



Carbine Resources Limited
ABN: 81 122 976 818

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29 January 2009

Australian Stock Exchange
Company's Announcement Office

CARBINE RESOURCES FOURTH QUARTER ACTIVITIES
REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010

HIGHLIGHTS

- Carbine entered into Earn in and Shareholders Agreement with Ampella Mining Limited to earn up to 80% of Ampella's Madougou Project in Burkina Faso, West Africa
- Announced an intention to place 27,500,000 shares at \$0.04 and 13,750,000 options at \$0.005 to sophisticated investors
- Non-renounceable options rights issue to existing shareholders announced in December 2009
- Shareholders approved the Buy Back of shares owned by Cazaly Resources Limited

1. EARN-IN AND SHAREHOLDERS AGREEMENT WITH AMPELLA MINING LIMITED

The Board of Carbine Resources Limited (Carbine) advised on 22 December 2009 that it had entered into an Earn in and Shareholders Agreement (Agreement) with Ampella Mining Limited in respect to Ampella's Madougou Gold Project in Burkina Faso, West Africa ("the Assets")(see Fig. 1 for Madougou Project location).

Carbine may earn a 51% interest in a newly established company which will hold the Assets by sole contributing the sum of AUD\$3 million on exploration appraisal of the Assets within a period of 3 years from the commencement of the earn in period and will spend a minimum of \$250,000 in the first year.

Carbine may increase its interest to 70% by sole contributing a further AUD\$2 million within a period of 2 years from the end of the first earn in period and then increase to 80% by sole funding a pre-feasibility study.

The Commencement of the Earn-In was conditional upon and subject to the approval of Ampella shareholders which was obtained at a general meeting held on 29 January 2010.

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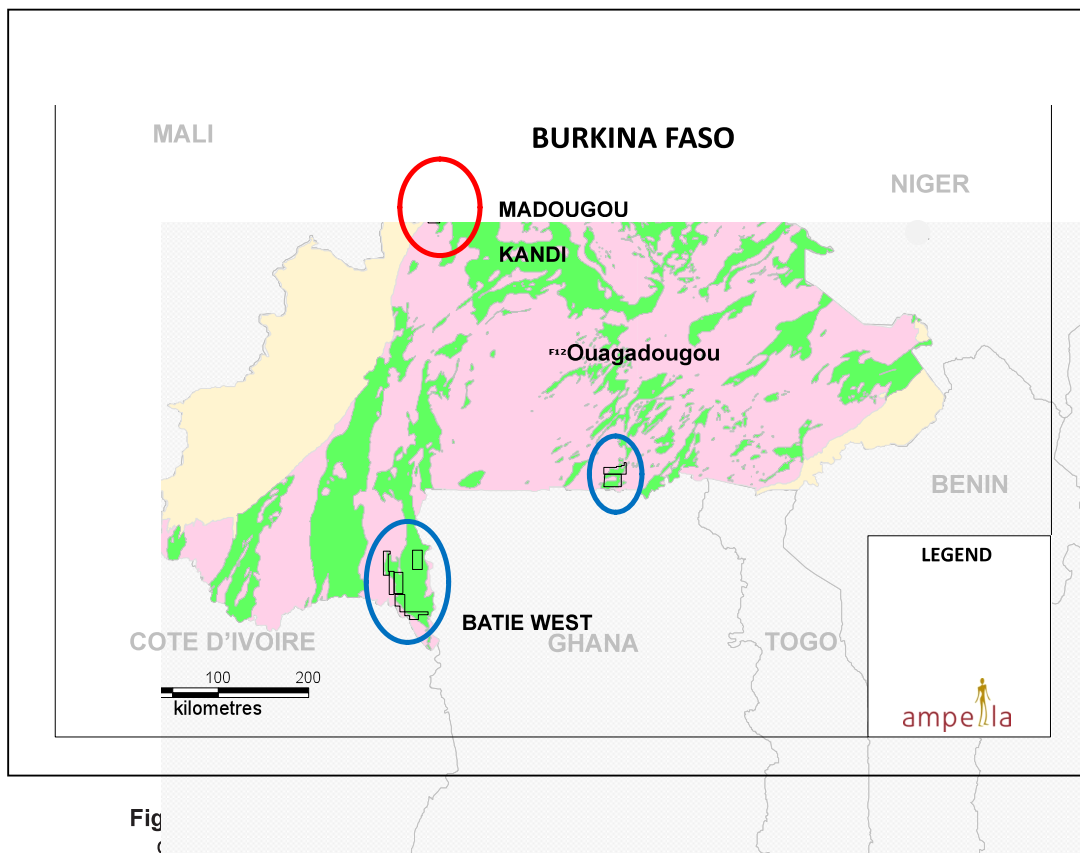
Background to Madougou Project

The Madougou Project covers an area of 465 square kilometres over the Permits, known as Kandy to the southwest and Madougou to the northeast. It is accessed from the capital Ouagadougou by 180 kilometres of sealed highway to the nearby city of Ouahigouya and thereafter by unsealed all-weather roads. The area is underlain by Birimian greenstones associated with the Hounde Belt and is cut by the regional Ouahigouya Deformation Corridor.

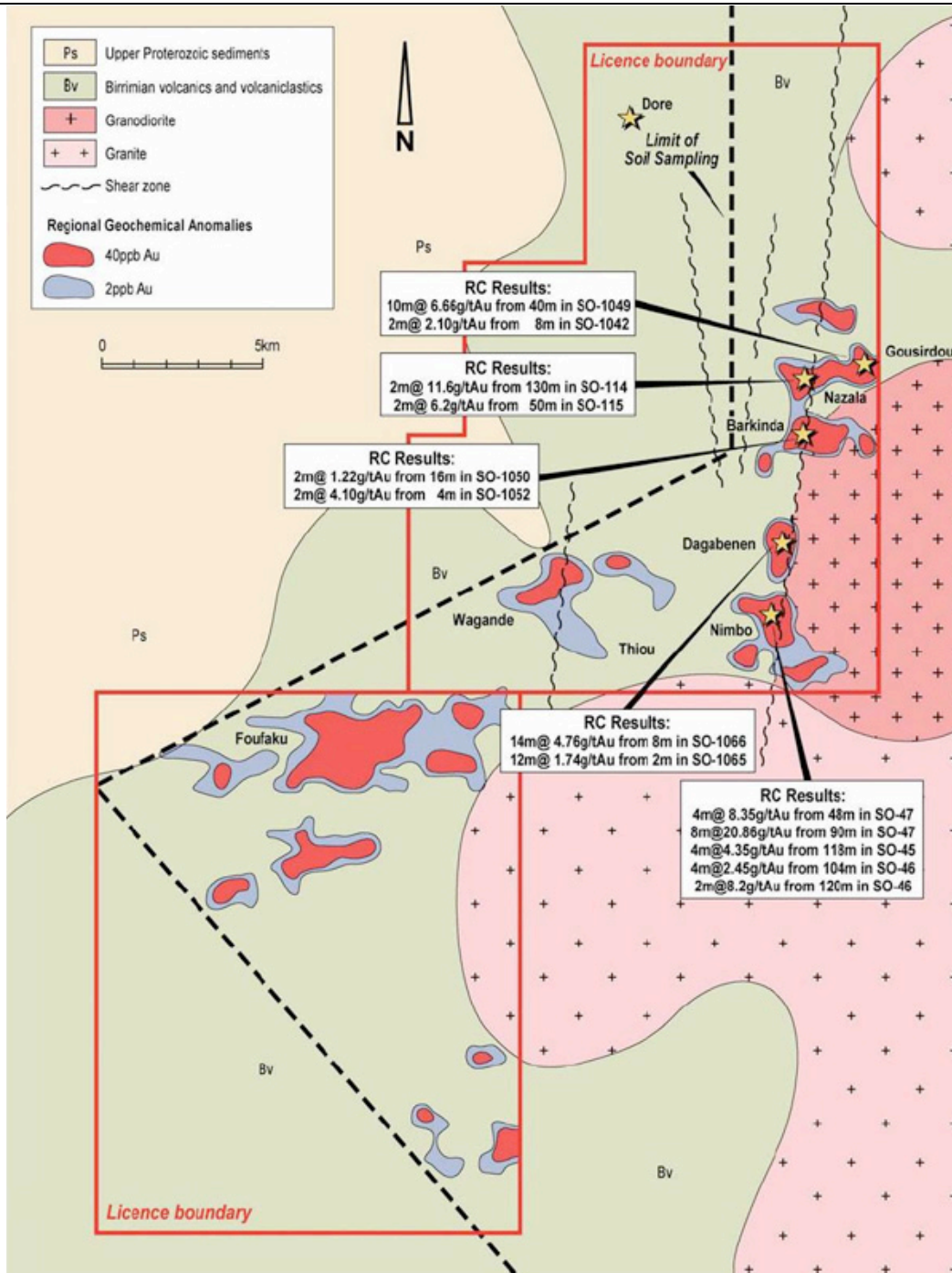
Detailed regolith and geological mapping has been completed over the Madougou and Kandy Project areas and this has highlighted the extent of transported lateritic cover which will require future auger drilling programs on top of the recent soil geochemical surveys (approx. 4,800 samples; Fig. 2). It is only where significant topographic relief exists that the majority of the currently known gold prospects have been identified by past explorers and they highlighted a 10 kilometre long gold in soil anomaly at greater than 25 parts per billion gold. The Dore Prospect in the northwest area of the Madougou Project is an exception to the major soil anomalies as it was identified by artisanal miners working beneath 5 metres of transported laterite.

Ampella has only undertaken 1 minor drilling campaign of approximately 2,500m at the Madougou Project before it shifted its prime focus to the Batie West Project.

The Board of Carbine believes that the Madougou Project exhibits tremendous potential to host a significant gold resource and the next 12 month period will be used to implement specific well designed exploration programs to answer fundamental questions concerning the controls on gold mineralisation both at a prospect scale and under cover. Such programs should deliver both economic intersections and assist in identifying significant gold resources.



Fig



2. WEST KALGOORLIE JOINT VENTURE

Carbine advised on 28 July 2009 that it had entered into an agreement to terminate the royalty arrangement between Cazaly Resources Ltd (**Cazaly**), Hayes Mining Pty Ltd and Carbine Resources Limited in consideration of the following:

1. Carbine undertaking a selective buy-back and cancellation of the 6,635,949 ordinary shares held by Cazaly in Carbine Resources Limited for nil consideration in accordance with Part 2J of the *Corporations Act 2001 (Cth)* (**Buy Back**); and

2. Cazaly issuing to Carbine such number of ordinary shares in the capital of Cazaly as have a value equivalent to \$200,000, calculated by reference to the Volume Weighted Average Price of Cazaly ordinary shares over a period of 5 trading days from the date Cazaly receives notice from Carbine that shareholder approval has been obtained.

The termination of the royalty agreement was conditional on the shareholders of Carbine passing a special resolution approving the Buy Back in accordance with Part 2J of the *Corporations Act 2001 (Cth)*.

A general meeting of shareholders was held on 29 October 2009 and shareholder approval was obtained to proceed with the buy-back of shares.

Carbine received the respective Cazaly shares, which have been divested immediately following the quarter end.

3. RED DAM PROJECT (CARBINE 100%)

Carbine Resources Ltd ("Carbine") owns 100% of the Red Dam project, which is situated approximately 45 kilometres 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.

4. CORPORATE

As at 31 December 2009, Carbine had AUD\$564,000 cash in hand. As noted above, Shares held in Cazaly Resources Limited were sold immediately subsequent to quarter end providing further cash of \$305,000.

Following the Share Buy Back, Carbine has 47,511,596 ordinary shares on issue, all of which are quoted on the ASX.

2,000,000 unlisted options exercisable at \$0.25 expired on 31 December 2009.

3,000,000 fully paid ordinary shares were issued during the quarter pursuant to shareholder approval.

Placement of Shares

As announced on 22 December 2009, Carbine proposes to issue and allot 27,500,000 shares to sophisticated investors at \$0.04 per share and 13,750,000 options at \$0.005 to raise approximately AUD\$1.17 million before costs.

The options will have an exercise price of \$0.15 and will be exercisable by 31 July 2011. (Options).

The Company has entered into a Heads of Agreement with Kingslane Pty Ltd (Kingslane) whereby Kingslane has agreed to subscribe for 12,500,000 shares and 10,000,000 options of the total proposed securities to be issued. The remainder of the shares will be placed to sophisticated investors.

The funds raised from the placement will be used to part fund the initial earn in under the Agreement.

The placement is subject to shareholder approval at a general meeting of Carbine shareholders to be held on 19 February 2010.

Option Rights Issue

On 22 December 2009, Carbine announced that it intends to undertake a non-renounceable rights issue of options to existing shareholders. The options will be issued on the same terms and conditions as the Options issued as part of the Placement.

The Company announced details of the Entitlement Issue along with the Prospectus for the Issue on 21 January 2010. The Offer is a pro rata non-renounceable entitlement issue on the basis of 1 new option (**Option**) for every 2 shares held by shareholders at an issue price of \$0.005 per Option, to raise up to approximately \$118,879 (**Entitlement Issue**).

Yours faithfully



Peter Torre
Director / Company Secretary

For enquiries in connection with this release, please contact:

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Email: carbine@carbineresources.com.au

Competent Persons

The information in this report that relates to the Red Dam Project Mineral Resources is based on information compiled by Mr Mike McKeivitt of Golder Associates, who is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr McKeivitt consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

CARBINE RESOURCES LTD

ABN

81 122 976 818

Quarter ended

31 DECEMBER 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$'000	Year to date (12months) \$'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	-	(7)
(b) development	-	
(c) production	-	
(d) administration	(59)	(352)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	24
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (discontinued operations cost)	-	-
Net Operating Cash Flows	(54)	(335)
Cash flows related to investing activities		
1.8 Payment for purchases of		
(a) prospects	-	-
(b) equity investments	-	-
(c) investment in associate	-	-
(d) fixed assets	-	-
(e) Investments in controlled entities	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Repayment of term deposits	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(54)	(335)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(54)	(335)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(54)	(335)
1.20	Cash at beginning of quarter/year to date	618	899
1.21	Exchange rate adjustments to item 1.20	0	0
1.22	Cash at end of quarter	564	564

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$'000
1.23	Aggregate amount of payments to the parties included in item 1.2	32
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments for Secretarial, administration and consulting fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

1. Carbine undertook a selective buy-back and cancellation of the 6,635,949 ordinary shares held by Cazaly in Carbine Resources Limited for nil consideration in accordance with Part 2J of the *Corporations Act 2001 (Cth)* (**Buy Back**); and
2. Cazaly issued to Carbine such number of ordinary shares in the capital of Cazaly as have a value equivalent to \$200,000.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$'000	Amount used \$'000
3.1 Loan facilities	N/A	N/A
3.2 Credit standby arrangements	N/A	N/A

Estimated cash outflows for next quarter

	\$'000
4.1 Exploration and evaluation	25
4.2 Development	-
Total	25

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$'000	Previous quarter \$'000
5.1 Cash on hand and at bank	564	618
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Bank Bill	-	-
Total: cash at end of quarter (item 1.22)	564	618

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		

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Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number Quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases – issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	47,511,596	47,511,596		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	3,000,000 6,635,949	3,000,000 6,635,949	NIL	NIL
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases - issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	Unlisted		<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	2,000,000	NIL	\$0.25	31/12/2009
7.11 Debentures				
7.12 Unsecured notes				

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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:


(Company Secretary)

Date: 29 January 2010

Print name:

Peter Torre

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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