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ASX ANNOUNCEMENT

Independent review endorses Hawsons transport plan

Highlights

- **Independent infrastructure advisory Balance Resources finds:**
 - **Carpentaria's concentrate transport plan from Hawsons Iron Project is the 'lowest cost option' and is 'efficient and viable'**
 - **No fatal flaws to prevent project from moving product to port, based on available information**
 - **Cost assumption of \$21 per tonne for rail loading at Broken Hill to ship loading offshore at Port Pirie 'reasonable'**
- **Review supports key assumptions made by Carpentaria about the competitive advantages of the Hawsons project**

Carpentaria Exploration Limited (ASX:CAP) has had its claims of the cost advantages of the Hawsons Iron Project supported with an independent review finding the Company's preferred iron concentrate transport plan offers the lowest capital and operating cost option.

A review of options by independent infrastructure advisory Balance Resources found Carpentaria's chosen solution "contains no fatal flaws that will prevent the project moving its product to port, based on the information provided to date". Balance also said it considered the Company's solution "efficient and viable" and provides the lowest cost option.

Anticipated transport costs from rail loading at Broken Hill to ship loading offshore at Port Pirie, South Australia have been estimated at approximately \$21 per tonne, an amount Balance said was "reasonable".

The findings were based on a transport solution (Figures 1 and 2) comprising:

1. Construction of a dedicated slurry pipeline from the mine site to a location in Broken Hill;
2. De-watering of product, stockpiling at a location in Broken Hill;
3. Transfer of product onto rail, for transport via the existing Australian Rail Track Corporation (ARTC) track to Port Pirie;
4. Unloading and stockpiling of product at the port;
5. Transfer of product onto barges, for transshipment offshore to Cape-size vessels.

Eastern Australia's biggest magnetite project, Hawsons, is a joint venture (JV) between Carpentaria (60% stake) and private resources investor Pure Metals Pty Ltd (40%) and is located 60 kilometres south-west of Broken Hill.

Welcoming the report's findings, Carpentaria's Managing Director, Quentin Hill said: "This endorsement by independent experts should give added confidence to shareholders and investors in the ultimate development of this major magnetite project. Significantly, the identified transport solution uses existing infrastructure that provides key competitive advantages, including lower capital costs and faster development and permitting timeframes compared to other Australian and offshore iron projects."

He said the joint venture and port operator Flinders Ports were in discussions about additional engineering studies to advance the project and it is the JV's intention to provide the Port Pirie community with a sustainable export solution using the best modern technology that is acceptable to all parties.

Balance's review investigated a number of transport solutions for the project and concluded that Carpentaria's present case is the appropriate solution for a proposed start-up operation of 10 million tonnes per annum (Mtpa). Carpentaria believes the deposit has the potential to support higher production and this base case could provide time and cash flow to allow increased scale when appropriate.

Importantly, Balance said that it supports the claim that there would be capacity for 10 Mtpa of magnetite concentrate on the existing ARTC rail track between Broken Hill and Port Pirie, with only minimal capital investment and that barging and transshipping at Port Pirie offers the most viable short-term solution to allow the export of product from the project.

The favourable review builds on the positive development base-case announced on 19 February 2014, which showed that matching the project's size to the existing 10 Mtpa capacity of existing rail, power and port infrastructure had the potential to deliver robust returns on investment.

Mr Hill said: "Now that the development base-case has been set, we look forward to progressing the infrastructure components, including water, rail, power and port studies and the necessary regulatory agreements over the next twelve months.

"This phase of work will seek to increase the certainty of all elements of infrastructure and the joint venture looks forward to achieving further infrastructure-related milestones that will be key to unlocking shareholder value and delivering the bankable feasibility study".

The recent expansion of the total contained iron concentrate in Inferred and Indicated Resources to an estimated 263 million tonnes, while maintaining a premium grade of 69.7% Fe and just 2.9% SiO₂ (12% Mass Recovery cut off – ASX Announcement 26 March 2014), was another milestone in the development of Hawsons.

The joint venture is also progressing an Environmental Impact Statement for the project, which is set for completion in early 2015.

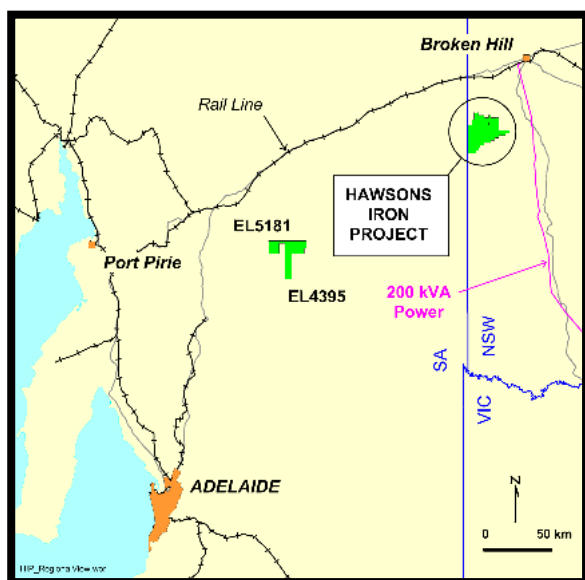


Figure 1. Location of Hawsons Iron Project

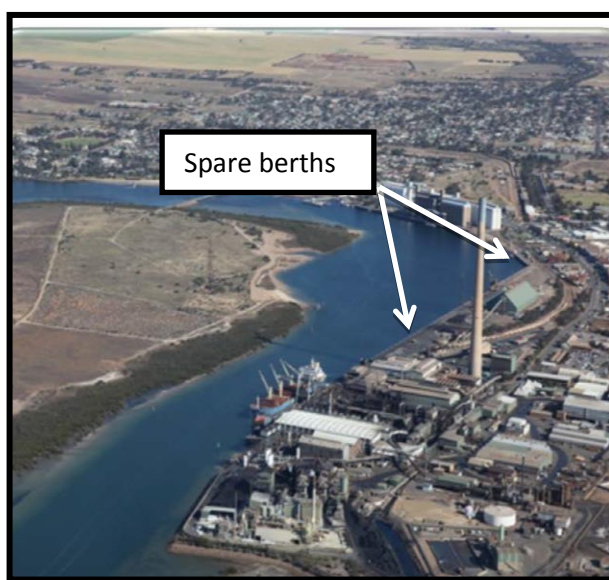


Figure 2. Aerial view of the port at Port Pirie

About Hawsons Iron Project

The Hawsons Iron Project is located 60 km southwest of Broken Hill (Figure 1) and includes total Inferred and Indicated magnetite Resources of 1.77 billion tonnes at a Davis Tube Recovery (DTR) of 14.9% (12% cut off) containing 263 million tonnes of high grade (69.7% Fe) concentrate (ASX Announcement 26 March 2014).

The project is exceptionally well located, with existing power, water, rail and port infrastructure available for a 10 Mtpa start-up operation and has a mining lease application has been lodged.

A bankable feasibility study is underway targeting second quartile cost curve, for costs to land product in China (CFR) that will be a significant project buffer to iron-ore price fluctuations. The target capital cost of less than \$2 billion is also very globally competitive for large-scale iron-ore mining projects.

Hawsons soft rock is a very different concept to traditional hard rock magnetite and requires fundamentally different thinking to the typical magnetite mining and processing challenges, both technical and cost related. The soft rock enables simple liberation of a premium magnetite product without complex and expensive flow sheets.

Carpentaria's Braemar South project (Figure 1), south west of Hawsons, in South Australia has similar properties and also has potential as a magnetite producer and is awaiting follow up work.

About Balance Resources

Balance Resources is a respected advisory company providing specialist support and advice to the resources, infrastructure and construction sectors. The company provides tailored solutions and advice in off-site infrastructure regarding rail, port, water and power for bulk commodities in Australia and internationally. For more information, refer to <http://balanceresources.com.au/>

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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.