



CARBINE RESOURCES
LIMITED



December 2010 Quarterly Report

Highlights

Madougou Project, Burkina Faso

- ◆ Deep geochemistry programs underway on the Madougou and Kandy Permits.
- ◆ Two auger rigs and 1 one aircore rig working double shifts. Over 80,000m geochem drilling planned.
- ◆ Airborne geophysics contract awarded for surveys over a number of the new Permits.
- ◆ Gold geochemical anomalies totaling 7.4kms in strike have been outlined after completion of one-third of the Phase-1 program at the Madougou Permit.
 - ◆ In the Nazala Prospect region, two new strong gold geochemical anomalies of up to 1401ppb and totaling 3.8km combined strike length have been identified from the ongoing deep geochemical surveys.
 - ◆ Two strong anomalies (up to 800 parts per billion) sit over the Nimbo and Dagbenan prospects.
- ◆ Grab samples of up to 16.9g/t gold have been recovered from a new prospect to the west of the Nazala deep geochemistry anomalies.
- ◆ Two new exploration Permits acquired for an additional 240sq. kms.
- ◆ Total land holding now 1,367 sq. kms, with seven Permits being explored by Carbine Resources.

Corporate

- ◆ In October the Company raised \$7 million (before costs) by the placement of 17.5 million shares at \$0.40 issued via two tranches.
- ◆ General Meeting held on 15 November.

Fast Facts

Ordinary Shares

Shares on issue	104 million
Options on Issue	
CRBO	
(ex.15c July 11)	36 million

Market Capitalisation and Current Cash

Market capitalisation	
(at \$0.39)	\$40 million
Current Cash	\$8.5 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

- 1367km² 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

- 1367km² 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 December 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.

In October the Company commenced its post wet season, intensive exploration program at the Madougou Project (Figure 1), starting with a deep geochemistry survey. The aim of this program is to drill through the transported cover (currently averaging 10m thick) to obtain a primary, 1m thick geochemical sample from the saprolite below. Two augers and one aircore rig are in use to obtain these geochemical samples. Phase 1 geochemistry grids are planned on a 400m by 100m spacing with tighter follow-up grids designed as required. All rigs are working double shifts and the Company is obtaining results rapidly from this program. Follow-up aircore or RC (Reverse Circulation) programs (as appropriate) are being designed over geochemical anomalies outlined from this program.

Results from Dore, Nimbo and Nazala Prospects, Madougou Permit

In December 2010, the Company announced that it had already outlined strong and encouraging gold geochemical anomalies from its deep geochemistry survey currently underway at the Madougou Project, northwest Burkina Faso.

The high tenor anomalies sit over the Dagbenan and Nimbo Prospects (Figure 2) and indicate that the potential for strike length on these Prospects is more extensive than current artisanal workings suggest. Gridded and contoured gold values are shown in Figure 3 and show the strength and extent of this anomaly. Using a greater than 93 percentile separation of the data (over 15ppb Au) the anomaly can be shown to consist of two main zones – an approximately north-south striking





section of 1.8km in length over Dagabenan and a northeast-southwest striking section also of 1.8km over Nimbo. Both parts of the anomaly appear to be associated with northeast trending structures. Much higher values (>97 percentile representing >50ppb) are seen over the main sections of the Nimbo and Dagabenan Prospects with the highest results recorded being 805ppb. Results from the scout drill program over the Nimbo Prospect carried out in June of this year included an intersection of **4m at 9.6 g/t gold**.

Subsequent to the quarter end, Carbine announced that it has outlined two further extensive gold geochemical anomalies in the Nazala Area (Figure 2). A number of Prospects and artisanal mining fields are found in this area. Gridded and contoured gold values are shown in Figure 3. Using a greater than 85 percentile separation of the data (over 16ppb Au) the anomaly can be shown to consist of two main zones that together total 3.8kms in strike length. The anomalies appear to be associated with both northeast–southwest and northwest-southeast trending structures. Much higher gold values (>95 percentile representing >40ppb Au) are also seen to define a central core to the anomalies, with the highest value being 1401ppb gold.

The structures in the Dagabenan, Nimbo and Nazala Areas are of a lower order than the main structural corridor to the west. Access to this main structural corridor was limited at the beginning of the survey (due to active farming in the area) but work is currently underway in the region.

Ongoing mapping and grab sampling has also yielded results of up to 16.9g/t over a new prospect in the Nazala Area. Six initial rock chip / grab samples were taken with every sample yielding results of over 3.6g/t gold (actual results were 3.6g/t, 3.8g/t, 8.4g/t, 9.7g/t, 13.7g/t and 16.9g/t). These results cover a strike length of 500m on this new prospect and will be followed up immediately.

Dabinyan I, Lossa and Dere Exploration Permits (acquired September 2010, CRB 100%)

Regional mapping and sampling is well underway on the Dabinyan 1 Permit. Grab and termite mound samples have been collected and programs are continuing.





New Ban and Koumbre Exploration Permits (acquired October 2010, CRB 100%)

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 (Figures 1 and 4). 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. Total land holdings have now increased to 1367sqkms.

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 commenced a regional mapping and grab sampling program over these Permits. 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.

The Company has awarded a contract to Aeroquest Airborne (formerly UTS Aeroquest) for a high resolution airborne magnetic and radiometrics survey over the new Ban and Koumbre Permits. These surveys are expected to be undertaken early in 2011.

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 announced the appointment of Security Transfer Registrars to maintain the register of the Company.

On 5 October, the Company announced that it placed 17.5 million shares at \$0.40 to raise \$7 million (before costs) in two tranches. The first tranche raised \$5 million and the second tranche raised \$2 million subject to shareholder approval.

On 15 November 2010, the Company held a General Meeting in Perth. In accordance with the Notice of Meeting dated 15 October 2010, all motions put before the meeting were carried on a show of hands. No other business was conducted at the Meeting.

During the quarter a total of 1,291,100 options were exercised and allotted raising \$193,650.00.

Cash at bank as at 31 December 2010 was \$8,486,078.

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

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 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.



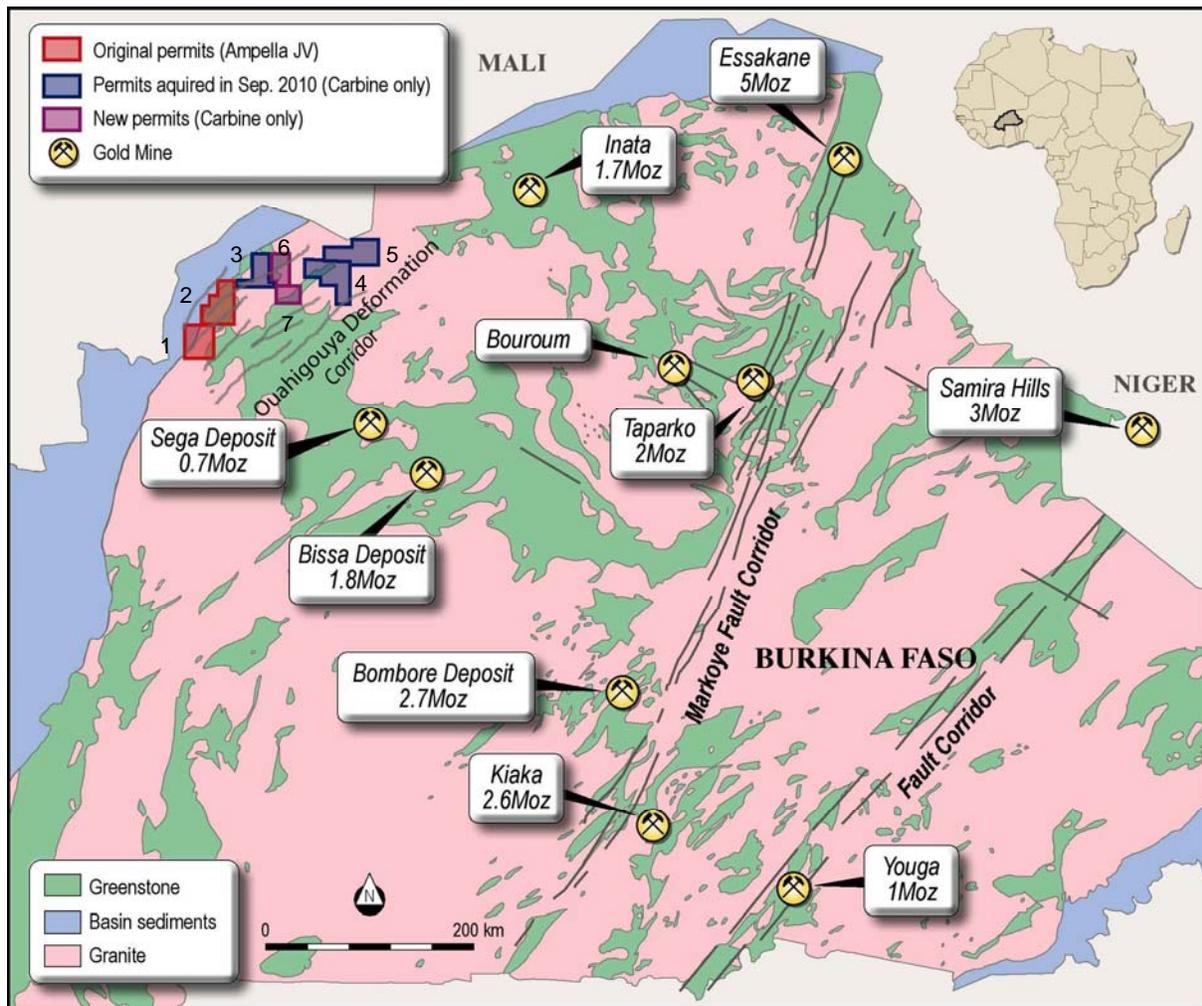


Figure 1: Diagram showing the location of the Madougou Project and individual Permits in Burkina Faso. Key to Permits: 1 = Kandy Permit, 2 = Madougou Permit, 3 = Dabinyan II Permit, 4 = Lossa Permit, 5 = Dere Permit, 6 = Ban Permit, 7 = Koumbre Permit.



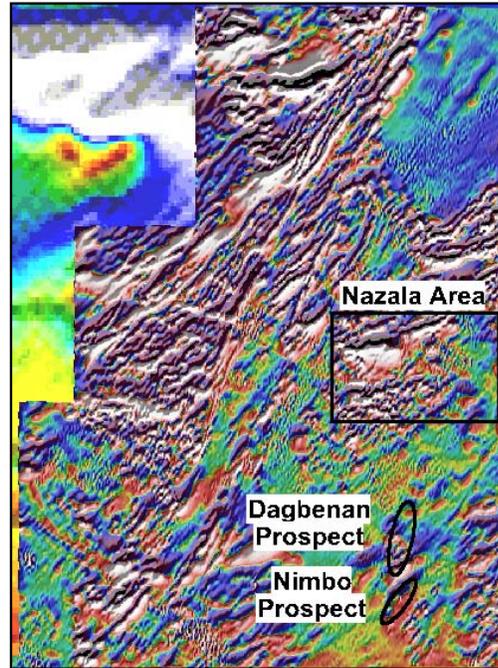


Figure 2: Map showing the location of the Nazala Area and Nimbo and Dagbenan Prospects on the Madougou Permit.

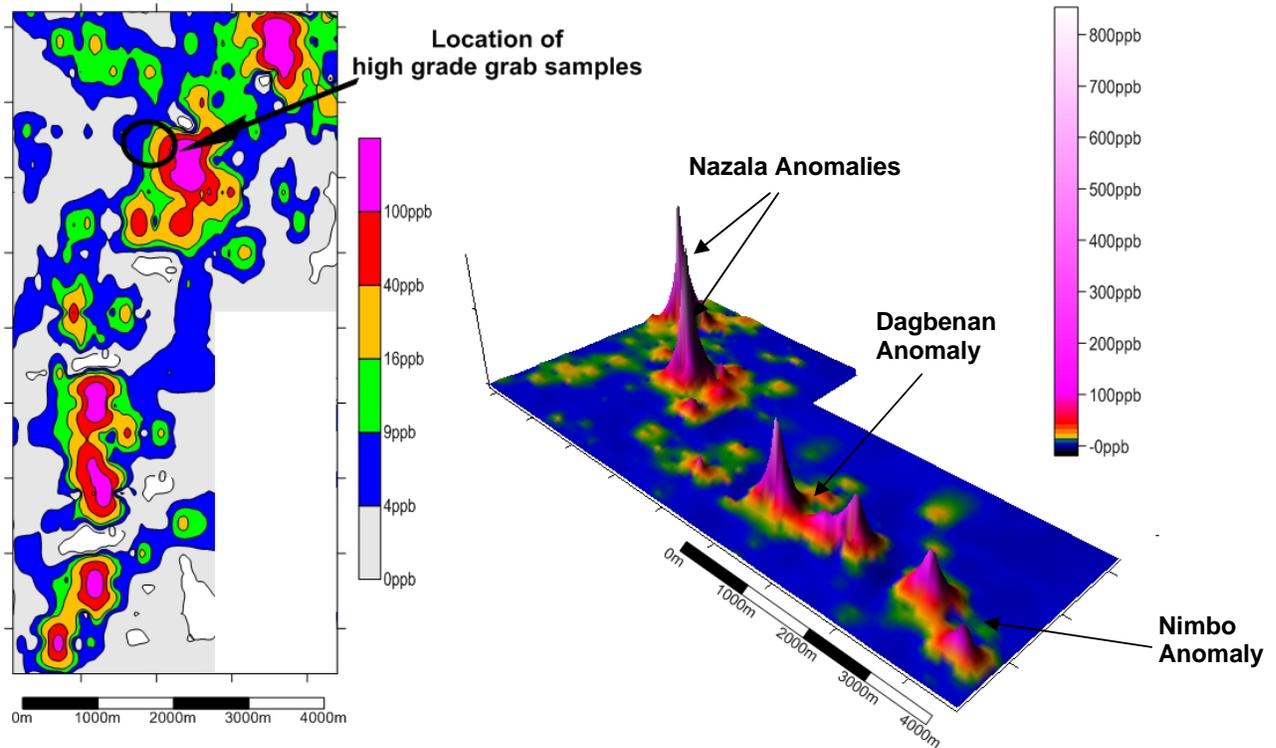


Figure 3: 2D and 3D contoured auger geochemical anomalies over the Nazala Area and the Dagbenan and Nimbo Prospects on the Madougou Permit.



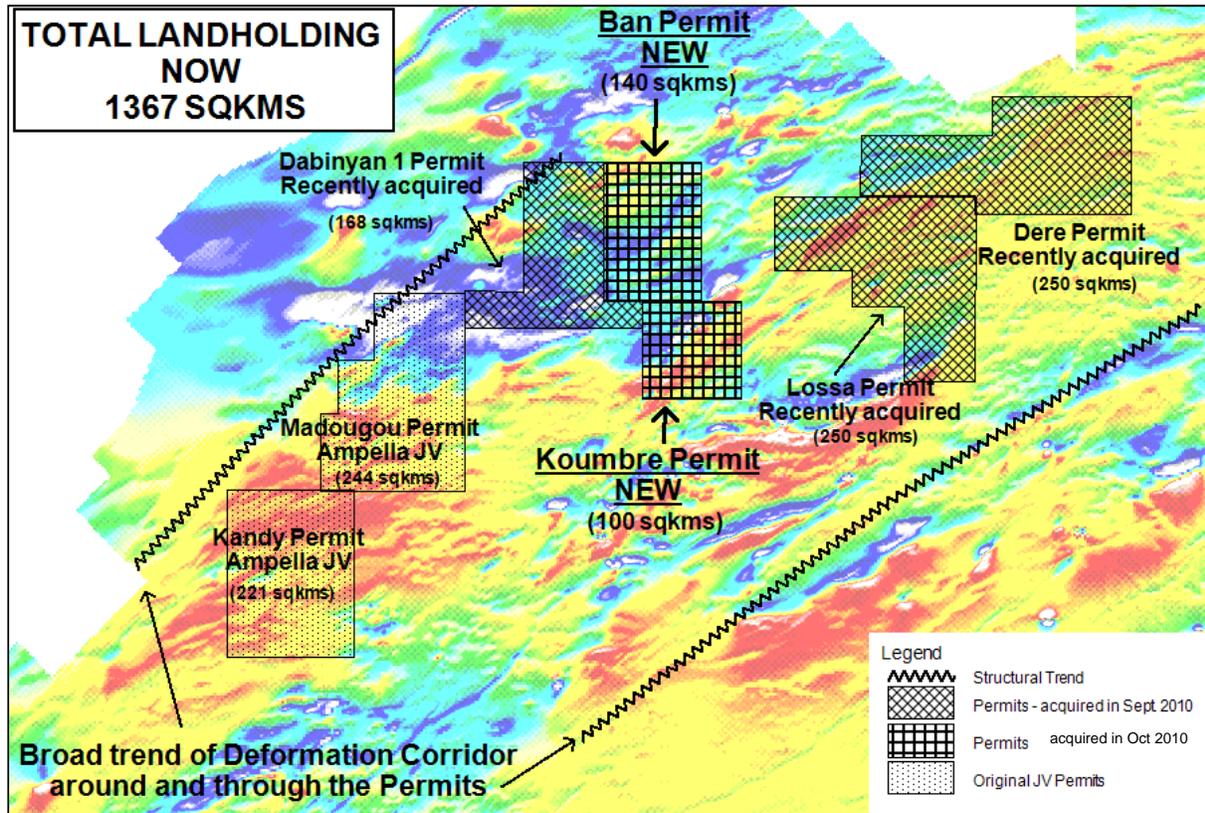


Figure 4: Map showing the location of all Carbine Permits and their surface area, overlain on a regional resolution aeromagnetic image. Kandy and Madougou Permits form part of the JV with Ampella Mining, Dabinyan I, Lossa and Dere Permits were acquired in September for Carbine Resources and Ban and Koumbre Permits were acquired in October for Carbine Resources.

