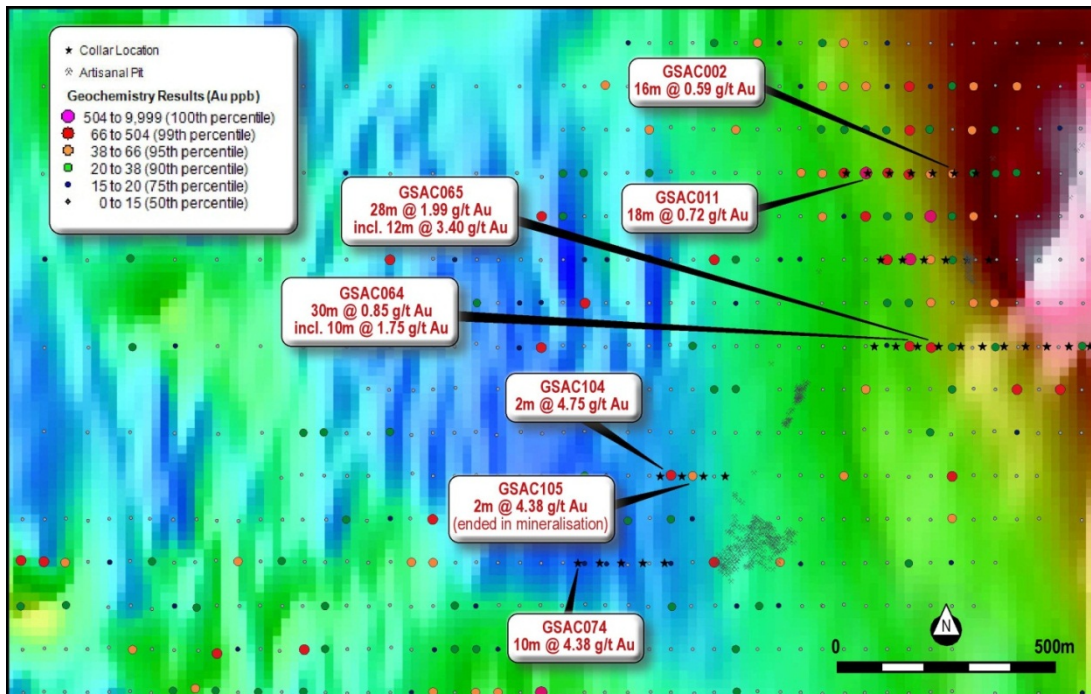


Figure 4: Collar locations of Phase-1 RC drillholes over the Goussirdou Prospect overlain on aeromagnetic image and deep geochemistry results. Map also shows locations of artisanal fields and locations of aircore drill results received by Carbine Resources earlier in 2011.





**Figure 5:** Trench sampling and mapping at the Foufaka Prospect on the Kandy Permit.

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

During the quarter Carbine entered into an agreement with Phoenix Gold Limited in which Phoenix has agreed to purchase tenement M16/344 known as Red Dam for the following consideration:

- ◆ \$50,000 non-refundable cash deposit on signing formal agreement;
- ◆ \$50,000 cash payable at settlement;
- ◆ 8 million fully paid ordinary PXG shares representing 7.2% of the issued capital of Phoenix at a deemed price of \$0.23 per Phoenix share; and,
- ◆ \$10 per ounce gross production royalty.

Phoenix and Carbine expect to execute and complete a Formal Sale Agreement shortly subject to any shareholder approvals that may be required and any government or other regulatory approvals.

Phoenix Gold Ltd is an emerging Australian exploration and development company with an extensive land holding on the Zuleika and Kunanalling shear zones northwest of Kalgoorlie in Western Australia, home to some of Australia's richest gold deposits. Phoenix is fast establishing a substantial gold inventory on its existing projects (excluding Red Dam) (refer Phoenix Annual Report 2011 for details of JORC compliant resource inventory) which it aims to significantly grow and to self-fund aggressive exploration through the development of advanced mining projects that can deliver cash flow in the short term.

The divestment of Red Dam will let Carbine focus 100% of its efforts on its Madougou Project in Burkina Faso West Africa where it is aiming to establish its maiden JORC compliant resource within the next 12 months. The divestment increases Carbines current cash and liquid assets to approximately \$9.5 million to fund ongoing exploration.





## Corporate

Cash at bank as at 31 December 2011 was \$7.5 million.

Subsequent to the quarter end, advised of the resignation of Aoife McGrath as Executive Director – Exploration of the Company. The Company has immediately commenced a search for a suitable replacement. Company Secretary, Grant Mooney has been appointed as a Non-Executive Director of the Company.

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

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

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**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 Dr Paul Kitto who is a member of the Australian Institute of Geoscientists. Paul Kitto is employed by Carbine Resources Ltd. Paul Kitto 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.*

