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CARPENTARIA EXPLORATION LIMITED

www.carpentariaex.net.au

Level 6, 345 Ann Street
Brisbane Qld 4000

PO Box 10919, Adelaide St
Brisbane Qld 4000

e-mail: info@capex.net.au

For further information
contact:
Quentin Hill
Managing Director
Phone: 07 3220 2022



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Lower costs eyed in new Hawsons PFS

Highlights

- Preliminary results for new Hawsons Iron Project prefeasibility study (PFS) show potential for material improvements in pre-production costs from mine rescheduling and design improvements in site infrastructure
- PFS mining studies confirm suitability for lower mining cut-off grade of 9.5% DTR* mass recovery appropriate, reduced from 10%
- Prefeasibility study to be released by end of July; delays are primarily to complete mining studies
- Study investigating 10mtpa output of Hawsons Supergrade® product, including full mine to ship loading design and cost estimate

Emerging iron producer Carpentaria Exploration Limited (ASX:CAP) announced today progress towards its Hawsons Iron Project prefeasibility study (PFS), which is examining the potential for a major new magnetite mine near Broken Hill.

The PFS is assessing the economic viability of a 10 million tonnes per annum (Mtpa) start-up operation, supported by existing rail, road, power and port infrastructure. The project is located just 60 kilometres south-west of Broken Hill, in close proximity to a skilled mining workforce and with a clear technical and permitting pathway.

Preliminary results from independent engineering consultants GHD have revealed potentially material pre-production cost reductions compared to those undertaken on the previous resource. The work has identified improvements in mine scheduling of overburden, a revised flow sheet to incorporate the latest test work results and power and water infrastructure design improvements.

Mining studies have also confirmed the project's suitability for a lower mining cut-off grade of 9.5% DTR mass recovery, reduced from the earlier 10% cut-off. The lower cut-off grade allows for a lower strip ratio than otherwise might occur. However, it is expected that the overall strip ratio will not change substantially from that reported earlier of 0.47. Mining studies will also benefit from approximately 50mt of waste reclassified to ore.

The Company previously reported that the PFS would be completed by the end of June. However, the new expected delivery date is now the end of July 2017. The delay is primarily to complete mining studies based on a lower cut-off grade.

Carpentaria's Managing Director, Quentin Hill said: "We are pleased with the progress of the PFS so far. While the delay is regrettable, mining is clearly a significant component of the PFS, and we are determined to maximise the opportunities presented during the study."

* Davis tube recovery

The PFS will provide a full mine through to ship loading design and cost estimate from which the next phase of project development can be based.

As announced on 22 June 2017, the project's initial production is already oversubscribed, with blue-chip international buyers from across Asia and the Middle East currently subscribed for 12 Mtpa of Hawsons Supergrade® product. This together with rising global demand for higher quality ore and constrained supply has added to the positive long-term outlook for Hawsons.

"Carpentaria is focused on positioning Hawsons as a leading high quality iron ore development project and ensuring its ongoing development with the support of our international partners," Mr Hill said.

For further information please contact:



Quentin Hill
Managing Director
+61 7 3220 2022

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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.