



CARBINE RESOURCES LIMITED



June 2010 Quarterly Report

Highlights

Madougou Project, Burkina Faso

- ◆ \$3.4m exploration budget announced
- ◆ Regolith and geological mapping campaigns undertaken
- ◆ Re-modeling of old and new geological data to outline drill targets for phase-1 drilling
- ◆ Scout RC drill program over 3 high priority targets completed with approximately 3,850m of drilling
- ◆ 5,300 line kilometre high resolution geophysical survey completed

Corporate

- ◆ Additional tenement acquisition negotiations underway
- ◆ Annual General Meeting held in May 2010

Madougou Project, Burkina Faso

During the June Quarter Carbine commenced its aggressive exploration program over the Madougou Project while maintaining tight control on costs. The Madougou Project is located in the Houde Greenstone Belt in northwest Burkina Faso, West Africa and comprises two Permits, Madougou and Kandy (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.

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 \$3.5 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

- 465km² 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

- 465km² 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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Preparations for field programs started in April and consisted of both geological and regolith mapping campaigns over the Madougou Permit, re-logging of old drill chips and re-modeling of new and old data. This work highlighted the prospectivity of new untested areas at a number of prospects, outlined the potential for significant gold mineralization and defined target areas for drilling during the phase-1 drill program.

The exploration budget of \$3.4m, representing over 85% of existing funds, was announced in May. The exploration program for the year is set to include:

- ◆ 9,500m of Reverse Circulation (RC) and 1,000m of Diamond Drilling (DD)
- ◆ 40,000m of aircore and auger drilling
- ◆ 5,300 line kilometres of high resolution airborne geophysical surveys
- ◆ 9,000 soil samples over an area of approximately 120 sqkms

In June, Carbine commenced its maiden drill program on the Madougou Permit targeting 3 Prospects – Dore, Nimbo and Nazala. Dore is located in the northwest corner of the Madougou Permit (Figure 2) and was discovered by Ampella Mining in 2007 where artisanal workings occur under 5m of transported lateritic cover.

Dore is the site of a major artisanal field of 1km strike length and approximately 600m across strike. Drilling at Dore is testing for mineralization on a southwest directed thrust zone, a north trending quartz-feldspar porphyry intrusion and also along lithological contacts.

The other two Prospects (Nimbo and Nazala) drilled in this program lie on a 10km long soil anomaly in the southeast portion of the Madougou Permit (Figures 2 and 3). The Nimbo Prospect is a series of artisanal workings approximately 500m long on some topographic relief. Gold mineralization appears to be hosted in quartz veins and an alteration selvedge consisting of disseminated pyrite and sericite-silica-kaolinite alteration. The Nazala Prospect lies approximately 8km north of Nimbo and again gold mineralization appears to be hosted in quartz veins and along an alteration selvedge.





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This drill program was completed in July with approximately 3,850m of RC drilling completed over the 3 Prospects. At Dore, a total of 17 holes were drilled for 2,443m; at Nimbo, 828m was drilled in 6 holes; and at Nazala, 6 holes were drilled for a total of 581m. All drill samples are being assayed at ALS Laboratories in Ouagadougou and results will be released to the market as soon as available.

Also during the quarter, an airborne magnetic and radiometrics survey was commenced over the two Permits. This high resolution survey will be used to assist with seeing through the large tracts of transported cover on the Permits and targeting those areas most prospective for gold mineralization. Over 5,300 line kilometres were flown on a 100m line spacing at a height of 30m above ground. This survey was undertaken by UTS Geophysics and was completed in early July. Data processing is underway and Carbine expects to be in receipt of final images in early August. Secondary geophysical data interpretation will then begin and will be followed by final adjustment of the phase-2 exploration programs.

Plans for phase-2 exploration are already well underway. An extensive surface geochemical survey has been planned and will comprise 40,000m of aircore and auger drilling and over 9,000 soil samples. The Company has secured an aircore rig and is in the process of securing an auger rig. These tools will allow Carbine to explore under the transported cover and identify primary gold anomalism associated with mineralization. Regolith and geological mapping will also continue.

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.





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Corporate

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

During the quarter a total of 30,515 options were exercised and allotted raising \$4,577.25.

Cash at back as at 30 June 2010 was \$3,513,330.

On 28 May 2010, the Company held its 2009 Annual General Meeting in Perth. In accordance with the Notice of Meeting dated 28 May 2010, all motions put before the meeting were carried on a show of hands. No other business was conducted at the Meeting.

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.





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Figure 1: Diagram showing the location of the Madougou Project in Burkina Faso





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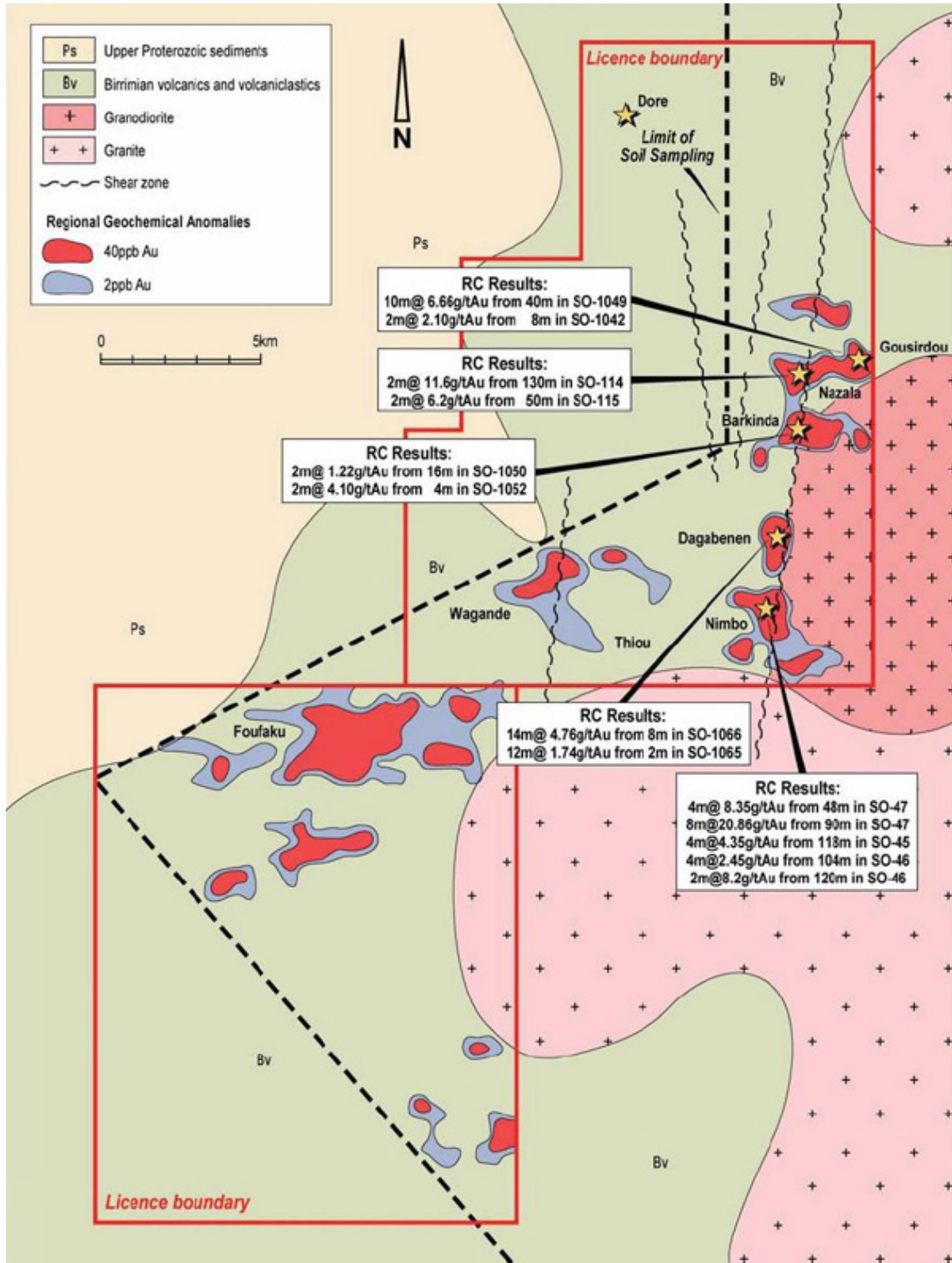


Figure 2: Map showing location of prospects and previous exploration results.



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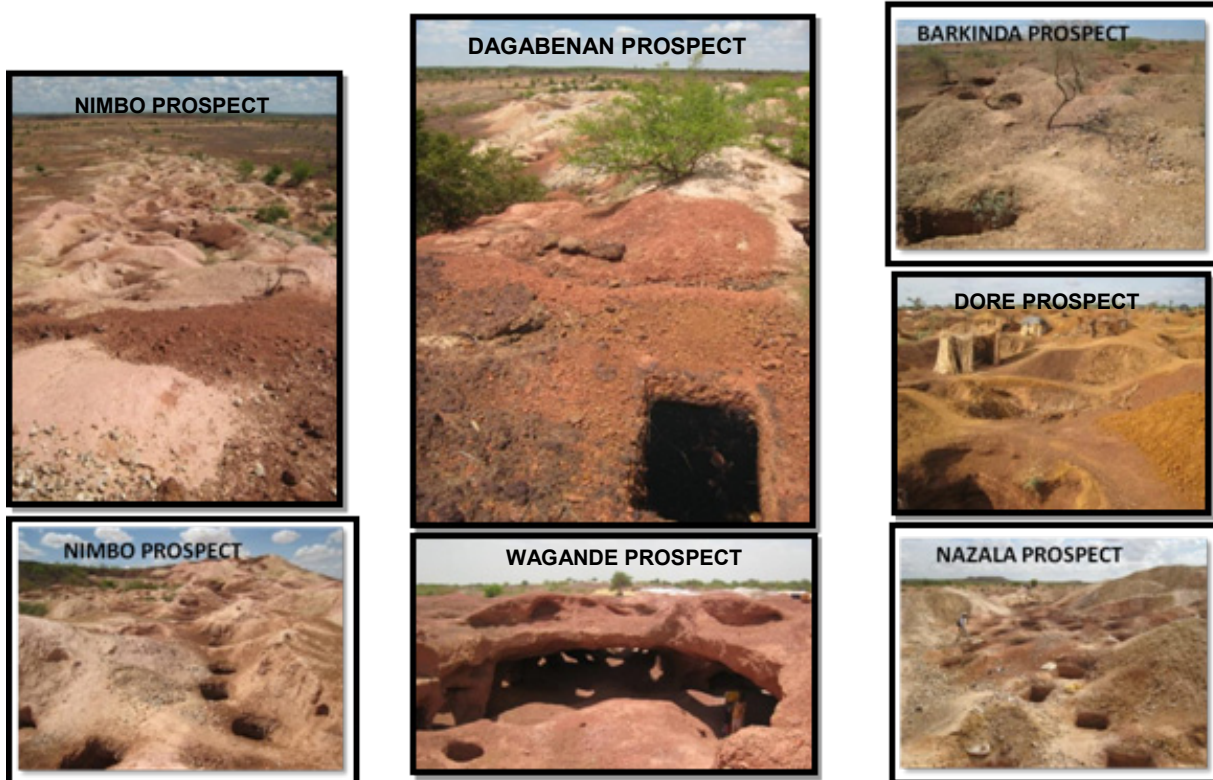


Figure 3: Photographs of the different prospects highlighted in Figure 2. Each prospect is a historical or active artisanal site. Workings extend over hundreds of metres or up to over a kilometre long.

