



# CAPUNEARTHED

WE FIND IT. WE PROVE IT. WE MAKE IT POSSIBLE.

## HAWSONS 'WORLD'S BEST'

**It's the headline that says it all about Carpentaria's Hawsons Iron Project.**

The latest tests have proven that the Broken Hill magnetite project can produce the world's highest grade iron concentrates at a commercial scale. At over 70% iron and with less than 2% silica, Hawsons could develop a "supergrade" product from a super location and at super competitive costs, with the added benefit of superior prices.

For the silver city, it's another vote of confidence in what could become a major source of new jobs, exports and other economic benefits before the end of the decade.

"We have the highest quality magnetite concentrate in Australia, and we'll have the highest grade ore traded on the seaborne market. For buyers in Asia, the Middle East and

elsewhere, this is exactly the quality they need to cut costs and improve productivity," said Carpentaria's Managing Director, Quentin Hill.

According to Mr Hill, early feedback from recent visits to Asian buyers has been extremely promising, with the marketing campaign targeting both the direct reduction (DR) and high quality blast furnace markets.

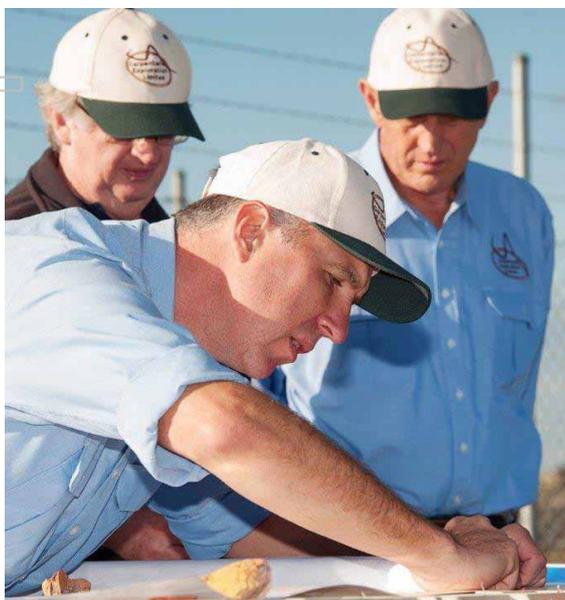
"Hawsons' quality separates it from rival iron ore projects and gives it access to a global range of markets. We're confident of engaging significant off-takers and cornerstone investors to support the project through to completion of the bankable feasibility study (BFS) and beyond," he said.

Broken Hill is impatient for the Hawsons project to kick off production, and so is Carpentaria.

Fortunately though, production could come on-stream at exactly the right time for shareholders to profit.

"We anticipate a two-year timeframe to complete the BFS, obtain the necessary approvals and financing, with two years for construction. Based on this, we could commence production before the end of the decade, and with little new production expected at that time would benefit from the growing demand for high quality iron products," he added.

A world-leading project for the world's top mining city - that's the goal for Carpentaria, and one it's determined to deliver.



Eyes on the prize: Carpentaria's Managing Director Quentin Hill (foreground), Chairman Dr Neil Williams and Hawsons Technical Director Ray Koenig examine samples from the Hawsons Iron Project

## ORES AIN'T ORES

**When it comes to iron ore, "ores ain't ores". It was with this fact in mind that Ray Koenig, Hawsons Technical Director, set out to show on camera the key difference between Hawsons' soft rock and a typical harder Western Australian magnetite.**

As Mr Koenig commented: "As viewers can see, the Hawsons ore reduces to a very fine grain size very easily compared to the harder magnetite sample, which was barely scratched. That's why Hawsons has a world-leading grade at world-low processing costs, attracting the highest possible potential price."

Check out the video below:



- we're sure you'll agree!

**+ SEE MORE INSIDE**

- 2** Supergrade demand
- 3** Hawsons to the world
- 4** A Board for the future

CARPENTARIA EXPLORATION LIMITED VOLUME 8 / DECEMBER 2015 HAWSONS IRON PROJECT



**Dr Neil Williams**  
Chairman

# NEIL'S NOTES

## SCOUTING FOR THE PRIZE

**Birdwatching or “birding” as it’s known by enthusiasts can be an enduring and passionate obsession. Far more than merely watching birds, it can involve travelling the world for the right locations, scouting the territory for the right targets, listening intently for their songs and correctly identifying the species. Finding a rare species can feel like winning the lottery – at least to a birder.**

Having identified more than 1,000 bird species as part of my global travels, I have come to appreciate the fine art of birding, and its similarities with my other passion of mineral discovery and development.

For Australia’s future, projects like Hawsons are vital if the nation is to take advantage of its natural resources, whether animal or mineral, and Carpentaria has scouted a major discovery at Broken Hill.

### 2017 window

Iron ore prices are currently volatile due to oversupply, but this situation will improve by late 2017 with the completion of the major project expansions. New mines will be needed to meet the demand growth and replace depleted mines, and prices will rise to incentivise the development of new projects such as Hawsons.

The development window for new projects is therefore around late 2017, and Carpentaria is positioning Hawsons to be ready to go at exactly the right time.

The World Steel Association has forecast there will be 28 million tonnes of new steel demand every year for the next 15 years, excluding China, based on continued industrialisation in ASEAN, India and the Middle East. This will ensure sustained demand for high quality products such as those from Hawsons.

Importantly, buyers are receptive to new, independent supply sources of high-quality iron products such as

direct reduction (DR) or blast furnace pellet feed as they recognise it can increase productivity, cut costs, curb pollution and balance costly, rising impurity levels in other ores.

The DR market is currently dominated by four major producers, and buyers are very open to new entrants which can help diversify supply, especially since the tragic Samarco mine disaster. According to Wood Mackenzie, an additional 15 to 20 million tonnes per year of DR pellets will be required by the end of the decade.

Meanwhile in China, the government has imposed environmental regulations which are adding to the pressures on older, inefficient producers. The winners from this industry restructuring will be the newer, more efficient plants which prefer higher-grade products such as pellets. China’s imported pellet feed demand growth to 2020 is expected to be the equivalent of five new Hawsons projects, underpinning the potential of our project.

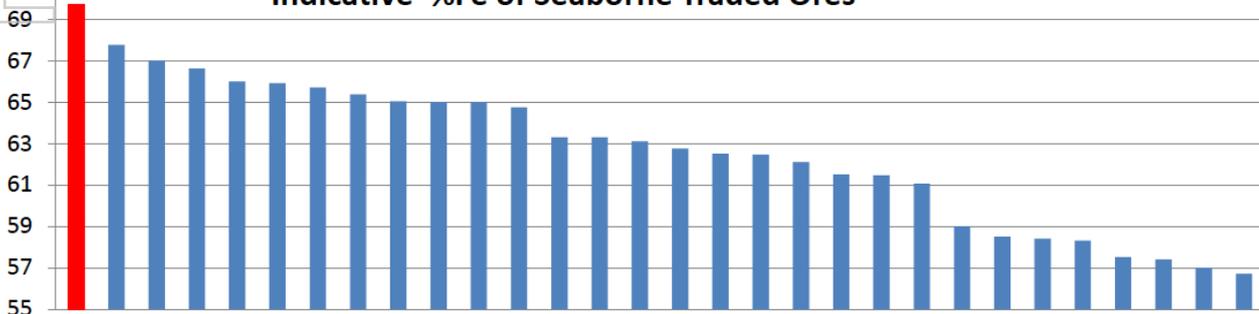
### Price premium

For the pellet feed and DR pellet markets, the Hawsons supergrade product is expected to attract premium margins of around US\$50 to US\$70 per tonne based on the consensus 2020 pricing outlook of US\$75 per tonne. With the added benefit of a depreciating Australian dollar, we are anticipating excellent returns for shareholders throughout the commodity cycle.

Importantly, Hawsons’ soft ore enables simple liberation of a premium magnetite product without complex and expensive processing methods, giving the project a competitive cost structure.

Put it all together and our flagship project is set to take flight – and unlike my other hobby, this valuable catch won’t need binoculars to spot.

**Indicative %Fe of Seaborne Traded Ores**



■ HAWSONS IRON PROJECT (SG)

Source – Company Data, LFI Consulting

Hawsons can produce the highest seaborne grade in the world

# MARKETING HAWSONS TO THE WORLD

The Hawsons Iron Project has a supergrade product, with a super location and super-competitive costs. But how does it stack up against its competitors on the global market?

LFJ Consulting's Lou Jelenich has spent 40 years in the steel and resource sector, including at BHP Billiton, where he helped promote Australian iron ore products to global companies across Asia and Europe. Having travelled the world, he sees Hawsons as offering some clear competitive advantages in attracting overseas buyers.



Lou Jelenich

"I've worked with many exploration companies in Australia, and what stands out at Hawsons is that it ticks many of the boxes that have prevented other projects from coming into production.

Importantly, Hawsons has access to infrastructure – the railway's there, the port's there, and we just have to get it 60 kilometres from the mine to the railway head," he said.

"Also, what's different about Hawsons is the product grade – it will be the highest Fe [iron] product in the global seaborne trade, so you're not competing with the low grade products. Instead, you've got a high quality, premium product which will attract a premium price, and there is strong demand for this product."

According to Mr Jelenich, initial results from Carpentaria's product marketing program have been positive, given the product's quality and its environmental advantages.

"The next step is obtaining letters of intent from customers, followed by the completion of the bankable feasibility study, which is key to obtaining the additional finance to develop the project. Hawsons is unique in its product offering and cost structure, and I'm really looking forward to taking the project from a concept to a product on a ship to customers," he said.

## HORSES FOR COURSES

# CARPENTARIA IN THE COMMUNITY

It may not be the race that stops the nation. But the Nanua Picnic Races & Gymkhana, held on October 16-17 at Kimberley Station Racecourse, still attracted a large turnout at this year's 70<sup>th</sup> anniversary.

As a company committed to supporting the local community, Carpentaria was a proud sponsor of this historic event for the Broken Hill region, as explained by Hawsons Technical Director, Ray Koenig.

"Horseracing has a long history in the district and really helps bring the community together. Events like the Nanua Picnic Races are important social events for Broken Hill and we're keen to support them as part of our ongoing community engagement efforts," Mr Koenig said.



Carpentaria has previously supported community projects such as the Young Indigenous Art & Writers Awards Program, as well as helping restore the historic Mannahill Railway Station in South Australia. The Company has also held information sessions for local landholders and provided access for farmers to data from its weather station, while giving regular briefings to stakeholders including both state and local government.



But with the Nanua races generating plenty of excitement from local racing fans, the historic event should continue for some time to come, thanks to support from Carpentaria and other sponsors. As racing fans might say, "Giddy up, Broken Hill!"

## A BOARD FOR THE FUTURE

**Carpentaria has cut its coat according to its cloth again, streamlining the Board and management to put the Company in the strongest possible position to advance its flagship Hawsons Iron Project amid challenging fundraising conditions.**

On September 8, the Company announced the departure of long-serving founding Company Secretary Chris Powell, along with the resignation of independent non-executive Director Bob Hair. Remuneration for the entire Board, including the Chairman and Managing Director, was reduced for the second time in 15 months, putting the Board's total remuneration at 25% below the average for comparable mining companies.

Carpentaria's Chairman, Dr Neil Williams thanked Mr Powell for his unstinting loyalty to the Company since its inception in 2007.

"Chris has often been the voice of the company for shareholders and I'd like to thank him for his dedication and commitment to Carpentaria, from the initial public offering and beyond," Dr Williams said.

"It's extremely regrettable to have to make these changes, but our leadership team is committed to ensuring the Company can preserve and promote shareholder value as we continue to advance our flagship project."

Following the changes, Carpentaria's Board and management now comprises:

**\* Chairman: Dr Neil Williams** – ex-CEO of Geoscience Australia and award-winning geologist

**\* Managing Director: Quentin Hill** – Experienced geologist and instrumental to discovery and successful resource drilling of the Hawsons project

**\* Non-Executive Director: Bin Cai** – Managing Director of major shareholder Conglin International, with an outstanding track record in resources investment

**\* Non-Executive Director: Paul Cholakos** – Project development specialist, currently serving as Executive General Manager, PNG Operations for Oil Search Limited

**\* Company Secretary: Mr Robert Hair** – previously a Non-Executive Director, a former barrister with substantial industry experience, including at Ferrum Crescent.

Notably, the Company's Board is led by an independent chairman as per ASX Corporate Governance Principles, while also including another independent director, Mr Cholakos.

Speaking at Carpentaria's recent Annual General Meeting, Dr Williams said: "Carpentaria's Board is focused on rewarding shareholders for their loyalty through the development of a successful mining operation at Hawsons. Thanks to recent progress, we are now in a position where potential investors and off-takers for quality magnetite concentrates are taking notice of what this Company can deliver – a world-class product for a world-class market."



Hawsons' supergrade pellets are set for super returns

## Carpentaria in the news

Carpentaria continues to attract media interest in its activities. Here's some of the latest coverage:

### ABC Broken Hill

Interview with Quentin Hill (November 11, 2015)

### Australian Mining Review

"Quentin Hill" (December 2015)

### Barrier Daily Truth

"Hawsons samples super quality" (October 15, 2015)

### Mining Chronicle

"Commodity's cousin is no poor relation" (October 2015)

### MiningNewsPremium

"Carpentaria aims high at Hawsons" (July 14, 2015)

### Paydirt

"Bulk upgrade puts Hawsons on top" (November 2015)

### Southern Cross GTS/BKN Broken Hill

Interview with Quentin Hill (October 20, 2015)

## Investor calendar

Key upcoming dates for shareholders:

### January

December quarterly report (due January 29)

## Company updates

Keep updated on Carpentaria's activities by joining the mailing list.

To subscribe, visit the website, [www.carpentariaex.com.au](http://www.carpentariaex.com.au) and click on the link "Subscribe" on the homepage.

Don't forget to follow us on Facebook, Twitter (@CARPEXPLORE) and YouTube!

## Company contacts

Carpentaria Exploration Limited  
PO Box 10919, Adelaide St  
BRISBANE QLD 4000

P +61 (7) 3220 2022

F +61 (7) 3220 1291

E [info@capex.net.au](mailto:info@capex.net.au)

W [www.carpentariaex.com.au](http://www.carpentariaex.com.au)

**ASX code: CAP**