

We find it. We prove it.
We make it possible.

ABN : 63 095 117 981 ASX :
CAP

24 APRIL 2017

ABOUT CARPENTARIA:

Carpentaria is an emerging producer of iron ore in eastern Australia. The company has a majority share in the Hawsons Iron project, in addition to other magnetite interests in the developing Braemar Iron Province.

CARPENTARIA'S AIM:

Build a long lasting, low cost premium iron business

CAPITAL STRUCTURE:

Ordinary Shares 164,596,892

MAJOR SHAREHOLDERS:

Silvergate Capital Group	13.3%
Conglin International Investment Group	8.3%
SG Hiscock	5.0%

FINANCIAL


Cash on hand as at 31/3/2017
A\$1,788,000


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CARPENTARIA EXPLORATION LIMITED

www.carpentariaex.net.au

Quarterly Report

For the Quarter ended 31 March 2017

Highlights

- New prefeasibility study (PFS) underway targeting 10Mtpa Hawsons Supergrade® concentrate production; PFS delivery expected during the current quarter with preliminary mining studies, so far in line with expectations
- Iron ore market continues to segment based on quality with pricing favouring of higher quality products; Platts 65%Fe price double the 58%Fe price
- Successful drilling programme swells the JORC* Indicated Resource for Hawsons Iron Project by 3.6 times, contributing 119 million tonnes (Mt) to a total resource of over 330mt of contained concentrate at 69.7%Fe
- Conversion from Inferred to Indicated Resources an outstanding 96%, confirming Hawsons' continuity of mineralisation and boosting confidence in previously stated mining and processing assumptions
- Average deposit and concentrate grades unchanged, reconfirming that Hawsons is capable of producing Hawsons Supergrade® concentrate, the highest grade iron product on seaborne market
- Total resource provides potential for decades-long mining operation
- An additional 4,866,668 ordinary shares were placed during the quarter by way of allocation of shortfall under the Company's entitlements issue completed in the previous quarter, raising approximately \$292,000 before costs

March Quarter

Hawsons Iron Project

Carpentaria Exploration Limited (ASX:CAP) during the March quarter 2017 announced a significantly upgraded resource for its flagship Hawsons Iron Project located just 60 kilometres south-west of Broken Hill after successful infill drilling completed in late 2016.

The resource upgrade is set to form part of a new prefeasibility study for Hawsons, scheduled for completion in the current quarter. Early PFS results have been encouraging with preliminary mining studies in line with expectations. The PFS is being undertaken independently by engineering company GHD.

Resource drilling comprised 5,963m in 20 reverse circulation (RC) holes (Figure 3). The drilling targets were chosen to upgrade significant portions of the resource from JORC Inferred Resource to JORC Indicated Resource.

The Indicated Resource has increased by 3.6 times to consist of 119mt of contained concentrate, providing the foundation for a new PFS. Indicated Resources represent higher level of confidence than Inferred Resources and are required to be the dominant resource in the early mine plan of any prefeasibility study under the JORC code.

The total resource provides the potential for a decades-long mining operation near Broken Hill, generating valuable jobs and investment for Australia's most famous mining centre.

Importantly, the drilling results and the new resource estimate have also increased confidence in the previously stated potential for low-cost mining and processing methods at Hawsons, which also has the advantage of favourable access to existing rail, port and power infrastructure along with a skilled mining workforce at Broken Hill and the unique Hawsons Supergrade® product.

The iron ore market shows continued segmentation based on quality and pricing shifts are increasingly favouring higher quality products. On April 20th, the Platts 65%Fe fines price was more than double the Platts 58%Fe fines price, (US\$77.75/t vs US\$36.75/t) continuing a trend seen since early 2016. The 65%Fe price averaged 1.9 times the 58%Fe price over the March quarter and this equated to an average US\$46/t differential.

Understanding the market segmentation is important to understanding the opportunity Hawsons Iron Project provides to end users as a potential low cost producer of highest grade products. Hawsons Supergrade®, at >70%Fe and excellent physical properties, represents a unique and desirable product that is expected to attract a price well in excess of even the 65%Fe fines price.

2017 Resource Estimate

The Indicated Resource at Hawsons has increased to 810 million tonnes (Mt) at 14.6% Davis Tube Recovery (DTR) magnetite mass recovery for 119Mt of concentrate at 69.9% Fe (iron), an increase of nearly 3.6 times over the previous 227mt at 16% DTR mass recovery for 36mt, both at a 10% DTR cut-off (see note below).

The total resource at Hawsons has increased by 6% to 2.4 billion tonnes at 14.1% DTR mass recovery for 336Mt of concentrate at a 10%DTR cut-off grade over the March 2014 estimate (ASX Announcement 26 March 2014).

The grade of the resource has increased to 15.2% DTR from 14.9% DTR when described at 12% DTR cut-off grade (refer grade tonnage curve) but is otherwise unchanged after an approximately 40% increase in drilling data. This indicates stability in the metallurgical characteristics of the resource, because the DTR is a metallurgical test and therefore additional confidence in the representative nature of the test work done to date to produce Hawsons Supergrade® product at 70.3% Fe (refer ASX announcements dated 16 Feb 2016 and 14 October 2015).

The resource dimensions are ~3km long x 1km wide x 400m deep with a relatively small amount of internal waste. This provides large mining widths and lengths and very low strip ratios that in turn allows for best use of less selective bulk mining methods such as in pit conveying and potential for lower costs (Figure 1). The deposit shows also shows a high degree of continuity and relatively simple geometry, which also contributes to lower mining costs (Figure 2).

Importantly the distribution of the Indicated Resource is such that it can be targeted early in the mine plan to support a prefeasibility study.

*The Hawsons resource estimate has previously been reported (March 26, 2014) at a 12%DTR cut-off grade. However, using a 10% DTR cut off aligns the reporting with the cut-off grade used in earlier mining studies. DTR- Davis Tube Recovery, the standard test to determine recoverable concentrate using magnetic separation

The resource estimate was completed by independent geologists, H&S Consultants Pty Ltd (Table 1).

Category	Mt	DTR %	DTR Mt	Fe Head %	Concentrate Grades						
					Fe %	Al ₂ O ₃ %	P %	S %	SiO ₂ %	TiO ₂ %	LOI %
Indicated	810	14.6	119	17.5	69.9	0.19	0.004	0.002	2.61	0.03	-3.04
Inferred	1,570	13.9	217	16.8	69.6	0.20	0.004	0.003	2.94	0.03	-3.04
Total	2,380	14.1	336	17.1	69.7	0.20	0.004	0.002	2.83	0.03	-3.04

Table 1 – Hawsons Iron Project 2017 Resource Estimate , H&S Consultants

The Company confirms that it is not aware of any new data that materially affects this resource statement since the first public announcement and that all material assumptions and technical parameters underpinning the resource estimates continue to apply and have not materially changed since first reported.

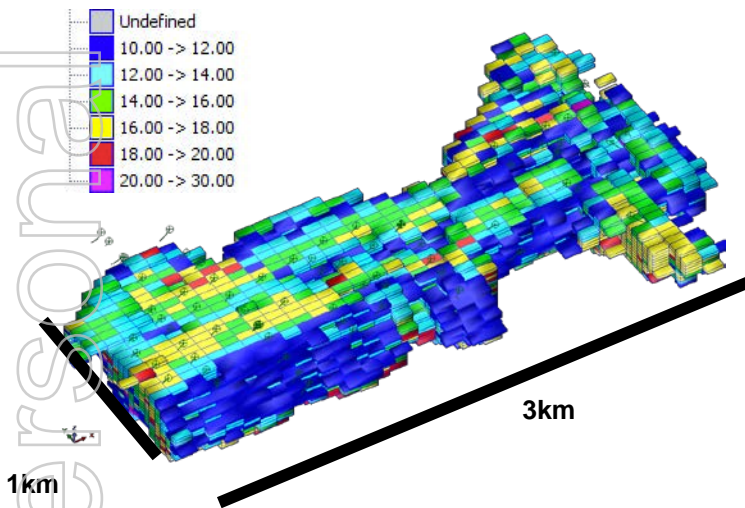


Figure 1 Hawsons 3D Resource Block Model, coloured by DTR% at a 10%DTR cut off

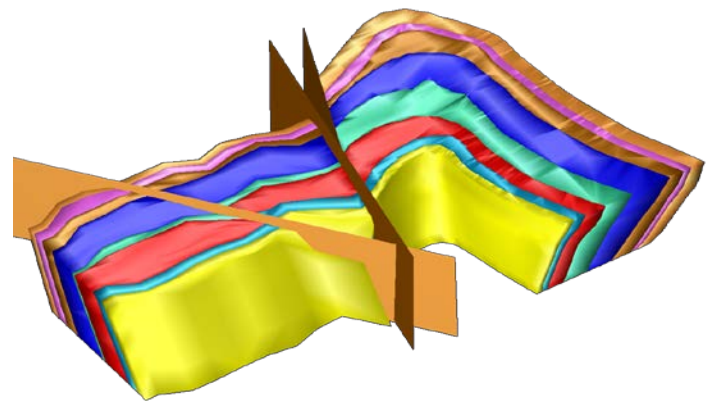


Figure 2 Hawsons 3D geology, purple, dark blue, green and red are mineralised

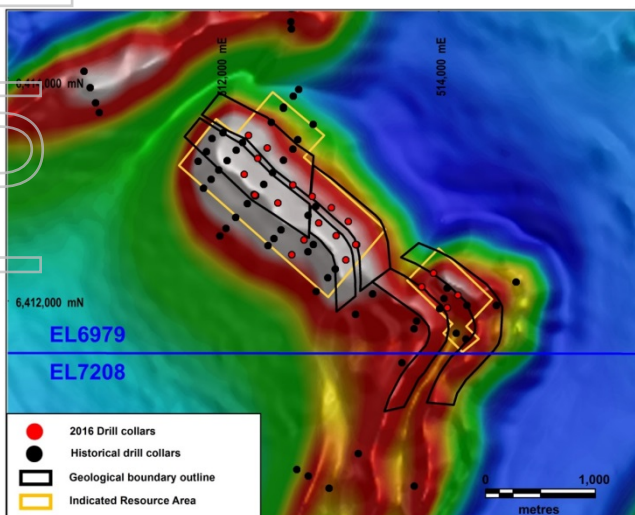


Figure 3 Hawsons Iron Project drill hole location and Indicated Resource area over magnetic image

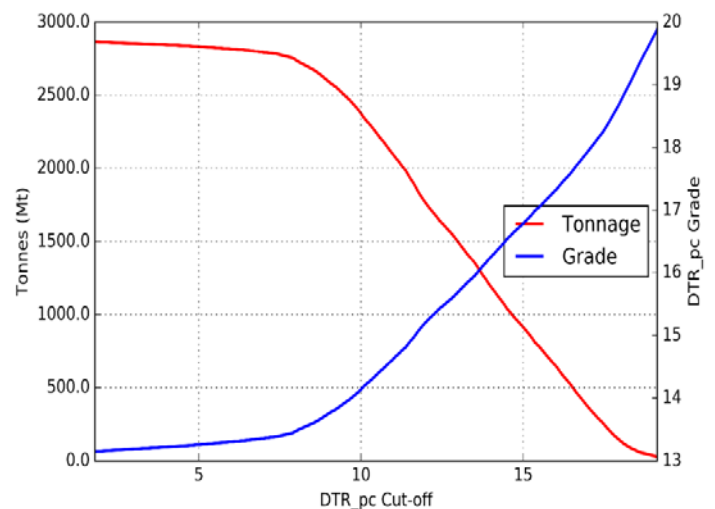


Figure 4 Hawsons Iron Project grade- tonnage curves

Corporate

Carpentaria during the quarter announced that, in accordance with the prospectus dated 14 September 2016, it has placed 4,866,668 fully paid ordinary shares to sophisticated investors at a price of \$0.06 per share. The funds raised (\$292,000 before costs) will be used for the purposes of the prefeasibility study and other activities in respect of the Hawsons Iron Project and for working capital.

Other

Cape Clear (Lachlan) Pty Ltd advised that it had spent \$200,000 and has therefore earned 80% of the Barellan (EL7896) and Combaning (EL6901) projects. Carpentaria continues to seek divestment of its remaining non-ferrous projects.

About Hawsons Iron Project

The Hawsons Iron Project joint venture (Carpentaria 64%, Pure Metals P/L 36%) is currently undertaking development studies based on the low cost, long term supply of a high grade, ultra-low impurity iron concentrate to a growing premium iron market, including the direct reduction (DR) market.

The project has a clear technical and permitting pathway. It is located 60km south-west of Broken Hill, an ideal position for mining operations with existing power, rail and port infrastructure available for a conceptual 10 Mtpa start-up operation. A mining lease application has been lodged.

The project's soft rock is different from traditional hard rock magnetite and allows a very different approach to the typical magnetite mining and processing challenges (both technical and cost-related). The soft rock enables simple liberation of a product of rare quality without complex and expensive processing methods.

The Company is targeting the growing premium high-grade product market, both pellets and pellet feed, which is separate to the bulk fines and believes its targeted cost structure is very profitable at consensus long-term price forecasts for this sector. It has secured offtake intent from blue chip companies Bahrain Steel, Emirates Steel, Formosa Plastics, Mitsubishi Corporation RtM Japan and trading house Gunvor Group.

For further information please contact:


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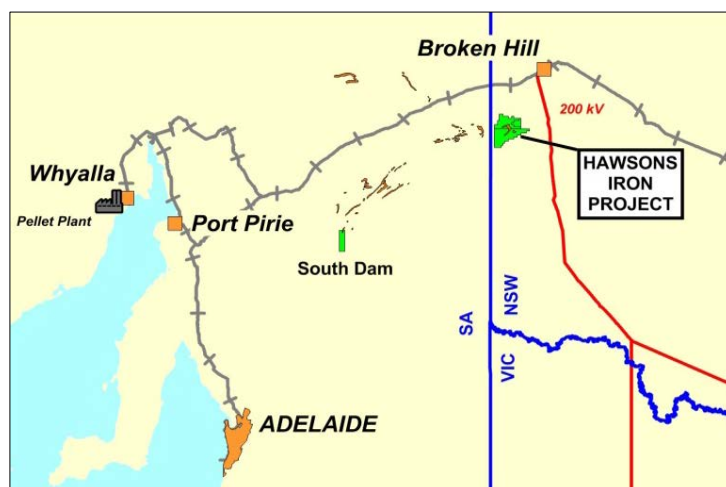


Figure 5 Location of Hawsons Iron Project

The information in this report that relates to Exploration Results, Exploration Targets and Resources is based on information evaluated by Mr Q.S. Hill who is a member of the Australian Institute of Geoscientists (MAIG) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Hill is a Director of Carpentaria Exploration Ltd and he consents to the inclusion in the report of the Exploration Results in the form and context in which they appear.

The data in this report that relates to Mineral Resource Estimates for the Hawsons Magnetite Project is based on information evaluated by Mr Simon Tear who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Tear is a director of H & S Consultants Pty Ltd and he consents to the inclusion in the report of the Mineral Resource in the form and context in which they appear.

Carpentaria Exploration Tenement Schedule at end of 2017 March Quarter

<u>Licence</u>		<u>Name</u>	<u>Original Grant Date</u>	<u>Expiry Date</u>	<u>Equity</u>	<u>Sub-blocks</u>	<u>Area (km²)</u>
EL 6901	6	Combaning	8/10/2007	8/10/2017	20%	21	61
EL 6979	1,2	Redan	11/12/2007	11/12/2021	64%	62	180
EL 7208	2	Burta	22/09/2008	22/09/2020	64%	100	290
EL 7504	2	Little Peak	8/04/2010	8/04/2020	64%	14	41
EL 7896	6	Barellan	6/02/2012	6/02/2018	20%	25	73
EL 8095		Advane	28/05/2013	28/05/2017	100%	100	290
EL 5561		South Dam	10/12/2014	9/12/2018	100%	12	34
EPC 1641	3	Hughenden	27/03/2015	26/03/2017	100%	11	32
MLA 460	4,5	Hawsons Iron	Under application	Under application	64%	n/a	187

1. 1.5% NSR royalty to Perilya Broken Hill Pty Ltd.
2. JV; Pure Metals Pty Ltd.
3. Under transfer to Terracom Ltd.

4. MLA made on 18 October 2013; tenement application subject to unspecified grant date and conditions.
5. Subject to the Hawsons Joint Venture with Pure Metals Pty Ltd.
6. Farm-out agreement with Cape Clear (Lachlan) Pty Ltd.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity:

CARPENTARIA EXPLORATION LIMITED

ABN

63 095 117 981

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(551)	(1,324)
(b) development	-	-
(c) production	-	-
(d) staff costs	(52)	(219)
(e) administration and corporate costs	(47)	(254)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	16
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Refunds	-	-
1.8 Business development costs	(46)	(237)
1.9 Net cash from / (used in) operating activities	(692)	(2,018)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(12)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(12)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	311	2,362
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(31)	(227)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	280	2,135

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,200	1,683
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(692)	(2,018)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(12)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	280	2,135
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,788	1,788

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5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	604	1,184
5.2 Call deposits	1,016	1,016
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,788	2,200

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

86

-

Director fees

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

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Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	550
9.2 Development	-
9.3 Production	-
9.4 Staff costs	75
9.5 Administration and corporate costs	70
9.6 Business development	50
9.7 Total estimated cash outflows	745

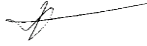
10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

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Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


(Company secretary)

Date: 24 April 2017

Print name: Robert Hair

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.