



Carbine Resources Limited
ABN: 81 122 976 818

Tempo Offices, Unit B9
431 Roberts Road, Subiaco
Western Australia 6008

Ph: (618) 9287 4604
Fax: (618) 9287 4655

28 July 2009

The Manager
Australian Stock Exchange Limited
Level 4
20 Bridge Street
Sydney, NSW 2000

Dear Sir

TERMINATION OF ROYALTY AGREEMENT

Carbine Resources Limited (**Carbine**) advises that it has 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 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.

Carbine will proceed to call a general meeting of shareholders to obtain shareholder approval as set out above.

Yours faithfully

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

Peter Torre
Director/Company Secretary