CARBINE RESOURCES

ABN: 81 122 976 818

ANNUAL FINANCIAL REPORT

31 DECEMBER 2008

DIRECTORS' REPORT

The Directors present their report, together with the financial report of Carbine Resources Limited ("the Company") for the year ended 31 December 2008.

DIRECTORS

The Directors of the Company in office during or since the end of the financial period are:

Robert James Shaw Brierley	Executive Chairman
Peter Patrick Torre	Non-Executive Director
Dr Wolf Gerhard Martinick	Non-Executive Director (Resigned 4 Nov 2008)
Ronald George Sayers	Non-Executive Director
Gregory Hugh Steemson	Non-Executive Director (Appointed 29 December 2008)

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

INFORMATION ON DIRECTORS

Mr Robert James Shaw Brierley ***Executive Chairman/Managing Director (Aged 43)***

Mr Brierley is a mining engineer educated at the Western Australian School of Mines in Kalgoorlie. He has experience across many commodity groups including coal, gold, nickel, copper, bauxite and iron ore and he has been involved in the design, operation and management of several major mining projects in Australia.

Mr Brierley completed a Graduate Diploma in Applied Finance and Investment in 1996 and worked for seven years in the stock broking industry. There he spent the majority of his time as a research analyst specialising in the resources sector, including four years in the role of Director of Research for a national stock broking and financial services company.

He is a founding Director of Carbine Resources and has been associated with the resources industry for over 15 years. Mr Brierley has particular experience in finance, project management, mining and valuation techniques and principles. He is a Graduate of the Australian Institute of Company Directors.

Mr Peter Patrick Torre ***Non Executive Director/Company Secretary (Aged 36)***

Mr Torre is a principal of Torre Corporate and was previously a partner of an internationally affiliated firm of Chartered Accountants, where he also held the position of Chairman of the National Corporate Services Committee.

Mr Torre holds a Bachelor of Business, is a Chartered Accountant, a Chartered Secretary and a member of the Australian Institute of Company Directors. He has also completed a Graduate Diploma in Company Secretarial Practice.

Mr Torre is the Company Secretary of several ASX listed companies, is a Director of ORT Limited and is one of the founders of the charity organisation "A Better Life Foundation WA". Besides acting as a Non-Executive Director of the Company, Mr Torre is also the Joint Company Secretary.

Mr Ronald George Sayers ***Non Executive Director (Aged 56)***

Mr Sayers is a founding Director of Ausdrill Limited, a successful mining services organisation with operations in Australia and West Africa. He served as Managing Director from 1987 to 1997 after serving as the branch manager of a large mining supply group.

He was reappointed to the Managing Director position of Ausdrill in December 2000 and has guided the group through an initial period of consolidation followed by some major growth.

Mr Sayers is a major shareholder of Ausdrill Limited and has been involved in the mining industry for in excess of 20 years.

Mr Gregory Hugh Steemson ***Non Executive Director (Aged 55) - Appointed 29 December 2008***

Mr Steemson is a qualified geologist and geophysicist with extensive experience in exploration and the development and management of mining projects in Australia, Asia and Africa.

Mr Steemson is a Non Executive Director of Allied Gold Limited and Mineral Commodities Limited, companies listed on the Australian Stock Exchange (ASX).

He has been associated with the mining and mineral exploration industries for in excess of 35 years and has particular experience in geology, geophysics and exploration project appraisals.

Dr Wolf Gerhard Martinick ***Non Executive Director (Aged 64) - Resigned 4 November 2008***

Dr Martinick is an environmental scientist with extensive experience in the mineral resource industry. He has been involved with mineral exploration and mining projects around the world, especially in Australasia, southern, central and northern Africa, China, India, and the former Soviet Union.

Dr Martinick is a Non Executive Director of Sun Resources NL, Windimurra Vanadium Limited, Azure Minerals Limited and Uran Limited, all companies listed on the Australian Stock Exchange (ASX). He is also the executive chairman and substantial shareholder of ASX-listed Ezenet Limited and a foundation Director and Chairman of Weatherly International PLC.

He has been associated with the exploration and mining industry for over 35 years, and has particular experience in environmental, water, land access and indigenous people issues. He is a Fellow of the Australian Institute of Mining and Metallurgy.

Ms Mary-Ann Brierley ***Company Secretary (Aged 39) - Appointed 12 September 2008***

Ms Brierley has been employed by Carbine Resources Limited since May 2007 in the role of Administration Manager. She is responsible for the Company accounts, banking, payroll and other corporate administrative duties. Ms Brierley was appointed joint Company Secretary to assist Mr Torre in September 2008.

She has a Diploma in Financial Services and a Certificate in Corporate Governance.

As a junior exploration Company the Board had not split out responsibilities to a subcommittee in respect to Audit, Risk and Compliance during the year.

DIRECTORS' MEETINGS

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial period under review are:

	Meetings held	Meetings attended
Robert Brierley	8	8
Peter Torre	8	8
Wolf Martinick	8	5
Ron Sayers	8	4
Gregory Steemson	0	0

PRINCIPAL ACTIVITIES

The principal activity of the Company during the period was exploration for gold and other mineral resources.

RESULTS

The loss of the Company after providing for income tax is $5,020,556 (2007: loss $767,694).

DIVIDENDS PAID OR RECOMMENDED

No dividends have been paid or declared.

REVIEW OF OPERATIONS

This report and the accompanying financial statements cover the period from 1 January 2008 to 31 December 2008.

During the period, the Company undertook various drilling programs on tenements subject to the Joint Venture with Cazaly Resources Limited. Results of the programs were the subject of separate stock exchange releases throughout the period along with details contained in the Company's quarterly reports.

On 28 May 2008, Carbine Resources Limited announced a non renounceable 1 for 2 Entitlement Issue of shares at $0.12 per share. The 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.

Due to the rapid decline in market sentiment during the second half of the year and after the Board completed a review of its assets and their future funding requirements, Carbine Resources Ltd ("Carbine") and Cazaly Resources Ltd ("Cazaly") mutually agreed to terminate the West Kalgoorlie Farm in and Joint Venture Agreement on 3 November 2008.

As part of the termination agreement, Cazaly agreed to pay Carbine a $40/oz gold royalty on the first 75,000oz of production and an additional $3 million cash payment when gold production reaches 140,000oz. The royalty payments relate only to tenements within the JV agreement that contained published mineral resources and also included the tenement that contains the Backflip prospect.

The Company maintains 100% ownership of the Red Dam gold project, which contains a mineral resource of 1.87Mt at 2.45 g/t for 147,400oz of gold, with 683,000t at 2.44 g/t Au in the indicated category and 1,187,000t at 2.45 g/t Au in the inferred category. Red Dam is favourably located only 45km north-west of Kalgoorlie within close proximity of several operating processing plants. The mineralization is open along strike, down dip and has been identified in adjoining geochemically anomalous areas.

FINANCIAL POSITION

The net assets of the Company as at 31 December 2008 are $1,996,655 compared to $4,853,519 as at 31 December 2007. The reduction is mainly due to the asset impairment made during the 2008 year which relates predominantly to the write down to nil of the value of the West Kalgoorlie JV which was terminated in exchange for a gold production royalty in November 2008.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Capital Raisings

In May 2008, the Company issued 2,423,966 shares for $484,794 to Cazaly Resources Limited as deferred consideration to enter into the farm-in and joint venture agreement.

In July 2008, Carbine issued 14,123,236 shares for $1,678,899 to subscribers of a non renounceable entitlement issue to shareholders

SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2008 that has significantly affected, or may significantly affect:

(a) the Company's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Company's state of affairs in future financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Company is proceeding with its exploration program and studies on its 100% owned Red Dam gold project.

In addition to this, the Company is pursuing opportunities on current granted tenements which could see it moving into small scale production during the course of 2009.

The Directors will continue to seek other projects of a larger scale in the interest of maximising shareholder value.

In the opinion of the Directors it may prejudice the interests of the Company to provide additional information in relation to likely developments in the operations of the Company and the expected results of those operations in subsequent financial periods.

OPTIONS

The number of options for ordinary shares on issue at the date of this report is 2,100,000 unlisted options. Options do not entitle the holder to receive a dividend paid to ordinary shareholders, to a vote at shareholder meetings or to participate in any future share issues.

New issues of options, options exercised and options forfeited in the period are as follows:

Date of Grant	No of Options	Exercise Price	Expiry date
Opening Balance	2,400,000	-	-
-Options issued in the period	-	-	-
-Options exercised in the period	-	-	-
-Options forfeited in the period	(300,000)	-	-
Balance at 31 December 2008	**2,100,000**		

DIRECTORS' INTERESTS

The relevant interest of each Director in the share capital of the Company shown in the Register of Directors' Shareholdings as at the date of this report is:

DIRECTOR	ORDINARY SHARES FULLY PAID		OPTIONS	
	Direct	Indirect	Direct	Indirect
Robert Brierley	300,002	3,075,000	-	2,000,000
Peter Torre	-	750,000	-	-
Wolf Martinick	-	1,500,000	-	-
Ron Sayers	-	1,500,000	-	-
Greg Steemson	-	-	-	-

REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service Agreements
D. Share-based compensation

The information provided in this remuneration report has been audited as required by section 308((3)(c) of the Corporations Act 2001.

A. Principles used to determine the nature and amount of remuneration (audited)

In order to retain and attract executives of sufficient caliber to facilitate the efficient and effective management of the Company's operations, the board reviews the remuneration packages of all Directors and employees on an annual basis and makes recommendations. Remuneration packages are reviewed with due regard to performance and other relevant factors.

Remuneration packages may contain the following key elements:

(a) Directors Fees;
(b) Salary & Consultancy;
(c) Benefits – including provision of motor vehicle, superannuation.

Fees payable to Non-Executive Directors reflect the demands which are made on, and the responsibilities of the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board.

Executives are offered a competitive base pay that consists of fixed components. Base pay for senior executives is reviewed annually to ensure the Executives pay is competitive with the market by comparing with the annual Perth Consumer Price Index (CPI). Total Base Pay can be structured as a total employment package which may be delivered as a combination of cash and prescribed non-financial benefits at the Executive's discretion.

Remuneration is not directly related to company performance or key performance indicators.

The Directors are not required to hold any shares in the company under the constitution of the company; however, to align Director's interests with shareholders interests the Directors are encouraged to hold shares in the Company.

B. Details of Remuneration

Details of the remuneration of Directors and the key management personnel of Carbine Resources Limited are set out in the following tables.

The key management personnel of Carbine Resources Limited include the Directors and company secretaries as follows:

- Robert Brierley
- Peter Torre
- Ronald Sayers
- Gregory Steemson
- Mary-Ann Brierley (Specified Executive)

There are no other key management personnel as defined in AASB 124 Related Party Disclosures.

No elements of remuneration are directly related to performance.

Key Management Personnel of Carbine Resources Limited

2008 **Name**	**Short-term benefits** **Cash Salary and fees** **$**	**Post employment benefits** **Superannuation** **$**	**Share-based payment** **Shares / Options** **$**	**Total** **$**	**% Performance Based**
Non-Executive Directors					
Peter Torre	43,000	2,250	-	45,250	0%
Wolf Martinick	2,500	24,750	-	27,250	0%
Ron Sayers	25,000	2,250	-	27,250	0%
Greg Steemson	-	-	-	-	0%
Sub-total Non-Executive Directors	70,500	29,250	-	99,750	0%
Executive Directors					
Rob Brierley	188,500	2,250	-	190,750	0%
Specified Executive					
Mary-Ann Brierley	40,000	3,600	-	43,600	0%
Total	299,000	35,100	-	334,100	0%

2007 **Name**	**Short-term benefits** **Cash Salary and fees** **$**	**Post employment benefits** **Superannuation** **$**	**Share-based payment** **Shares / Options** **$**	**Total** **$**	**% Performance Based**
Non-Executive Directors					
Peter Torre	53,500	2,250	-	55,750	0%
Wolf Martinick	-	27,250	-	27,250	0%
Ron Sayers	25,000	2,250	-	27,250	0%
Sub-total non-executive directors	78,500	31,750	-	110,250	0%
Executive Directors					
Rob Brierley	161,250	2,250	47,540	211,040	0%
Total	239,750	34,000	47,540	321,290	0%

C. Service Agreements

There were formal service agreements with Directors and key management personnel. On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company, in the form of a letter of appointment. The letter summarises the Board policies and terms which mirror those set out within the Corporations Act 2001, including compensation, relevant to the office of Director.

Remuneration and other terms of employment for the Executive Chairman/Managing Director, is also formalised in a contract, the major provisions of which are set out below:

Robert Brierley Executive Chairman and Managing Director

- Term of 3 years ending on 4 December 2009.
- Base Payments of $150,000 per annum to be reviewed annually by the Board.
- Contract can be terminated by either party subject to certain notice periods.

D. Share Based Compensation

Options

Options were granted by the Company to Mr Robert Brierley in December 2006 for no consideration. In addition, options were granted under the Carbine Resources Limited Employee Option Plan which was approved by shareholders at a general meeting held in November 2007. All full time employees, part time employees, consultants and Directors of the Company are eligible to participate in the plan at the absolute discretion of the Board.

Options are granted under the plan for no consideration and are at terms stipulated at the discretion of the Board.

The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are as follows:

Grant Date	Expiry Date	Exercise Price	Value per option at grant date	Date Exercisable
13 December 2006	31 December 2009	$0.25	$0.023	100% after 16 March 2008
12 November 2007	30 June 2009	$0.35	$0.065	50% after 12 November 2007
				50% after 12 November 2008

- Options granted carry no dividend and voting rights
- When exercisable, each option is convertible into one ordinary share in Carbine Resources Limited.

Details of options over ordinary shares in the company provided as remuneration to each director or Carbine Resources Limited and each of the key management personnel of the Company are set out below.

Name	Number of options granted during the period	Number of options vested during the period	Number of options granted during the period	Number of options vested during the period
	2008	2008	2007	2007
Rob Brierley	-	-	2,000,000	2,000,000
Peter Torre	-	-	-	-
Wolf Martinick	-	-	-	-
Ron Sayers	-	-	-	-
Greg Steemson	-	-	-	-
Mary-Ann Brierley	-	-	100,000	100,000

The assessed fair value at grant date of options to the individuals is allocated equally over the period from grant date to vesting date and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

There were no options granted during the year ended 31 December 2008. All options have previously vested no options have been exercised.

Shares provided on exercise of remuneration options

There were no shares provided on exercise of remuneration options during the period.

This is the end of the Audited Remuneration Report.

SCHEDULE OF MINING TENEMENTS

Mining Tenements currently held by the Company are:

Tenement	Percentage Holding
P16/2078	100%
M16/344	100%

ENVIRONMENTAL REGULATIONS

In the course of its normal mining and exploration activities the Company adheres to environmental regulations imposed upon it by the various regulatory authorities, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna. The Company has complied with all material environmental requirements up to the date of this report.

INSURANCE OF DIRECTORS AND OFFICERS

During the year, the Company has paid an insurance premium in respect of a contract indemnifying the Company's directors and officers. The total premium paid was $7,288.

The Liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings

The company was not a party to any such proceedings during the year.

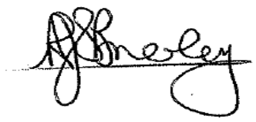
OTHER INFORMATION

The registered office and principal place of business is Level 1 17 Ord Street West Perth WA 6005.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 on page 37 forms part of the Directors' Report for the period ended 31 December 2008. This relates to the audit report, where they state that they have issued an independent declaration.

Signed in accordance with a resolution of the Directors.



Robert Brierley
Executive Chairman

Dated at Perth this 31st day of March 2009

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 $	2007 $
Revenue from continuing operations	2	112,471	139,338
Exploration and evaluation costs	8	(617,321)	(125,100)
Impairment of Exploration Assets	8	(3,821,920)	(250,000)
Depreciation	2	(3,637)	(2,105)
Share based payment expense	17	-	(73,876)
Employee, Director and Consultant Expenses		(439,193)	(302,768)
General & administration expenses	2	(250,956)	(153,183)
Loss before income tax from continuing operations		(5,020,556)	(767,694)
Income tax expense	3	-	-
Loss after income tax attributable to members of the parent entity		(5,020,556)	(767,694)
Basic loss per share	12	$0.10	$0.03
Diluted loss per share		n/a	n/a

The income statement is to be read in conjunction with the notes to the financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	2008 $	2007 $
ASSETS			
Current assets			
Cash and cash equivalents	4	899,188	2,793,833
Trade and other receivables	5	-	61,344
Other current assets	6	7,572	5,790
Total current assets		906,760	2,860,967
Non-current assets			
Plant and equipment	7	6,143	9,780
Exploration and evaluation expenditure	8	1,140,000	2,169,003
Total non-current assets		1,146,143	2,178,783
Total assets		2,052,903	5,039,750
LIABILITIES			
Current liabilities			
Trade and other payables	10	53,904	179,433
Provisions		2,344	6,798
Total Current Liabilities		56,248	186,231
Total Liabilities		56,248	186,231
Net assets		**1,996,655**	**4,853,519**
EQUITY			
Issued capital	11	7,711,029	5,547,337
Reserves	20	73,876	73,876
Accumulated losses		(5,788,250)	(767,694)
Total equity		**1,996,655**	**4,853,519**

The balance sheet is to be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 $	2007 $
Total equity at the beginning of the period	4,853,519	-
Transactions with equity holders in their capacity as equity holders		
Contributions of equity net of transactions costs	2,163,692	5,547,337
Share based payments	-	73,876
Loss for the period	(5,020,556)	(767,694)
Total Recognised Income and Expense for the period	(5,020,556)	(765,077)
Total equity at the end of the period	**1,996,655**	**4,853,519**

The above statement of changes in equity is to be read in conjunction with the notes to the financial statements**.**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 $	2007 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(594,114)	(603,105)
Exploration expenditure, prospects, management fees		(3,091,901)	(860,602)
Interest Received		112,471	139,338
Net cash (outflow) from operating activities	18	(3,573,544)	(1,324,369)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		-	(11,885)
Net cash (outflow) from investing activities		-	(11,885)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of capital raising costs		1,678,899	4,130,087
Net cash inflow from financing activities		1,678,899	4,130,087
Net (decrease)/increase in cash and cash equivalents held		(1,894,645)	2,793,833
Cash and cash equivalents at the beginning of the period		2,793,833	-
Cash and cash equivalents at the end of the period	4	**899,188**	**2,793,833**

The cash flow statement is to be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

The financial report is a general-purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards, Australian Accounting Interpretations and other mandatory professional reporting requirements.

Carbine Resources Limited is a listed public company, incorporated and domiciled in Australia.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards 'IFRS'.

The functional and presentation currency of the Company is Australian Dollars.

Historical cost convention

The financial report has been prepared on an accruals basis and is based on historical costs.

Going Concern

During the period the Company incurred a loss of $5,020,556 after impairing $3,821,920 of exploration and evaluation expense, the majority of which was associated with the West Kalgoorlie Joint Venture, which was terminated in November 2008.

The Company's only asset of note is its Red Dam gold project. It is the intention of the Board to continue to explore, evaluate and develop the Red Dam project, for which rights of tenure are current. The Company has sufficient cash to pay its debts as and when they fall due and to fund minimal activities for the next 2 years. As part of the termination agreement with Cazaly Resources on the West Kalgoorlie Joint Venture the Company retains a gold production royalty that could yield as much as $6,000,000 of cash (the effect of this has not been bought to account as it is not yet probable to what extent this will be recovered). Gold production from the tenements that are subject to this royalty could occur within the next few years, thereby injecting funds into the Company. The Company has protected its interest by lodging caveats with the Department of Industry and Resources over the relevant tenements.

Subject to market conditions, the Company will need to, and is expected to be able to raise additional equity and debt finance as required and at the time of this report, the Directors consider that the Company could raise cash by way of equity to fund anticipated activities.

The Directors will take the appropriate action to ensure funds are available as and when they are required.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Standards issued not yet Effective

Standard, amendments and interpretations which have been issued but are not yet effective and are expected to affect the Company, have been summarised below

AASB reference	Title and Affected Standard(s):	Summary	Application date:	Impact on Group Financial Report	Application date for Group
AASB 8 (issued Feb 2007)	Operating Segments	Replaces the presentation requirements of segment reporting in AASB 114 Segment Reporting.	Periods commencing on or after 1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Company's financial statements. However, the amendments will result in changes to the financial instrument disclosures included in the Company's financial report.	1 Jan 2009
AASB 2007-3 (issued Feb 2007)	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Amendments arise from the release of AASB 8 *Operating Segments*	Periods commencing on or after 1 January 2009	See Above	1 Jan 2009
AASB 123 (revised Jun 2007)	Borrowing Costs	Revised standard requiring the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.	Periods commencing on or after 1 January 2009	Unless the Company engages on this type of transactions in future periods, there will be no impact on the amounts included in the Company's financial statements.	1 Jan 2009
AASB 2007-6 (issued Jun 2007)	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	Consequential amendments to a number of standards and interpretations arising from the amendments to AASB 123 that remove reference to the expensing option.	Periods commencing on or after 1 January 2009	See Above	1 Jan 2009

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(d) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where this is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions or deductibility imposed by the law.

(e) Mineral Exploration and Evaluation and Development Expenditure

Mineral exploration expenditures and acquisition costs in relation to areas of interest have been written off in the period in which they are incurred on projects except where exploration and evaluation activities in the area have not yet reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves.

Exploration and evaluation costs, including the costs of acquiring licenses, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the income statement.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) The expenditures are expected to be recouped through successful development and exploitation of the area of interest; or

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or other wise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash-generating unit shall not be larger than the area of interest.

When production commences, carried forward exploration and evaluation costs are transferred to mine development cost at carrying value, and are amortised from the date on which commercial production begin.

Restoration costs expected to be incurred are provided for as part of exploration & evaluation phases that give rise to the need for restoration.

When rights to tenure are held and expenditures have been expected to be recouped through development and economic exploitation of the area of interest, the exploration costs are capitalised and amortised against the estimated economical mine life once mining commences.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs will be determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(f) Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Company will include the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation

The depreciation amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office Equipment	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(g) Impairment of Assets

At each reporting date, the Company reviews the carrying values of tangible assets and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(i) Financial Instruments

At present, the Company does not undertake any hedging or deal in derivative instruments.

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. They are included in current assets, except for those maturities greater than 12 months after the balance sheet date which are classified as non current assets.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principle payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions, reference to similar instructions and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

(j) Revenue Recognition

Revenue from the sale of goods and disposal of other assets is recognised when the Company has passed control of the goods or other assets to the buyer.

Revenue from the rental of plant is recognised on an accruals basis.

Interest income is recognised using the effective interest rate method.

(k) Earnings per share

Basic earnings per share

Basic earnings per share ("EPS") is calculated as net profit or loss, rather than excluding extraordinary items.

Diluted earnings per share

Diluted EPS earnings is calculated by adjusting the basic EPS earnings for the after tax effect of financing costs and the effect of conversion to ordinary shares associated with dilutive potential ordinary shares, rather than including the notional earnings on the funds that would have been received by the entity had the potential ordinary shares been converted.

The diluted EPS weighted average number of shares includes the number of ordinary shares assumed to be issued for no consideration in relation to dilutive potential ordinary shares, rather that the total number of dilutive potential ordinary shares. The number of ordinary shares assumed to be

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

issued for no consideration represents the difference between the number that would have been issued at the exercise price and the number that would have been issued at the average price.

The identification of dilutive potential ordinary shares is based on net profit or loss from continuing ordinary operations, and is applied on a cumulative basis, taking into account the incremental earnings and incremental number of shares for each series of potential ordinary share.

(l) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised on a straight line basis.

(m) Comparative Figures

The Company was incorporated on 4 December 2006. The comparative figures for the 2007 financial reporting period covers the period from incorporation to 31 December 2007.

(n) Share-based payment transactions

The Company provides benefits to employees (including Directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

Details of plans currently in place to provide these benefits are as follows:

- the Employee Option Incentive Scheme (EOIS), which provides benefits to employees in the form of options to subscribe for shares subject to vesting periods.

The cost of these equity-settled transactions with Directors and employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest.

This opinion is formed based on the best available information at balance date. No expense is recognised for awards that do not ultimately vest. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR DECEMBER 31 DECEMBER 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key Estimates – Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. See Note 8 in respect to impairment for Exploration and Development expenditure along with commentary in Note 1(e).

(p) Fair Value Estimates

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2008**

(q) Contributed Equity

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Joint Venture Operations

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings. Details of the joint venture are set out in Note 9.

2. REVENUES AND EXPENSES	**2008 $**	**2007 $**
(a) Revenue from continuing operations		
Interest revenue		
- interest other persons	112,471	139,338
Total Interest	112,471	139,338
(b) Depreciation		
Office Equipment	3,637	2,105
(c) General and administrative expenses		
Superannuation	44,183	27,502
Operating lease – rental	19,807	13,173
Other expenses	186,966	112,508
General & administrative expenses	250,956	153,183

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2008**

3. INCOME TAX EXPENSE

	2008 $	2007 $
The components of income tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax benefit reported in the income statement	-	-

	2008 $	2007 $
The prima facie tax on profit/(loss) before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit/ (loss before income tax at 30% (2007: 30%)		
Loss before income tax	(5,020,556)	(767,694)
At the Company's statutory income tax rate of 30%	(1,506,167)	(230,308)
Timing differences	-	15,525
Unrecognised DTA on losses	1,506,167	214,783
Income tax attributable to entity	-	-

	2008 $	2007 $
The applicable weighted average effective tax rates are as follows:	**0%**	**0%**
Tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 occur		
Deferred tax assets		
- temporary differences	-	16,814
- tax losses - operating losses	1,703,936	197,769
- capital losses	-	-
	1,703,936	214,783

Deferred tax assets have not been recognised as it is not considered probable at this stage that they will be recovered.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2008

4. CASH AND CASH EQUIVALENTS	2008 $	2007 $
Cash at bank	899,188	793,833
Bank bills and term deposits		2,000,000
	899,188	2,793,833

The effective interest rate on short term bank deposit was 4.25% (2007: 6.62%)

Reconciliation of Cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	899,188	2,793,833

5. TRADE AND OTHER RECEIVABLES - CURRENT

Net GST refundable	-	61,344

6. OTHER CURRENT ASSETS

Prepayments	7,572	5,790

7. PLANT AND EQUIPMENT	2008 $	2007 $
Office Equipment – at cost	11,885	11,885
Accumulated depreciation	(5,742)	(2,105)
Total property, plant and equipment	6,143	9,780

Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial period.

Plant and equipment		
Carrying amount at beginning of period.	9,780	-
Additions		11,885
Disposal	-	-
Depreciation	(3,637)	(2,105)
Carrying amount at end of period	6,143	9,780

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2008

8. EXPLORATION AND EVALUATION EXPENDITURE

Exploration expenditure – costs carried forward in respect of areas of interest in:	**2008** **$**	**2007** **$**
Exploration and evaluation phases	4,961,920	2,419,003
Less Provision for Impairment	(3,821,920)	(250,000)
Total Exploration and Evaluation	1,140,000	2,169,003

The ultimate recoupment of such costs is dependent on successful development and commercial exploitation, or alternatively sale of the exploration areas.

Reconciliation of the carrying amount of mining tenements at the beginning and end of the current and the previous financial year:

Carrying amount at beginning of year	2,169,003	-
Expenditure during the year	3,410,238	2,544,103
Impairment Loss	(3,821,920)	(250,000)
Exploration costs expensed in P&L	(617,321)	(125,100)
Carrying amount at end of year	1,140,000	2,169,003

(a) Impairment Loss

The vast majority of the impairment loss relates to the West Kalgoorlie Joint Venture, which the Company withdrew from in November 2008. The entire carrying value of this Joint Venture has been written off, although the Company retains a royalty interest in any gold production from selected tenements that made up the JV area. The recoverable amount of these assets was determined by management based on value in use.

9. INTEREST IN JOINT VENTURES - CAVEATS

In May 2007, the Company entered into a farm-in and joint venture agreement with Cazaly Resources Limited (“Cazaly”,) whereby the Company could 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 covered approximately 533 square kilometres and contained mineral resources of 612,400 ounces of gold.

After a strategic review of its asset base on each asset’s funding requirements, the Company elected to withdraw from the Joint Venture in November 2008.

As at 31 December 2008, the Company had incurred $3,821,920 on exploration and evaluation expenditure on the Joint Venture including $1,084,793 of share based acquisition payments. The Board elected to write off the entire carrying value of the JV and therefore $0 is included in the total amount of exploration and evaluation expenditure disclosed in the Balance Sheet.

There are no liabilities or contingent liabilities within the Joint Venture.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2008

10. TRADE AND OTHER PAYABLES – CURRENT	2008 $	2007 $
Trade payables – unsecured	24,941	165,408
Other payables and accruals – unsecured	28,963	14,025
Total Trade and Other Payables	53,904	179,433

11. ISSUED CAPITAL	2008 Number of shares	2008 $	2007 Number of Shares	2007 $
(a) *Ordinary shares fully paid*				
Balance at beginning of period	34,600,343	5,547,337	-	-
Issue of Founder share	-	-	1	-
Issue of Promoter shares in Dec 2006 @ $0.005	-	-	5,500,000	27,500
Issue of shares on Acquisition of Red Dam Tenement	-	-	4,020,000	804,000
Issue of Seed Capital Shares at $0.05	-	-	5,000,000	250,000
Issue of Shares Pursuant to IPO at $0.20 in March 2007	-	-	15,000,000	3,000,000
Issue of Shares Pursuant to Native Title Agreements in May 2007	-	-	50,000	13,250
Issue of Shares Pursuant to Placement in July 2007 at $0.33	-	-	3,030,342	1,000,013
Issue of Shares Pursuant to Joint Venture Agreement	2,423,966	484,793	2,000,000	600,000
Issue of Shares Pursuant to a non-renounceable 1 for 2 offer	14,123,236	1,695,172	-	-
Costs of capital raising	-	(16,273)	-	(147,426)
Balance at end of period	51,147,545	7,711,029	34,600,343	5,547,337

Fully paid ordinary shares entitle the holder to participate in dividends and to one vote per share.

(b) Options

Options granted, exercised or forfeited during the period, and on issue at balance date are as follows.

Date and details of grant / exercise/forfeited	No. of Options	Exercise Price	Expiry Date
Opening balance	2,400,000	-	-
Forfeited November 2008	(200,000)	$0.35	30 June 2009
Forfeited December 2008	(100,000)	$0.35	30 June 2009
Balance at 31 December 2008	2,100,000		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2008

12. EARNINGS PER SHARE

	2008	2007
Basic loss per share (cents per share)	($0.10)	($0.03)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	51,147,545	23,134,147
Net loss used in the calculation of basic earnings per share	(5,020,556)	(767,694)

Diluted earnings per share is not calculated as the Company incurred a loss for the year and therefore the effect of the options is anti-dilutive.

13. AUDITORS' REMUNERATION

	2008 $	2007 $
Remuneration of the auditor of the parent entity:		
Auditing or reviewing the financial report BDO Kendalls Audit and Assurance (WA) Pty Ltd	36,025	6,611
Other services –		
Investigating Accountants Report BDO Consultants (WA) Pty Ltd	-	7,007
	36,025	13,618

14. SEGMENT REPORTING

During the period, the Company operated solely as a mining exploration company in Australia.

15. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Other related parties

- Ausdrill Limited a company in which Mr Ron Sayers is a Director and Major Shareholder provides the Company with drilling exploration services. The total amount charged for the year for these services was $0 (2007: $460,969). These services are provided at commercial rates on an arms length basis.

16. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Remuneration by category

	2008 $	2007
Key Management Personnel		$
Short-term	299,000	239,750
Post-employment	35,100	34,000
Share-based payment	-	47,540
	334,100	321,290

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

(b) Option holdings of key management personnel

2008

Key Management Personnel	Balance at 1 Jan '08	Granted as remuneration	Options exercised	Balance at 31 Dec 2008	Total vested 31 Dec '08	Total exercisable 31 Dec '08
Robert Brierley	2,000,000	-	-	2,000,000	2,000,000	2,000,000
Peter Torre	-	-	-	-	-	-
Ron Sayers	-	-	-	-	-	-
Wolf Martinick	-	-	-	-	-	-
	2,000,000	-	-	2,000,000	2,000,000	2,000,000

2007

Key Management Personnel	Balance at 4 Dec '06	Granted as remuneration	Options exercised	Balance at 31 Dec 2007	Total vested 31 Dec '07	Total exercisable 31 Dec '07
Robert Brierley	-	2,000,000	-	2,000,000	2,000,000	2,000,000
Peter Torre	-	-	-	-	-	-
Ron Sayers	-	-	-	-	-	-
Wolf Martinick	-	-	-	-	-	-
	-	2,000,000	-	2,000,000	2,000,000	2,000,000

* Whilst these options are exercisable, they are subject to escrow until the expiry of 24 months from listing on the Australian Stock Exchange, which was 16 March 2007.

(c) Shareholdings of key management personnel

2008

Director	Balance at 31 December '07	Received as remuneration	Options exercised	Net change other	Balance 31 Dec '08
Robert Brierley	2,250,001	-	-	1,125,001	3,375,002
Peter Torre	500,000	-	-	250,000	750,000
Ron Sayers	1,000,000	-	-	500,000	1,500,000
Wolf Martinick	1,000,000	-	-	500,000	1,500,000
	4,750,001			2,375,001	7,125,002

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

2007

Director	Balance at 31 December '06	Received as remuneration	Options exercised	Net change other	Balance 31 Dec '07
Robert Brierley	-	-	-	2,250,001	2,250,001
Peter Torre	-	-	-	500,000	500,000
Ron Sayers	-	-	-	1,000,000	1,000,000
Wolf Martinick	-	-	-	1,000,000	1,000,000
				4,750,001	4,750,001

All equity transactions with key management personnel, other than those arising from the exercise of remuneration options, have been entered into under terms and conditions no more favourable that those the Company would have adopted if dealing at arm's length.

(d) Loans to key management personnel

There were no loans to key management personnel during the period.

(e) Other transactions and balances with key management personnel

There were no transactions or balances with key personnel other than those disclosed in the remuneration report of the Director's Report.

17. SHARE BASED PAYMENTS

There were no share based payments recognised in 2008. The following share based payment arrangements existed at 31 December 2007.

400,000 options were granted under the Carbine Resources Limited Employee Option Plan on 22 November 2007. The options have an exercise price of $0.350 and with an expiry date of 30 June 2009.

The Carbine Resources Limited Employee Option Plan was approved by shareholders at a general meeting of shareholders in November 2007. All full time employees, part time employees and Directors of the Company are eligible to participate in the plan at the absolute discretion of the Board.

The directors were issued options during the year. Details of which can be found in the Directors Remuneration Report.

Options are granted under the plan for no consideration and are at terms stipulated at the discretion of the Board.

The options hold no voting or dividend rights and are not transferable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

All options granted to key management personnel (KMP) and employees are ordinary shares in Carbine Resources Limited, which confer a right of 1 ordinary share for every option held.

	KMP Number of Options	Other	Total
Outstanding at the beginning of the period	-	-	
Granted	2,000,000	400,000	2,400,000
Forfeited	-	(300,000)	(300,000)
Exercised	-	-	-
Expired	-	-	-
Outstanding at year	2,000,000	100,000	2,100,000
Exercisable at year	-	100,000	100,000

The weighted average exercise price was $0.25 and full details are shown below.

Employee Share Option Scheme:

(a) options were granted for no consideration
(b) exercise price of $0.35
(c) grant date 12 November 2007
(d) expiry date 30 June 2009
(e) share price at grant date $0.285
(f) expected price volatility of the Company's shares 75%
(g) risk free interest rate 6.35%

Directors Option Scheme:

(a) options were granted for no consideration
(b) exercise price of $0.25
(c) grant date 13 December 2006
(d) expiry date 31 December 2009
(e) share price at grant date $0.20 (assumed IPO Price)
(f) expected price volatility of the Company's shares 75%
(g) risk free interest rate 6.00%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Included under employee benefits expense in the income statement for 2007 is $73,876, and relates, in full, to equity-settled share-based payment transactions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

18. RECONCILIATION OF CASH FLOWS FROM OPERATIONS WITH LOSS AFTER INCOME TAX

	2008 $	2007 $
Loss after income tax	5,020,556	767,694
Depreciation	(3,637)	(2,105)
Impairment loss	(3,821,920)	(250,000)
Exploration expenditure capitalised	2,308,124	1,001,753
Share-based payments	-	(73,876)
Changes in assets and liabilities during the year:		
Increase (decrease) in receivables	(57,514)	67,134
(Increase) decrease in payables	127,935	(186,231)
Net cash used in operations	3,573,544	1,324,369

Non-cash Investing and Financing activities

During the period, the Company issued 2,423,966 fully paid ordinary shares to Cazaly Resources Limited pursuant to the Farm-in and Joint Venture Agreement at an deemed issue price of $0.2063.

19. FINANCIAL INSTRUMENTS

Financial Risk Management

The Company's activities are exposed to a variety of financial risks: market risk (including cash flow interest rate risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed. Risk management is carried out by the Board.

Financial Risk

The main risks the group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

	2008 $	2007 $
Financial assets		
Cash and cash equivalents	899,188	2,793,833
Trade and other receivables	-	61,344
Financial assets at fair value	1,146,143	2,178,783
	2,045,331	5,033,960
Financial liabilities		
Trade and other payables	53,904	179,433
	53,904	179,433

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

Liquidity Risk and Liquidity Risk Management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability if funding through an adequate amount of credit facilities or other fund raising initiatives.

The Company's management monitors rolling forecasts of the Company's liquidity on the basis of expected cash flow.

Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis.

Banks and Financial Institutions are chosen only if they are independently rated parties with a minimum rating of 'A'.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the economic entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Interest Rate Risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. The Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

2008 Financial Assets	**Weighted Average interest rate**	**Floating interest rate**	**Fixed interest maturing in 1 year or less**	**Non-interest bearing**	**Total**
	%	**$**	**$**	**$**	**$**
Cash & cash equivalents	4.25	899,188	-	-	899,188
Receivables	-	-	-	-	-
Financial Liabilities					
Payables	-	-	-	(53,904)	(53,904)
Net financial assets		899,188	-	(53,904)	845,284

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

2007 Financial Assets	Weighted Average interest rate	Floating interest rate	Fixed interest maturing in 1 year or less	Non-interest bearing	Total
	%	$	$	$	$
Cash & cash equivalents	6.62	793,833	2,000,000	-	2,793,833
Receivables	-	-	-	61,344	61,344
Financial Liabilities					
Payables	-	-	-	(179,433)	(179,433)
Net financial assets		793,833	2,000,000	(118,089)	2,675,744

The following table summarises the sensitivity of the Company's financial assets and financial liabilities to interest rate risk:

31 December 2008	**Carrying Amount**	**Interest Rate Risk**			
	$	**-0.5%**		**+0.5%**	
		Profit $	**Equity $**	**Profit $**	**Equity $**
Cash and cash equivalents	899,188	(44,959)	(44,959)	44,959	44,959
Trade receivables	-	-	-	-	-
Trade payables	53,904	-	-	-	-
Total increase/decrease		(44,959)	(44,959)	44,959	44,959

(a) Fair Value Estimation

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(b) Unrecognised financial instruments

The Company and controlled entities do not have any unrecognized financial instruments.

Capital Management Risk

Capital Is defined as the wealth owned or employed in the Company. The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits of other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares and sell.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

20. RESERVES

(a) Share-based Payments Reserve

This reserve is used to record the value of options provided as payment for services received.

Movements

	2008	2007
	$	$
Opening balance	73,876	-
Options issued to Directors	-	47,540
Options issued to employees	-	26,336
Closing balance	73,876	73,876

(b) Accumulated Losses

	2008	**2007**
	$	**$**
Opening balance	767,694	-
Loss for the period	5,020,556	767,694
Closing balance	5,788,250	767,694

21. COMMITMENTS AND CONTINGENCIES

(a) Operating Lease Commitments

Non Cancellable Operating Leases Contracted for but not capitalised in the financial statements	**2008** **$**	**2007** **$**
Office premises due within 1 year	43,690	43,690
Office premises due greater than 1 year and less than 5	10,923	54,613
Total	54,613	98,303

The operating leases are rental agreements for the Company's office premises in West Perth expiring in April 2010.

(b) Exploration Commitments

Exploration Commitments Contracted for under the Joint Venture Agreement with Cazaly Resources Limited but not capitalised in the financial statements	**2008** **$**	**2007** **$**
Due within 1 year	0	837,030
Due greater than 1 year and less than 5	0	0
Total	0	837,030

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 $	2007 $
Exploration Commitments for Red Dam		
Due within 1 year	30,000	837,030
Due greater than 1 year and less than 5	120,000	0
Total	150,000	837,030

(c) Remuneration Commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at reporting date but not recognized as liabilities, payable:	2008 $	2007 $
Within 1 year	163,500	163,500
Greater than 1 year and less than 5	0	163,500
Total	163,500	327,000

There are no contingent liabilities.

22. SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2008 that has significantly affected, or may significantly affect:

(a) the Company's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Company's state of affairs in future financial years.

DECLARATION BY DIRECTORS

The Directors of Carbine Resources Ltd declare that:

1. The financial statements comprising the income statement, balance sheet, cash flow statement, statement of changes in equity, accompanying notes, are in accordance with the Corporations Act 2001, including:

   (a) complying with Accounting Standards and the Corporations Regulations 2001; and other mandatory professional reporting requirements; and

   (b) giving a true and fair view of the financial position as at 31 December 2008 and of the performance for the period ended on that date of the company.

2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

3. The audited remuneration disclosures set out on pages 5 to 8 of the directors' report for the year ended 31 December 2008 comply with Section 300A of the Corporations Act 2001.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A.

Signed in accordance with a resolution of the Directors:

Robert Brierley
Executive Chairman

Dated at Perth this 31st day of March 2009

BDO Kendalls

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www.bdo.com.au

ABN 79 112 284 787

31st March 2009

The Directors
Carbine Resources Ltd
Level 1, 17 Ord Street
West Perth WA 6005
AUSTRALIA

Dear Sirs

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF CARBINE RESOURCES LIMITED

As lead auditor of Carbine Resources Limited for the year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

B. McVeigh

BG McVeigh
Director

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Perth, Western Australia

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CARBINE RESOURCES LIMITED
REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Carbine Resources Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

BDO Kendalls

Auditor's Opinion

In our opinion:

(a) the financial report of Carbine Resources Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's financial position as at 31 December 2008 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Carbine Resources Limited for the year ended 31 December 2008, complies with section 300A of the *Corporations Act 2001.*

Material Uncertainty Regarding Going Concern

Without qualification to the opinion expressed above, we draw attention to Note 1 to the financial statements. A significant uncertainty exists regarding the continuation as a going concern. Due to the current economic climate the company has sought to conserve cash and maintain assets by significantly reducing expenditure. In order for the company to continue its activities of exploration, evaluation and development the Board will have to seek additional funding or complete the sale of assets. If the company is unable to obtain additional funding or complete the sale of assets, it may cast significant doubt about the company's ability to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the report.

BDO Kendalls Audit and Assurance (WA) Pty Ltd

BDO Kendalls

BG McVeigh
Director

Perth, Western Australia, 31st March 2009

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors of Carbine Resources Limited (Carbine) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

In accordance with the Australian Stock Exchange (ASX) Corporate Governance Council's ("CGC") "Principles of Good Corporate Governance and Best Practice Recommendations" the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Were a recommendation has not been followed, that fact must be disclosed together with the reasons for the departure.

The Company's corporate governance practices were in place throughout the year and are compliant, unless otherwise stated, with the Corporate Governance Council's principles and recommendations, which are noted below.

Principle 1. Lay solid foundations for management and oversight
Principle 2. Structure the Board to add value
Principle 3. Promote ethical and responsible decision making
Principle 4. Safeguard integrity in financial reporting
Principle 5. Make timely and balanced disclosure
Principle 6. Respect the rights of shareholders
Principle 7. Recognise and manage risk
Principle 8. Remunerate fairly and responsibly

A summary of the corporate governance policies and practices adopted by Carbine is set out below.

Role of the Board of Directors

The Board of Carbine is responsible for setting the Company's strategic direction and providing effective governance over Carbines' affairs in conjunction with the overall supervision of the Company's business with the view of maximising shareholder value. The Board's key responsibilities are to:

(a) chart the direction, strategies and financial objectives for Carbine and monitor the implementation of those policies, strategies and financial objectives;

(b) monitor compliance with regulatory requirements, ethical standards and external commitments;

(c) appoint, evaluate the performance of, determine the remuneration of, plan for the succession of and, where appropriate, remove the Chief Executive Officer if in place or similar person acting in the executive capacity; and

(d) ensure that the Board continues to have the mix of skills and experience necessary to conduct Carbines' activities, and that appropriate Directors are selected and appointed as required.

In accordance with Carbines' Constitution, the Board delegates responsibility for the day–to–day management of Carbine to the Executive Chairman (subject to any limits of such delegated authority as determined by the Board from time to time). Management as a whole is charged with reporting to the Board on the performance of the Company.

Board structure and composition

The Board currently is comprised of 4 Directors, of which one is an independent non–executive Director, Mr Ron Sayers. Details of each Directors skill, expertise and background are contained within the Directors report included with the company's annual financial statements.

Independence, in this context, is defined to mean a non–executive Director who is free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of Carbine. The definition of independence in ASX Recommendation 2.1 is taken into account for this purpose.

It is the Board's intention to increase the size of the Board as the scale of activities develops, and such expansion will see an introduction of more independent non-executive Directors. In the absence of such scale, the Board does not believe that the existence of further independent non-executive Directors would be of benefit to the Company.

Details of Directors' shareholdings are disclosed in the Directors' report and financial report. There are no retirement schemes other that the payment of statutory superannuation contributions.

Any equity based compensation of Directors is required to be approved in advance by shareholders.

Presently, the roles of Chairman and Managing Director have not been separated. The Company notes that there should be a separation between the roles of Chairman and Managing Director, however the Company is not yet of a size which would necessitate the separation of these roles. It is the board's intention that these roles be held by separate individuals when it reaches an appropriate phase in the Company's development.

The Executive Chairman is responsible for supervising the management of the business as designated by the Board. This ensures the appropriate independent functioning of the Board and management.

Carbines' non–executive Directors may not hold office for a continuous period in excess of three years or past the third annual general meeting following their appointment, whichever is longer, without submitting for re–election. Directors are elected or re–elected, as the case may be, by shareholders in a general meeting. Directors may offer themselves for re–election. A Director appointed by the Directors (e.g., to fill a casual vacancy) will hold office only until the conclusion of the next annual general meeting of Carbine but is eligible for re–election at that meeting.

Under Carbines' Constitution, voting requires a simple majority of the Board. The Chairman holds a casting vote.

The Company has procedures enabling any Director or committee of the board to seek external professional advice as considered necessary, at the Company's expense subject to prior consultation with the Chairman. A copy of any advice sought by a Director would be made available to all Directors.

Board and management effectiveness

Responsibility for the overall direction and management of Carbine, its corporate governance and the internal workings of Carbine rests with the Board notwithstanding the delegation of certain functions to the Executive Chairman and management generally (such delegation effected at all times in accordance with Carbine' Constitution and its corporate governance policies).

An evaluation procedure in relation to the Board, individual Directors and Company Executives has not taken place since the inception of the Company. Given the small scale of the Company's current activities, the performance of the executives and Directors is easily monitored and discussed in Board meetings. Once the nature and scale of activities increases, the Company will initiate formal evaluation procedures.

Financial reporting

The Executive Chairman and the Company Secretary are required to state in writing that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results in accordance with the relevant accounting standards and are founded on a system of risk management and internal compliance and control and the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Committees of the Board of Directors

The Board has not established any permanent committees, namely an Audit and Risk Committee and a Remuneration and Nomination Committee. The Board and scale of activities is not of a sufficient size to warrant separate committees in this regard.

In the absence of an audit committee, the entire Board undertakes the function of an audit committee. The duties of this committee include:

- to be focal point of communication between the Board, management and the external auditor;
- to recommend and supervise the engagement of the external auditor and monitor auditor performance;
- review the effectiveness of management information and other systems of internal control;
- review all areas of significant financial risk and arrangements in place to contain those to acceptable levels;
- review significant transactions that are not a normal part of the Company's business;
- review the year end and interim financial information and ASX reporting statements;
- to monitor the internal controls and accounting compliance with the Corporations Act, ASX Listing Rules, external audit reports and ensure prompt remedial action where required; and
- review the Company's financial statements and accounting procedures.

The Company's auditor is invited to attend the annual general meeting and the Company supports the principle of the auditor being available to answer questions on the conduct of the audit and the content of the audit report.

Timely and balanced disclosure

Carbine is committed to promoting investor confidence and ensuring that shareholders and the market have equal access to information and are provided with timely and balanced disclosure of all material matters concerning the Company. Additionally, Carbine recognises its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act.

The Company's shareholders are responsible for voting on the appointment of Directors. The Board informs shareholders of all major developments affecting the Company by:

- Preparing half yearly and annual financial reports and making these available to all shareholders.
- Preparing quarterly activity and cash flow reports.
- Advising the market of matters requiring disclosure under Australian Stock Exchange Continuous Disclosure Rules.
- Maintaining a record of significant ASX announcements on the Company's website.

- Submitting proposed major changes in the Company's affairs to a vote of shareholders, as required by the Corporation Law.

- Reporting to shareholders at annual general meetings on the Company's activities during the year. All shareholders that are unable to attend these meetings are encouraged to communicate issues or ask questions by writing to the Company.

The Company does not have a formal disclosure policy however, the Board and management are aware of their responsibilities in respect of identifying material information and coordinating disclosure of that information where required by the ASX Listing Rules.

Ethical and responsible decision–making

Code of Conduct

The Board has created a framework for managing the Company including internal controls, business risk management processes and appropriate ethical standards.

The Board has adopted practices for maintaining confidence in the Company's integrity including promoting integrity, trust, fairness and honesty in the way employees and Directors conduct themselves and Carbines' business, avoiding conflicts of interest and not misusing company resources. A formal Code of Conduct has not been adopted for all employees and Directors of Carbine due to the total number of employees and Directors only being 5.

Securities Trading Policy

A formal Securities Trading Policy has not been adopted by the Board, however each Board member is made aware of any share dealings by other directors prior to the trading taking place. Each Director is conscious of his obligations under the Corporations Law and ASX Listing Rules and adheres to these rules at all times.

Other Information

The ASX guidelines also prescribe that the Company should maintain a dedicated corporate governance information section on its website. Such a dedicated information section is not presently available on the Company's website, although the annual financial report will be posted to the website and the Statement of Corporate Governance can be viewed there.

SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report. This information is current as at 25 March 2009.

Twenty Largest Shareholders

Name	Number of ordinary shares	Percentage of issued shares
Cazaly Resources	6,635,949	12.97
Allied Gold	6,030,000	11.79
JP Morgan Nominees Australia Limited	3,409,090	6.67
Mr Robert James Shaw Brierley & Ms Melanie Gaye Brierley <Brierley Family Account>	2,925,000	5.72
Ms Kathryn Yule	1,886,271	3.68
Mr William Gordon Martin & Mrs Beverly Michelle Martin <Chemco Super Fund A/C>	1,875,000	3.67
E-Resources Pty Ltd	1,500,000	2.93
Mr Anthony Grant Melville & Mrs Elaine Sandra Melville <Melville Family Super A/C>	1,462,500	2.86
Martinick Investments Pty Ltd <Martinick Super Fund A/C>	1,350,000	2.64
Nebraska Pty Ltd <RG Sayers Family A/C>	1,350,000	2.64
Ms Elaine Sandra Melville	975,000	1.91
Base Asia Pacific Limited	909,150	1.78
Kingarth Pty Ltd	800,000	1.56
Mrs Katalin Torre	750,000	1.47
Mr Peter Bartlett & Ms Julie Bartlett <Bremerton P/L S/F A/C>	400,000	0.78
Mr Arnold Schumsky	400,000	0.78
Ms Julie Brown	337,500	0.66
Mr Robert James Shaw Brierley	300,002	0.59
Mr Hayden Peter Bairstow & Mrs Melissa Danielle Bairstow <Haymel S/F A/C>	300,000	0.59
International Mining & Financial Corporation	300,000	0.59
	33,895,462	66.28

Distribution of Shareholders

Shares		
Range of holdings	**Number of shareholders**	**Number of shares**
1 - 1,000	0	0
1,001 – 5,000	36	121,824
5,001 – 10,000	71	673,154
10,001 – 100,000	277	9,650,216
100,001 – and over	62	40,702,351
Total	**446**	**51,147,545**

Marketable Parcels

Number of shareholders holding less than a marketable parcel of ordinary shares is 230.

Unquoted securities

The Company has the following unquoted securities:

- 2,000,000 options with an exercise price of $0.25 exercisable on or before 31 December 2009.
- 100,000 options with an exercise price of $0.35 exercisable on or before 30 June 2009.

Voting Rights

Every ordinary shareholder present in person or by proxy at meetings of shareholders shall have one vote for every share held.

Option holders have the right to attend meeting but have no voting rights until the options exercised.

Substantial shareholders

The following are substantial shareholders which have a relevant interest in more than 5% of the issued ordinary shares in the Company:

Cazaly Resources Limited	12.97%
Allied Gold Limited	11.79%
Acorn Capital Limited	6.67%
Mr Robert James Shaw Brierley	6.60%

Restricted securities

The Company does not have any restricted securities.

Share buy backs

There is no current on market share buy backs.

CORPORATE DIRECTORY

Directors

Robert James Shaw Brierley
Peter Patrick Torre
Ronald George Sayers
Gregory Steemson

Company Secretary

Peter Patrick Torre
Mary-Ann Brierley

Registered Office

Level 1
17 Ord Street
WEST PERTH WA 6005

Telephone: (08) 9226 0900
Facsimile: (08) 9226 0933

Website

www.carbineresources.com.au

Share Registry

Computershare Investor Services Pty Ltd
Level 2
45 St George's Terrace
PERTH WA 6000
Telephone: (08) 9323 2000
Facsimile: (09) 9323 2033

Solicitors to the Company

Steinepreis Paganin
Lawyers and Consultants
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Auditors

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