

Nick Sheard
Executive Chairman

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

2011 CONFERENCE



CARPENTARIA EXPLORATION LIMITED

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CARPENTARIA



We Find It



We Prove It



We Make It Possible

Strategy :

Discover and Develop mineral resources and become a producer with an income to fund further discoveries and grow shareholder value

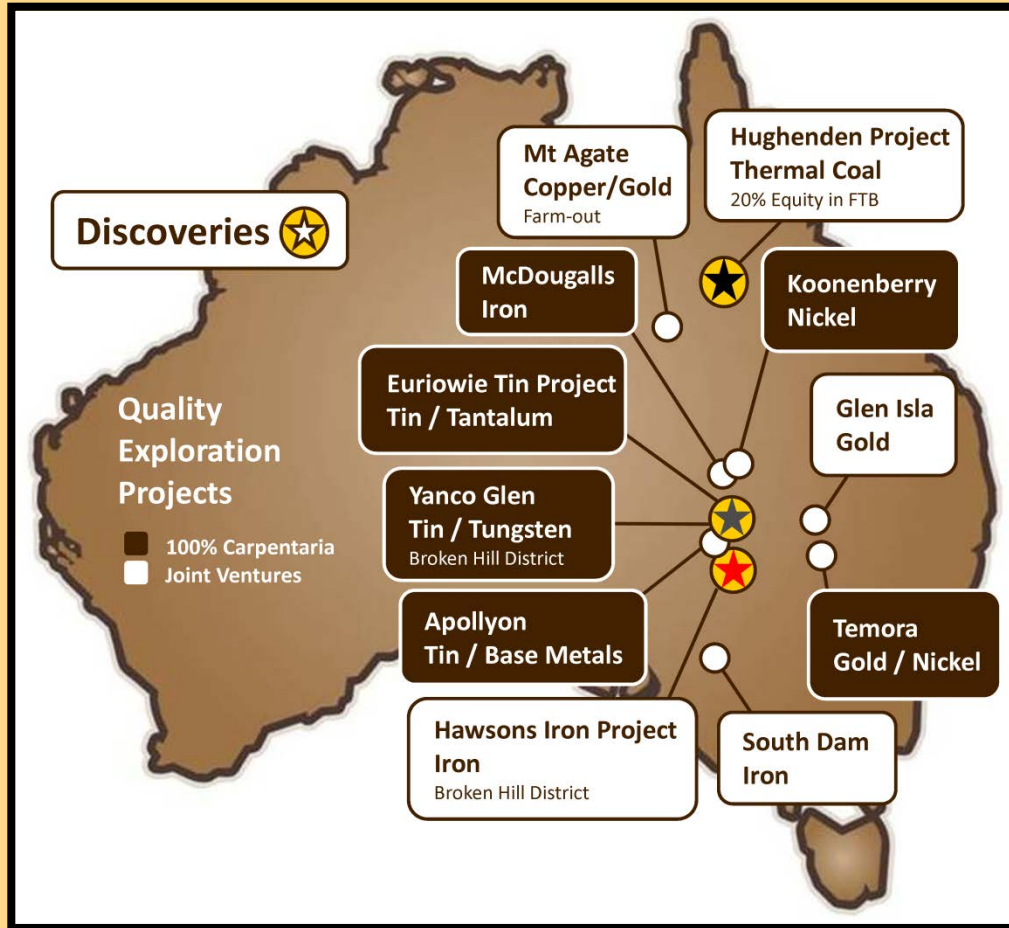
Abilities :

Strong geoscientific team

Track Record :

- Established Resource at Hawsons
 - Positive PFS released
- Tin / tungsten near Broken Hill
- Coal – Hughenden, Qld
- Gold – Temora

CARPENTARIA - Pipe Line Status



Greenfields **exploration budget - \$3.5 million** for FY2012
(excluding Hawsons Iron Project pre-development costs)

Est' Drilling 2011/12

Temora Gold	- \$0.5m
Tin / Tungsten	- \$0.6m
Koonenberry Nickel	- \$0.7m
Hughenden Coal	- \$1.8m
Mt Agate ?	TBA

Development of the Hawsons A Major NSW Iron Project



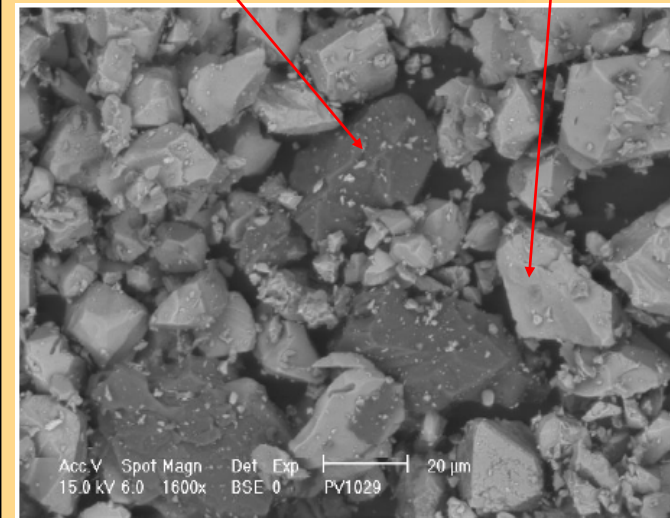
Scope of Talk :

- Why ?
 - Magnetite Types
 - Magnetite – it's use and it's future
- Where ?
 - Global / Australian Resources
 - Where is Hawsons?
- How ?
 - Exploration results / terms used
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 - Mining / Process
 - Transport options
 - Strategic Advantages
- When ?
- Conclusions

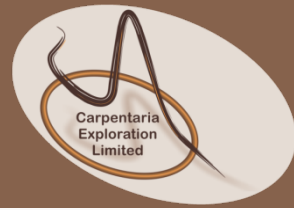


Quartz

Magnetite



MAGNETITE 101



Magnetite – is a magnetic iron mineral
(as opposed to hematite)

Chemically - Fe_3O_4

Occurs naturally as :

- Banded iron formation (inc. BIF gneiss) - WA
- Taconite USA
- Skarn – Tasmania
- ***Magnetite Siltstone – NSW /SA ********

***** *New Style - Braemar*



Some Magnetite Facts



- Generally, magnetite Fe insitu grades are lower than hematites
- After beneficiation high grade concentrate with fewer impurities
- Beneficiation costs offset by the higher premium
- Typically used as pellet feed – even higher premium
- Pellets can be used as Direct Reduction (DR) feed
- Accounted for approximately 30% of global iron feed for steel production in 2010 only about 3% of Australian production



Hematite vs Magnetite



Example of grade and impurities

Mineral Resources

The table below details the total inclusive Mineral Resource for the Iron Ore Customer Sector Group estimated as at 30 June 2010 in 100 per cent terms (unless otherwise stated).

As at 30 June 2010

Commodity Deposit ⁽¹⁾⁽²⁾⁽³⁾	Ore Type	Measured Resource						Indicated Resource						Inferred Resource					
		Millions of wet metric tonnes	%Fe	%P	%SiO ₂	%Al ₂ O ₃	%LOI	Millions of wet metric tonnes	%Fe	%P	%SiO ₂	%Al ₂ O ₃	%LOI	Millions of wet metric tonnes	%Fe	%P	%SiO ₂	%Al ₂ O ₃	%LOI
Iron Ore Mt Newman JV ⁽⁴⁾	BKM	382	63.8	0.08	4.0	2.0	2.1	1,209	61.6	0.11	4.9	2.4	3.8	1,660	59.1	0.13	5.6	2.9	6.0
	MM	16	61.2	0.07	2.8	1.5	7.6	168	59.9	0.06	4.1	2.5	7.0	1,070	59.6	0.07	4.1	2.5	7.2
Jimblebar ⁽⁵⁾	BKM	135	61.3	0.09	5.3	2.8	3.8	474	60.5	0.12	4.9	2.9	5.0	1,170	59.7	0.13	5.2	3.2	5.4
	MM	77	60.8	0.08	4.1	2.1	6.0	195	60.1	0.08	4.1	2.4	6.8	160	58.6	0.08	5.4	2.8	7.2
Mt Goldsworthy JV Northern	NIM	24	61.1	0.06	8.6	1.3	2.1	107	61.7	0.06	7.8	1.2	1.8	40	61.2	0.05	9.1	1.2	1.5
Mt Goldsworthy JV Area C ⁽⁶⁾	BKM	111	61.0	0.15	3.6	2.6	5.9	450	59.1	0.13	5.8	2.9	6.2	1,540	59.6	0.12	5.6	2.6	5.7
	MM	221	61.8	0.06	3.3	1.8	6.0	292	60.6	0.06	4.4	2.1	6.2	720	61.0	0.06	3.6	1.9	6.7
Yandi JV ⁽⁷⁾	BKM	—	—	—	—	—	—	—	—	—	—	—	—	2,500	59.0	0.15	5.0	2.4	7.3
	CID	953	56.6	0.04	6.1	1.7	10.7	582	56.3	0.05	6.6	1.8	10.7	190	56.6	0.04	6.3	2.1	10.4

Hawsons Inferred Resource (Pit 1)

Resource Magnetite Concentrate Grades

	DTR %	Fe%	P ₂ O ₅ %	SiO ₂ %	Al ₂ O ₃ %	%LOI
1.4Bt	15.5	69.9	0.002	2.5	0.22	-3.0



Some Magnetite Facts



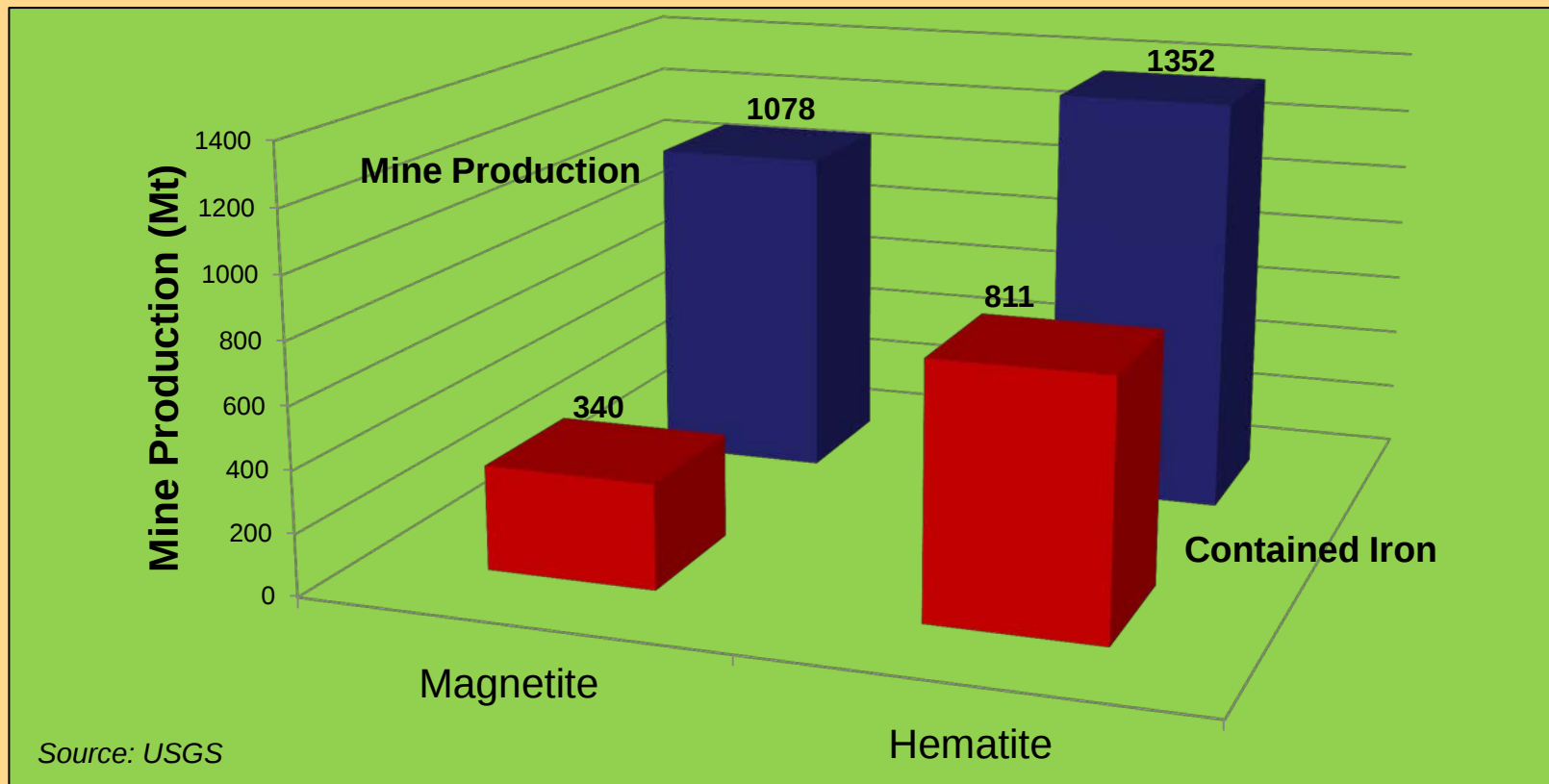
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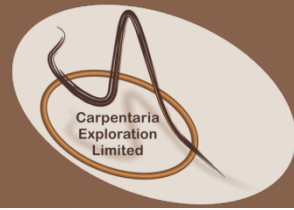
World Iron Ore Mine Production in 2010



30% of total global contained iron from Magnetite sources



MAGNETITE – Limited Technical Risk

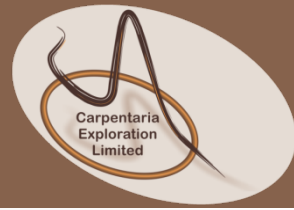


Magnetite has been mined and processed to produce high quality iron concentrates for decades – Limits Processing Risks

- Experienced Metallurgical and Engineering personnel available
- “ Off the Shelf ” processing technologies available
- Direct Reduction usage increasing



IRON EXPORTS – Some Salutory Issues (Grade declining in India)



India is the 3rd largest exporter of iron

“grade degradation in iron ore is a growing issue for the (Indian) industry, particularly with the supply chain stretched to the limit.

Quote from Macquarie Commodities Research – June 8th 2011

Recent events :

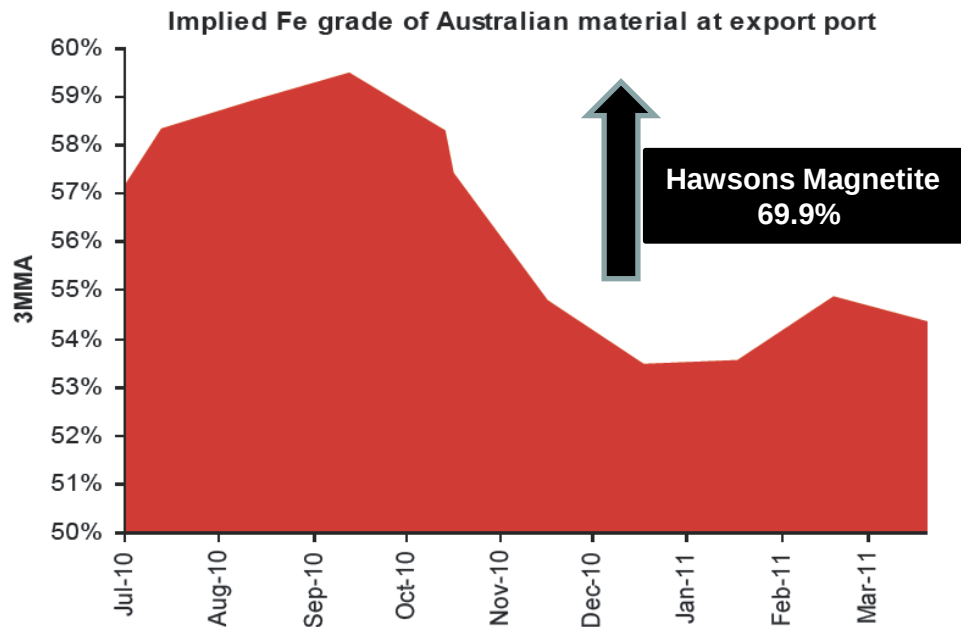
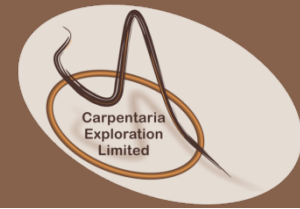
- Raised export taxes from 5 – 20% on fines
- Hiked carriage costs for exports by 5 times
- Karnataka State banned iron mining – not yet reinstated

Results :

- In 2011 / 2012 expected export drop of 25% - total export ~ 71 mt



IRON EXPORTS – Some Salutory Issues (Australia)



Source: ABS, Platts, Macquarie Research, June 2011

Macquarie Commodities Research – June 8th 2011
Quote :

“suppliers are continually striving to stand still in terms of grades”.

Analysis of Australian export trade values, using the Platt's 62% index (FOB Australia basis) has assessed implied export grade – see graph.

“...it does still **suggest average grades** are down”

Makes magnetite – high grade low deleterious material - more and more valuable



Impact Iron Grade Reduction



- The losers
 - Lower grade hematite producers – lower returns
 - Steelmakers require more tonnes and at more cost
- The Winners
 - Miners with higher grade iron ore (or who sell pellets) are likely to benefit
 - Magnetite producers - the higher sales price offsetting the costs of beneficiation

Makes magnetite – high grade low deleterious nasties - more and more needed



Why Magnetite - Price Premium (Platt's)



Home | Iron Ore Benchmark Prices



Platts Daily Iron Ore Price Assessment

For years the Iron Ore market has been priced on an annual basis resulting in huge annual price swings. Due to price volatility, increasing numbers of Steel and Iron Ore enterprises are now favoring quarterly prices linked to the physical spot market.

The world's leading mining companies, steel makers, freight companies, traders, brokers and banks are increasingly turning to the Platts Iron Ore spot market assessment (IODEX) for reliable and transparent pricing. Here's why:

- **Price coverage you can trust** -- the world's longest published transparent daily iron ore Fe 62% North China price assessment
- **Real insight behind price moves** -- pro-active reporting and in-depth commentary on prices go beyond the headlines
- **Platts data is reliable** -- over 100 years of robust spot price reporting and a strict compliance procedure, means you can make decisions with confidence

ACCESS IRON ORE PRICES AND NEWS

Date:	Commodity:	\$/dmt	Midpoint	Change	%change
Aug 4, 2011	IODEX 62% Fe CFR North China	179.00-180.00	179.50	0.00	0.00

Platts daily iron ore price and commentary are updated at approximately 14.00 GMT (09.00 EST)

Platts daily iron ore commentary and historical price chart are available for free on a daily basis, including:

- Access to Platts 62% Fe assessment historical price chart -- charting back to June 2008 when Platts first began the daily series
- Unique market commentary written by Platts iron ore experts explaining the day's price assessment and market direction
- Daily access to all Platts.com premium online content across all energy and metals commodities.

Please Note: Prices indexes and assessments are based on material collected from actual market participants. Platts makes no warranty, express or implied, as to the accuracy or completeness of the information and assumes no liability in connection with any party's use of it.

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Related Information

- Platts IODEX explained (English)
- Platts IODEX explained (Chinese)
- Iron ore methodology
- Steel and ferrous scrap methodology
- Metals methodology
- Platts benchmark assessment of iron ore (wmv)
- Steel markets podcast
- Contact Sales

Related Products

- Steel Market Daily
- Platts Steel Market Data (dispatch)
- Platts Metal Alert
- International Coal Report

Aug 4th :

Price /t for 62% Fe – U\$179.5 (Hematite)

Thus for 69% Fe ~ U\$199.2 (Magnetite)



Carpentaria Exploration Ltd Aug 2011

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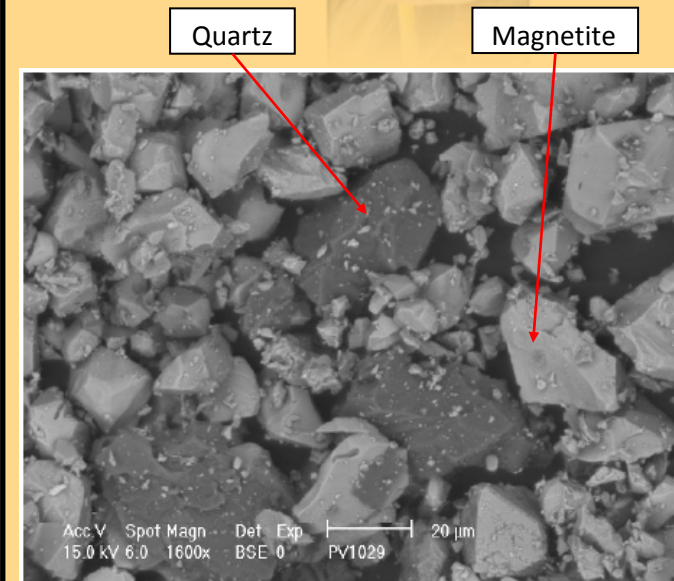
Slide 15

Development of the Hawsons A Major NSW Iron Project

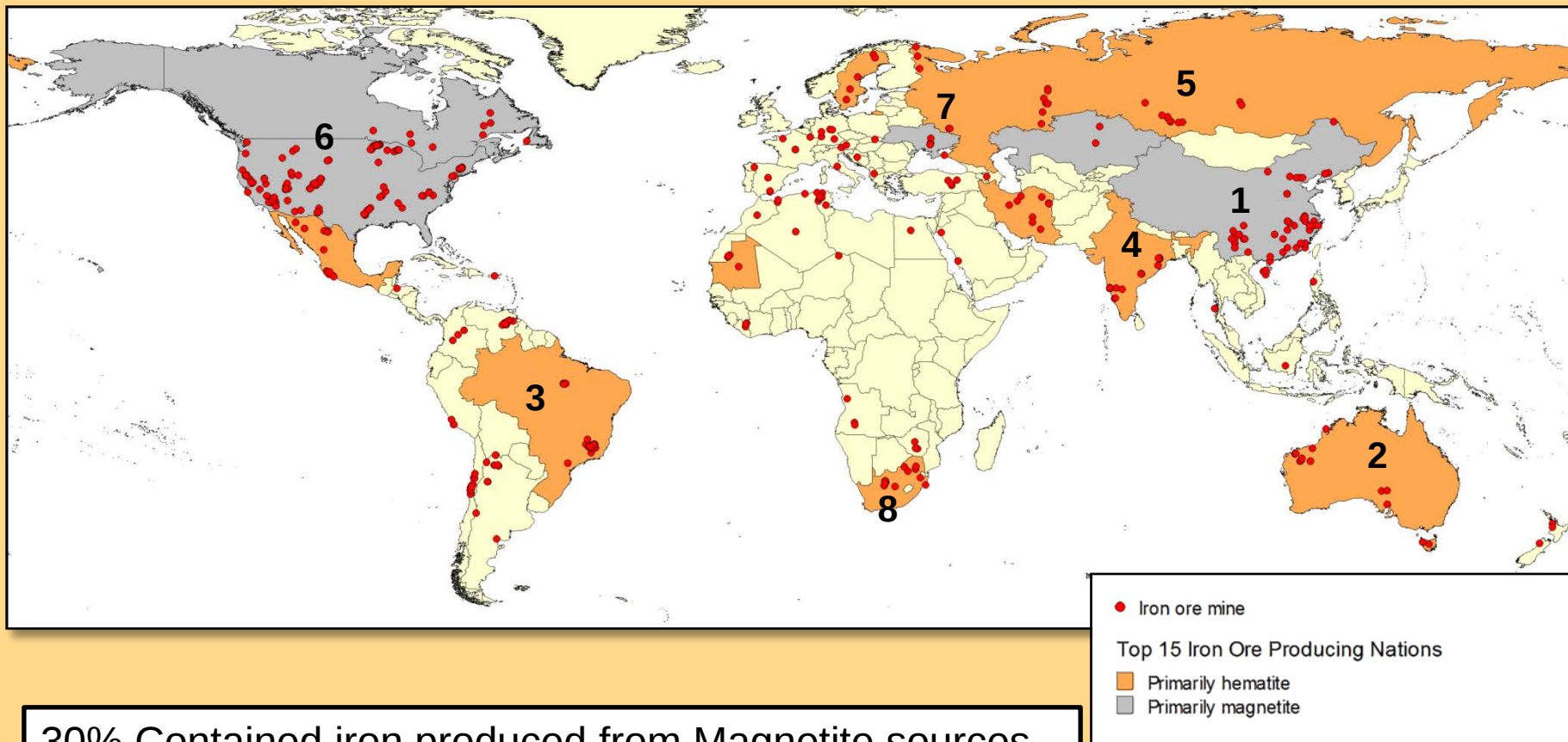


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Global Iron Production



30% Contained iron produced from Magnetite sources

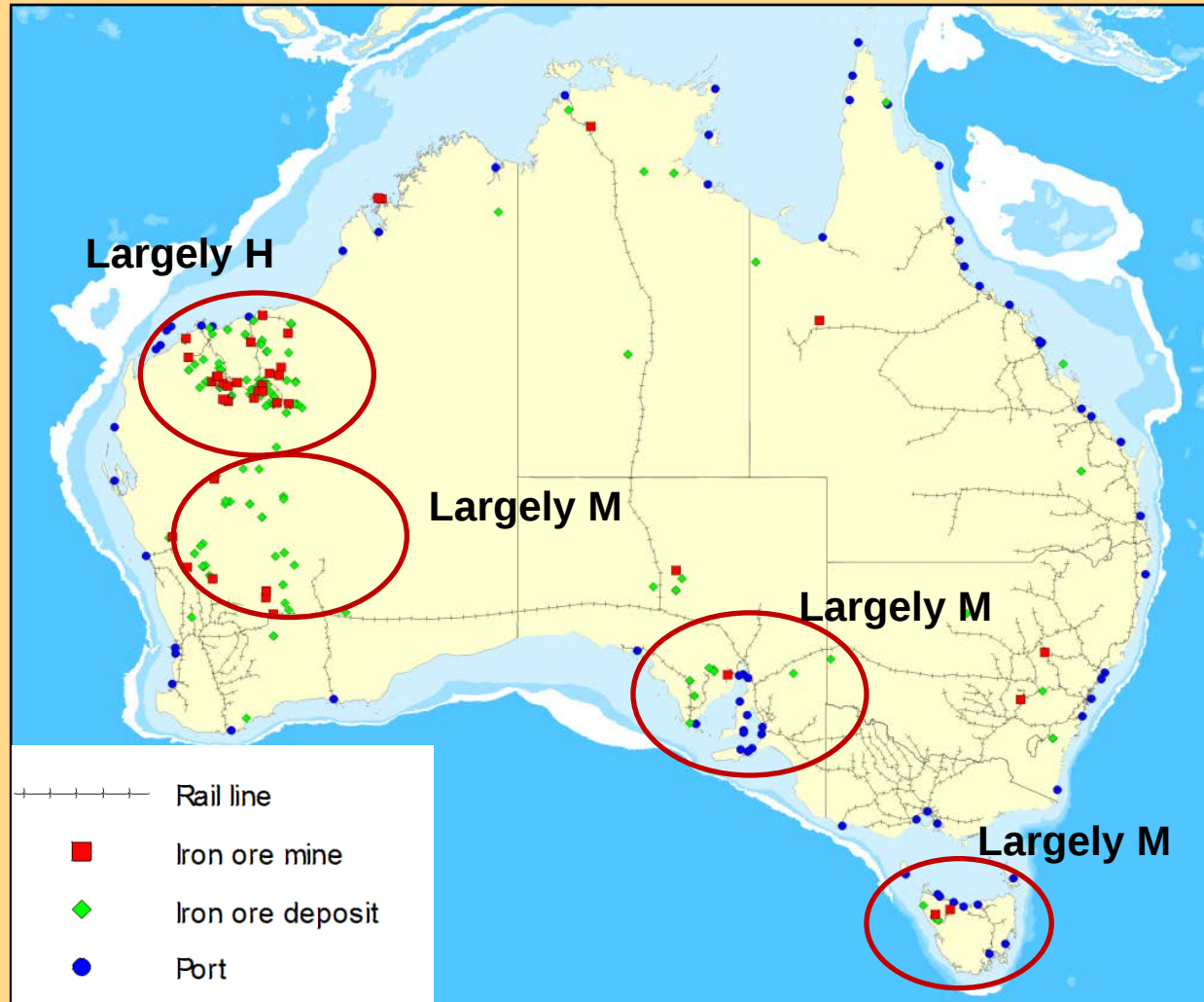
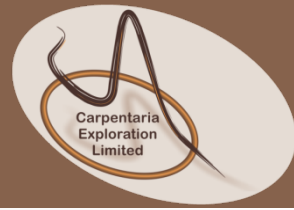
Source USGS

2010 Production Rankings

Source USGS



Australian Iron Producers And Deposits (Generalised)

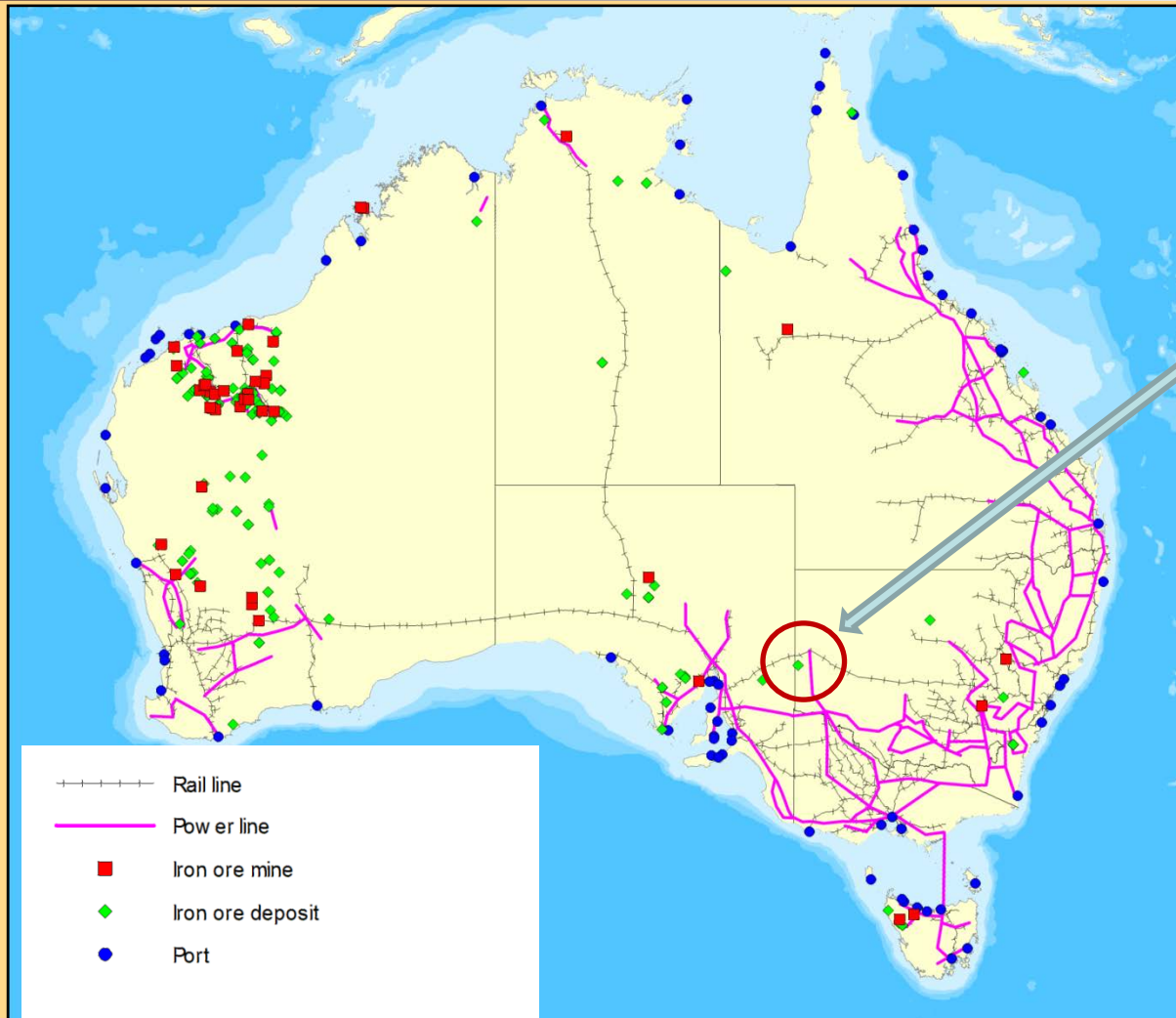
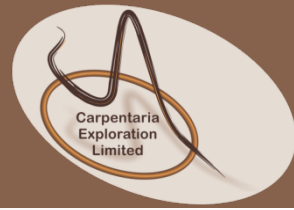


M = magnetite

H = Hematite



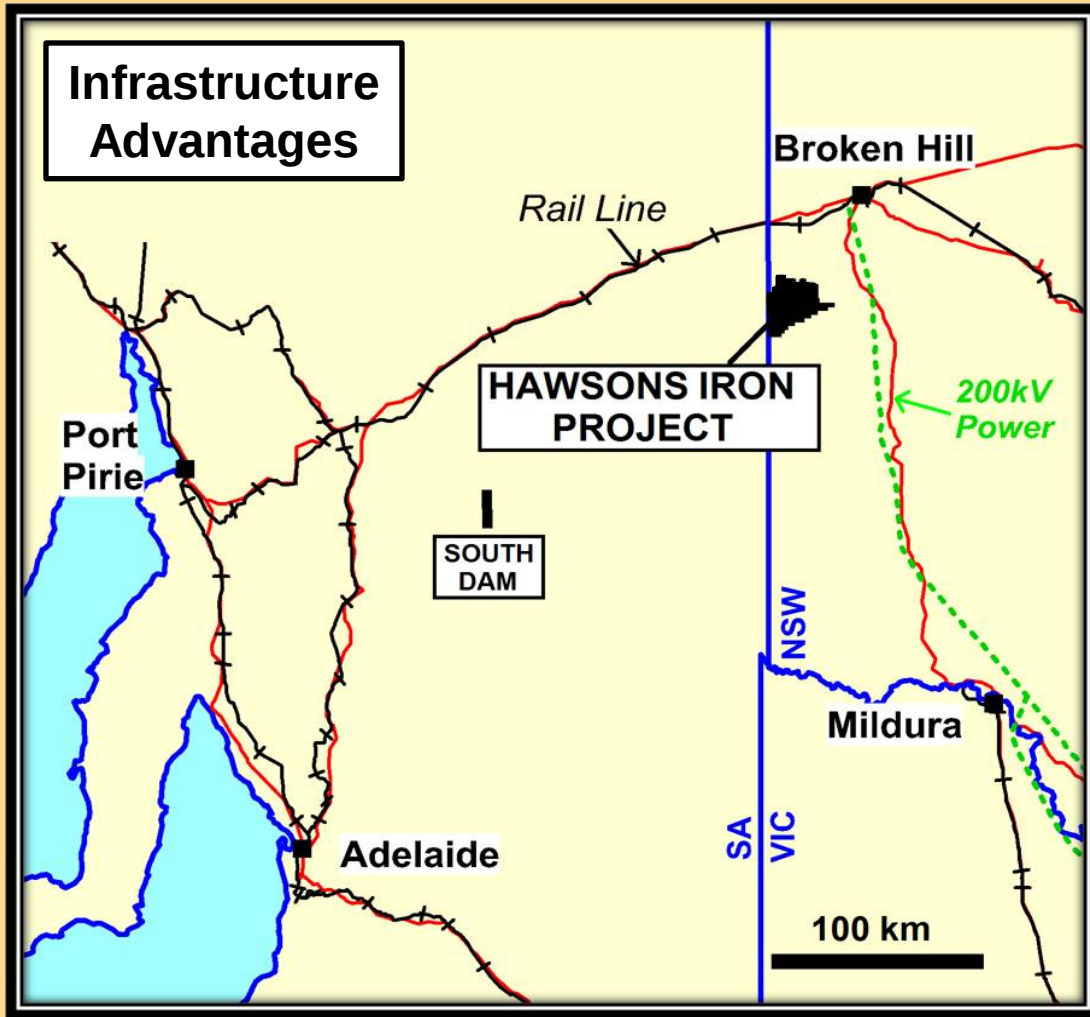
Australian Iron Producers And Deposits Power and Rail



Hawsons Project :

**Power
Rail
Water**

Location of Hawsons A Major NSW Iron Project



- Close to existing infrastructure
- Capacity to go West or East on rail
- Ports
 - SA capacity 4mtpa
 - NSW at least 5mtpa
- Power line – Trans Grid
- Water to South of Project
- Close to Broken Hill

Development of the Hawsons A Major NSW Iron Project



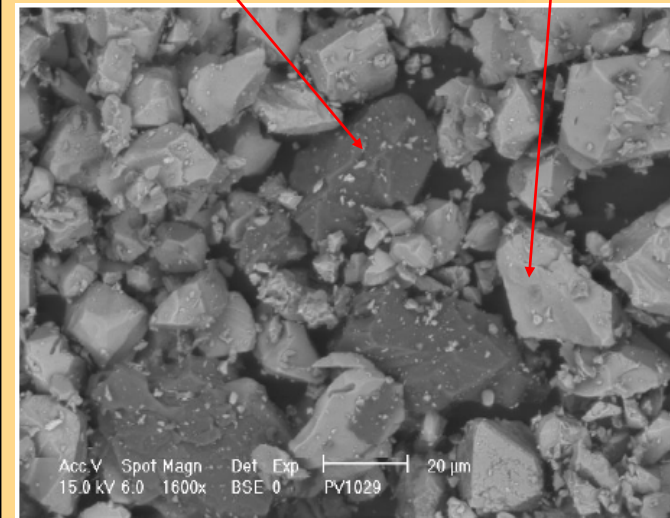
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Quartz

Magnetite



Development of the Hawsons Explanation - DTR



Davis Tube Recoveries (DTR) – very important analytical technique which gives a good indication of recoveries and quality after processing

The method gives a percent mass recovery of magnetic material from the sample

The recovered magnetic and non-magnetic portions can be analysed for chemical composition

DTR is expressed as a %, iron assay together with associated chemicals

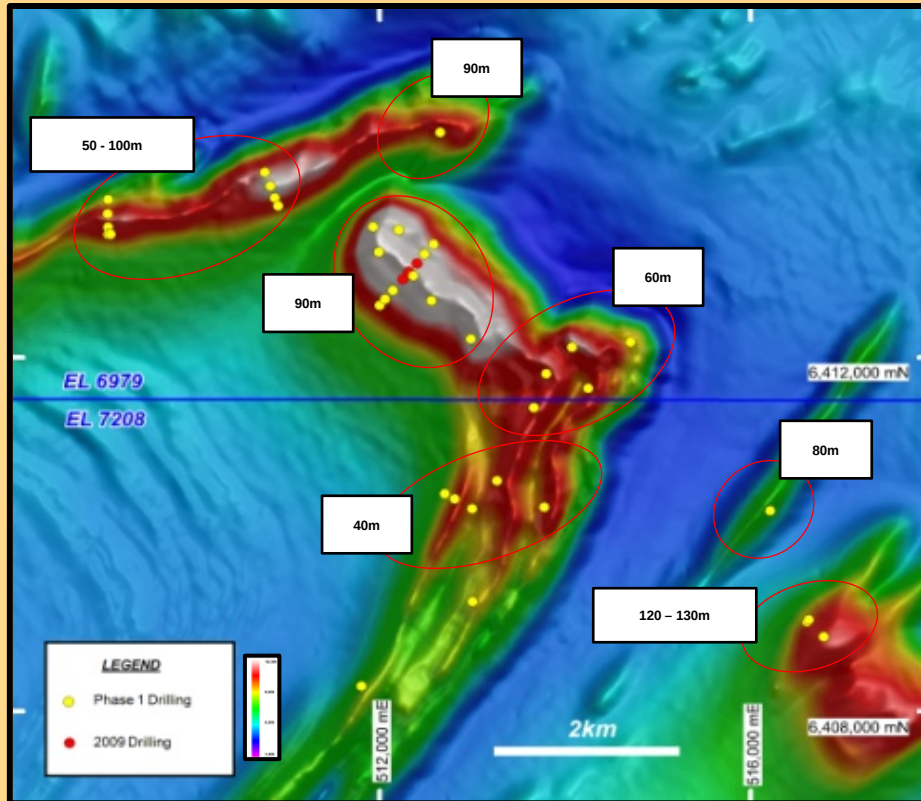
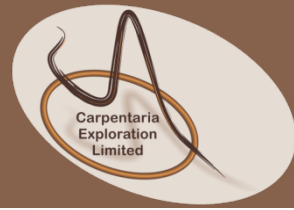
Eg. A DTR of 20% - would require mining 100t of ore to produce 20t of concentrate

Unfortunately it is not always reported
which makes comparison of magnetite projects difficult



Exploration Results

Phase 1 Drilling



Reduced to the Pole Magnetics
Showing Depth of Oxidation

Drill Tested all magnetic anomalies

Result :

- Depth to fresh magnetite
Range 40 – 130m
- Consistent grade and
concentrate quality

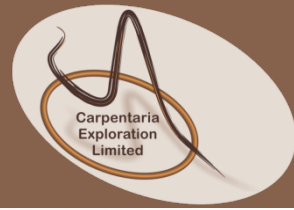
ORIGINAL EXPLORATION TARGET

- Exploration Target¹ **6 to 11 Billion Tonnes**
- DTR 14-17% magnetite
- Concentrate Grade of 69-71% Fe
(Iron in concentrate : 700 - 1,700 million tonnes)



HAWSONS IRON PROJECT

Resource / Grade - Pit 1



Published (Dec 2010)

Category	BTonnes	Magnetite DTR %	Concentrate Grades				LOI%
			Fe%	Al ₂ O ₃ %	P ₂ O ₅ %	SiO ₂ %	
Inferred	1.4	15.5	69.9	0.22	0.002	2.5	-3.0

Contained iron concentrate of **220 million tonnes**
premium grade of 69.9% Fe

DTR Mag Cut Off %	BTonnes	Mag Grade %
8	1.8	14.3
10	1.7	14.8
12	1.4	15.5
14	1.0	16.7
16	0.5	18.2
18	0.2	20.3

Resource used in PFS study



Pit Area



HAWSONS IRON PROJECT

Positive PFS Announced (July 20th)



- Pre-Feasibility Study (PFS) gives positive results for a large scale magnetite project to produce 20 million tonnes of high grade (mtpa) concentrate (69.9% Fe)
- Start up mine 5 mtpa of quality iron conc' using existing transport and port facilities
- Mine life of 24 years – Pit 1 only (extended mine life + 50years)
- Development CAPEX Stage (20 mtpa) estimated at additional A\$2.8 billion
- CAPEX funded by partners under JV as CAP is “Free Carried”
- Operating cost at mine gate of A\$36.64/tonne of concentrate
- Positive NPV of A\$2.7 billion and IRR of 21% (9% Discount rate)
- Project payback 6.7 years
- Life of pit 1 project strip ratio is 0.26 : 1 (waste to ore)
- Robust financially based on conservative assumptions

- Independent audit of PFS
 - PFS based on conventional mining and processing method
 - Cost estimates are reasonable and appropriate
 - Identified priority areas to assist in DFS inc' optimising production schedule

(All currency in Australian \$ unless otherwise defined)



HAWSONS IRON PROJECT

Stage 1 PFS Results



- Start up mine 5 mtpa of quality iron concentrate (69.9% Fe)
- Using existing transport and port facilities – either east or west
- Development CAPEX Stage 1 (5mtpa) - \$1.8 billion
- Approximately 3 year production before increase to 20mtpa
- PFS estimated profits before tax average \$266m/year – total \$800m
- Development CAPEX Stage (20 mtpa) estimated at additional A\$1.0 billion
- Operating cost at mine gate of A\$36.64/tonne of concentrate
- Start up - east pit – shallow and higher grade

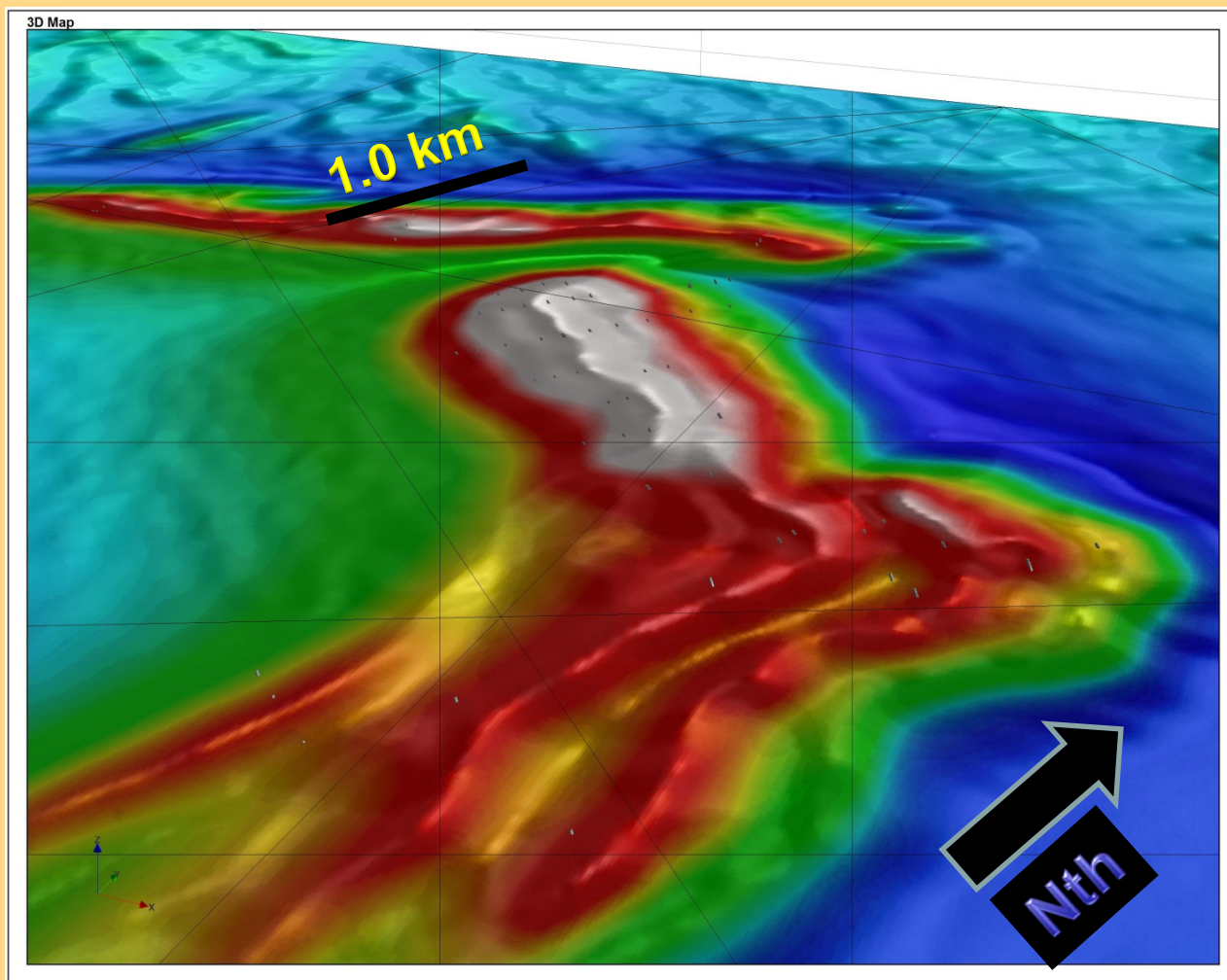
(All currency in Australian \$ unless otherwise defined)

The positive result from the pre-feasibility study provides confidence to proceed with further development and a detailed feasibility study for the Hawsons Iron Ore Project



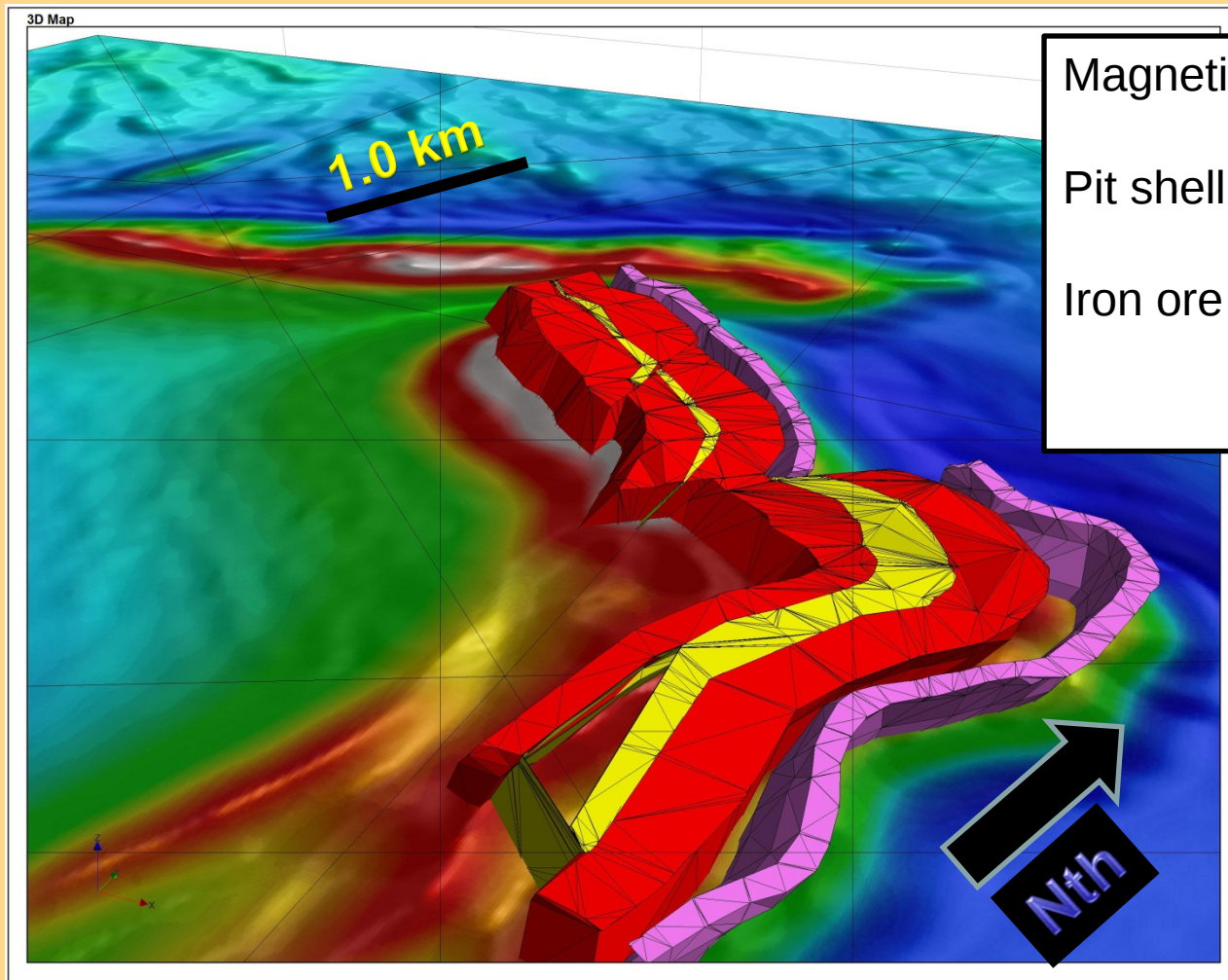
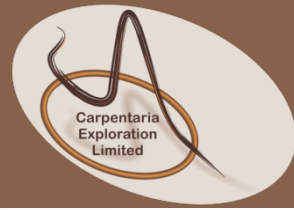
HAWSONS IRON PROJECT

Pit 1 - Magnetics



HAWSONS IRON PROJECT

Pit 1 – Magnetite Units



Magnetic Image as Base

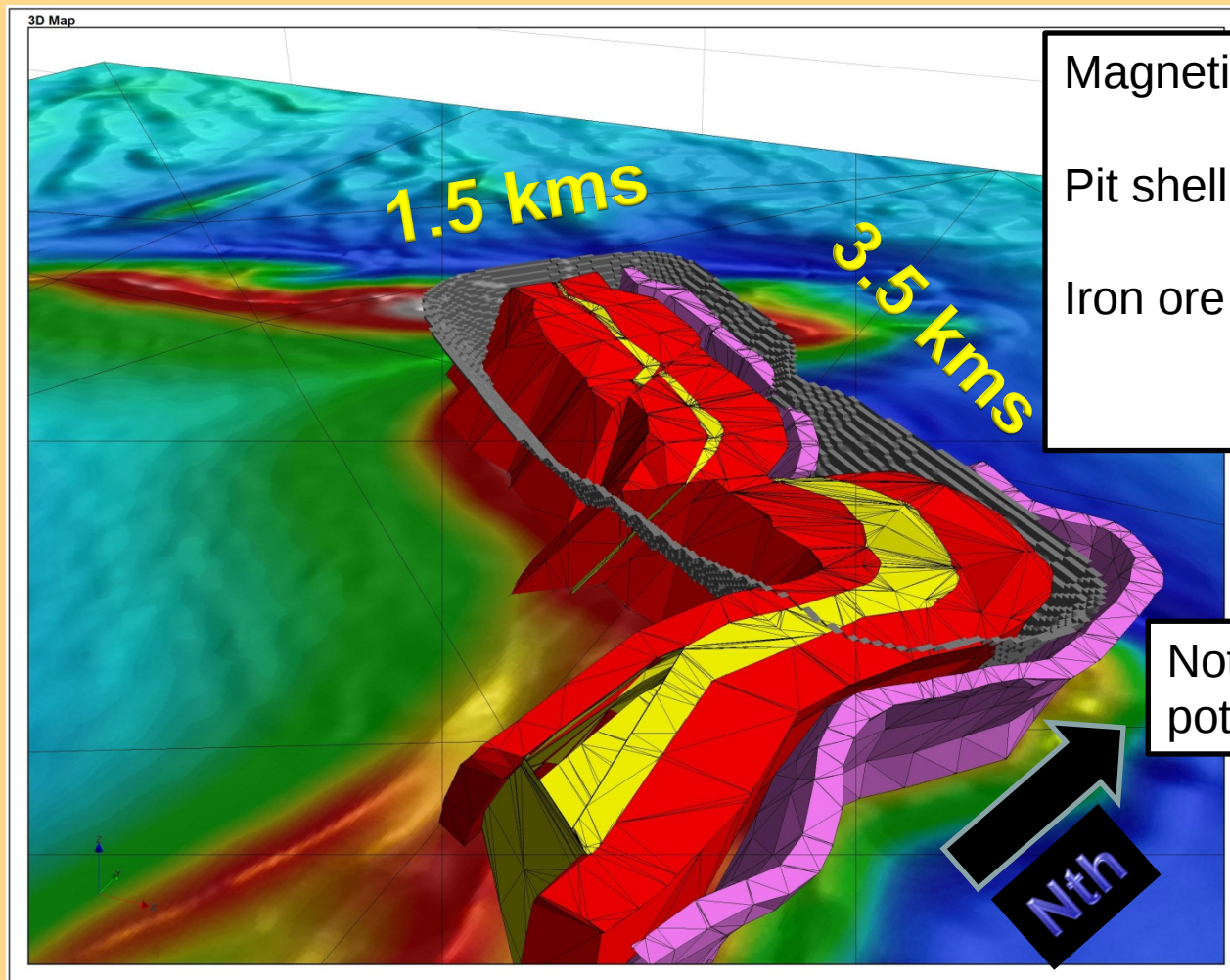
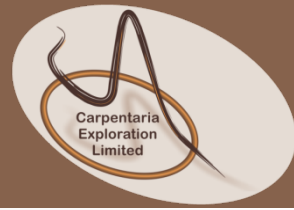
Pit shell – Grey

Iron ore – Red
Yellow
Purple



HAWSONS IRON PROJECT

Pit 1 – Pit Shell



Magnetic Image as Base

Pit shell – Grey

Iron ore – Red
Yellow
Purple

Note additional
potential beyond pit



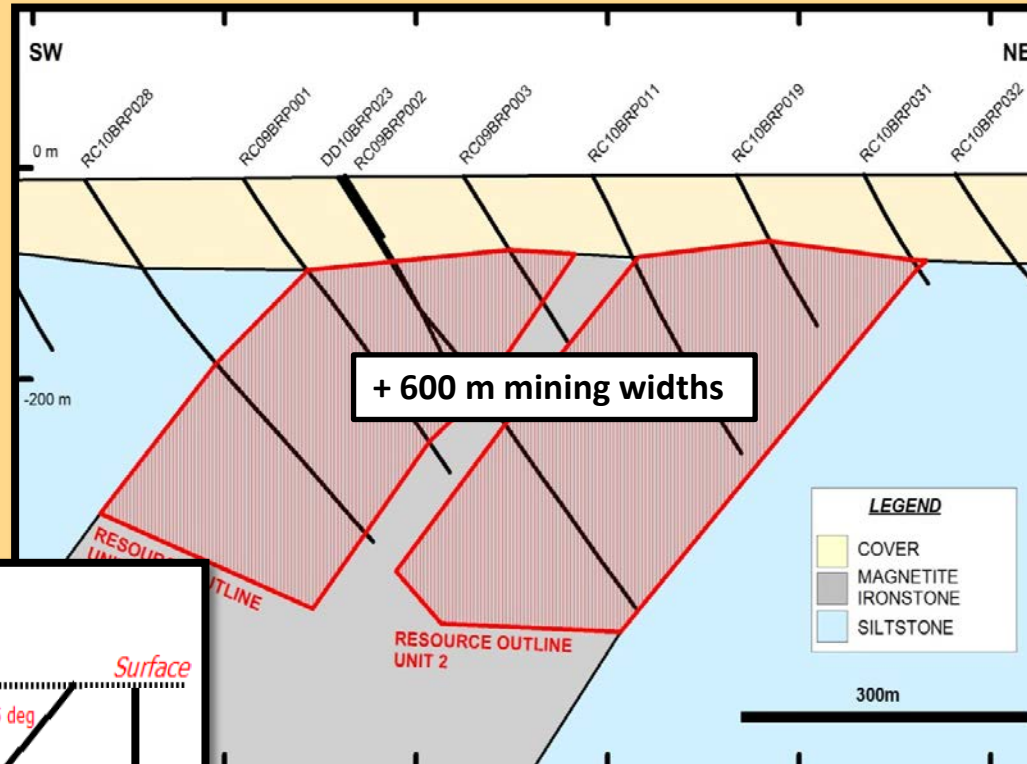
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Mining

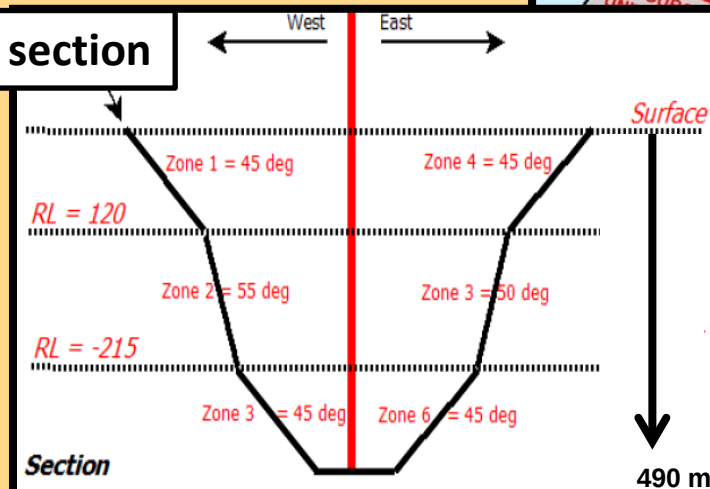


Simple Open Cut

- Waste to ore ratio – 0.26 : 1
- Pre strip – start mining east end
- Truck and Shovel operation
- Blasting



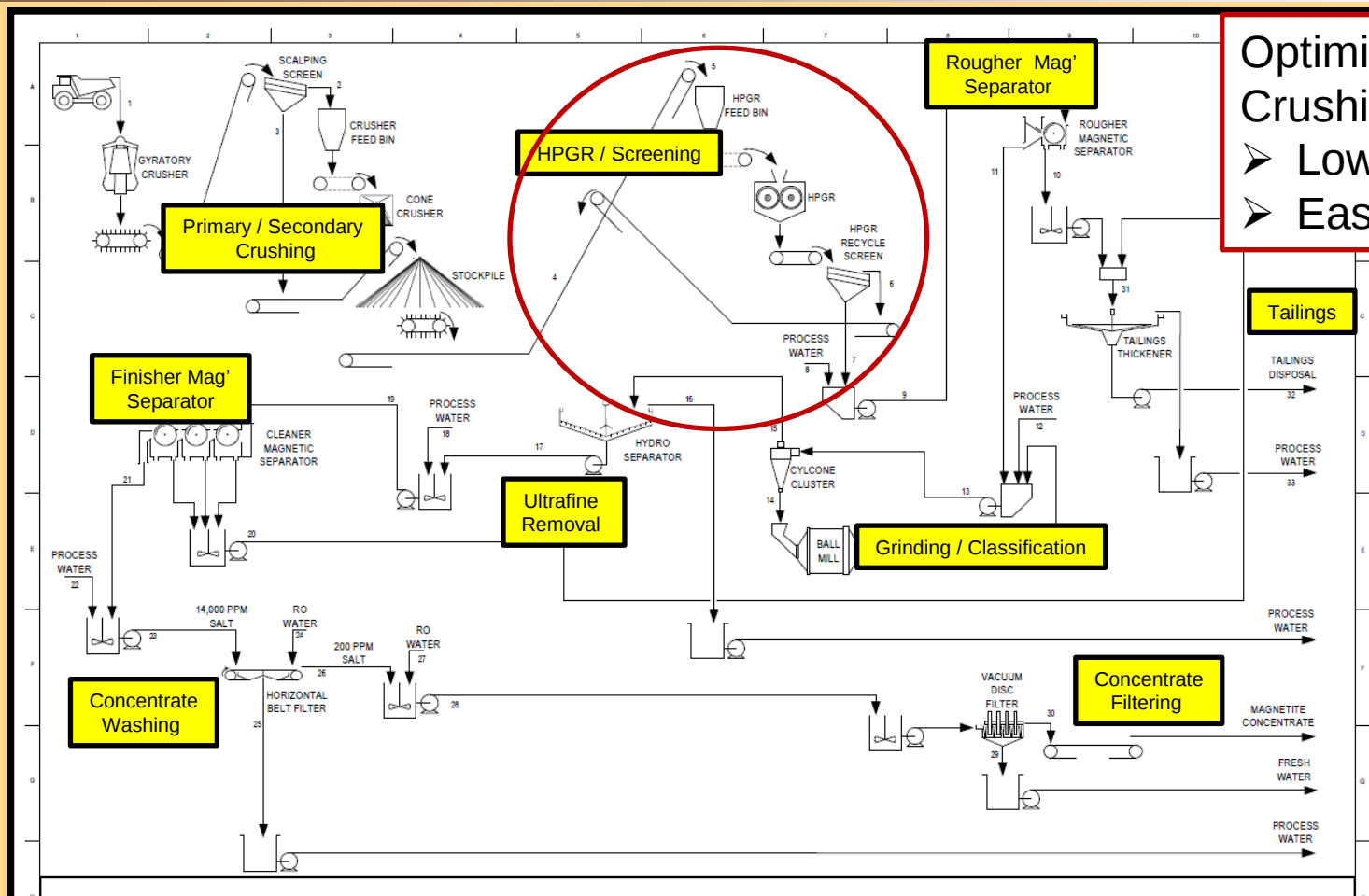
Nominal pit cross section



Pit dimension ~ 3.5 km x 1.5 km
Depth 490 m

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PFS - Process Flow Diagram



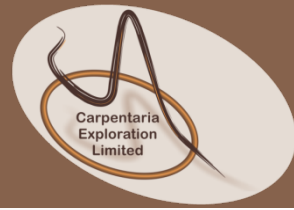
Optimizing
Crushing circuit :

- Lower power
- Easier Recovery

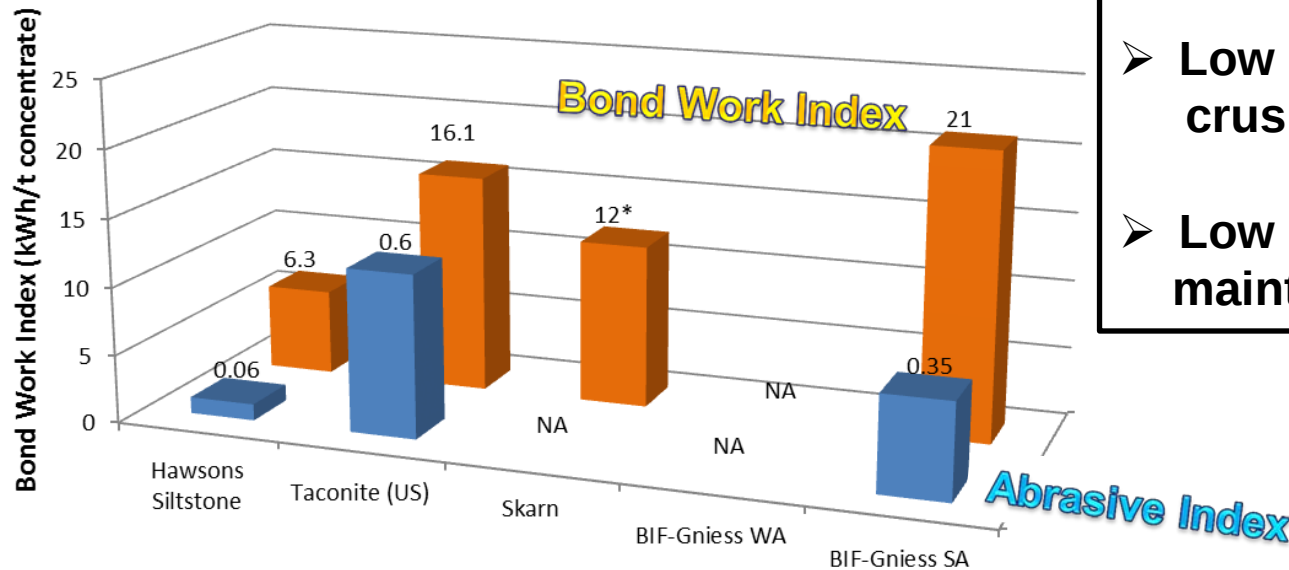
Standard Circuit - Low Technical Risk

HAWSONS IRON PROJECT

Processing results and comparison



Bond Work and Abrasion Indices of Magnetite Ores



Source: published scientific literature
and ASX reports *estimate from technical data

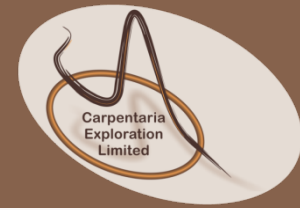
Implications :

- Lowest noted globally
- Low Energy crushing requirements
- Low equipment maintenance

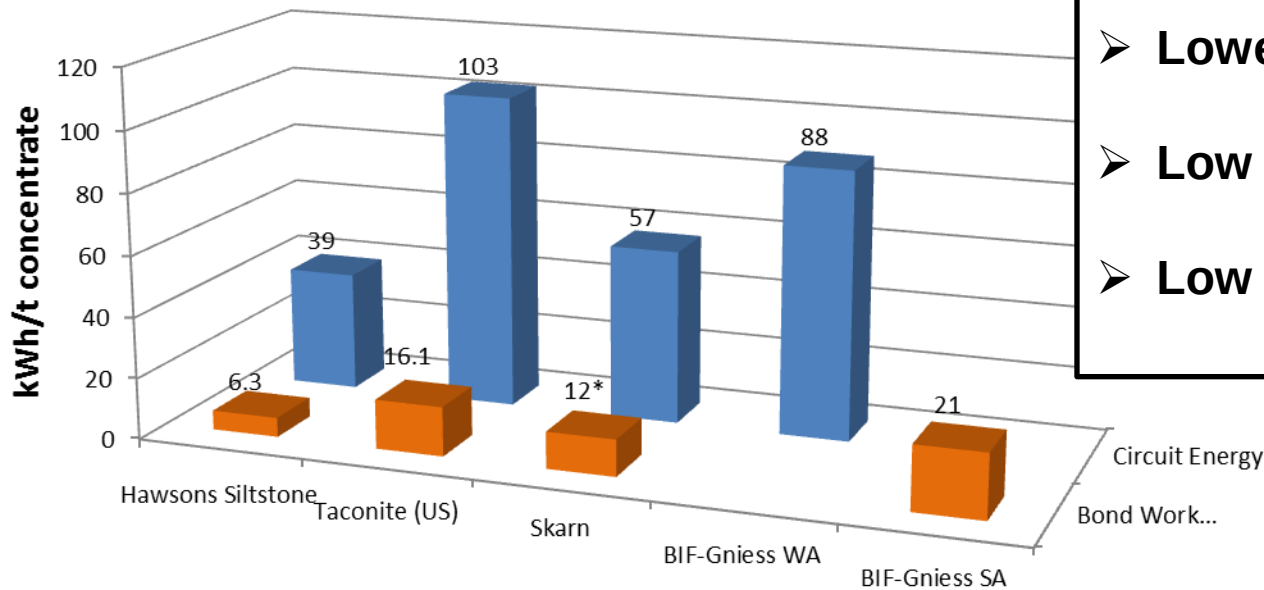


HAWSONS IRON PROJECT

Processing results and comparison



Bond Work Index and Circuit Energy of Magnetite Ores



Implications :

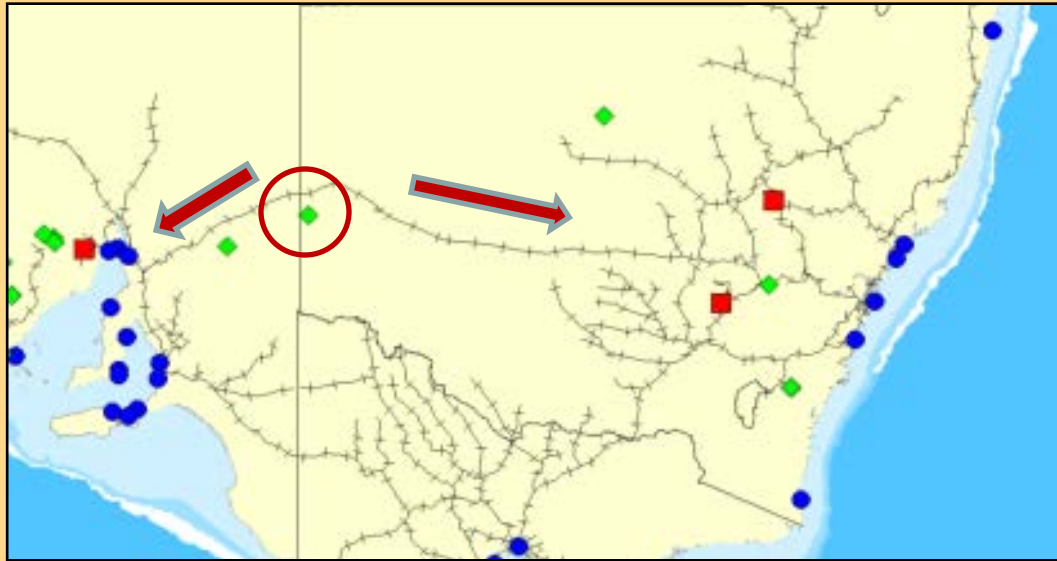
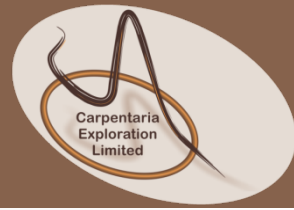
- Lowest noted globally
- Low Energy
- Low unit costs (grid)

Source: Derived from published scientific literature and ASX reports *estimate from technical data



HAWSONS IRON PROJECT

Transport Options – Stage 1



Existing Options Stage 1 5 mtpa – first 3- 4 years

- West (loaded)
 - Port Pirie
 - Port Bonython
 - Adelaide(Pirie est' cost = \$15/t)

- East – Pt Kembla
est' cost ?? = \$40/t

Advantages

- Deep water access
- Spare capacity
- Closer to China

HAWSONS IRON PROJECT

Transport Options – Stage 2



Stage 2 – Plan

Third Parties to Develop:

- **Rail or slurry pipe to port**
 - **Hawsons – 20mtpa + others**
- **Slurry pipe preferred option**
 - **Product is optimal size for slurry**
 - **Very low OPEX**
- **Deep water port**
 - **25m (capesize vessel)**
 - **West coast Yorke Pen'**
 - **100 mtpa capacity**
 - **Common usage**

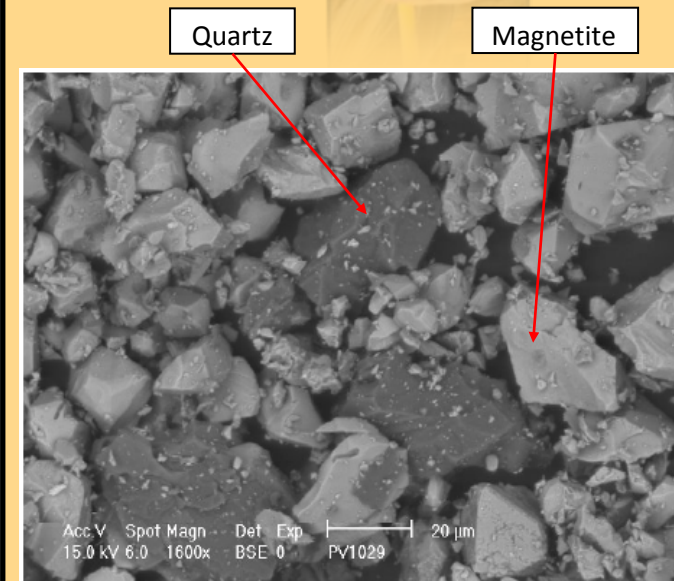


Development of the Hawsons A Major NSW Iron Project



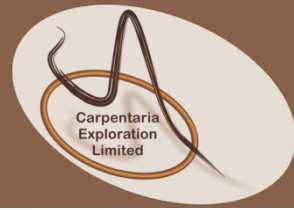
Scope of Talk :

- Why ?
 - Magnetite Types
 - Magnetite – it's use and it's future
- Where ?
 - Global / Australian Resources
 - Where is Hawsons?
- How ?
 - Exploration results / terms used
 - PFS – results / implications
 - Mining / Process
 - Transport options
 - Strategic Advantages
- **When ?**
- Conclusions



HAWSONS IRON PROJECT

Work Program – 6 months



- Undertaking Environmental studies
 - Field measurements continuing
- Metallurgical and Processing studies
 - Determine optimum crushing circuit
 - Develop pilot plant tests
- Mining
 - Optimising mining scenarios
 - Minimising stockpiles
- Geological
 - Reviewing resource model
- Optimising transport options
- Water bore drilling

Aim :

To develop refined options for Definitive Feasibility (DFS) study

Commence DFS when partners Contribute

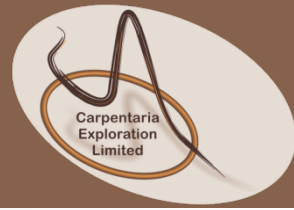
Terms of the JV:

at completion of the PFS, BMG can elect to make a A\$25m cash payment and sole fund the DFS - increases BMG equity from 40% to 51%.

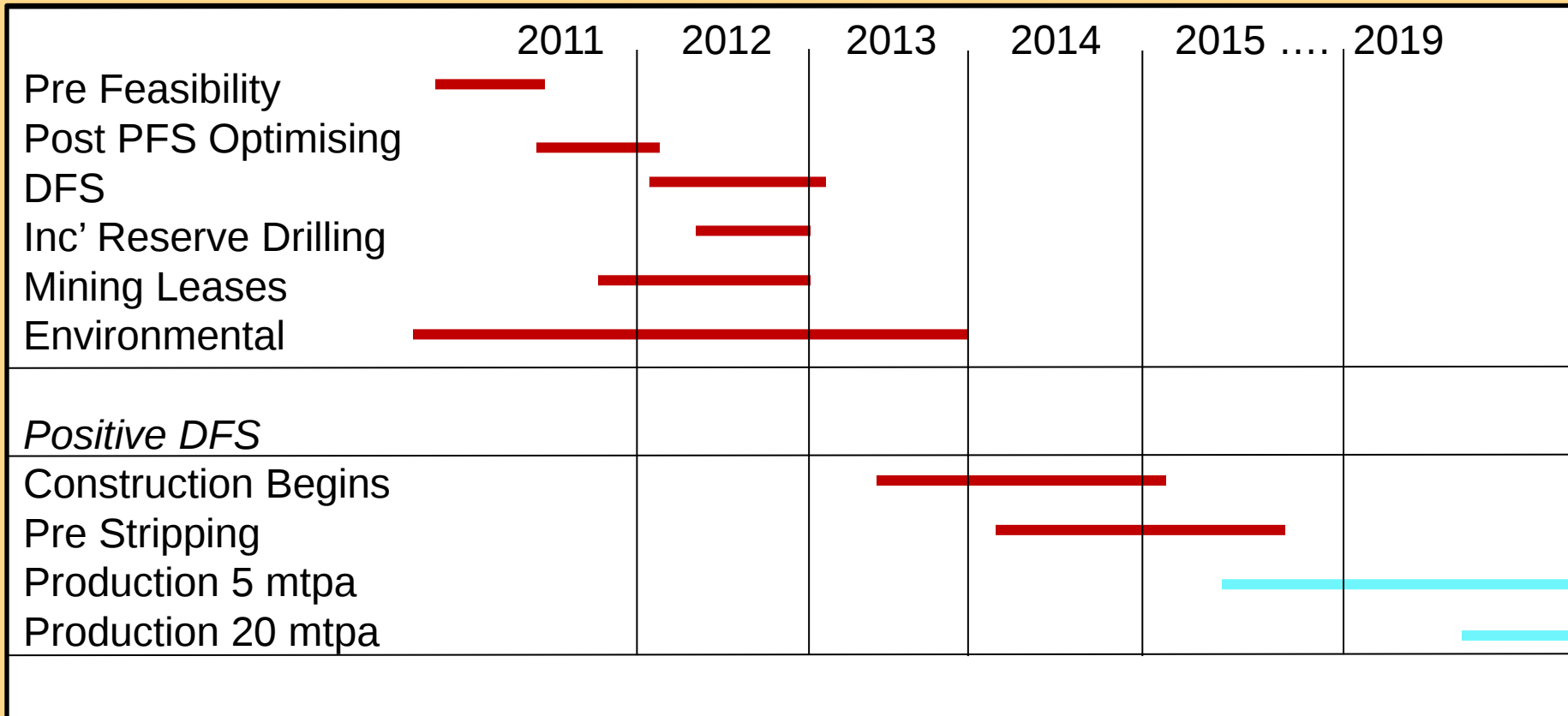
BMG has until 15th May 2012 to make this election.



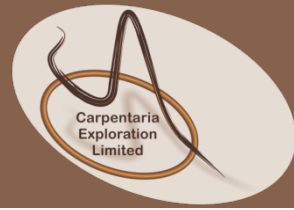
Development of Hawsons When ?



Preliminary Schedule – depends on many items eg Govt' approvals etc.



Development of Hawsons Ultimate Products



38 micron fines



Pellets using local clay



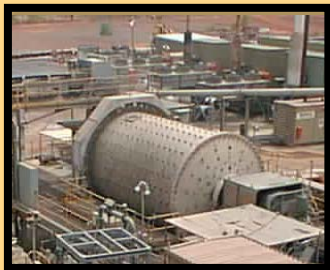
Test work at CSIRO and ALS have already produced :



Development of Hawsons Conclusion



- Hawsons is a very robust project
- Many advantages over peers including
 - Power, water, rail, near mining culture
 - Soft, low abrasive ore
 - Many tonnes – long life mine
- Cash flow early using existing infrastructure
- Rapid pay back for investors

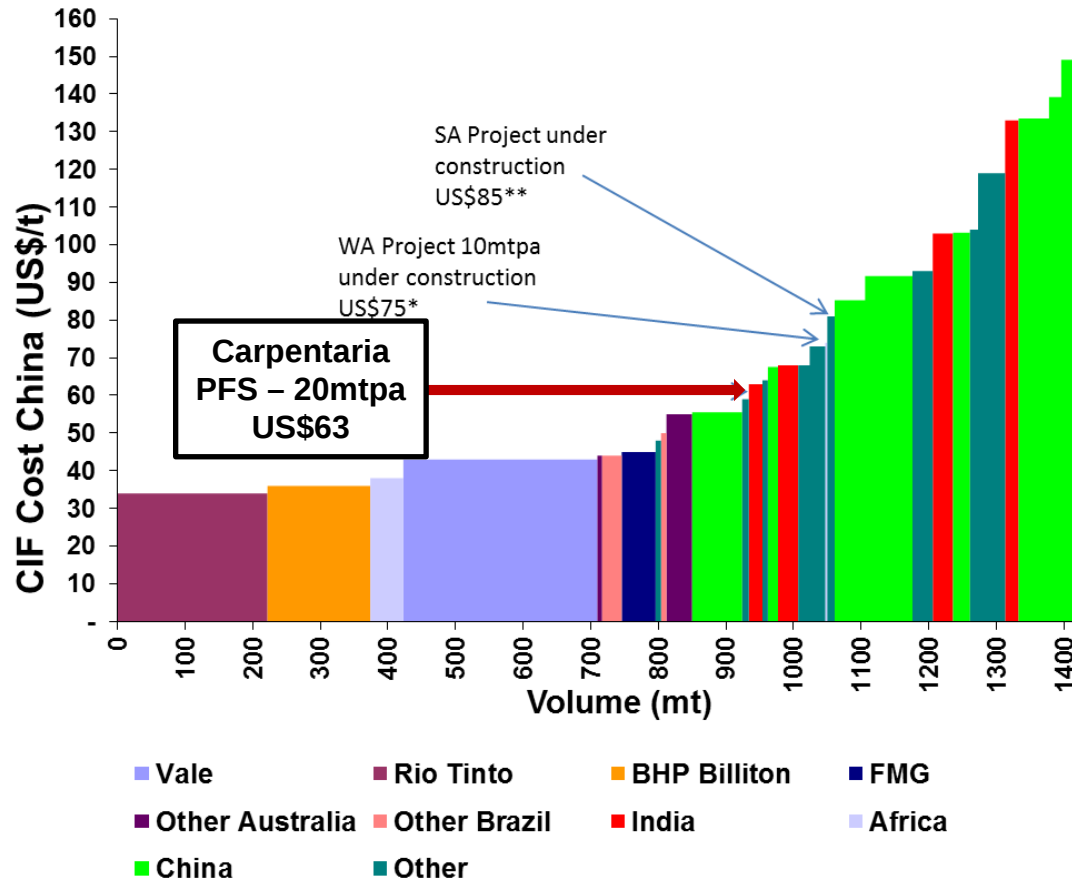


HAWSONS IRON PROJECT

Market Place Comparison



Supply curve to Chinese market for iron ore fines



Source:
Macquarie Bank

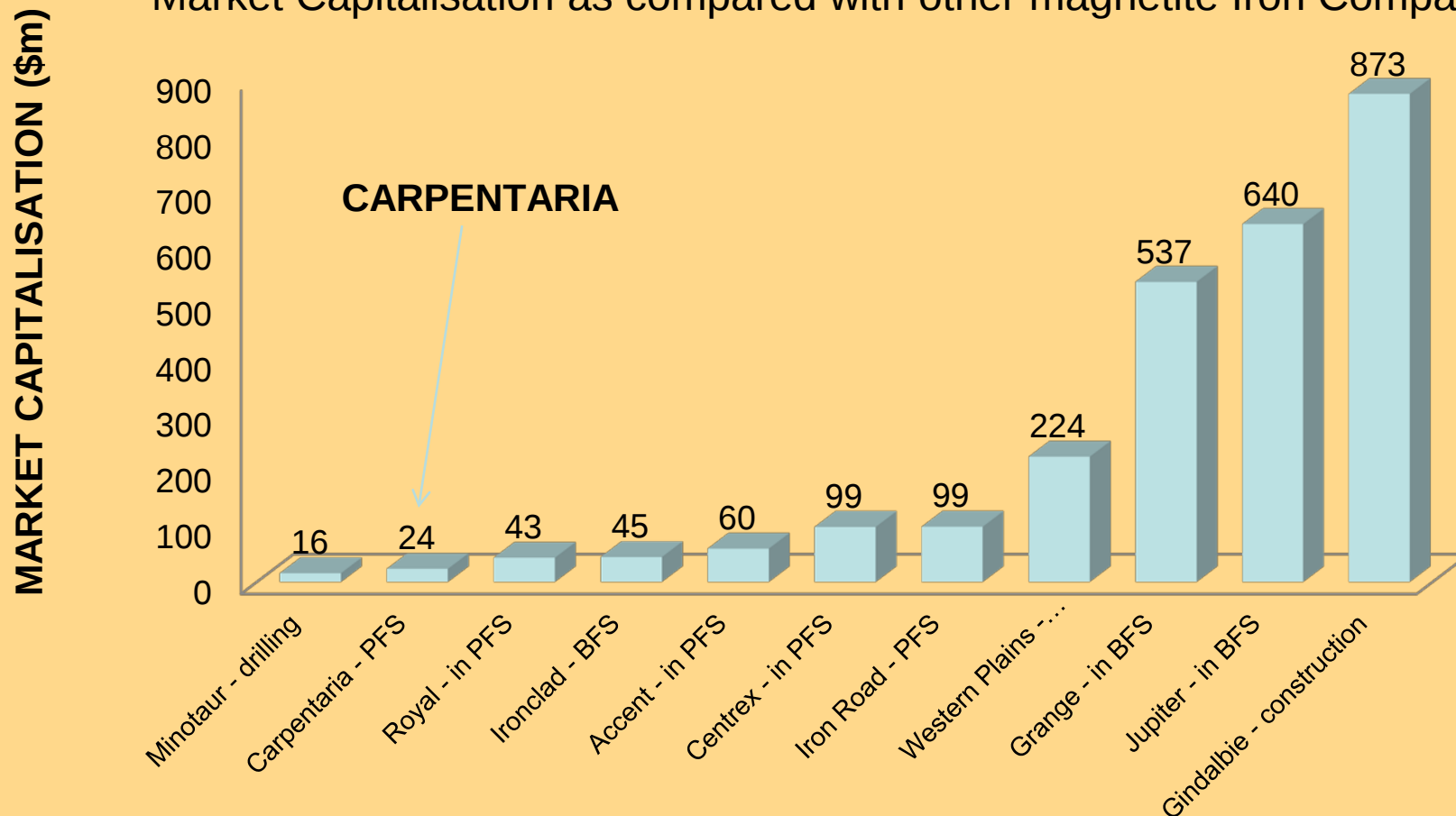
*July 2011
ASX release

**July 2011
ASX release
assuming
(\$9.50/t shipping)

How does CAP rate with peers ?



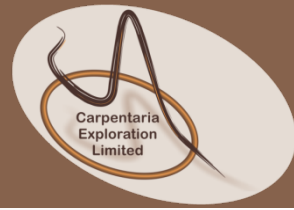
Market Capitalisation as compared with other magnetite Iron Companies



Market Capitalisation at 16 August 2011



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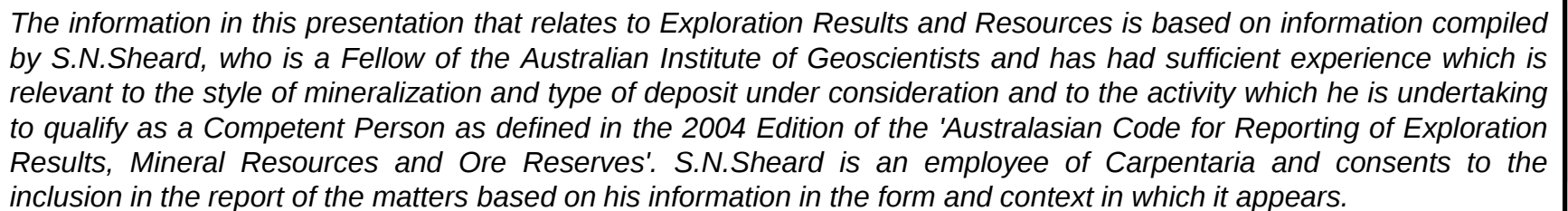


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