



# CARBINE RESOURCES LIMITED



## March 2010 Quarterly Report

### Highlights

- ◆ Restructure of the Board and management to proceed with new West African gold focus:
  - Renowned West African geologist, Aoife McGrath, to lead West African expansion as Executive Director – Exploration
  - Dr Paul Kitto and Evan Cranston joined as Non-Executive Directors
  - Geoff Hewett joined as Company Secretary
- ◆ Capital raisings completed during the Quarter by issue of the Company's securities raises \$3.3 million before costs
- ◆ Exploration programs to commence imminently at Madougou Gold Project following final approval of Earn-In and Shareholders' Agreement

### Quarter Overview

The March 2010 Quarter marked a significant milestone in the operations and progress of the Company.

During the Quarter Carbine commenced its Earn-In and Shareholder Agreement with Ampella Mining Ltd (Ampella) in respect to the Madougou Gold Project in Burkina Faso, West Africa at the same time restructuring the Board in proceeding with its new West African gold focus.

Capital raisings of \$3.3 million completed during the Quarter attracted strong support from both existing and new institutional investors, indicating firm interest and market support for the Company's new project and development plans.

Carbine has now entered a new and exciting phase of its development with this unique opportunity to earn an interest in what it considers to be highly prospective acreage with the potential for a significant gold resource.

#### Fast Facts

##### Ordinary Shares

Shares on issue 85 million

##### Options on Issue

CRBO

(ex.15c July 11) 37.5 million

##### Market Capitalisation and Current Cash

Market capitalisation

(at \$0.30) \$25.5 million

Current Cash \$4 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

- 465km<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

- 465km<sup>2</sup> tenement package
- Major deformation zone
- 10km gold-in-soil anomaly
- Significant gold intercepts
  - 8m @ 20.8gpt gold
  - 10m @ 6.6gpt gold
  - 14m @ 4.8gpt gold

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## **CARBINE RESOURCES LIMITED**

### **Madougou Gold Project, Burkina Faso**

#### ***Exploration Programs***

In March 2010 Carbine commenced its Agreement with Ampella over the Madougou Gold Project (Project) in Burkina Faso, West Africa.

Under the Agreement, Carbine will be issued shares in a Company into which the Project will be transferred. Carbine may earn its 80% interest in accordance with the following:

- ◆ An initial 51% interest by sole contributing \$3 million on exploration and appraisal of the Project within a period of 3 years from commencement of the first earning period, with a binding commitment to spend \$250,000 within a period of 12 months from commencement of the first earning period;
- ◆ A further 19% interest by sole contributing a further \$2 million within a period of 2 years from commencement of the second earning period; and
- ◆ A further 10% interest by completing and sole funding a pre-feasibility study within a period of 2 years from commencement of the third earning period.

The Agreement was conditional upon a number of approvals including shareholder approval by Ampella subject to an Independent Expert's Report determining the transaction was fair and reasonable. All conditions contemplated by the Agreement were satisfied.

Following the Board restructure and completion of the capital raisings detailed below, Carbine intends to commence field programs on the Project in the second quarter of this calendar year. Details of the exploration programs will be released to the market on their commencement.

#### ***Geology***

The Madougou Gold Project, encompassing the Madougou-Kandy mineral exploration Permits, is located in the north east of the West African country of Burkina Faso. The Permits are situated 180km north of the capital city of Ouagadougou (Figure 1) and are accessed via a sealed highway, which passes through the project area to the neighbouring country of Mali. Ampella, via its subsidiary, holds these 2 contiguous Permits, which cover an aggregate area of 465km<sup>2</sup>.

Both the Madougou and Kandy Permits are underlain by the Birimian greenstone sequence that is part of the Hounde Belt, an extensive greenstone belt typical of the West African Pre-Cambrian age Shield and host to significant large gold deposits found elsewhere in Burkina Faso. Part of a major crustal shear zone trends northeasterly through the southeastern portion of the Permits. Both second order and cross cutting structures are associated with this zone, which presents favourable focal points for the localisation of gold mineralisation.

There are currently 6 major gold deposits comprising an aggregate of 12 million ounces of gold identified in Burkina Faso, all of which are hosted in Birimian rocks.

Madougou contains 6 known gold prospects (Figure 2) in the northernmost area of the Permit. Significant gold mineralised intercepts have been recorded from RC holes undertaken by previous explorers at 5 of these prospects (Figure 2). In 2007, Ampella undertook a minor drilling campaign



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that included the sixth prospect prior to committing its prime focus on its Batie West project. No drilling has been conducted to date on the Kandy Permit.

The majority of the currently known gold prospects have only been identified within the project area where significant topographic relief exists. Exploration completed to date has highlighted a 10km gold-in-soil anomaly at greater than 25 parts per billion gold over the 5 prospects above. Detailed regolith and geological mapping completed over the Permits have highlighted the extent of transported lateritic cover and the need for further auger drilling programs in addition to the recent soil geochemical surveys undertaken as detailed above.

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

Carbine owns 100% of the Red Dam project, which is situated approximately 45km north-west of Kalgoorlie, Western Australia. The project contains Indicated Resources of 683,000 tonnes @ 2.44 g/t gold and Inferred Resources of 1,187,000 tonnes @ 2.45 g/t gold for a Total Resource of 147,400oz of gold, when a 1 g/t gold lower cut-off grade is applied.

The Mineral Resources are contained within the northern most area of the project known as the Petrus deposit, where the vast majority of historical and recent exploration drilling has occurred. The mineralisation is part of a mineralised structure that extends onto adjacent tenements.

Limited activities took place on the Red Dam Project during the Quarter. The current Board intends to review the geological data set available on the Red Dam project for further assessment in the next Quarter prior to deciding to either joint venture or divest the project in line with its current West African focus.

## **Corporate**

### ***Board Restructure***

The Board of Carbine Resources Limited was restructured on the 22 March 2010, ahead of its shift in focus to West Africa.

Ms Aoife McGrath will lead the expansion into West Africa and joined Carbine as Executive Director – Exploration.

Aoife is a geologist with over 10 years experience including over 6 years experience working in Africa. More recently Aoife was the Exploration Manager for Canadian TSX listed Red Back Mining Inc at its Chirano gold mine in Ghana where she was instrumental in the discovery of the high grade Akwaaba underground gold deposit with reserves of over 1 million ounces.

Aoife's African experience extends to Tanzania where she was the Senior Exploration Geologist for Geita Gold Mining Limited, the initial JV Company between Ashanti and AngloGold over the Geita gold project (current resources of approximately 12 million ounces).

Carbine's exploration programs will be assisted by the experience of Dr Paul Kitto. Paul is a geologist with over 21 years experience within a range of major mining companies. Currently, Paul is the Managing Director and CEO of ASX listed Ampella Mining Limited. Prior to joining Ampella in 2008, Paul was the African Exploration Manager for Gold Fields Limited. Paul joined the Board of Carbine as a Non Executive Director.



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Mr Evan Cranston also joined Carbine as a Non Executive Director. Evan is a corporate lawyer and is currently the Executive Director – Corporate of Ampella where he is responsible for all head office operations.

### ***Appointment of New Company Secretary***

Geoff Hewett has been appointed Company Secretary. Geoff is an accountant with over 28 years experience. Prior to this appointment, he was Company Secretary for Pure Energy Resources Ltd and played a very significant role in its development since listing in September 2006 to the \$1.1 billion merger with BG Group plc within a period of just over 3 years.

### ***Capital Raisings during the Quarter***

The following capital raisings by issue of the Company's securities were completed during the Quarter:

#### **Share Placements**

- ◆ An issue of 27,500,000 fully paid ordinary shares on 16 March 2010 to sophisticated investors at \$0.04 per share and 13,750,000 options exercisable at \$0.15 on or before 31 July 2011 at \$0.005 to raise approximately \$1.17 million before costs. The placement was subject to shareholder approval, which was given at a general meeting of shareholders held on 19 February 2010.
- ◆ An issue of 10,000,000 fully paid ordinary shares on 31 March 2010 to institutional and sophisticated investors at \$0.20 per share to raise \$2.0 million before costs. The placement was in accordance with the Company's 15% capacity to issue shares under the provisions of Listing Rule 7.1. Australian stock broking firm, Patersons Securities Limited, acted as lead manager to the placement.

The Company was very pleased with the response to both the placements, which attracted a quick book-build of firm bids, indicating the strong market interest and for its new gold project and development plans.

#### **Non-renounceable Rights Issue of Options**

The Company issued 23,755,798 options exercisable at \$0.15 on or before 31 July 2011 to existing shareholders on the basis of 1 new option for every 2 shares held at an issue price of \$0.005 per Option to raise \$118,879. The issue was in accordance with the details of an Entitlement Issue announced by the Company on the 22 December 2009, together with the Prospectus for the Issue on 21 January 2010. The issue was fully underwritten and was completed in February 2010.

Funds raised during the Quarter together with cash on hand will be used for the initial exploration program at the Company's new Madougou Gold Project. Funds will also be directed towards the provision of further working capital.





**CARBINE RESOURCES**  
LIMITED

**Planned Activity for the June 2010 Quarter**

- ◆ Finalise explorations budgets and programs and commence exploration with respect to the Madougou Gold Project
- ◆ Assessment of additional projects in West Africa
- ◆ Assess the data set available on the Red Dam Project
- ◆ The Company will hold its Annual General Meeting on 28 May 2010

**For and on Behalf of the Board of Directors**

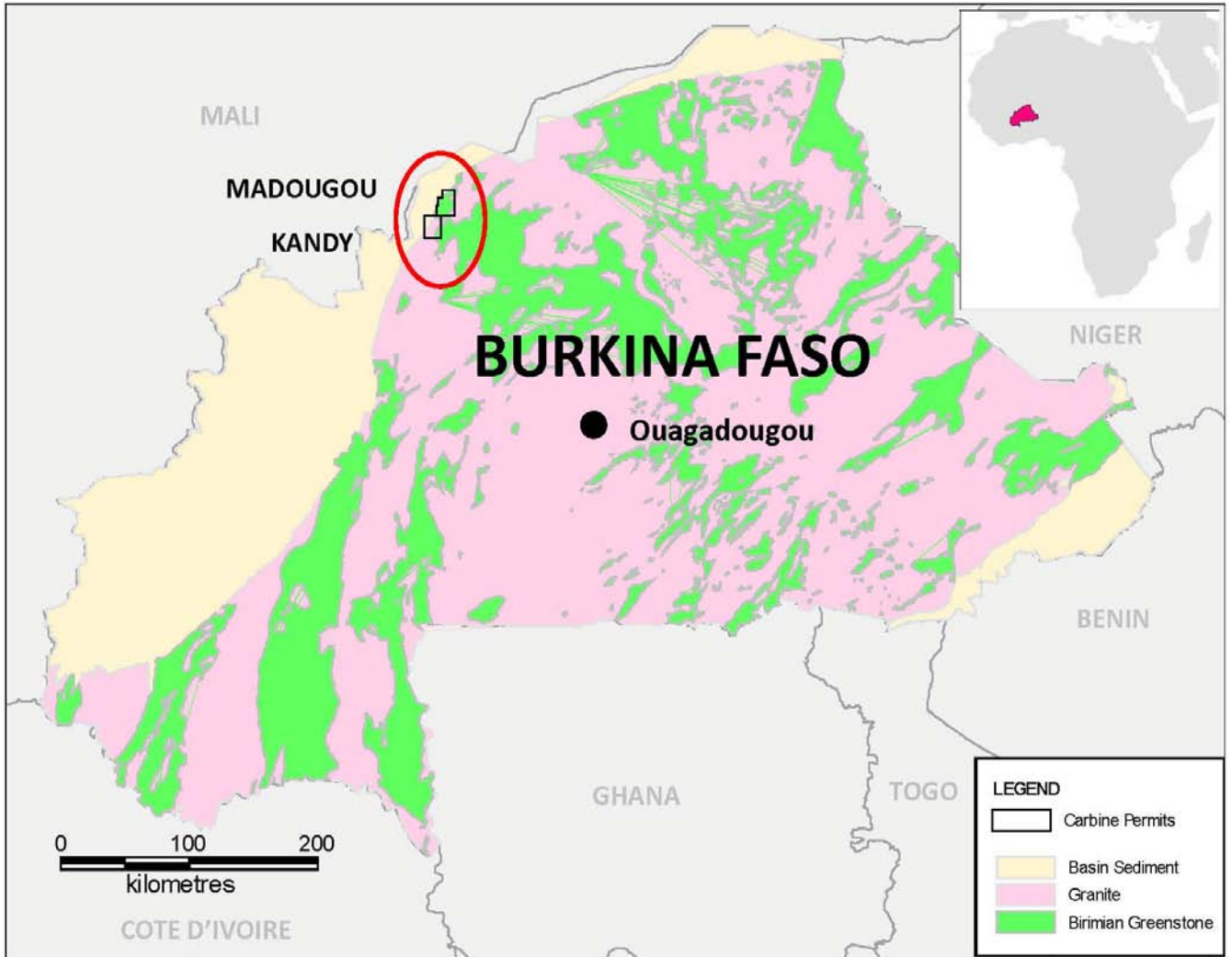
**Geoff Hewett**  
Company Secretary

**For further information contact:**

Mr Evan Cranston  
Non-Executive Director  
Mobile: 0408 865 838

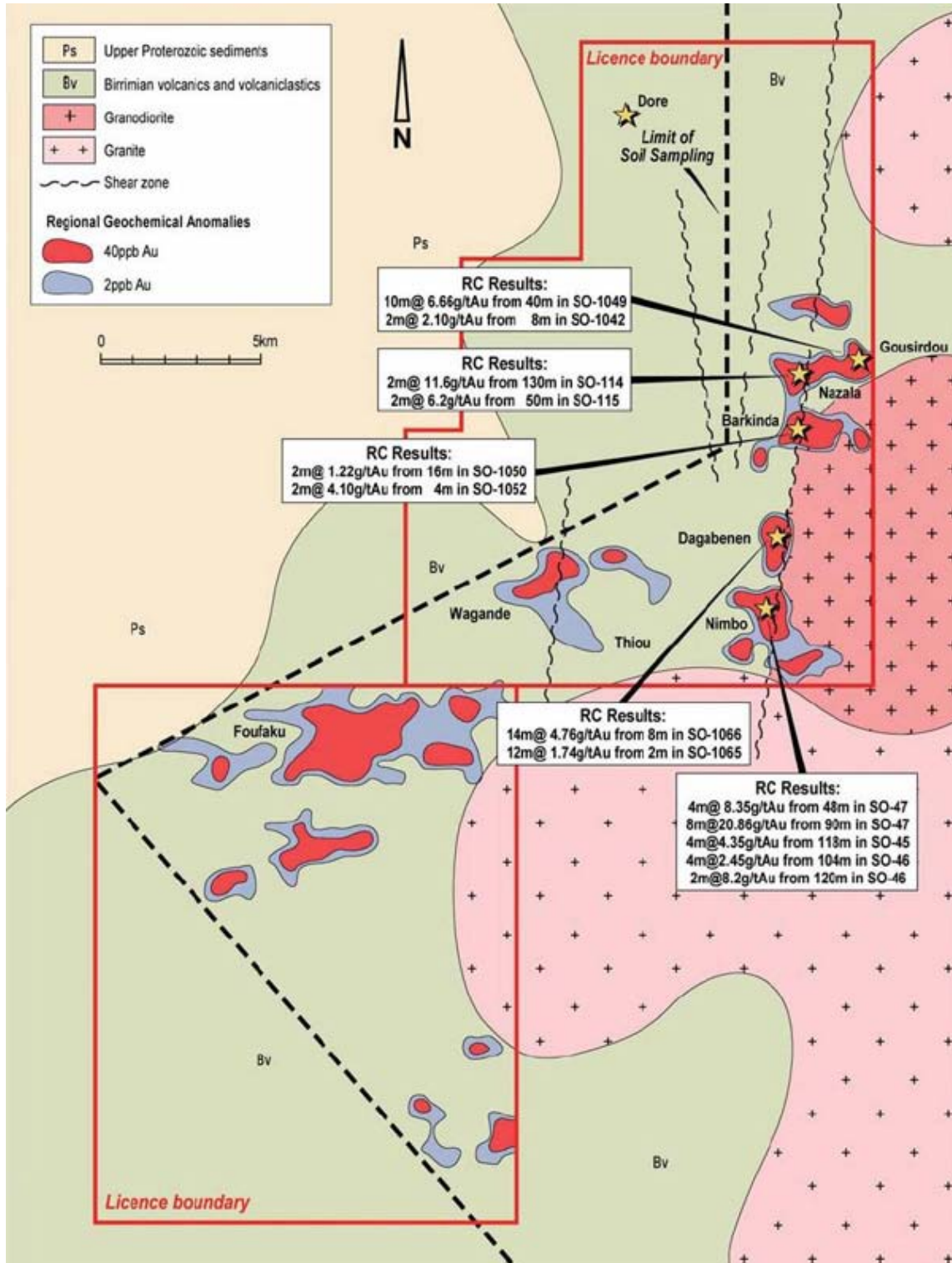
*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Paul Kitto, who is a member of the Australian Institute of Geoscientists. Dr Kitto is employed by Ampella Mining Ltd. Dr Kitto has sufficient experience relevant 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". Dr Kitto consents to the inclusion of the matters based on information in the form and context in which it appears.*





**Figure 1.** Location of the Madougou Project, Burkina Faso





**Figure 2.** Madougou gold geochemistry anomalies and significant drill results