



Carbine Resources Limited
ABN: 81 122 976 818

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16 July 2008

Australian Stock Exchange
Company's Announcement Office

CARBINE RESOURCES SECOND QUARTER ACTIVITIES
REPORT FOR THE PERIOD ENDED 30 JUNE 2008

HIGHLIGHTS

- Exploration drilling over several prospects within the Ora Banda and Kunanalling Project Areas produced best intercepts in final assay results of:
 - 9m at 3.3 g/t gold from 81m
 - 10m at 3.6 g/t gold from 94m
 - 1m at 34.7 g/t gold from 44m
 - 7m at 3.3 g/t gold from 126m
- On 30 June exploration drilling recommenced on the Backflip prospect flowing up previous high-grade gold intercepts of:
 - 9m at 16.1 g/t gold from 94m
 - 19m at 13.2 g/t gold from 108m
 - 3m at 16.0 g/t gold from 121m
 - 2m at 12.3 g/t gold from 123m
- The feasibility study on mining of the Catherwood deposit is complete, estimating Ore Reserves of 178,000 tonnes at an average grade of 2.73 g/t gold for 15,600 contained ounces. The Mining Proposal was submitted to the Environment Division of the Department of Industry and Resources (DoIR) in March 2008 and Carbine Resources Limited (Carbine) remains confident of gaining the necessary approvals
- On 28 May Carbine announced a non renounceable 1 for 2 entitlement issue of shares priced at \$0.12 per share to raise \$2.2 million. The issue was underwritten by Allied Gold and the funds will be used to continue to explore for gold in the West Kalgoorlie region. Subsequent to quarter end, approximately 14.1 million new shares were subscribed for and \$1.69 million of funds were banked. The Underwriter has been informed of the shortfall and has three months to complete the transaction.

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1. WEST KALGOORLIE JOINT VENTURE (CARBINE EARNING UP TO 70%)

Carbine Resources Limited (“Carbine”) is earning up to 70 percent by farming in to 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 597,700 ounces of gold.

Activities for the period were focussed on completing the approvals stage for commencement of mining of the Catherwood deposit and continuing to explore for gold within the Company’s tenement package.

A drill program was completed on the Boundary and Carnage prospects in the Ora Banda Project Area and the Sabrina prospect and Picante deposit in the Kunanalling Project Area.

Late in the quarter RC drilling commenced on the Backflip prospect, which represents a priority target for a significant high-grade resource amenable to mechanised underground mining.

Exploration and Resource Definition Drilling

An RC drill rig capable of drilling deep holes commenced drilling at the Backflip prospect in late June 2008. The 20-hole 3,880 metre campaign is designed to follow up on the significant mineralisation identified in the previous two quarters of:

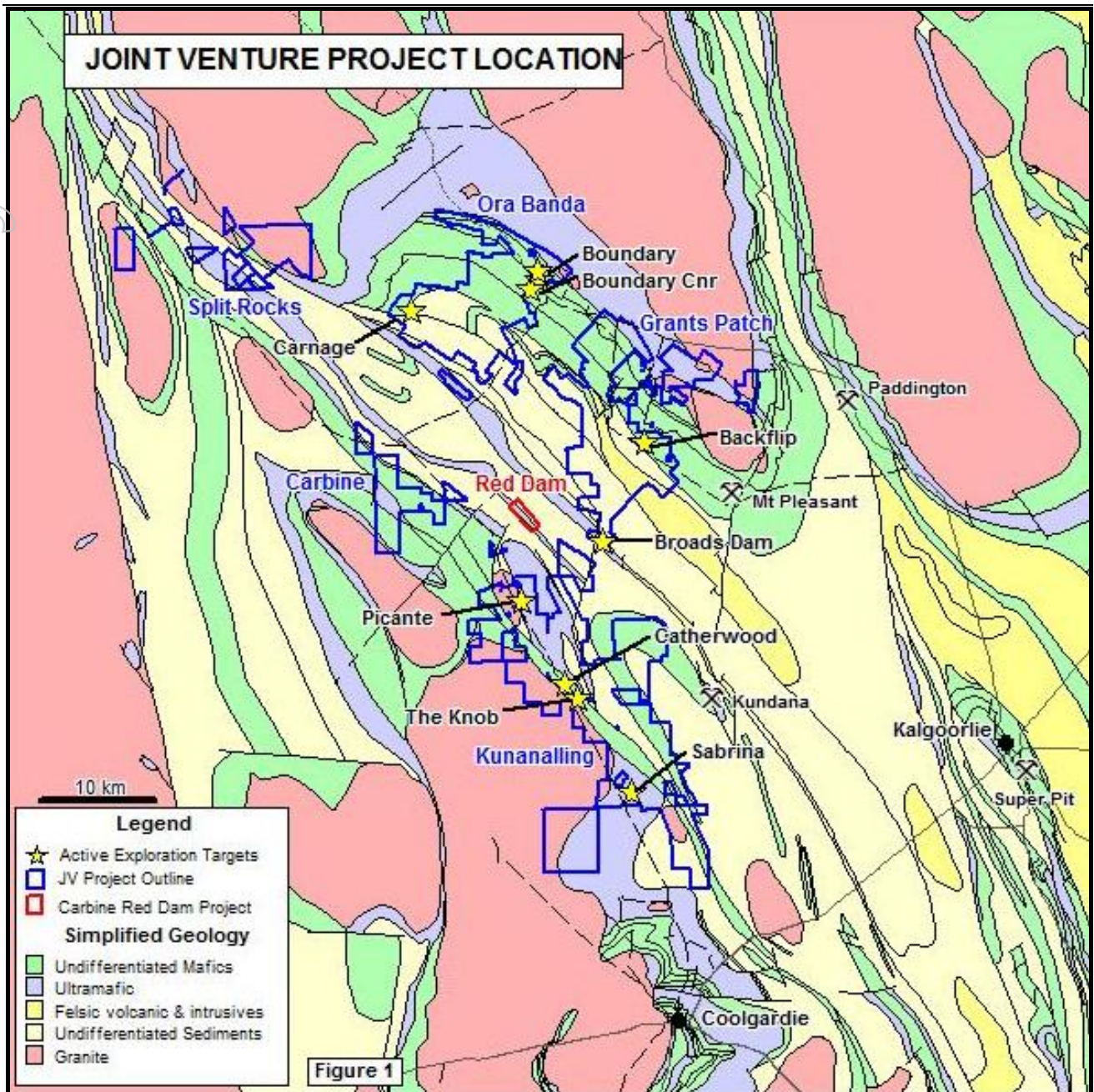
- 9m @ 16.1 g/t gold from 94m
- 19m @ 13.2 g/t gold from 108m
- 3m @ 16.0 g/t gold from 121m
- 2m @ 12.3 g/t gold from 123m
- 3m @ 6.9 g/t gold from 129m
- 4m @ 5.0 g/t gold from 113m

It is anticipated that drilling at Backflip will continue for the entire month of July and that final results of the program will be reported in the second half of the September quarter.

An RC program comprising 30 holes for a total of 3,817m was completed in late April 2008. Significant results from the program include:

Boundary Prospect – Numerous significant results returned including **3m @ 3.33 g/t Au** and **1m @ 34.7g/t Au** adjacent to a small open cut mine in the Ora Banda region. Geological interpretations are continuing with a view to finding further extensions to mineralisation and possibly defining a JORC compliant resource.

Picante deposit – JORC compliant resource of 37,600oz. A small number of resource definition-style holes completed prior to undertaking mining optimisation and development studies. Best results include **9m @ 3.30g/t Au** and **10m @ 3.64g/t Au** in KNRC0364 and KNRC0365 respectively.



Catherwood Deposit

Carbine submitted the Mining Proposal for the Catherwood open pit cutback to the Department of Industry and Resources (DoIR) in March 2008. It is disappointing that environmental approval has not been granted yet however the Company remains confident of receiving approval in the near term.

Catherwood is located adjacent to the Coolgardie North road, 33km north of Coolgardie adjacent to public and private roads that link up to several operating gold processing plants. It has an existing Measured, Indicated and Inferred Mineral Resource of 553,000 tonnes at 2.49 g/t Au for 49,000 ounces in the hanging wall and underlying an existing pit mined to a maximum depth of around 60m in 1988-89.

Table 1: Mineral Resources above 1 g/t Au Cut Off Grade

	Ore Tonnes (kt)	Grade g/t
Measured	337	2.52
Indicated	144	2.64
Inferred	72	2.04
Total Resources	553	2.49

A feasibility study was completed by Golder Associates in May 2008. The detailed Catherwood pit design derived an estimated Ore Reserve of 178,000 tonnes at an average grade of 2.73 g/t gold for 15,600 contained ounces.

Table 2: Ore Reserves within Designed Pit above 1 g/t Cut Off Grade

	Ore Tonnes (kt)	Grade g/t
Proved	168	2.75
Probable	10	2.35
Total Ore Reserves	178	2.73

An additional 10 kt of Inferred Resources at 1.55 g/t are included within the designed pit.

Negotiations with entities that can provide the mining equipment and personnel, and with parties that can process the ore are ongoing. These negotiations have been hampered by the delay in gaining approval of the Mining Proposal.

The estimated capital expenditure required to commence the Catherwood project is less than \$500,000 and, although pit dewatering is required, the nature of the pit cutback is such that mining can start several months ahead of water pumping.

2. RED DAM PROJECT (CARBINE 100%)

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 constrained 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.

A data review completed during the quarter demonstrated that the system is structurally complex and contains multiple parallel lodes.

Additional data gathered from the most recent drilling programme supported previous interpreted lode positions as well as indicating multiple lode positions in the eastern part of the mineralised area. A comprehensive drill program has been proposed to further test for gold mineralisation across these multiple targets. This drill program is pending management and Board approval.

3. CORPORATE

As at 30 June 2008, Carbine had A\$0.813 million cash in hand.

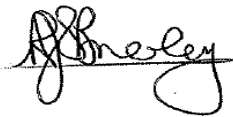
Carbine has 37,024,309 ordinary shares on issue, with 26,141,809 currently quoted on the ASX. It also has on issue 2,000,000 unlisted options exercisable at \$0.25 expiring 31 December 2009 and 400,000 unlisted employee options exercisable at \$0.35 expiring 30 June 2009.

2,423,966 shares were issued to Cazaly Resources Limited during the quarter as the final instalment of the share consideration for the West Kalgoorlie Farm-in and Joint Venture Agreement.

On 28 May 2008 Carbine announced a non renounceable 1 for 2 Entitlement Issue of shares at \$0.12 per share. This share issue closed on 4 July 2008 with 76 percent take-up of entitlements resulting in 14,123,236 new shares being allotted and funds of \$1,694,788 being raised.

The Entitlement Offer was underwritten by Allied Gold Limited, subject to performance of sub-underwriters. Under the Underwriting Agreement, Carbine has provided three months to finalise the sub-underwriting arrangements. The Company is confident that the full benefit of the capital raising will be achieved.

Yours faithfully



Rob Brierley
Executive Chairman

For enquiries in connection with this release, please contact:

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Competent Persons

The information in this report that relates to the West Kalgoorlie JV Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Gregory Miles, who is a Member of The Australian Institute of Geoscientists 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 Miles consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

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.

The information in this report that relates to the Catherwood Deposit Ore Reserves Estimate has been compiled by Mr John Battista of Golder Associates, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Battista has had sufficient experience in Ore Reserve estimation relevant to the style of mineralisation and type of deposit under consideration to qualify as Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Battista consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

West Kalgoorlie JV Significant Drill Intersections – April 2008

Prospect	Hole ID	East	North	Hole Depth	Local Azm	Dip	From	To	Intercept	
									g/t	Au
Boundary Corner	WKRC0067	311,483	6,638,293	110	135	-60	54	55	1	m @ 1.71
Boundary West	WKRC0069	312,310	6,638,673	145	135	-60	57	58	1	m @ 1.51
							69	70	1	m @ 1.51
Boundary West	WKRC0070	312,335	6,638,658	175	135	-60	46	47	1	m @ 12.13
							60	61	1	m @ 3.61
Boundary	WKRC0071	313,092	6,639,072	180	180	-60	44	45	1	m @ 34.70
							130	132	2	m @ 1.15
							136	137	1	m @ 2.84
							140	141	1	m @ 1.63
Boundary	WKRC0072	313,169	6,639,058	134	135	-60	103	107	4	m @ 3.27
Boundary	WKRC0073	313,140	6,639,094	130	135	-60	92	95	3	m @ 2.55
Boundary	WKRC0074	313,112	6,639,116	190	135	-60	38	39	1	m @ 11.81
							131	132	1	m @ 1.59
Boundary	WKRC0076	312,997	6,638,977	224	180	-60	13	14	1	m @ 1.63
							93	95	2	m @ 9.14
							100	101	1	m @ 7.47
							126	133	7	m @ 3.33
							138	139	1	m @ 1.66
Boundary West	WKRC0077	312,359	6,638,636	120	135	-60	38	39	1	m @ 4.06
							58	59	1	m @ 2.21
Boundary	WKRC0078	312,823	6,638,770	135	135	-60	61	64	3	m @ 1.94
							103	105	2	m @ 3.48
							108	112	4	m @ 2.13
Boundary	WKRC0080	312,740	6,638,860	120	135	-60	40	41	1	m @ 1.42
							111	112	1	m @ 1.43
Boundary	WKRC0081	312,786	6,638,722	120	135	-60	53	60	7	m @ 2.21
Picante	KNRC0364	311,449	6,611,235	120	270	-60	81	90	9	m @ 3.30
							93	101	8	m @ 2.48
Picante	KNRC0365	311,469	6,611,234	125	270	-60	94	104	10	m @ 3.64
							108	116	8	m @ 2.98

Notes:
All results analysed by 40 gram Fire Assay. Maximum 2m internal dilution
NSA = No significant assays
Coordinates refer to MGA94 Zone 51 Datum

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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 LIMITED

ABN

81 122 976 818

Quarter ended

30 June 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$'000	Year to date (6 months) \$'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(816)	(1,648)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	26	66
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	(125)	(167)
Net Operating Cash Flows	(1,012)	(1,981)
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)	(1,012)	(1,981)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,012)	(1,981)
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	(1,012)	(1,981)
1.20	Cash at beginning of quarter/year to date	1,825	2,794
1.21	Exchange rate adjustments to item 1.20	0	0
1.22	Cash at end of quarter	813	813

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	45
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

\$12,700 in directors' fees.
\$27,250 in consulting fees.
\$4,500 in secretarial and admin 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

2,423,966 Fully Paid Ordinary Shares were issued to Cazaly Resources Limited as part consideration under the Farm-in and Joint Venture Agreement

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	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$'000
4.1 Exploration and evaluation	500
4.2 Development	Nil
Total	500

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	292	325
5.2 Deposits at call	521	1,500
5.3 Bank overdraft		
5.4 Bank Bill		
Total: cash at end of quarter (item 1.22)	813	1,825

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	37,024,309	26,141,809		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,423,966	2,423,966	Nil	Fully Paid
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>			<i>Exercise price</i>	<i>Expiry date</i>
	2,000,000	Nil	\$0.25	31/12/2009
	200,000	Nil	\$0.35	30/06/2009
	200,000	Nil	\$0.35	30/06/2009
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: 16 July 2008

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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