



Carbine Resources Limited
ABN: 81 122 976 818

Level 1, 17 Ord Street
West Perth
Western Australia 6005

Ph: (618) 9226 0900
Fax: (618) 9226 0933

24 May 2007

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

Dear Sir

Carbine and Cazaly enter into West Kalgoorlie Farm-in and Joint Venture Agreement

Carbine Resources Limited ("Carbine", ASX Code: CRB) and Cazaly Resources Limited ("Cazaly", ASX Code: CAZ) are pleased to announce that the two companies have signed a farm-in and joint venture agreement whereby Carbine will earn a 50 percent stake, with an option to increase to 70 percent, in Cazaly's entire gold exploration and development portfolio in the Kunanalling, Ora Banda, Grants Patch, Carbine and Split Rocks regions. These tenements cover approximately 533 square kilometres and contain mineral resources of 612,400 ounces of gold (*refer to attached Table 1: Mineral Resource Estimates*).

This agreement substantially increases Carbine's footprint in the Kalgoorlie region whilst combining the project development skills of Carbine with the geology, exploration and tenement management prowess of Cazaly (*see Figure 1: Project Location and Tenement Map*).

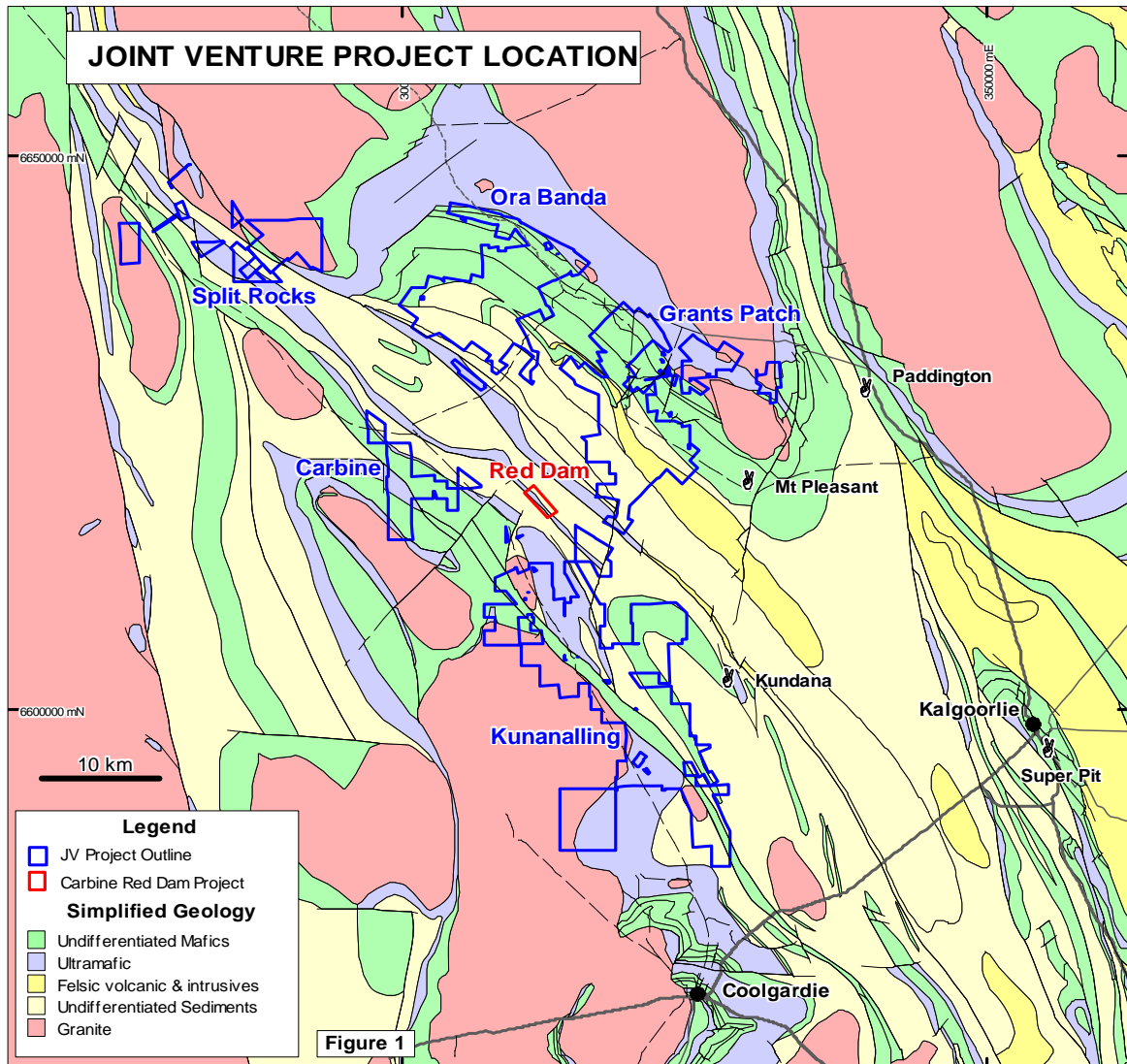


Figure 1: Project Location and Tenement Map

The major features of the agreement are:

1. Carbine will pay Cazaly a management fee of \$41,700 per month over a period of 12 months commencing from the date that the agreement is formalised.
2. Carbine will issue Cazaly with 2,000,000 ordinary fully paid shares in Carbine, with these shares voluntarily escrowed for a period of 6 months.
3. On or before the first anniversary of the agreement, Carbine will pay a further \$1,000,000 either, at Carbine's election, by cash or by 50/50 combined cash and Carbine shares, with the issue price of the shares being the 30-day volume weighted average price (30 day VWAP) as calculated on the day prior to payment date. This payment will give Carbine an initial 35% stake in the projects.

4. Carbine undertakes to fund exploration on the project areas equivalent to \$4,500,000 over a period of no more than 36 months after the date of the agreement. On completion of this expenditure commitment, Carbine will have earned a 50% stake in the projects.
5. Carbine has the once-off option, on completion of its 50% earn-in obligations, to increase its stake in the projects to a combined 70% by paying Cazaly \$2,000,000 in cash. This option must be exercised within 90 days of falling due, otherwise it expires.
6. Any mine developments on the project areas will be funded entirely by Carbine. Carbine will then be entitled to recoup its investment (included accumulated interest charges) before sharing operating cash flows on a 50/50 basis with Cazaly.
7. Carbine will assume the role of Manager of the joint venture on completion of the payments mentioned in item 1. To that end it has undertaken to use the professional services of Cazaly's existing geology team and has agreed to reimburse Cazaly direct costs plus 12 percent management fee for these services.
8. Any proceeds from the agreed sale, transfer or relinquishment of tenements in the project areas during the period up to completion of the earn-in commitments, shall be shared 50% Cazaly, 50% Carbine.

Carbine has also offered its Red Dam project into the joint venture (JV). If this option, which expires 23 July 2007, is accepted it will reduce the consideration referred to in item 3 above by \$700,000 from \$1,000,000 to \$300,000. This would enhance the synergies between the two groups and increase mineral resources held by the JV by 23% to 754,000 ounces.

The transaction is subject to all existing pre-emptive rights being waived, as well as standard clauses associated with Ministerial approval of tenement ownership transferral.

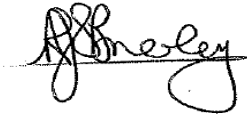
The joint venture intends to commence exploration drilling in June 2007 and has already secured drilling equipment for this programme. Drilling will initially focus on prospects along the Kunanalling shear, principally the Mick Adam, Wadi, Burgundy and Picante deposits (see attached Figure 2: Kunanalling Mining Centre – Prospect Locations). Additionally, mine development options will be re-assessed as a priority.

Carbine's Chairman and Chief Executive Officer Rob Brierley commented "the West Kalgoorlie joint venture represents a significant step forward for Carbine in its formative period, having only been listed on the ASX in March 2007. The arrangement increases our land holding in the Kalgoorlie region exponentially and adds substantially to our gold resource inventory, thereby enhancing opportunities to convert exploration potential to production and cash flow. We have also gained access to a strong and experienced exploration team.

Cazaly Managing Director Nathan McMahon added "the joint venture allows Cazaly to focus on its iron ore strategy whilst maintaining exposure to a strategic package of tenement that it has spent a considerable amount of time and effort assembling".

Regarding funding of the planned exploration expenditure Mr Brierley added "There are a number of deposits on the Kunanalling tenements that have been advanced to scoping study and feasibility stage. These represent opportunities for early cash flow at a low capital cost, if toll treating and contract mining arrangements can be negotiated satisfactorily. We are confident that gold production can be achieved in 2008 and that the cash flow generated will contribute significantly to funding exploration and project development activities, with the ultimate goal of discovering a significant deposit in the region".

Yours faithfully

A handwritten signature in black ink, appearing to read 'R. Brierley', with a horizontal line drawn through the middle of the signature.

Robert Brierley
Executive Chairman
Carbine Resources Limited

The information in this report that relates to the Exploration Results, Mineral Resources or Ore Reserves of the projects owned by Cazaly Resources Ltd is based on information compiled by Mr Clive Jones and Mr Gregory Miles, who are Members of The Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists respectively who have sufficient experience which relevant to the style of mineralisation and types of deposits under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jones and Mr Miles consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

MINERAL RESOURCES – West Kalgoorlie Project

Prospect	Measured		Indicated		Inferred		Total		
	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t	Tonnes	Grade g/t	Oz Au
Mick Adam*					4,510,000	1.27	4,510,000	1.27	184,200
Broads Dam					1,273,000	3.10	1,273,000	3.10	126,900
Burgundy*					1,513,000	1.44	1,513,000	1.44	70,100
Catherwood	337,000	2.52	144,000	2.64	72,000	2.04	553,000	2.49	44,300
Wadi*	240,000	2.11	344,000	1.35	265,000	1.25	849,000	1.53	41,900
Picante	182,000	3.32	157,000	3.06	50,000	1.71	389,000	3.01	37,600
Cutters Ridge					648,000	1.80	648,000	1.80	37,500
Rajax					180,000	4.20	180,000	4.20	24,300
Emu Prospect					260,000	2.50	260,000	2.50	20,900
Premier			156,000	1.96	5,000	3.70	161,000	2.01	10,400
Blue Bell					118,000	2.00	118,000	2.00	7,600
Inkerman					25,000	3.50	25,000	3.50	2,800
Stockpiles					114,000	1.07	114,000	1.07	3,900
TOTALS	759,000	2.58	801,000	2.04	9,033,000	1.71	10,593,000	1.80	612,400
<i>Rounding errors may occur - grades to 2 significant digits in this table.</i>									
<i>*Mick Adam, Wadi & Burgundy Resources are quoted using a 0.8g/t lower cut-off grade. Others use 1.0g/t lower cut-off grade.</i>									

Table 1: Mineral Resources Estimates

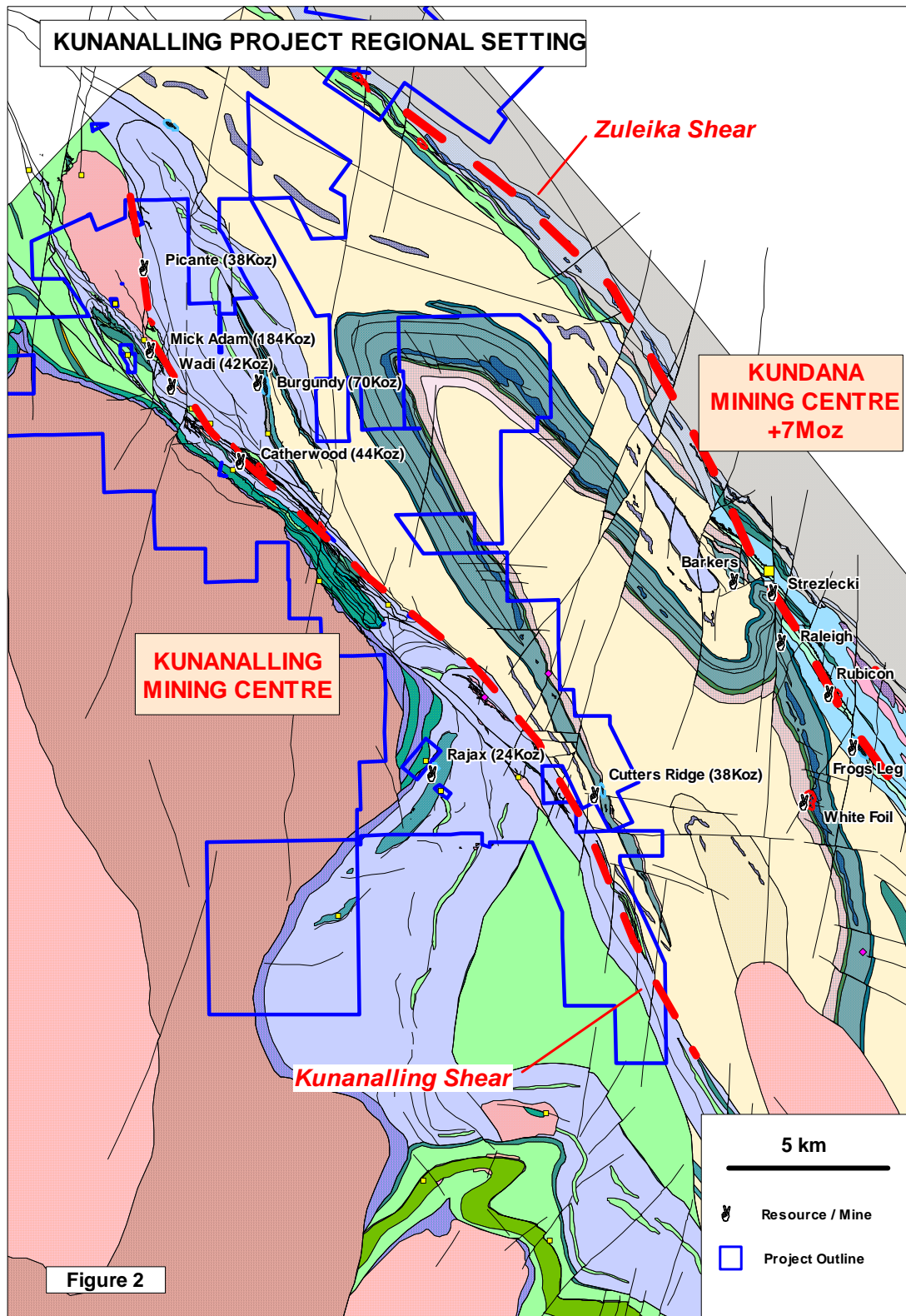


Figure 2: Kunanalling Mining Centre – Prospect Locations