



Carbine Resources Limited
ABN: 81 122 976 818

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29 October 2009

Australian Stock Exchange
Company's Announcement Office

CARBINE RESOURCES THIRD QUARTER ACTIVITIES
REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2009

HIGHLIGHTS

- The Company entered into an agreement with Cazaly Resources Limited to terminate the royalty agreement on the West Kalgoorlie Joint Venture.
- The Red Dam project continues to be reviewed for further exploration activities and a possible commercialisation strategy

1. 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 open along strike, down dip and has been identified in adjoining geochemically anomalous areas.

During the period the project was reviewed with the aim of formulating a possible commercialisation strategy, which may include additional exploration activity that will require funding.

2. WEST KALGOORLIE JOINT VENTURE (CARBINE RETAINS GOLD PRODUCTION ROYALTY)

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:

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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 is 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)*.

The royalty agreement provided for a royalty to be paid on the following terms and conditions:

- Cazaly to pay Carbine a AUD\$40/oz gold royalty on the first 75,000oz of production from Specified Tenements. This royalty is to be paid quarterly in arrears.
- \$3,000,000 cash payment on gold production of a total of 140,000 ounces from specified tenements.
- Payments capped at \$6,000,000.

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

3. CORPORATE

As at 30 September 2009, Carbine had AUD\$618,000 cash in hand.

Carbine remains committed to securing a project of significant value through either mineral exploration or project acquisition. The Company remains active in the assessment of potential projects.

Carbine has 51,147,545 ordinary shares on issue, all of which are quoted on the ASX. It also has on issue 2,000,000 unlisted options exercisable at \$0.25 expiring 31 December 2009.

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.

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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

30 SEPTEMBER 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$'000	Year to date (9months) \$'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	- (85)	(7) (292)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	19
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (discontinued operations cost)	-	-
Net Operating Cash Flows	(81)	(280)
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)	(81)	(280)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(81)	(280)
	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	(81)	(280)
1.20	Cash at beginning of quarter/year to date	699	899
1.21	Exchange rate adjustments to item 1.20	0	0
1.22	Cash at end of quarter	618	699

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	35
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

\$18K in payments to retiring Executive Chairman
 \$17K in payments for secretarial and administration 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

Nil

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	618	699
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Bank Bill	-	-
Total: cash at end of quarter (item 1.22)	618	699

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	51,147,545	51,147,545		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
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 2,000,000	Nil	<i>Exercise price</i> \$0.25	<i>Expiry date</i> 31/12/2009
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
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 October 2009

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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