CARPENTARIA EXPLORATION LIMITED VOLUME 4 / OCTOBER 2013

CARPENTARIA EXPLORATION LIMITED

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

CAPunearthed

REBIRTH OF MINING IN BROKEN HILL

NSW Minister for Resources and Energy Chris Hartcher has endorsed Carpentaria's vision for Broken Hill, describing the Hawsons Iron Project as "the future of mining in western NSW".

The minister made the comments to Broken Hill daily, *Barrier Daily Truth* prior to an aerial flyover of the project area on October 3 with Carpentaria's new Managing Director, Quentin Hill. The NSW minister was in the silver city to sign a memorandum of understanding (MOU) with his South Australian counterpart, Tom Koutsantonis, aimed at enhancing cross-border cooperation on minerals development.

"I don't want to embarrass Quentin, but we've been very excited about this project at a State Government level," he was quoted saying.

"I have discussed with the Premier (Barry O'Farrell) the potential for a Chinese investor. It's the big iron project that's the future of mining in western NSW.

"Subject to compliance, we would be delighted to see it go ahead. This has the potential to see a rebirth in mining."

Mr Hill said Carpentaria was focused on using local resources and labour for the state's biggest new magnetite project, which could provide up to 1,500 jobs.

The next key step for the Hawsons joint venture is the lodging of an application for a Mining Lease, which he described as being "on track".

NSW Resources Minister Chris Hartcher, right with Carpentaria's Quentin Hill

DID YOU KNOW? MAGNETITE VERSUS HEMATITE

Magnetite (Fe_3O_4) is a higher grade and cleaner product than the hematite commonly produced in Australia. High-quality iron pellets produced through processing are a preferred product by steelmakers as they greatly increase the efficiency of the furnace because of the higher iron content. This reduces costs and pollution, thereby attracting higher prices over hematite ores.

Hawsons iron pellets

In 2010, magnetite accounted for around a third of global iron furnace feed for steel production, but in Australia the figure was only 3%. China and the United States are two leading producers of iron ore which primarily use magnetite, thereby making magnetite processing a low risk and well understood process.

While Australia has benefitted from its vast tonnages of hematite, particularly in Western Australia's Pilbara Region, magnetite has become more important as hematite grades decline and iron ore prices remain strong. With a superior grade, access to infrastructure and forecast low costs, Carpentaria's Hawsons Iron Project compares favourably to the larger Pilbara hematite deposits.

COMPETITION: JOIN US AT MINING 2013

Win a ticket for yourself and a guest to join Carpentaria at Mining 2013 on Friday, October 25 at the Brisbane Convention & Exhibition Centre.

Don't miss out on the opportunity to hear Chairman Nick Sheard's presentation at 1.20pm on the 25th, and visit the Carpentaria team at Booth 86.

To enter the competition, email us at *info@capex.net.au*, stating in 25 words or less what excites you the most about Carpentaria's projects.

Please include "newsletter competition" in the subject line and your name and contact details (email and telephone) in the body.

Entries close 5pm Monday, October 21, with the winner to be notified directly on October 22.

NB: Conditions apply on entry to Mining 2013. Carpentaria reserves all rights concerning entry to the conference.

+ SEE MORE INSIDE

NICK'S NOTES

Nick Sheard
Chairman

Shareholders have welcomed our decision to adopt the Australian Securities Exchange's recommended corporate governance approach and split the roles of Chairman and Managing Director. Effective September 1, Quentin Hill was appointed Managing Director, with my role changing to Non-Executive Chairman, responsible for the Company's strategy and vision.

The decision to appoint Quentin was an easy one for the Board. Quentin has been with the Company since our November 2007 listing on the ASX and has demonstrated his technical and managerial ability, having been integral in the discovery and Inferred Resource estimate for the Hawsons Iron Project, and the subsequent joint venture with Pure Metals.

Already since his appointment, Quentin has secured the required funding due from our project partner Pure Metals, swelling the Company's coffers at a time of constrained capital markets and giving Carpentaria funds for an aggressive exploration campaign across our quality portfolio.

The early results announced concerning the Advene Gold Project in NSW are very encouraging, with Carpentaria pursuing potentially large intrusion-related, breccia-style deposits in an area which is largely unexplored.

Concerning the appointment of an internal candidate as managing director, consultancy Booz & Co has released new research on Australian listed companies which shows we are now more aligned with our international peers on the appointment of chief executives.

According to the study, 60% of appointments made in 2012 were of internal candidates compared to just 50% a year earlier. Internationally, more than two-thirds of CEOs are internal hires.

"The rise of the internal chief executive is a positive thing," Booz partner Varya Davidson told the *Australian Financial Review*. "Insiders perform better, they deliver higher shareholder returns, and they also stay around for longer."

Interestingly, the average tenure of an Australian public company CEO is just 4.2 years, "raising questions over who takes responsibility for long-term strategy," Davidson said.

With this in mind, I am pleased to note the stability of Carpentaria's senior leadership since our Company's inception, a key part of our organisational culture which I am proud to continue.

For those in Brisbane this month, I look forward to seeing you at our Annual General Meeting on October 18 and the subsequent Mining 2013 conference from October 23 to 25. Carpentaria has a very bright future and I look forward to sharing our vision with you.

PROFILE

QUENTIN HILL
Managing Director

Quentin Hill joined Carpentaria Exploration as Senior Geologist at the Company's November 2007 IPO, having considerable exploration experience along with previous technical posts at major miners and in government.

Quentin was integral in the discovery of the Company's flagship Hawsons Iron Project, also overseeing the successful resource drilling. Subsequently promoted to Principal Geologist – New Business, Quentin played a leading role in negotiations over the new Hawsons joint venture with Pure Metals. On September 1, Quentin was appointed Carpentaria's Managing Director.

Why did you join Carpentaria?

I was working in government at the time, but you can't beat the challenge and excitement of exploration. So when Doug Brewster and Nick Sheard were putting the team together at the float, I didn't hesitate to take it on, especially with the opportunity to work with these fantastic industry practitioners. I was also attracted to the focus the Company had in the underexplored east of Australia.

What made you accept the position of Managing Director?

I see a great opportunity for Carpentaria and believe that I have the right strategy to realise this potential. Hawsons is a very high value project with a realistic route to production, and I will be doing my best to secure the partners and funding required to achieve this. In addition, we have a successful exploration team with a strong base of projects and successful philosophy. Overall, there is an enormous opportunity to build a company with cash-flow generating projects, and grow through successful exploration.

What are your personal goals for the Company?

My goals are to continue the team culture within the Company and realise the best value for shareholders with the Hawsons discovery, using it to secure the Company's future and build the foundations of further exploration success.

What's been your biggest career achievement?

My biggest career success is the Hawsons project, including being on the rig for the discovery hole. But like any explorer, I think my biggest success still lies ahead of me!

What inspires you?

Discovery! And more recently with my Hawsons experience, seeing the realisation of development and generating returns for shareholders. Explorers get a real kick out of discovery, and the excitement waiting for results. The subsequent development and building value also brings a real sense of satisfaction.

What do you do in your spare time?

My family is my main priority. My wife and I have three small kids and in my spare time I take them camping. I just love playing with them and teaching them. When I am not with them I get a bit of a release playing in a local soccer team.

What's the outlook for Carpentaria?

Carpentaria has a great outlook. We have a healthy bank balance and an active exploration program with great potential to deliver, and we are on the lookout for more projects. The capital markets are improving and we are well placed to leverage this through Hawsons, as well as advance our grassroots projects, and through this build value for shareholders.

CARPENTARIA IN THE COMMUNITY

Building ties with landholders

Developing Broken Hill's biggest new mine will not be possible without the support of local landholders. Fortunately, the Hawsons joint venture partners Carpentaria and Pure Metals have already made a strong head start on engaging with the community.

On July 27, an information session was organised at Coombah Station, located 110km south of Broken Hill, thanks to hosts Andy and Fiona McLeod.

Project consultant David Morgan discussed the requirements for access to test water-bore sites and the monitoring of existing bores in the region. Project Director Ray Koenig then gave an overview of the proposed Hawsons mine, including its planned workforce of up to 1,500 workers, the difference between hematite and magnetite iron ore and the proposed slurry pipeline.

Finally, senior hydrogeologist Mark Robertson provided a detailed outline of the bore monitoring and test water-bore drilling program planned, saying more information would be provided to landowners.

Commenting on the discussions, Mr Koenig said: "There were lots of questions asked at the meeting, but it ended on a positive note concerning the proposed water bore monitoring and test water-bore drilling program. The Hawsons project won't succeed without local support and we're committed to keeping the community fully informed."

Landholders meeting at Coombah Station

+ **EXPLORATION UPDATE**

Gold rush in NSW

Promising initial results at the Company's **Advene Gold Project** in the Central Lachlan Fold Belt of NSW have given the Company's fiscal 2014 exploration campaign an early confidence boost.

Carpentaria is committed to an aggressive exploration campaign across the Company's project pipeline this financial year, with funding boosted by the Hawsons joint venture agreement with Pure Metals.

Coming at a time when many other companies are reducing their exploration efforts to conserve cash, Carpentaria's campaign is a vote of confidence in the mining industry and the potential for eastern Australia, which is already home to a number of world-class ore bodies.

On October 14, Carpentaria announced encouraging reconnaissance field work results from Advene, including up to **12.4 grams/tonne (g/t) gold and 29.4 g/t silver**. The results have extended the strike of known gold mineralisation from 500m to more than 2,000m, while gold anomalism has been identified in an area of over 5km.

Located around 80km north-west of the Cowal gold mine, Advene is seen having potential for multi-million ounce intrusion-related gold system (IGRS)-style deposits, similar to the 4.5 million ounce Kidston gold mine in central Queensland.

The Advene area has great potential for discovery since it is poorly explored, with no history of modern work outside known mineral occurrences.

Carpentaria has been an early mover in identifying the potential for IGRS-style deposits in the Lachlan Fold Belt, having acquired at minimal cost the Advene and **Barellan** projects and the recent **Grong Grong** application, as well as the **Tooloom** project in the New England Fold Belt.

Elsewhere, the Company has undertaken further sampling at the **Broken Hill Tin-Tungsten Project**, where the strategic objective is to establish a cluster of deposits near Broken Hill capable of being easily mined by low cost methods and processed centrally. The tenements are also prospective for base and precious metal mineralisation.

Importantly, due to current market conditions quality exploration ground is becoming available and Carpentaria is focused on taking advantage, applying its demonstrated geoscientific expertise and ability to add value through exploration and strategic investment or divestment.

Exploration at the Advene Gold Project, NSW

INVESTORinfo

Investor confidence returns

Australian investor confidence is rapidly improving following the end of election uncertainty and improved growth performance by major economies.

According to a Deloitte survey, confidence of chief financial officers (CFOs) in Australia and Britain is now approaching its highest level in three years, with Australia showing a "massive turnaround" following September's federal election.

"The perception of greater certainty and hopes the new government will reform corporate taxation and cut red tape contribute to the bounce.

"But it is also due to far more positive views about China and Europe, the top two worries in June," the *Australian Financial Review* noted in its October 14 report.

In its latest forecasts, the International Monetary Fund (IMF) has predicted a pickup in global growth to 3.6% in 2014 from 2.9% this year, with much of the improvement driven by advanced economies.

China, the world's biggest consumer of resources, is expected to produce a solid 7.5% rise this year and 7.25% in 2014.

While not the double-digit pace of its boom phase, due to its past decade of growth the rise in output effectively generates another South Korea – Asia's fourth-biggest economy.

China's appetite for iron ore has helped prices surge since June, with imports hitting a record high of nearly 75 million tonnes in September.

Prices have averaged around US$130 a tonne, improving the forecast profitability of Carpentaria's Hawsons Iron Project and its prospects for securing a major development partner.

Overall, growth in emerging market and developing economies is expected to remain strong at 4.5 to 5% in fiscal 2014, helping support commodity prices.

Small caps poised for gains

Importantly for investors in Carpentaria, analysts are now expecting a solid lift in the small cap sector as investor risk appetite improves.

"We're seeing the start of a new cycle," fund manager Ben Griffiths of Eley Griffiths Group told *AFR Smart Investor*. "I've been through many market cycles and they all peak and trough with 'animal spirits'."

Griffiths said rising property prices were helping to fuel a "wealth effect" among investors keen to earn higher returns than those available from bank deposits. Signs that the small cap sector is set for a breakout include its diminished price/earnings ratio discount to the large caps, now at just 7% compared to 20% at the height of the global financial crisis.

"When confidence is strong, small caps can get out to a 15% premium compared with large caps," he said.

"We're early in the recovery process. Small cap valuations are still good and we're also starting to see inflows for the first time in two years."

With investor and business confidence returning, companies such as Carpentaria with proven business plans and a record of financial and geological success are set to benefit.

+ ANNUAL GENERAL MEETING

Shareholders are cordially invited to attend Carpentaria's Annual General Meeting, which will be held this Friday, October 18 from 11am (local time) at the Queensland Irish Association, 175 Elizabeth Street, Brisbane.

For those unable to attend, a recording of the AGM presentation will be provided online via Boardroom Radio (www.brrmedia.com).

Carpentaria will also be staffing a booth at the Mining 2013 conference at the Brisbane Convention and Exhibition Centre from October 23 to 25. Come and say hello to the team – and don't miss Chairman Nick Sheard's presentation at 1.20pm on Friday, October 25.

See you there!

Carpentaria in the news

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

Adelaide Advertiser
"Carpentaria appoints MD"
(July 25, 2013)

Barrier Daily Truth
"'Rebirth of mining'"
(October 4, 2013)

Brisbane Business News
"JV clears path for iron play"
(June 2013)

Courier Mail
"Geologist in charge"
(July 26, 2013)

MiningNews.net
"New JV moves Hawsons forward"
(May 6, 2013)

Southern Cross GTS/BKN Broken Hill
Interview with Quentin Hill
(October 4, 2013)

Investor calendar

Key upcoming dates for shareholders, including the opportunity to meet the Carpentaria team:

October
Annual General Meeting
(Brisbane, October 18)

Mining 2013, Brisbane (October 23-25)
(conference booth and presentation)

September quarterly report due (October 31)

December quarterly report due (January 31)

Company updates

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

To subscribe, visit the website, 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!

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