

CARBINE RESOURCES LIMITED

ABN 81 122 976 818

ENTITLEMENT ISSUE PROSPECTUS

For a pro rata non-renounceable entitlement issue on the basis of one (1) Option for every two (2) Shares held by Shareholders at an issue price of \$0.005 per Option, to raise up to approximately \$118,879 (**Entitlement Issue**).

The Entitlement Issue is conditionally underwritten by Katnat Investments Pty Ltd. Refer to Section 7.2 for details regarding the terms of the Underwriting Agreement.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

TIMETABLE AND IMPORTANT DATES*

Entity Announces Pro-rata Issue	21 January 2010
Lodgement of Prospectus with ASIC	21 January 2010
Notice sent to Shareholders	25 January 2010
Ex Date	27 January 2010
Record Date for determining Shareholder entitlements	2 February 2010
Prospectus despatched to Shareholders	5 February 2010
Closing Date of Offer	19 February 2010
New Options quoted on a deferred settlement basis	22 February 2010
Notify ASX of under-subscriptions	24 February 2010
Despatch date	26 February 2010

* These dates are determined based upon the current expectations of the Directors and may at any time be changed in accordance with the Listing Rules, the Corporations Act and any other applicable law.

IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 21 January 2010 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is 13 months from the date of lodgement of this Prospectus with the ASIC (**Expiry Date**). No Options will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Applications for Options offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations 2001. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

The Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act sets out how the Offer must be made.

There are differences in how securities are regulated under Australian law.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

As noted in the Prospectus at Section 3.6, the Company will apply to the ASX for quotation of the Options offered under this Prospectus. If quotation is granted, the Options offered under this Prospectus will be able to be traded on the ASX. If you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. As the ASX does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

ELECTRONIC PROSPECTUS

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

RISK FACTORS

The Options offered by this Prospectus are of a speculative nature. Prospective investors should carefully consider the risk factors summarised in Section 3.9 and set out in full in Section 6 of this Prospectus.

2. CORPORATE DIRECTORY

Directors

Mr Peter Torre (Non-Executive Director)
Mr Ronald Sayers (Non-Executive Director)
Mr Gregory Steemson (Non-Executive Director)

Company Secretary

Mr Peter Torre

Registered Office

'Tempo Offices' Unit B9
431 Roberts Road
SUBIACO WA 6008

Principal Place of Business

Level 1, 17 Ord Street
West Perth WA 6005

General Enquiries:

Telephone: (+618) 9287 4604
Facsimile: (+618) 9287 4655

Underwriter

Katnat Investments Pty Ltd
Cosgrave Soutter
Level 3, 11 London Circuit
CANBERRA ACT 2601

Share Registry*

Computershare Investor Services Pty
Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

Telephone: (+618) 9323 2000

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Auditor*

BDO Audit (WA) Pty Ltd
128 Hay Street Subiaco
Subiaco WA 6008, Australia

*These parties have been included for information purposes only. They have not been involved in the preparation of this Prospectus.

3. DETAILS OF THE OFFER

3.1 Offer

By this Prospectus, pursuant to a pro-rata non-renounceable entitlement issue, the Company offers for subscription approximately one (1) new Option for every two (2) Shares held by Shareholders held on the Record Date at an issue price of \$0.005 per Option. Fractional entitlements will be rounded up to the nearest whole number.

The Options issued will be exercisable at \$0.15 per Share on or before 31 July 2011.

Based on the capital structure of the Company the maximum number of Options to be issued pursuant to the Offer is approximately 23,775,798 Options. The Offer will raise approximately \$1 18,879. The purpose of the Offer and the use of funds raised are set out in Section 4 of this Prospectus.

3.2 How to Accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full, either:
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and attach your cheque for the amount indicated on the relevant Entitlement and Acceptance Form; or
 - (ii) pay the appropriate application monies through the BPay® facility described below. **If you make your payment by BPay® you do not need to return the Entitlement and Acceptance Form.**
- (b) if you only wish to accept part of your Entitlement, either:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form and attach your cheque for the appropriate application monies (at \$0.005 per Share); or
 - (ii) pay the appropriate application monies through the BPay® facility described below. **If you make your payment by BPay® you do not need to return the Entitlement and Acceptance Form.**
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Carbine Resources Limited – Trust Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5.00pm WST on the Closing Date.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

Payment by BPay®

Payment by BPay® should be made according to the instructions set out on the Entitlement and Acceptance Form using the Entitlement number shown on that form next to the BPay® symbol. **If you make your payment by BPay® you do not need to return the Entitlement and Acceptance Form.**

The Entitlement number is used to identify your holding. If you have multiple holdings you will have multiple Entitlement numbers. You must use the Entitlement number shown on each Entitlement and Acceptance Form to pay for each holding separately. Failure to do so may result in an underpayment. If you pay by BPay® and do not pay for your full Entitlement, the remaining Entitlement will form part of the Shortfall.

Please note that all payments using the Bpay payment option must be made by 4.00pm (WST) on the Closing Date.

3.3 Minimum Subscription

There is no minimum subscription in respect of the Offer.

3.4 Underwriting

The Offer is conditionally underwritten by Katnat Investments Pty Ltd.

Refer to Section 7.2 of this Prospectus for further details of the terms of the underwriting.

3.5 Shortfall

Any Entitlement not taken up pursuant to the Offer will form the Shortfall and will be dealt with in accordance with the Underwriting Agreement. Accordingly, Shareholders should not apply for the Shortfall unless directed to do so by the Underwriter.

The offer of any Shortfall Options is a separate offer made pursuant to this Prospectus and will remain open after the Closing Date. The issue price of any Shortfall Options shall be \$0.005 being the price and terms at which the Entitlement has been offered to Shareholders pursuant to this Prospectus.

3.6 Australian Securities Exchange Listing

Application for official quotation by ASX of the Options offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as modified by the ASIC), the Company will not issue any Options and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the Options is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

3.7 Allotment of Options

Options issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date. The Company will allot the Options on the basis of a Shareholder's Entitlement. Where the number of Options issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the Options or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

3.8 Overseas Shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

3.9 Risk Factors

Investment in Options under this Prospectus should be considered as speculative because of the inherent risks in mineral exploration and mineral exploration in foreign jurisdictions.

There are also inherent risks in the delineation of mineral resources and in mineral production.

Before submitting their Application, potential investors should read this Prospectus in full and consult their professional advisers if they require further information on the risks associated with investing in the Company. Section 6 of this Prospectus details the various risk factors applicable to the Company however a summary of these risks is set out below:

3.9.1 Operating in Burkina Faso, West Africa

The Company intends to acquire interests in assets overseas under an earn-in agreement with Ampella Mining Limited and in that respect such assets are subject to risks particular to their extraterritoriality, such as changes in laws, practices and policies in the relevant jurisdictions, including laws that deal with overseas investors.

3.9.2 Earn in Agreement

The Company has entered into a earn in and joint venture agreement with Ampella Mining Limited (**Ampella**) covering prospecting licences owned by Ampella in Burkina Faso (**Burkina Faso JV Agreement**). The Company is reliant on Ampella complying with the terms and conditions of the Burkina Faso JV

agreement and the conditions attaching to the tenements the subject of the Burkina Faso JV Agreement. Should Ampella fail to comply with the terms of the Burkina Faso JV Agreement, or the conditions attaching to the tenements the subject of the Burkina Faso JV Agreement the Company's interest in or to be acquired in the projects the subject of the agreement may be adversely affected.

3.9.3 Legislative changes, Government policy and approvals

Changes in government regulations and policies may adversely affect the financial performance of the Company. The Company's capacity to explore and mine may be affected by changes in government policy beyond the control of the Company.

3.9.4 Title Risk

Minerals licences are granted subject to various conditions (including, without limitation, minimum work requirements). Additionally the *Native Title Act 1993* (Cth), related State Native Title legislation and Aboriginal Land Rights and Aboriginal Heritage legislation may affect the Company's ability to gain access to prospective exploration areas or obtain production titles (in the event they were required).

3.9.5 Exploration Success

The Company's mineral properties are at various stages of exploration. There can be no assurance that exploration of the mineral properties, or any other mineral properties that may be acquired in the future, will result in the discovery of an economic ore deposit.

3.9.6 Operating Risks

The current and future operations of the Company may be affected by a range of external factors that could impact on operating activities including, adverse geological or weather conditions, unanticipated operational and technical difficulties, industrial and environmental accidents, unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment and inability to obtain necessary consents or approvals.

3.9.7 Future Funding

The funds raised by the Offer will be used to assist to carry out work on the Company's projects. Upon completion of the Offer, the Company will not have sufficient funds to enable it to earn an interest in the projects. The Company will require additional funding to carry out its proposed activities. There can be no assurance that the Company will be able to raise finance on acceptable terms or within the specified timeframe. If the Company is unable to obtain the necessary finance in a timely manner, the Company will not earn an interest in the Burkina Faso projects and will be deemed to have withdrawn from the Burkina Faso JV Agreement. Furthermore, any additional financing through share issues will dilute existing shareholders and debt financing may not be available.

Other risk factors include environmental matters, market conditions, transfer of title, development and mining, resource estimates, commodity and price volatility, reliance on key personnel and economic risks.

3.10 Taxation Implications

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Securities offered pursuant to this Prospectus.

3.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company will apply to ASX to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

3.12 Privacy Act

If you complete an application for Options, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Options, the Company may not be able to accept or process your application.

4. PURPOSE AND EFFECT OF THE OFFER

4.1 Purpose of the Offer

The purpose of the Offer is to raise approximately \$118,879 (before expenses). The proceeds of the Offer, are planned to be used in accordance with the table set out below:

Proceeds of the Offer	\$
Expenditure on joint venture with Ampella Mining Limited	90,512
Expenses of the Offer	28,367
Total	\$118,879

Notes:

1. Refer to Section 7.6 of this Prospectus for further details relating to the estimated expenses of the Offer.
2. The Company intends to use the funds raised from the conversion of the Options issued under this Prospectus, to fund its ongoing expenditure obligations under the joint venture agreement with Ampella Mining Limited. See the Company's notice of meeting relating to the general meeting to be held on or about 19 February 2010 for a summary of the joint venture agreement.

4.2 Effect of the Offer and Pro Forma Consolidated Balance Sheet

The principal effect of the Offer will be to:

- (a) increase the cash reserves by approximately \$90,512 immediately after completion of the Offer after deducting the estimated expenses of the Offer; and
- (b) increase the number of Options on issue from nil Options prior to the date of this Prospectus to approximately 23,775,798 Options following completion of the Offer. The new Options offered pursuant to the Offer will be in the same class as Options currently on issue and quoted on ASX under ASX code CRB.

4.3 Consolidated Balance Sheet

The reviewed Balance Sheet as at 30 June 2009, the unaudited Balance Sheet as at 31 December 2009 and the unaudited Pro Forma Balance Sheet as at 31 December 2009 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared on the assumption that all Options pursuant to the Offer in this Prospectus are issued.

The unaudited Balance Sheets have been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

**Consolidated Balance Sheet and Pro Forma Balance Sheet as at 31 December 2009
(unaudited) and 30 June 2009 Balance Sheet (Reviewed)**

	31 December 2009	31 December 2009	30 June 2009
	Actual	Pro-forma	Reviewed
	\$	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	564,217	654,729	698,894
Trade and other receivables	4,679	4,679	5,631
Available for Sale Financial Assets	226,545	226,545	-
Other	4,750	4,750	16,337
TOTAL CURRENT ASSETS	800,191	890,703	720,862
NON-CURRENT ASSETS			
Plant and equipment	2,529	2,529	4,336
Exploration and evaluation costs	1,089,441	1,089,441	1,089,440
TOTAL NON-CURRENT ASSETS	1,091,970	1,091,970	1,093,776
TOTAL ASSETS	1,892,161	1,982,673	1,814,638
CURRENT LIABILITIES			
Trade and other payables	8,576	8,576	13,333
Provisions	-	-	3,184
TOTAL CURRENT LIABILITIES	8,576	8,576	16,517
TOTAL LIABILITIES	8,576	8,576	16,517
NET ASSETS	1,883,585	1,974,097	1,798,121
EQUITY			
Issued capital	7,425,683	7,425,683	7,711,029
Reserves	223,876	314,388	73,876
Accumulated Losses	(5,765,974)	(5,765,974)	(5,986,784)
TOTAL EQUITY	1,883,585	1,974,097	1,798,121

4.4 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Offer is set out below, assuming that the Offer is fully subscribed.

Shares

	Number
Shares on issue at date of Prospectus	47,511,596
Shares offered pursuant to the Offer	Nil
Total Shares on issue after completion of the Offer	47,511,596¹

Options

	Number
Options on issue at the date of the Prospectus	Nil
Options offered pursuant to the Offer	23,775,798
Total Options on issue after completion of the Offer	23,775,798¹

1. As announced in the Company's notice of general meeting dated 15 January 2010, and which meeting is to be held on or about 19 February 2010, the Company will, subject to shareholder approval, place up to 27,500,000 fully paid ordinary shares and up to 13,750,000 options (with the same terms as the Options issued under this Prospectus) (**Placement Securities**).

Upon the issue and allotment of the Placement Securities, the Company will have 75,011,596 Shares and 37,525,798 Options on issue (assuming the Offer under the Prospectus is fully subscribed for, all Placement Securities are placed and no Options are exercised).

5. RIGHTS ATTACHING TO OPTIONS AND UNDERLYING SECURITIES

5.1 Rights Attaching to Options

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with the terms and conditions of the Options.
- (b) The Options will expire at 5.00pm (WST) on 31 July 2011 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.15 (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised,

(Exercise Notice).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 business days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) Subject to the Corporations Act, the Constitution and the ASX Listing Rules, the Options are freely transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will apply for quotation of the Options on ASX.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

5.2 Rights Attaching to Shares (being the underlying securities)

The following is a summary of the more significant rights and liabilities attaching to Shares. Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

The rights, privileges and restrictions attaching to Shares can be summarised as follows:

(a) Notice of Meetings

Each Shareholder is entitled to receive notice of general meetings of the Company. Except in certain circumstances, Shareholders are entitled to be present in person, or by proxy, attorney or representative to speak or to vote at general meetings of the Company or to join in demanding a poll. Shareholders may requisition general meetings in accordance with the Corporations Act.

(b) Voting

At a general meeting, on a show of hands, every person present who is either a member, a proxy, an attorney or a representative of a Shareholder has one vote. At the taking of a poll, every Shareholder present in person or by proxy, attorney or representative has one vote for each Share held.

(c) Dividends

The Directors may from time to time authorise and pay dividends out of the profits of the Company. Dividends are payable in proportion to the number of Shares held by Shareholders.

(d) Winding Up

If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders the whole or any part of the property of the Company. The liquidator may also, with the sanction of a special resolution, vest the whole or any part of the property in a trustee on trust for Shareholders.

(e) **Transfer of Shares**

A Shareholder may transfer Shares by a written transfer or by a transfer effected under a computerised or electronic system recognised by the Listing Rules or by the Corporations Act. The Directors may refuse to register a transfer of Shares where the Listing Rules permit the Company to do so. On any refusal to register a transfer of Shares, the Company must give written notice to the transferee and the reasons for the refusal.

(f) **Allotment of Shares**

The Directors may, subject to the Constitution, allot new Shares with such terms and conditions as they think fit.

6. RISK FACTORS

Applicants should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Options. Potential Applicants should consider that the investment in the Company is speculative and should consider the risk factors described below, together with information contained elsewhere in the Prospectus and consult their professional advisers before deciding whether to apply for Options.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.1 Specific Risks

There are specific risks associated with the Company's existing and proposed business operations. These include:

6.1.1 Operating in Burkina Faso, West Africa

Operations in Burkina Faso may be subject to a number of risks, including:

- (a) potential difficulties in enforcing agreements through foreign local systems;
- (b) increases in costs for transportation and shipping;
- (c) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes;
- (d) potential difficulties in obtaining effective legal redress in the courts of Burkina Faso (which has a less developed legal system than Australia) if needed;
- (e) while Burkina Faso appears to be currently welcoming of foreign investment, there is a risk that these conditions, as well as the ability to repatriate funds, could change and adversely affect the Company's activities in Burkina Faso and its ability to retain those assets;
- (f) all payments in Burkina Faso will be made in foreign currencies. Price fluctuations between the foreign currency in which the payment is made and the Australian dollar may negatively impact on the Company's operations in Burkina Faso; and
- (g) although the Government and economy of Burkina Faso has been relatively stable in recent years, property ownership in a foreign country is generally subject to the risk of expropriation or nationalisation with inadequate compensation.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

6.1.2 Burkina Faso Joint Venture

(a) Contract Risk

The Company is party to a joint venture agreement with Apella Mining Limited (**Ampella**) pursuant to which it holds the right to earn up to a 80% joint venture (**JV**) interest in a prospective tenement package in Burkina Faso (**Burkina Faso JV Agreement**). Shareholders are referred to the Company's announcement to ASX on 20 January 2010 which details the terms of the Burkina Faso JV Agreement.

The Company is reliant on Ampella complying with the terms and conditions of the Burkina Faso JV agreement. Should Ampella fail to comply with the terms of the Burkina Faso JV Agreement, the Company's interest in the projects the subject of the agreement may be adversely affected.

(b) Status of Tenements

Exploration on the properties the subject of the Burkina Faso JV Agreement is proposed to extend over two main project areas, Kandy to the southwest and Madougou to the northeast. The tenements are currently in good standing. The Company is reliant on Ampella complying with the terms and conditions attaching the tenements the subject of the Burkina Faso JV Agreement. Should Ampella fail to comply with the terms attaching the tenements the subject of the Burkina Faso JV Agreement the Company's interest in the projects the subject of the agreement may be adversely affected.

(c) Future Capital Needs

The Company has a right to earn a 51% interest in the tenements by making a sole contribution of A\$3,000,000 on exploration appraisal of the tenement within a period of 3 years. The Company may increase its interest to 70% by making a sole contribution of a further A\$2,000,000 within a period of an additional 2 years and then increase to 80% by sole funding a pre-feasibility study. Upon completion of the Offer, the Company will not have sufficient funds to enable it to earn an interest in the projects. The Company will therefore be required to raise additional equity and/or debt capital in excess of the funds raised pursuant to this Prospectus in order to earn an interest in the projects. There can be no assurance that the Company will be able to raise finance on acceptable terms or within the specified timeframe. If the Company is unable to obtain the necessary finance in a timely manner, the Company will not earn an interest in the Burkina Faso projects and will be deemed to have withdrawn from the Burkina Faso JV Agreement.

6.1.3 Legislative changes, Government policy and approvals

Changes in government regulations and policies, in Australia and Burkina Faso, may adversely affect the financial performance of the Company. For example, any increased rentals under Australian mining legislation and regulations or that of Burkina Faso may impact on the Company's actual financial statements. The Company's capacity to explore and mine, and in particular the Company's ability to explore and mine any reserves, may be affected by changes in government policy which are beyond the control of the Company.

6.1.4 Title Risk

Minerals licences are granted subject to various conditions (including, without limitation, minimum work requirements). Failure to comply with conditions may lead to forfeiture.

All of the mineral properties in which the Company has or may, upon grant, have an interest in will be subject to renewal. If any of the mineral properties are not renewed for any reason, the Company may suffer damage through loss of opportunity to develop. The Directors are not aware of any reason why renewal (or grant) of any mineral properties will not occur.

6.1.5 Exploration Success

The mineral properties are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the mineral properties, or any other mineral properties that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its mineral properties and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful this could lead to a diminution in the value of the mineral properties, a reduction in the cash reserves of the Company and possible relinquishment of the mineral properties.

6.1.6 Resource Estimates

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

There can be no guarantee that the Company will be able to convert the results from previous exploration into classification under the JORC code.

6.1.7 Native Title and Title Risks

The Company has mineral tenements in Australia. Both the *Native Title Act 1993* (Cth), related State Native Title legislation and Aboriginal Land Rights and Aboriginal Heritage legislation may affect the Company's ability to gain access to prospective exploration areas or obtain production titles.

Compensatory obligations may be necessary in settling Native Title claims if lodged over any tenements acquired by the Company. The existence of outstanding registered Native Title claims means that the grant of a tenement in respect of a particular tenement application may be significantly delayed or thwarted pending resolution of future act procedures in the Native Title Act. The level of impact of these matters will depend, in part, on the location and status of the tenements acquired by the Company. At this stage it is not possible to quantify the impact (if any) which these developments may have on the operations of the Company.

6.1.8 Operating Risks

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- (a) adverse geological conditions;
- (b) limitations on activities due to seasonal weather patterns and cyclone activity;
- (c) unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities;
- (d) mechanical failure of operating plant and equipment;
- (e) industrial and environmental accidents, industrial disputes and other force majeure events;
- (f) unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations;
- (g) unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment; and
- (h) inability to obtain necessary consents or approvals.

6.1.9 Environmental Risks and Regulations

The Company's projects are subject to laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development proceed.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by the conditions attaching to the Tenements.

6.1.10 Insurance

Insurance against all risks associated with mineral exploration is not always available or affordable. The Company intends to maintain insurance where it is considered appropriate for its needs. However, it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive in the circumstances.

6.2 General

In addition to the specific risks outlined above, the following are some general risk factors associated with investing in the Company.

6.2.1 General Risks

The value of the Company's Securities are affected by a number of general factors which are beyond the control of the Company and its Directors.

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices, local and international economic conditions and general investor sentiment.

6.2.2 Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and future production activities, as well as on its ability to fund those activities.

6.2.3 Market conditions

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

6.2.4 Security Investments

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

6.2.5 Future Capital Requirements

The Company's ongoing activities will require substantial expenditures. The funds raised through the Offer will not be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to continue to use debt or equity to fund expansion, then there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional fundraising on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

6.2.6 Reliance on Key Personnel and Employees

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Company must attract and retain additional highly qualified management, technical, sales and marketing personnel and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

In addition, Western Australia is currently experiencing a shortage of skilled labour including those skills utilised in the mining industry. The Company cannot guarantee that its mining and exploration activities in Western Australia will not be negatively affected by an inability to employ appropriately skilled staff.

6.2.7 Contractors and Service Providers

The Directors are unable to predict the risk of financial failure, default, insolvency or other managerial failure by any of the contractors used by the Company in any of its activities; or insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

6.3 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

7. ADDITIONAL INFORMATION

7.1 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the financial statements of the Company for the financial year ended 31 December 2008 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;

- (ii) any half year financial statements of the Company lodged with ASIC since the lodgement of the last financial statements for the year ended 31 December 2008 lodged with ASIC before the issue of this Prospectus; and
- (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2008 audited financial statements:

Date	Description of Announcement
20/01/2010	Notice of General Meeting
22/12/2009	AMX: Enters Earn In/Shareholders' Agreement with Carbine
22/12/2009	Earn In Agreement with Ampella Mining and Proposed Placement
17/11/2009	Final share buy-back notice – Appendix 3F
12/11/2009	Ceasing to be a substantial holder from CAZ
30/10/2009	Change of Director's Interest Notice x 3
30/10/2009	Appendix 3B
29/10/2009	Quarterly Activities and Cashflow Report
29/10/2009	Results of Meeting
29/09/2009	Notice of General Meeting
10/09/2009	Half Yearly Report and Accounts
28/07/2009	Termination of Royalty Agreements with Cazaly Resources
16/07/2009	Change of Registered Office
13/07/2009	Joint Company Secretary Resignation
10/07/2009	Quarterly Activities and Cashflow Report
10/07/2009	Final Director's Interest Notice
08/07/2009	Forfeiture of Employee Options
15/06/2009	Change in substantial holding

15/06/2009	Change of Director's Interest Notice x 3
12/06/2009	Ceasing to be a substantial holder
12/06/2009	Change of Director's Interest Notice
12/06/2009	Executive Chairman Resignation
28/05/2009	Results of Meeting
30/04/2009	Quarterly Activities and Cashflow Report
27/04/2009	Notice of Annual General Meeting
27/04/2009	Annual Report to Shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website <http://www.carbineresources.com.au>.

7.2 Material Contract

The following is a summary of the significant terms of the material agreement which relates to the business of the Company and details of which have not previously been released to the market.

7.2.1 Underwriting Agreement

The Company has entered into an underwriting agreement with Katnat Investments Pty Ltd (**Underwriter**) pursuant to which the Underwriter has agreed to underwrite (subject to certain terms and conditions) the Offer up to 23,775,798 Options to raise a total of \$118,879 (**Underwriting Agreement**).

If there is a Shortfall, the Underwriter must after being notified of such Shortfall, lodge or cause to be lodged with the Company applications for the Underwritten Shares comprising the Shortfall (including the application money).

The Company has made a number of representations and warranties under the Underwriting Agreement, including that the Company has complied with its continuous disclosure requirements. The Company has indemnified the Underwriter and its Directors, officers, employees and advisers against losses arising if these representations and warranties are wrong.

There are no fees payable to the Underwriter under the Underwriting Agreement.

The Underwriter is entitled to terminate the Underwriting Agreement upon the occurrence of any one or more of the termination events (**Termination Event**), including:

- (a) ASX does not give approval for the Shortfall Options to be listed for official quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;

- (b) the S&P/ASX 200 Index or the S&P/ASX Gold Index is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
- (c) a director of the Company or any Related Corporation is charged with an indictable offence;
- (d) the Company or a Related Corporation takes any steps to undertake a proposal contemplated under section 257A or passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter;
- (e) the Company's bankers terminating or issuing any demand or penalty notice or amending the terms of any existing facility or claiming repayment or accelerated repayment of any facility or requiring additional security for any existing facility;
- (f) any of the following occurs:
 - (i) the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia ; or
 - (ii) the public announcement of prospective legislation or policy by the Federal Government, or the Government of any State or Territory; or
 - (iii) the adoption by the ASIC, its delegates, ASX, the Reserve Bank of Australia or any other regulatory authority of any regulations or policy,

which does or is likely to prohibit, restrict or regulate the principal business of the Company or the operation of stock markets generally;
- (g) the Company or any Related Corporation fails to comply with any of the following:
 - (i) a provision of its constitution;
 - (ii) any statute;
 - (iii) a requirement, order or request, made by or on behalf of the ASIC or any Governmental Agency; or
 - (iv) any material agreement entered into by it;
- (h) the Company alters its capital structure or its constitution without the prior written consent of the Underwriter;
- (i) there is an outbreak of hostilities or a material escalation of hostilities after the date of the Underwriting Agreement involving one or more of Australia, Indonesia, Japan, Russia, the United Kingdom, the United States of America, or the Peoples Republic of China, other than hostilities involving Afghanistan, any country bordering Afghanistan or any Arab country;

- (j) any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the parties which prevents or delays an obligation under the Underwriting Agreement, lasting in excess of 2 weeks occurs.
- (k) the Company is in default of any of the terms and conditions of the Underwriting Agreement or breaches any warranty or covenant given or made by it under the Underwriting Agreement;
- (l) any adverse change occurs which materially impacts or is likely to impact the operational or financial position of the Company or a Related Corporation;
- (m) any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a Related Corporation;
- (n) a Prescribed Occurrence (as defined in the Underwriting Agreement) occurs;
- (o) the Company suspends payment of its debts generally;
- (p) litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against the Company or any Related Corporation;
- (q) there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Shortfall Options without the prior written consent of the Underwriter;
- (r) any material contract to which the Company or a Related Corporation is a party is terminated or substantially modified;
- (s) the price of the Company's Shares, as quoted on ASX, is at any time after the date of the Agreement, the same as or below the Offer Price for a period of two consecutive days ;
- (t) an Event of Insolvency occurs in respect of the Company or a Related Corporation; or
- (u) a judgment in an amount exceeding \$250,000 is obtained against the Company or a Related Corporation and is not set aside or satisfied within 7 days.

7.2.2 Underwriter's Interest

The sole shareholder of the Underwriter Katnat Investments Pty Ltd is Kathryn Elizabeth Strickland (**Strickland**). Strickland currently has a 3.68% interest in the fully paid ordinary share capital of the Company. In the event that no one subscribes for Options under the Offer, the Underwriter will acquire 23,775,798 Options.

In the event the Underwriter exercises all 23,775,798 Options, Strickland's relevant interest in the fully paid ordinary share capital of the Company will increase from 3.68% to 35.99% (assuming no other securities are issued before Strickland exercises her Options).

In the event that all Placement Securities referred to in Section 4.4 of this Prospectus are issued and allotted and the Underwriter exercises all 23,775,798 Options, Strickland's relevant interest in the fully paid ordinary share capital of the Company will increase from 3.68% to 25.98% (assuming no other Options are exercised).

However, the Company notes that pursuant to the Corporations Act, Shareholder approval will be required for Strickland to exercise any amount of Options that would result in Strickland obtaining a voting power in the Company that is 20% or above.

7.3 Directors' interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offer pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Offer pursuant to this Prospectus.

Directors' interests in securities of the Company at the date of this Prospectus are:

Name	Shares	Options	Entitlement
Mr Peter Torre	2,250,000	Nil	1,125,000
Mr Ronald Sayers	3,000,000	Nil	1,500,000
Mr Gregory Steemson	1,500,000	Nil	750,000

Notes:

1. Each of the Directors has indicated that it is their present intention to subscribe for their full Entitlement under the Offer.

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares. The Company paid to the Directors a total of \$68,000 the year ended 31 December 2008 and 1,000,000 Shares per Director in lieu of director's fees for the year ended 31 December 2009. In addition to the above, the Directors have not been paid fees as Directors of the Company from the end of the previous financial year until the date of this Prospectus. Directors, companies associated with the directors or their associates are also reimbursed for all reasonable

expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

7.4 Interests and Consents of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of securities pursuant to this Prospectus; or
- (c) the Offer of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer pursuant to this Prospectus.

Pursuant to Section 716 of the Corporations Act, BDO Audit (WA) Pty Ltd (**BDO**) has given and has not withdrawn its consent to the inclusion of the 30 June 2009 reviewed accounts in Section 4.3 in the form and context in which they are included. BDO Audit (WA) Pty Ltd has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

BDO will not be paid any fees in relation to the Offer. In the past two years, BDO has been paid \$46,434.15 (excluding GST) by the Company.

Pursuant to Section 716 of the Corporations Act, Katnat Investments Pty Ltd has given and has not withdrawn its consent to being named as Underwriter to the Offer in the Corporate Directory of this Prospectus in the form and context in which it is named. Katnat Investments Pty Ltd has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Katnat Investments Pty Ltd will not be paid an underwriting fee or corporate advisory fee in relation to underwriting the offer. In the past two years, Katnat Investments Pty Ltd has not been paid fees by the Company.

Pursuant to Section 716 of the Corporations Act, Steinepreis Paganin has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Steinepreis Paganin has not caused or authorised the issue of this

Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$10,000 for services in relation to this Prospectus. In the past two years, Steinepreis Paganin has been paid \$5,525 (excl GST) by the Company.

7.5 Legal Proceedings

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

7.6 Estimated Expenses of Offer

In the event that the Offer is fully subscribed, the estimated expenses of the Offer are as follows:

	\$
ASIC fees	2,010
ASX fees	11,252
Legal expenses	10,000
Printing and other expenses	5,105
Total	28,367

7.7 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.14 on 7 January 2010

Lowest: \$0.04 on 9, 10 and 11 November 2009

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was \$0.12 on 20 January 2010.

7.8 Electronic Prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the application form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an application form from a person if it has reason to believe that when that person was given access to the electronic application form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8. AUTHORITY OF DIRECTORS

8.1 Directors' Consent

Each of the Directors of Carbine Resources Limited has consented to the lodgement of this Prospectus with the ASIC in accordance with Section 720 of the Corporations Act.

Dated the 21st day of January 2010.

A handwritten signature in black ink, appearing to read 'Peter Torre', with a long horizontal flourish extending to the right.

**Mr Peter Torre
Director
For and on behalf of
Carbine Resources Limited**

9. DEFINITIONS

Applicant means a Shareholder or Underwriter or other party instructed by the Underwriter who applies for Securities pursuant to the Offer.

ASIC means the Australian Securities and Investments Commission.

ASTC Settlement Rules means the settlement rules of the securities clearing house which operates CHESS.

ASX means the ASX Limited (ACN 008 624 691).

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day on which trading takes place on the stock market of ASX.

Closing Date means the closing date of the Offer, being 5.00pm (WST) on 19 February 2010 (unless extended).

Company means Carbine Resources Limited (ABN 81 122 976 818).

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Dollar or "\$" means Australian dollars.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Issue means the issue of Options offered by this Prospectus.

Listing Rules or **ASX Listing Rules** means the Listing Rules of the ASX.

Offer means the offer pursuant to the Prospectus on the basis of one (1) Option for every two (2) Shares held by a Shareholder on the Record Date at an issue price of \$0.005 per Option, to raise approximately \$118,879.

Official List means the official list of ASX.

Option means an option to acquire a Share.

Prospectus means this prospectus.

Quotation and **Official Quotation** means official quotation on ASX.

Record Date means 5.00pm (WST) on 2 February 2010.

Related Corporation has the meaning given to that term in the Corporations Act.

Securities means Shares and Options.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Shortfall means those Options under the Offer not applied for by Shareholders under their Entitlement.

Shortfall Options means the Options offered under the Shortfall.

Shortfall Application Form means the shortfall application form attached to or accompanying this Prospectus.

Underwriter means Katnat Investments Pty Ltd Pty Ltd (ACN 139 349 545).

WST means Western Standard Time.

