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ABN : 63 095 117 981 ASX : CAP

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## More superb results from Hawsons resource drilling

### Highlights

- Outstanding results returned from latest 4 drill holes of the Hawsons Iron Project resource definition drilling
- Mineralised intersections between 102m and 200m thick returned from 14 of the first 16 holes
- Best new intersection of 174m at 15.4% magnetite mass recovery at the excellent 70.1% Fe concentrate grade in RC16BRP073
- Second intersection of new mineralised zone in the north-east of 45m at 16.4% magnetite mass recovery at 70.0% Fe concentrate grade in RC16BRP074, providing potential to increase the resource base

### Product marketing and pricing update

- Iron ore market strengthens for Hawsons Supergrade: Direct reduction (DR) pellet premium<sup>1</sup> for January up around 18% to US\$54.50/t over Platts 65% Fe price<sup>2</sup>, translating to US\$66.45/t premium over the 62% Fe fines<sup>3</sup>, and at 12 January 2017 an index based price of US\$147.60/t for DR pellets
- Strong interest in offtake expressed from DR pellet buyers during recent product marketing activities in the Middle East, including from potential new customers

Confidence in the quality of the Hawsons resource continues to grow, after emerging iron producer Carpentaria Exploration Limited (ASX:CAP) announced today more positive results from the latest drilling at its flagship project near Broken Hill.

Completed in December 2016, the programme has been designed to support a resource upgrade expected shortly after final results are received, in addition to a planned new prefeasibility study for the project located just 60km from the Silver City.

Drilling comprising 5,963m of 20 reverse circulation (RC) holes was completed prior to Christmas 2016, with preliminary results for 12 holes reported on 20 December 2016 (refer ASX announcement) and another four holes returned last week (Figure 1, Table 2).

Commenting on the latest results, Carpentaria's Managing Director, Quentin Hill said they are another step toward a resource upgrade in a project capable of producing the highest grade product in the seaborne market.

"These results provide further evidence that the existing Hawsons Inferred Resource is very robust and, where infill drilling is undertaken, the Company is hopeful of high conversion rates to Indicated Resources. Carpentaria is on track to deliver a new resource estimate that could support a revised mine plan for use in a planned prefeasibility study for Hawsons, due in quarter two of this calendar year, potentially providing a major boost to the project's development," Mr Hill said.

The drilling results continue to deliver outstanding "Supergrade" concentrate grades, with the best recent results from standard Davis Tube test work at 70.9% Fe and 1.52% silica. Earlier pilot processing test work that included an elutriation upgrade of the final product has demonstrated how Hawsons can achieve the rare DR specification.

Meanwhile, product marketing activities for Hawsons Supergrade have continued with a recent trip to Dubai, strengthening Carpentaria's existing relationships with DR buyers and attracting interest from potential new customers. Carpentaria has already secured non-binding letters of intent to acquire nearly 80% of initial planned production at Hawsons, from blue-chip buyers across Asia and the Middle East.

The value of the DR specification has been highlighted this month with an 18% surge in the Platts monthly DR pellet premium<sup>1</sup> from US\$46.00 to US\$54.50 above the 65% Fe fines<sup>2</sup> price. This translates to a US\$66.45 premium over the quoted Platts 62% Fe fines index<sup>3</sup> and an index based price for DR pellets of US\$147.60 as at 12 January 2017, highlighting the potential premium prices available for Hawsons Supergrade. Further, in percentage terms, high grade premiums have never been higher, and likewise low grade discounts have never been greater, with the discount for Platts 58% Fe fines<sup>4</sup> now 33% below the Platts 62%Fe fines price.

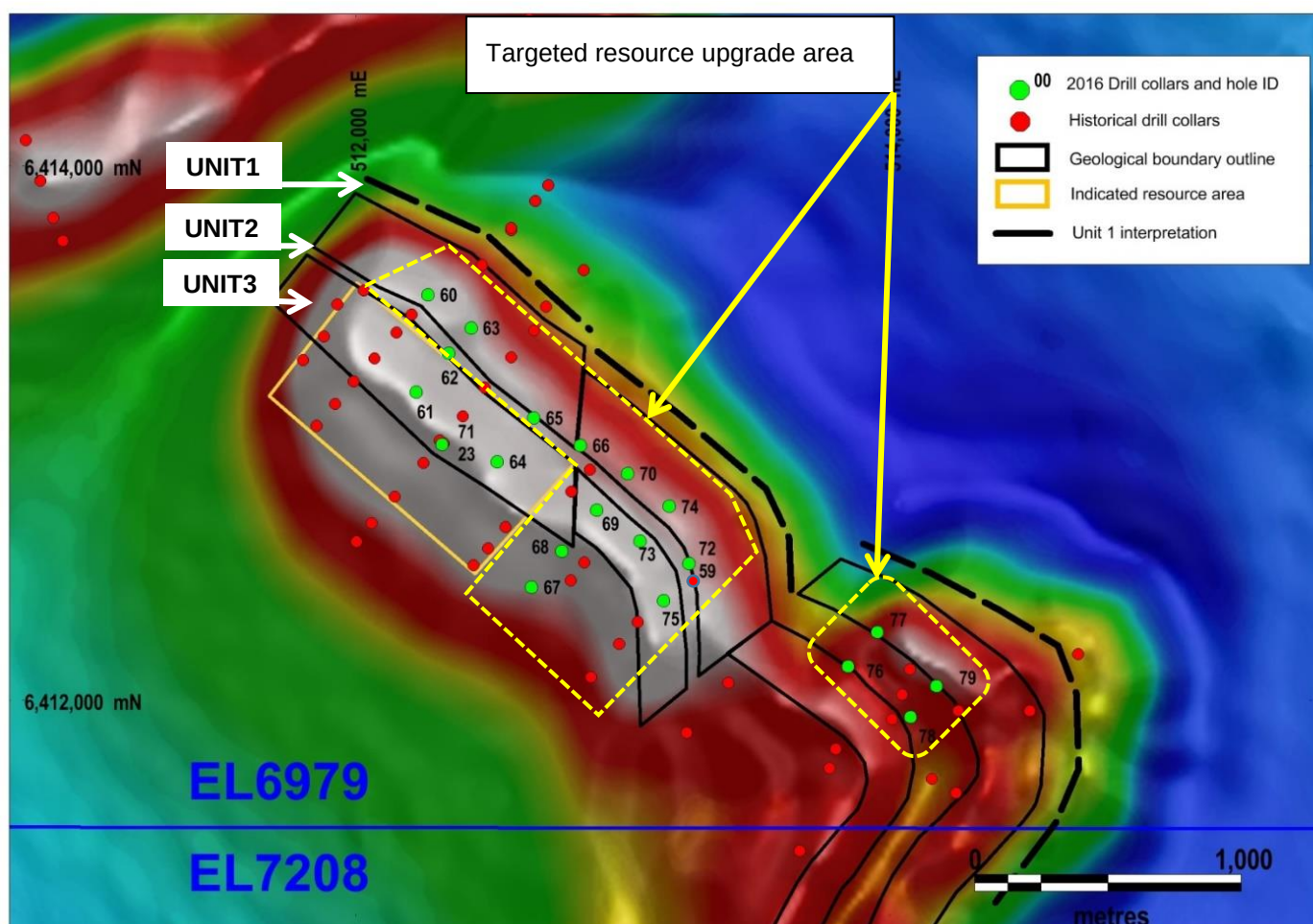


Figure 1 – Drill hole location plan

## Drilling programme

The work programme carried out, together with results to date, has improved the potential for a resource upgrade as results are broadly in line with expectation, drill spacing has been tightened, Davis Tube analysis has been done on every interval and geophysics collected on 80% of the drilling, consistent with earlier drilling programmes.

Additionally, new analytical data for another mineralised unit, Unit 1 were received (Figure 1). This has added a second intersection to that reported in December 2016, increasing the potential for the inclusion of additional mineralisation in a revised resource estimate and mine plan.

The deposit is characterised by very thick mineralised units, with 14 from 16 holes returning intersections between 102m and 200m in thickness. The two exceptions included a hole abandoned before the target was reached and a QAQC hole that targeted a shorter intersection.

Final results are expected in approximately two weeks.

## Product marketing

An 18% surge in the Platts monthly DR pellet premium<sup>1</sup> from US\$46 to US\$54.50/t above the 65% Fe fines<sup>2</sup> price occurred in January 2017. This translates to a US\$66.45/t premium over the quoted Platts 62% Fe index<sup>3</sup> and an index based price of US\$147.60/t for DR pellets as at 12 January, 2017, demonstrating the potential value of the Hawsons Supergrade.

Hawsons is one of approximately 10 such projects worldwide capable of producing DR quality without excessive iron losses and processing costs. Some 90% of raw material for this market is currently supplied by just four companies, namely LKAB, Anglo American, Vale and Samarco, making it in buyers' interests to support additional supply sources.

Carpentaria's Product Marketing Director and former steel maker and iron ore marketer with BHP, Lou Jelenich, recently visited the Middle East to strengthen existing relationships with potential customers as well as promoting the project to potential new customers. These discussions are progressing, highlighting the potential to build on the existing list of blue chip offtake customers that have signed letters of intent in this high value market. These currently comprise Bahrain Steel, Emirates Steel, Taiwan's Formosa Plastics, Mitsubishi Corporation RtM Japan and trading house Gunvor Group.

Providing further pricing encouragement, recent data from Platts, shows that, in percentage terms, the premiums for high grade products, the 65%Fe fines<sup>2</sup> index are close to historical highs over the 62%Fe index<sup>3</sup>, and the discounts of the Platts 58%Fe fines<sup>4</sup> are also at historical levels below the 62%Fe price. On January 12, it was ~33% below the 62%Fe price (Figure 2). This data shows the current value of higher grade material to steel makers seeking improved productivity and reduced pollution.

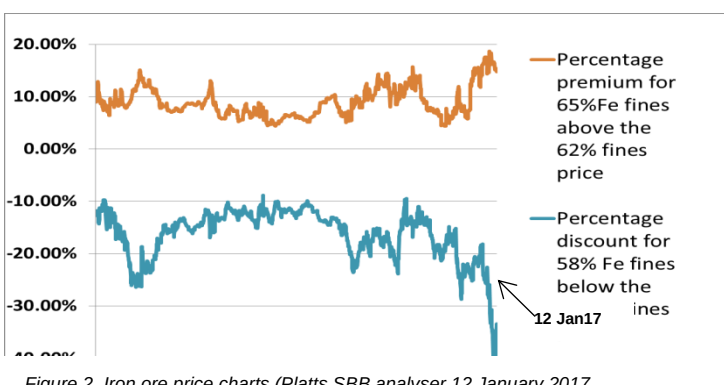


Figure 2 Iron ore price charts (Platts SBB analyser 12 January 2017)

Commenting on his marketing trip, Mr Jelenich said: "Hawsons Supergrade is the highest grade product in the seaborne market and as such continues to attract great interest from the blast furnace market as well as the DR market. I'm confident that the project's quality product, its infrastructure advantages and favourable location in an historic mining city will see it generate growing support from international buyers."

Mr Hill added: "Carpentaria is positioning Hawsons to be first in the queue for development among the next wave of iron projects, and the latest drilling results and positive iron ore market momentum have only added to our confidence in the project."

“With its superior grade, superior location and potential for access to superior pricing and competitive costs, Hawsons is well placed to meet its development target of concentrate production in 2020 and to generate increased value for our shareholders and new jobs and wealth for Broken Hill and Australia.”

### **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 market.

The project has a clear technical and permitting pathway. It is located 60km southwest 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 Supergrade magnetite product 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 market, and believes its targeted cost structure is very competitive and 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 RtM and Gunvor.

The project is underpinned by Inferred and Indicated Resources totalling 1.8 billion tonnes at 15% mass recovery for 263 million tonnes of concentrate grading at 69.7% Fe. 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 (refer ASX announcement 26 March 2014 and Table 2).

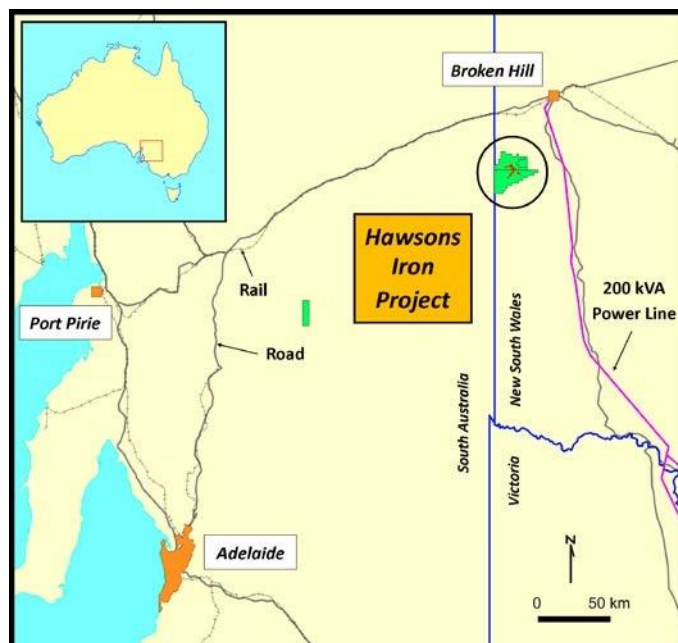


Figure 3 Location of Hawsons Iron Project and Port Pirie

| Category  | Billion Tonnes<br>(cut off 12% mass recovery) | Magnetite mass recovery (%) | concentrate grades |                    |                                  |       |      | Contained Concentrate million tonnes |
|-----------|-----------------------------------------------|-----------------------------|--------------------|--------------------|----------------------------------|-------|------|--------------------------------------|
|           |                                               |                             | Fe%                | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | P%    | LOI% |                                      |
| Inferred  | 1.55                                          | 14.7                        | 69.6               | 2.9                | 0.20                             | 0.004 | -3.0 | 228                                  |
| Indicated | 0.22                                          | 16.2                        | 69.8               | 2.8                | 0.20                             | 0.005 | -3.0 | 35                                   |
| Total     | 1.77                                          | 14.9                        | 69.7               | 2.9                | 0.20                             | 0.004 | -3.0 | 263                                  |

Table1 JORC compliant resources- Hawsons Iron Project

<sup>1</sup> Platts IODRP00 Iron Ore Direct reduction Pellet Premium (\$US/dry mt) (monthly)

“A monthly assessment reflecting the value of “premium” used in formulating a provisional contract settlement price for iron ore direct reduction pellets typically sold in term contracts, to steel mills primarily in Middle East and North Africa, and also in the Americas. This value reflects an additional charge for a high quality 67.5%Fe DR grade pellet, net of any further quality adjustments and including the 2.5% Fe over a 65%Fe fines



basis. It is published on the first business day of each month and then throughout that month in Stell Markets Daily. The DR pellet premium specifications and parameters are as follows: 67.5%Fe, 1.5%Silica, 300CCS, and sizing over 9mm>94%."

<sup>2</sup> Platts IO fines 65% Fe \$/dmt, North China import CFR \$/t

<sup>3</sup> Platts IODEX 62% Fe \$/dmt, North China import CFR \$/t

<sup>4</sup> Platts IO fines 58% Fe \$/dmt, North China import CFR \$/t

| Hole ID    | From (m)         | To (m) | Thickness (m) | Magnetite Mass Recovery | Head Fe % | Concentrate grades |        |         |       |        |       | comment |
|------------|------------------|--------|---------------|-------------------------|-----------|--------------------|--------|---------|-------|--------|-------|---------|
|            |                  |        |               |                         |           | Fe%                | SiO2 % | Al2O3 % | P %   | S %    | LOI   |         |
| RC16BRP063 | 64               | 166    | 102           | 16.4                    | 17.0      | 69.5               | 2.60   | 0.19    | 0.003 | 0.001  | -2.60 |         |
|            | <i>incl.</i> 91  | 126    | 35            | 18.9                    | 17.5      | 69.4               | 3.00   | 0.20    | 0.004 | <0.001 | -2.87 |         |
|            | 176              | 206    | 30            | 12.6                    | 24.1      | 70.4               | 1.72   | 0.16    | 0.004 | 0.001  | -2.79 |         |
|            | 216              | 226    | 10            | 19.3                    | 17.3      | 69.2               | 3.20   | 0.17    | 0.006 | 0.012  | -2.89 |         |
|            | 241              | 246    | 5             | 11.3                    | 11.6      | 69.9               | 2.27   | 0.23    | 0.003 | 0.004  | -3.27 |         |
| RC16BRP073 | 150              | 170    | 20            | 12.1                    | 17.2      | 69.2               | 3.47   | 0.16    | 0.001 | <0.001 | -2.96 |         |
|            | 180              | 354    | 174           | 15.3                    | 19.1      | 70.1               | 2.34   | 0.14    | 0.002 | <0.001 | -3.20 | EOH     |
|            | <i>incl.</i> 195 | 260    | 65            | 17.3                    | 17.1      | 70.3               | 2.24   | 0.13    | 0.001 | 0.001  | -3.23 |         |
| RC16BRP074 | 84               | 209    | 125           | 14.5                    | 19.7      | 70.0               | 2.31   | 0.14    | 0.003 | 0.001  | -2.87 |         |
|            | 226              | 236    | 10            | 12.8                    | 12.4      | 68.2               | 4.56   | 0.22    | 0.005 | 0.004  | -3.04 |         |
|            | 261              | 306    | 45            | 16.4                    | 16.3      | 70.0               | 2.60   | 0.14    | 0.002 | 0.002  | -3.25 | Unit 1  |
|            | <i>incl.</i> 281 | 306    | 25            | 19.7                    | 19.5      | 70.9               | 1.52   | 0.10    | 0.002 | <0.001 | -3.30 |         |
| RC16BRP075 | 102              | 112    | 10            | 10.9                    | 14.2      | 68.4               | 3.84   | 0.14    | 0.005 | <0.001 | -2.22 |         |
|            | 197              | 312    | 115           | 15.7                    | 17.0      | 70.0               | 2.46   | 0.13    | 0.001 | 0.001  | -3.12 | EOH     |
|            | <i>incl.</i> 227 | 257    | 30            | 20.3                    | 22.5      | 69.5               | 2.99   | 0.15    | 0.003 | <0.001 | -2.91 |         |

Table 2 Significant intersections (10% magnetite mass recovery cut off, no more than 5m of internal dilution)

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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.

| Hole ID | Hole Type | GDA_East | GDA_North | RL | Dip | Azimuth (Grid) | Hole Depth | Assay Result Status |
|---------|-----------|----------|-----------|----|-----|----------------|------------|---------------------|
|---------|-----------|----------|-----------|----|-----|----------------|------------|---------------------|

|            |    |        |         |     |     |    |     |          |
|------------|----|--------|---------|-----|-----|----|-----|----------|
| RC16BRP060 | RC | 512263 | 6413511 | 196 | -60 | 40 | 336 | Received |
| RC16BRP061 | RC | 512225 | 6413155 | 194 | -60 | 40 | 282 | Received |
| RC16BRP062 | RC | 512349 | 6413301 | 195 | -60 | 40 | 354 | Received |
| RC16BRP063 | RC | 512435 | 6413395 | 195 | -60 | 40 | 264 | Received |
| RC16BRP064 | RC | 512532 | 6412895 | 190 | -60 | 40 | 354 | Received |
| RC16BRP065 | RC | 512670 | 6413058 | 191 | -60 | 40 | 324 | Received |
| RC16BRP066 | RC | 512845 | 6412953 | 191 | -60 | 40 | 265 | Received |
| RC16BRP067 | RC | 512659 | 6412422 | 189 | -60 | 40 | 181 | Received |
| RC16BRP068 | RC | 512770 | 6412557 | 188 | -60 | 40 | 354 | Received |
| RC16BRP069 | RC | 512904 | 6412712 | 189 | -60 | 40 | 348 | Received |
| RC16BRP070 | RC | 513019 | 6412851 | 191 | -60 | 40 | 355 | Received |
| RC16BRP071 | RC | 512322 | 6412968 | 191 | -60 | 40 | 214 | Received |
| RC16BRP072 | RC | 513243 | 6412516 | 194 | -60 | 40 | 184 | Received |
| RC16BRP073 | RC | 513064 | 6412597 | 192 | -60 | 40 | 354 | Received |
| RC16BRP074 | RC | 513174 | 6412726 | 192 | -60 | 40 | 324 | Received |
| RC16BRP075 | RC | 513152 | 6412375 | 193 | -60 | 40 | 312 | Received |
| RC16BRP076 | RC | 513845 | 6412129 | 195 | -60 | 40 | 312 | Pending  |
| RC16BRP077 | RC | 513952 | 6412254 | 193 | -60 | 40 | 276 | Pending  |
| RC16BRP078 | RC | 514078 | 6411938 | 195 | -60 | 40 | 300 | Pending  |
| RC16BRP079 | RC | 514175 | 6412053 | 193 | -60 | 40 | 270 | Pending  |

Table 3 Drillhole collar data

JORC Code, 2012 Edition – Table 1 Hawsons Iron Project

## Section 1 Sampling Techniques and Data

| Criteria              | JORC Code explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sampling techniques   | <ul style="list-style-type: none"> <li><i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i></li> <li><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li><i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></li> <li><i>In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i></li> </ul> | <ul style="list-style-type: none"> <li>A total of 20 drillholes were drilled by CAP. Results of 16 drillholes have been received to date. Drillholes were reverse circulation (RC) from surface.</li> <li>All sampling was to industry standard</li> <li>RC drillholes were drilled to obtain 1m samples with sample compositing applied to obtain a 5m 6kg sample which was pulverized to produce 150g aliquot for X-Ray Fluorescence (XRF) and Davis Tube Recovery (DTR) analysis. Magnetic susceptibility measurements and geological logging was completed for every metre of every drillhole.</li> <li>Endeavour Geophysics carried out down hole geophysical logging and gyroscope surveying on all drillholes. Surveys were conducted on open hole. The geophysical logging consisted of natural gamma, magnetic susceptibility, density and caliper readings.</li> <li>CAP has a suite of documented procedures for drilling related activities</li> <li>Consistency of sampling method maintained.</li> <li>Sampling technique is considered appropriate for deposit type</li> </ul> |
| Drilling techniques   | <ul style="list-style-type: none"> <li><i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <ul style="list-style-type: none"> <li>Drilling was RC.</li> <li>RC drilling was carried out using a truck mounted Sandvik DE 840 (UDR1200) and truck mounted UDR1000. Both used 4.5 inch rods and 5 ½ inch face bits.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Drill sample recovery | <ul style="list-style-type: none"> <li><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li><i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <ul style="list-style-type: none"> <li>RC sampling done on 1m intervals into green plastic bags. Sample recoveries for RC were visually estimated by the geologist at the time of drilling and recorded,</li> <li>Because no numerical RC chip recovery data exists to date, however a sample program is underway to weight representative RC samples to collect a numerical measure of recovery and therefore investigate the relationship between sample recovery and mineral grade.</li> <li>Twin RC and diamond holes have shown no bias in sampling.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

| Criteria                                       | JORC Code explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <ul style="list-style-type: none"> <li>A hand held XRF orientation study concluded that there was no sample bias with loss or gain of fine/coarse material.</li> <li>Negligible wet samples in the RC drilling</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Logging                                        | <ul style="list-style-type: none"> <li><i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></li> <li><i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></li> <li><i>The total length and percentage of the relevant intersections logged.</i></li> </ul>                                                                                                                                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>Every RC drillhole was logged by a geologist &amp; entered into Excel spread sheets recording; Recovery, Moisture content, Magnetic susceptibility, Oxidation state, Colour, % of Magnetite, Gangue Min, Sulphide Min, Veins and Structure. Data was uploaded to a customised Access database.</li> <li>Logging used a mixture of qualitative and quantitative codes</li> <li>All RC sample metres were sub-sampled, sieved, washed and stored in a labelled plastic chip tray. All remaining drill core after sampling was stored in labelled plastic core trays on site.</li> <li>All relevant intersections were logged</li> <li>Geological logging was of sufficient detail to allow the creation of a geological model.</li> </ul> |
| Sub-sampling techniques and sample preparation | <ul style="list-style-type: none"> <li><i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li><i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> <li><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li><i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li><i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i></li> <li><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul> | <ul style="list-style-type: none"> <li>RC samples were composited using the riffle split method. A 1/8 split was taken from the rig every metre then composited by splitting again using a 50/50 riffle splitter.</li> <li>Field duplicates, blanks (washed sand) and standards we used for quality control measures</li> <li>All sampling methods and samples sizes are deemed appropriate</li> </ul>                                                                                                                                                                                                                                                                                                                                                                         |
| Quality of assay data and                      | <ul style="list-style-type: none"> <li><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li><i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>Pulverizing <ul style="list-style-type: none"> <li>Crush the sample to 100% below 3.35 mm.</li> <li>Separate a sample of 150 g for pulverizing in a <u>C125 ring pulverizer</u> (record weight) – DTR SAMPLE.</li> <li>Initially pulverize the 150 g sample for nominal 30 seconds – the sample is unusually soft for a ferro-silicate rock!</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                                                                                                     |



| Criteria         | JORC Code explanation                                                                                                                                                                                                                                                                  | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
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| laboratory tests | <p>derivation, etc.</p> <ul style="list-style-type: none"> <li>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</li> </ul> | <ul style="list-style-type: none"> <li>Wet screen the DTR sample at 38 micron pressure filter and dry, screen at 1 mm to de-clump and re-homogenize.</li> <li>Record the oversize weights – if less than approximately 20 g is oversize, stop the procedure – failure.</li> <li>If failure - select another 150 g DTR Sample and reduce the initial pulverization time by 5 secs, repeat until initial grind pass returns greater than approximately 20 g oversize. Once achieved retain the – 38 micron undersize.</li> <li>Regrind only the oversize for 4 seconds of every 5 g weight of oversize.</li> <li>Repeat the wet screening, drying, de-clumping &amp; weighing stages until less than 5g above 38micron remains.</li> <li>Ensure the remaining &lt; 5 g oversize is returned back into the previously retained -38 micron product.</li> <li>Report the times and weights for each grind pass phase.</li> <li>Combine and homogenize all retained -38 micron aliquots and &lt;5 g oversize –final pulverized product. Sub-sample the final pulverized product to give a 20 g feed sample for <u>DTR work</u> and a ~10 g sample for HEAD analysis via XRF fusion.</li> <li>The objective of the pulverizing procedure is to achieve a nominal P80 of approximately 25 micron for the sample.</li> <li><u>Davis Tube Recovery (DTR) Analysis</u> <ul style="list-style-type: none"> <li>Pulverizer bowl 150 ml</li> <li>Stroke Frequency 60/minute</li> <li>Stroke length – 38mm</li> <li>Magnetic field strength – 3000 gauss</li> <li>Tube Angle – 45 degrees</li> <li>Tube Diameter – 40mm</li> <li>Water flow rate – 540-590 ml/min</li> <li>Washing time 20 minutes</li> <li>Collect the concentrate in small collector (magnetic fraction) and discard tails.</li> </ul> </li> <li><u>X-Ray Fluorescence (XRF) Assaying</u> <ul style="list-style-type: none"> <li>Head Sample</li> <li>Using the Head Sample, analyse by <u>XRF fusion method</u> for the following elements: Al<sub>2</sub>O<sub>3</sub> %, As %, Ba %, CaO %, Cl %, Co %, Cr %, Cu %, Fe %, K<sub>2</sub>O %, MgO %, Mn %, </li> </ul> </li> </ul> |

| Criteria                              | JORC Code explanation                                                                                                                                                                                                                                                                                                                                                         | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
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|                                       |                                                                                                                                                                                                                                                                                                                                                                               | <p>Na<sub>2</sub>O %, Ni %, P %, Pb %, S %, SiO<sub>2</sub> %, Sn %, Sr %, TiO<sub>2</sub> %, V %, Zn %, Zr % &amp; LOI.</p> <ul style="list-style-type: none"> <li>DTR Concentrate Sample <ul style="list-style-type: none"> <li>Dry the DTR concentrate and report the weight of the concentrate as a percentage of measured feed and report – DTR Mass Recovery.</li> <li>Analyse the concentrate by XRF fusion method for the following elements: Al<sub>2</sub>O<sub>3</sub> %, As %, Ba %, CaO %, Cl %, Co %, Cr %, Cu %, Fe %, K<sub>2</sub>O %, MgO %, Mn %, Na<sub>2</sub>O %, Ni %, P %, Pb %, S %, SiO<sub>2</sub> %, Sn %, Sr %, TiO<sub>2</sub> %, V %, Zn %, Zr % &amp; LOI.</li> </ul> </li> <li>JH8 and KT5 magnetic susceptibility metres were using to record magnetic susceptibility. A laboratory standard was used each day to calibrate each metre. A Niton XL3T Gold hand held XRF machine was used. A laboratory analysed sample was used to calibrate for Fe.</li> <li>QAQC procedures consisted of using Field duplicates, Blanks and Standards at a frequency of 10 per 100 samples.</li> <li>Internal QAQC measures were also undertaken by ALS.</li> <li>Samples were sent to InterTEK acting as an umpire laboratory.</li> <li>Satisfaction of precision, accuracy and any lack of bias was made by an independent consultant using control plots.</li> <li>All sampling and assay methods and samples sizes are deemed appropriate.</li> </ul> |
| Verification of sampling and assaying | <ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>Discuss any adjustment to assay data.</li> </ul> | <ul style="list-style-type: none"> <li>Data was stored in an Access database</li> <li>Twin DD holes were used to verify the results for RC holes and the DTR performance.</li> <li>No Adjustments were made to raw assay data and lab certificates were presented to verify the data.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Location of data points               | <ul style="list-style-type: none"> <li>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>                                           | <ul style="list-style-type: none"> <li>Drill holes collars were located using a Differential GPS accuracy to less than one metre by a local surveyor.</li> <li>Coordinates were supplied in GDA 94 – MGA Zone 54.</li> <li>Down hole surveys were recorded using a gyroscope due to the highly magnetic nature of the deposit.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

| Criteria                                                       | JORC Code explanation                                                                                                                                                                                                                                                                                                                                                                                                                          | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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|                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>Topographic control was collected using a high resolution Differential GPS by a local surveyor</li> <li>Location methods used to determine accuracy of drillhole collars is considered appropriate</li> </ul>                                                                                                                                                                                                                                                                       |
| <i>Data spacing and distribution</i>                           | <ul style="list-style-type: none"> <li><i>Data spacing for reporting of Exploration Results.</i></li> <li><i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></li> <li><i>Whether sample compositing has been applied.</i></li> </ul>                          | <ul style="list-style-type: none"> <li>The deposit is drill at a nominal spacing of 150m to 200m in section and plan.</li> <li>The drill spacing was deemed adequate for the interpretation of geological and grade continuity noting the homogeneity of the deposit and style of mineralisation.</li> <li>Drill samples were composited at a nominal 5m</li> </ul>                                                                                                                                                        |
| <i>Orientation of data in relation to geological structure</i> | <ul style="list-style-type: none"> <li><i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li><i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></li> </ul> | <ul style="list-style-type: none"> <li>Drilling was completed at -60°, generally sub-perpendicular to the bedding, which is the primary control to the magnetite mineralisation.</li> <li>Different azimuths were used to reflect the changing strike of the beds associated with folding of the sediments and were designed to maintain the steep angle to the bedding</li> <li>Locally holes deviated to the right (east) with depth.</li> <li>Drilling orientations are considered appropriate with no bias.</li> </ul> |
| <i>Sample security</i>                                         | <ul style="list-style-type: none"> <li><i>The measures taken to ensure sample security.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>All samples were stored on site under company personnel supervision until transporting to the companies Broken Hill office</li> <li>Intensity of magnetite mineralisation is difficult to see visually but detectable using a magnet.</li> </ul>                                                                                                                                                                                                                                    |
| <i>Audits or reviews</i>                                       | <ul style="list-style-type: none"> <li><i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>                                                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>Sample procedures and results were reviewed by company personnel systematically. The QAQC data is being reviewed by Carpentaria staff and an external consultant.</li> </ul>                                                                                                                                                                                                                                                                                                        |

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

| Criteria                                | JORC Code explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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| Mineral tenement and land tenure status | <ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul> | <ul style="list-style-type: none"> <li>The Hawsons Magnetite project is located in Western NSW, 60 km southwest of Broken Hill. The deposit is 30km from the Adelaide-Sydney railway line, a main highway and a power supply.</li> <li>The project is under a Joint Venture between Carpentaria Exploration Ltd (CAP) and Pure Metals Pty Ltd where CAP holds 64% and Pure Metals 36% equity in the project. Pure Metals currently manage the project.</li> <li>The project area is wholly within Exploration Licences (ELs) 6979, 7208 &amp; 7504 which are 100% owned by CAP.</li> <li>Licence conditions for all ELs have been met and are in good standing.</li> <li>An application for a Mining Lease (ML) was lodged with the NSW Trade &amp; Investment Department in October 2013 and Carpentaria is not aware of any impediments to obtaining a mining lease.</li> </ul>                         |
| Exploration done by other parties       | <ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>In 1960 Enterprise Exploration Company (the exploration arm of Consolidated Zinc) outlined a number of track-like exposures of Neoproterozoic magnetite ironstone (+/- hematite) which returned a maximum result of 6 m at 49.1% Fe from a cross-strike channel sample. No drilling was undertaken by Enterprise.</li> <li>CRAE completed five holes within EL 6979 seeking gold mineralisation in a second-order linear magnetic low interpreted to be a concealed faulted iron formation within the hinge of the curvilinear Hawsons' aeromagnetic anomaly. CRAE's program failed to locate significant gold or base metal mineralisation but the drilling intersected concealed broad magnetite ironstone units interbedded with diamictite adjacent to the then untested peak of the highest amplitude segment of the Hawsons aeromagnetic anomaly.</li> </ul> |
| Geology                                 | <ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>The Hawsons Magnetite Project is situated within folded, upper greenschist facies Neoproterozoic rocks of the Adelaide Fold Belt. The Braemar Facies magnetite ironstone is the host stratigraphy and comprises a series of narrow, strike extensive magnetite-</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

| Criteria | JORC Code explanation | Commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
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|          |                       | <p>bearing siltstones generally with a moderate dip (circa 45°). The airborne magnetic data clearly indicates the magnetite siltstones as a series of parallel, narrow, high amplitude magnetic anomalies. Large areas of the Hawsons prospective stratigraphy are concealed by transported ferricrete and other younger cover. The base of oxidation due to weathering over the prospective horizons is estimated to average 80m in depth.</p> <ul style="list-style-type: none"> <li>• The Hawsons project comprises a number of prospects including the Core, Fold, T-Limb, South Limb and Wonga deposits. Resource Estimates have been generated for the Core and Fold areas which are contiguous.</li> <li>• The depositional environment for the Braemar Iron Formation is believed to be a subsiding basin, with initial rapid subsidence related to rifting possibly in a graben setting eg the diamictites in the lower part of the sequence. A possible sag phase of cyclical subsidence followed with deposition of finer grained sediments with more consistent, as compared to the diamictite units, bed thicknesses, style and clast composition. The top of the Interbed Unit marks the transition from high to lower energy sediment deposition</li> <li>• The distribution of disseminated, inclusion-free magnetite in the Braemar Iron Formation at Hawsons is related to the composition and nature of the sedimentary beds. The idioblastic nature of the of the magnetite is believed due to one or more of a range of possible processes including in situ recrystallisation of primary detrital grains, chemical precipitation from seawater, permeation of iron-rich metamorphic fluids associated with regional greenschist metamorphism . Grain size generally ranges from 10microns to 0.2mm but tends to average around the 40micron mark. The sediment composition and grain size appear to provide a control on the mineralisation. There is no evidence for structural control in the form of veins or veinlets coupled with the lack of a strong structural fabric.</li> <li>• In the majority of the Core and Fold deposit the units strike south east and dip between 45 and 65° to the south west. The eastern Fold deposit comprises a relatively tight synclinal fold structure resulting in a 90° strike rotation.</li> </ul> |



| Criteria                                                         | JORC Code explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Commentary                                                                                                                                                                                                                                          |
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| Drill hole Information                                           | <ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul> | <ul style="list-style-type: none"> <li>See Table 3 for all drill hole information in this report</li> </ul>                                                                                                                                         |
| Data aggregation methods                                         | <ul style="list-style-type: none"> <li>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>                                                                                                                                                                             | <ul style="list-style-type: none"> <li>All significant intercepts reported are downhole weighted averages with magnetite mass recovery (DTR) 10% bottom cut off grade with no more than 5m (one sample) of internal dilution in Table 2.</li> </ul> |
| Relationship between mineralisation widths and intercept lengths | <ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</li> </ul>                                                                                                                                                                                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>Drilling was planned to intersect the geology as close to perpendicular as possible to bedding to achieve true widths.</li> </ul>                                                                            |
| Diagrams                                                         | <ul style="list-style-type: none"> <li>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <ul style="list-style-type: none"> <li>Figure 1 illustrate drill hole locations</li> </ul>                                                                                                                                                          |

| Criteria                           | JORC Code explanation                                                                                                                                                                                                                                                                                                                                                                                                                   | Commentary                                                                                                                                                                                                                                                                                                                    |
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| Balanced reporting                 | <ul style="list-style-type: none"> <li>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</li> </ul>                                                                                                                                                             | <ul style="list-style-type: none"> <li>All significant intercepts reported are downhole weighted averages with no top or bottom cuts.</li> </ul>                                                                                                                                                                              |
| Other substantive exploration data | <ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul> | <ul style="list-style-type: none"> <li>Downhole geophysics comprises magnetic susceptibility, gamma and density has been completed for a majority of the holes. This has resulted in the definition of a magnetic (and density-related) stratigraphy that is coincident with a chronostratigraphic interpretation.</li> </ul> |
| Further work                       | <ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>                                       | <ul style="list-style-type: none"> <li>Further environmental and engineering studies are planned which will form part of the current PFS completion.</li> </ul>                                                                                                                                                               |