



OFFER BOOKLET

FOR A NON-RENOUNCEABLE PRO RATA ENTITLEMENT OFFER TO EACH ELIGIBLE SHAREHOLDER OF 1 NEW SHARE FOR EVERY 10 SHARES HELD ON THE RECORD DATE AT AN OFFER PRICE OF A\$0.072

THIS OFFER CLOSING AT 5.00PM AEDT ON TUESDAY, 31 OCTOBER 2017

This Offer Booklet is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares. This Offer Booklet is important and requires your immediate attention. This Offer Booklet should be read in its entirety. If you do not understand its contents or are in doubt about what to do, you should consult your stockbroker or a professional adviser.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSON

CORPORATE DIRECTORY

Board of Directors

Dr Neil Williams	Non-Executive Chairman
Quentin Hill	Managing Director
Bin Cai	Non-Executive Director
Paul Cholakos	Non-Executive Director

Company Secretary

Robert William Hair

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1 Chairman's letter

Friday, 6 October 2017

Dear Shareholder,

On Friday, 6 October 2017, Carpentaria Exploration Limited (**Carpentaria** or the **Company**) announced:

- (a) a placement and issue of 10,800,000 new fully paid shares in the Company to professional and sophisticated investors at an issue price of \$0.072 per new share to raise a total of \$777,600; and
- (b) a non-underwritten non-renounceable pro rata entitlement offer of approximately 18,026,356 new shares in Carpentaria (**New Shares**) at an issue price of A\$0.072 per New Share to raise up to approximately AUD\$1,297,898 (**Entitlement Offer**).

On behalf of Carpentaria, I am pleased to invite you to participate in the Entitlement Offer. The Entitlement Offer gives you the opportunity to purchase 1 New Share at A\$0.072 per share for every 10 existing fully paid ordinary shares in Carpentaria (**Shares**) which you owned at 7.00pm (AEDT) on Wednesday, 11 October 2017.

The offer price represents a 6.5% discount to the closing price of Carpentaria shares on Thursday, 5 October 2017 (being the last trading day before the announcement of the Entitlement Offer) of A\$0.077 per Share and a 9.2% discount to the volume weighted average market price of Shares on ASX for the 15 trading days up to close of trade on 5 October 2017 of A\$0.0793 per Share.

Entitlements will not be able to be traded on ASX or privately transferred.

You may also apply for Additional Shares (which are New Shares which are not taken up by Eligible Shareholders) in excess of your Entitlement. If there is a shortfall, the Company will issue Additional Shares to those Eligible Shareholders who apply for Additional Shares on a pro rata basis. Additional Shares will not be issued to Eligible Shareholders where to do so would involve a breach of the Corporations Act or any applicable law. The Directors reserve the right to issue any Additional Shares which are not subscribed for by Eligible Shareholders at their discretion within three months after the Closing Date.

This Offer Booklet contains important information about the Entitlement Offer under the following headings:

- Key dates and summary information for the Entitlement Offer;
- Company Overview;
- Risk Factors;
- How to Apply;
- ASX Offer Announcements; and
- Important Information.

The number of New Shares for which you are entitled to subscribe under the Entitlement Offer (**Entitlement**) is set out in your personalised Entitlement and Acceptance Form which accompanies this Offer Booklet.

The Entitlement Offer closes at 5.00pm (AEDT) on 31 October 2017. To participate, you need to ensure that you have completed your application by paying application monies by BPAY®, or by lodging your personalised Entitlement and Acceptance Form with your cheque, bank draft or money order, before this time and date. Please refer to the instructions on "How to Apply" set out in this Offer Booklet for further information.

You are encouraged to read this Offer Booklet and the accompanying Entitlement and Acceptance Form in detail. You should consult your stockbroker, accountant, solicitor, financial adviser or other independent professional adviser to evaluate whether or not to participate in the Entitlement Offer.

On behalf of the Board of Carpentaria, I invite you to consider this opportunity and thank you for your ongoing support.

Yours sincerely,

Neil Williams
Chairman

2 Summary Information and Key Dates

Summary of Entitlement Offer

Issue Price	A\$0.072
Entitlement	1 New Share for every 10 Shares held on Record Date
Discount to closing price of Shares on ASX on Thursday, 5 October 2017	A\$0.005 or 6.5%
Discount to VWAP for 15 days on which trades in Shares were recorded on ASX from Wednesday, 13 September 2017 to Thursday, 5 October 2017	A\$0.007 or 9.2%
Maximum number of Shares to be issued under the Entitlement Offer	Approximately 18,026,356
Maximum amount which may be raised under the Entitlement Offer (before costs and expenses)	Approximately A\$1,297,898

Key Dates of Entitlement Offer

Date	Event
Friday, 6 October 2017 (before commencement of trading)	Rights Offer and Placement Announcement Date
Friday, 6 October 2017	Lodgement of Offer Document and Appendix 3B with ASX
Monday, 9 October 2017	The Company sends letter to eligible and non-eligible shareholders containing information of the Rights Offer and Rights Offer timetable
Tuesday, 10 October 2017	Rights Offer Ex Date Company shares trade on an ex-basis for the Rights Offer
7:00pm AEDT Wednesday, 11 October 2017	Rights Offer Record Date
Friday, 13 October 2017	Rights Offer Opening Date Rights Offer opens Offer Document dispatched to Eligible Shareholders
	The Company announces that dispatch has been completed

Date	Event
	The Company sends letter to non-eligible shareholders
5:00pm AEDT Tuesday, 31 October 2017	Rights Offer Closing Date
Wednesday, 1 November 2017	Rights Offer – Quotation on a deferred settlement basis
Friday, 3 November 2017	Rights Offer Shortfall Notification Date Company announces results of Rights Offer and notifies ASX of under-subscriptions
Friday, 3 November 2017	Rights Offer Allotment Date Issue date under Offer – Deferred settlement trading ends
	Rights Offer Dispatch Date Dispatch of holding statements
Monday, 6 November 2017	Rights Offer Trading Date Normal trading of Rights Offer Shares

Note: Dates and times are indicative only and subject to change. The commencement of quotation of New Shares is subject to confirmation from ASX. Carpentaria reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer, including extending the Entitlement Offer or accepting late applications, either generally or in particular cases, without notice. You cannot, in most circumstances, withdraw the application once it has been accepted. No cooling off rights apply to the Entitlement Offer.

3 The Entitlement Offer

3.1 The Entitlement Offer

Eligible Shareholders are being offered the opportunity to subscribe for 1 New Share for every 10 Shares held at 7pm AEDT on Wednesday, 11 October 2017, at the Offer Price (being A\$0.072 per New Share).

As the Entitlement Offer is non-renounceable, Entitlements cannot be traded on ASX or any other exchange or privately transferred. Any Entitlement which you do not take up will lapse.

There is no minimum subscription under the Entitlement Offer. However, Eligible Shareholders may apply for Shares above their Entitlements (**Additional Shares**), at an issue price of \$0.072 per Additional Share. In the event that Eligible Shareholders do not take up their Entitlements in full, Carpentaria may issue Additional Shares to those Eligible Shareholders who apply for Additional Shares on a pro rata basis. There is no guarantee that Eligible Shareholders will be successful in being allocated any of the Additional Shares for which they may apply. Carpentaria may reject any or all applications for Additional Shares or allocate fewer New Shares than applied for by subscribers for Additional Shares. The Directors reserve the right to issue any Additional Shares which are not subscribed for by Eligible Shareholders at their sole and absolute discretion within three months after the Closing Date.

The Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow rights issues to be offered by providing certain confirmations to the market without the need for a prospectus. This Offer Booklet does not contain all of the information which may be required to make an informed investment decision regarding the New Shares offered under the Entitlement Offer. As a result, it is important for Eligible Shareholders carefully to read and understand the information on Carpentaria and the Entitlement Offer made publicly available, prior to taking up all or part of their Entitlement.

In particular, please refer to this Offer Booklet, Carpentaria's interim and annual reports and other announcements made available to the ASX at its website, www.asx.com.au.

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 10 Shares you held as at 7.00pm AEDT on Wednesday, 11 October 2017 (**Record Date**), rounded up to the nearest whole share. If you have more than one holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

New Shares issued under the Entitlement Offer will rank equally in all respects with Shares on issue, including as to dividend/distribution entitlements.

4 Company Overview and Use of Funds

4.1 Company Overview

Carpentaria is an Australian company listed on the Australian Securities Exchange (**ASX**).

The Company, as manager of the Hawsons Iron Project joint venture (Carpentaria 66.5%, Pure Metals Pty Ltd 33.5%), is currently undertaking elements of a bankable feasibility study (**BFS**) in relation to the potential development of the Hawsons Iron Project near Broken Hill in New South Wales. The BFS is directed to confirming the economic viability of low cost,

long term supply of a high grade, ultra-low impurity iron concentrate (Hawsons Supergrade® product) to a growing premium iron market, including the direct reduction market. The proceeds raised from the Rights Offer and Placement will partially fund the abovementioned studies as further discussed in section 4.2.

The project has a clear technical and permitting pathway. It is located 60km south-west 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 product of rare quality 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 iron ore fines market, and believes its targeted cost structure is very profitable at consensus long-term price forecasts for this sector. It has secured offtake intent from blue chip companies Formosa Plastics Group (incorporating Formosa Ha Tinh Steel Corporation), Bahrain Steel, Shagang Steel, Emirates Steel, Kuwait Steel, Mitsubishi Corporation RtM Japan and trading house Gunvor Group.

4.2 Use of Funds

Under the Entitlement Offer the Company will raise up to A\$1,297,898 if the Entitlement Offer is fully subscribed and/or the Directors place any shortfall shares in the three months after the Closing Date.

The funds raised from the Entitlement Offer and the Placement (net of offer expenses) will be used for working capital and to partially fund the abovementioned BFS studies including aspects of the Hawsons Iron Project environmental impact study.

The Company will use the first AUD\$1,000,000 raised under the Entitlement Offer and Placement for critical path items of the environmental assessment of the Hawsons Project, including final ecology surveys, water monitoring drilling within the proposed pit area and other required works to ensure the Hawsons project schedule is maintained. The balance of the funds raised will provide on-going working capital for the Company and to meet the ongoing commitments of the joint venture while the Company seeks the most appropriate funding for completing the Hawsons Iron Project BFS.

5 Risk Factors

5.1 Introduction

The New Shares offered under this Entitlement Offer are considered highly speculative. An investment in the Company is not risk free, and the Directors strongly recommend that the Eligible Shareholders consider the risk factors described below, together with information contained elsewhere in this Entitlement Offer and to consult their professional advisers before deciding whether to apply for New Shares pursuant to this Entitlement Offer.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material

impact on the financial performance of the Company and the market price of the New Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

5.2 Specific risks

(a) Additional requirements for capital

As previously announced by Carpentaria on 20 September 2017, Carpentaria anticipates that the costs for completing the Hawsons Iron Project bankable feasibility study (BFS) will be approximately \$25 to \$30 million. Accordingly, Carpentaria is engaging with multiple third parties capable of substantially funding the BFS with the intent to securing potential investments to fund the BFS. These third parties are currently undertaking pre-transaction due diligence, and therefore the nature of any transaction that may possibly result with such third parties is currently unknown. Securing an investment from a third party to obtain sufficient financing of the BFS may be achieved by numerous means including, amongst others, the issue of shares in Carpentaria in addition to those being issued under this Entitlement Offer and the Placement.

Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of its activities and potential development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders. The Company is exposed to risks associated with its financial instruments, cash, receivables, accounts payable and accrued liabilities due to third parties from time to time. This includes the risk that a third party to a financial instrument fails to meet its contractual obligations, the risk that the Company will not be able to meet its financial obligations as they fall due and the risk that market prices may vary which will affect the Company's financial position and prospects.

Additional funding will be required to effectively implement business and operational plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. The Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of activities and potential development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

(b) Access to infrastructure

Iron ore produced from the Company's Hawsons Iron Project is intended to be transported to customers by a combination of rail and sea.

A number of factors could disrupt these transport services, including any failure of rail or port infrastructure providers to provide capacity in order to meet future export requirements, key equipment and infrastructure failures, weather-related problems and industrial action, thereby impairing the Company's ability to supply iron ore to customers.

The Company would need to secure additional capacity at either the Port of Port Pirie or the Port of Whyalla from existing operators, in order for the Company to be able to maximise its production capacity at the Hawsons Iron Project.

Whilst discussions involving various strategic and commercial arrangements are ongoing with these existing operators, there is a possibility that the Company may not secure this additional capacity from them.

(c) **Resource estimates**

The Company has previously announced resource and reserve estimates. These estimates are based on relevant reporting codes, where required (refer to the JORC Code for further information on resource estimation), and judgements based on knowledge, skills and industry experience. Estimates that were valid when originally made may alter significantly when new information or techniques become available.

As further information becomes available through additional fieldwork and analysis, resource and reserve estimates may change. Actual mining results may materially differ from those estimates due to further findings and results not previously known or fluctuations in operating costs, exchange rates and metal prices. This may result in alterations to mining and development plans which may in turn adversely affect the Company. The consequences for project economics may be either positive or negative.

(d) **Failure to enter into sales or off-take agreements**

The Company has entered into various non-legally binding letters of intent in respect of, and continues to engage in negotiations with respect to, sales or off-take agreements.

To date, no definitive sales or off-take agreements have been entered into in respect of any of the Company's planned production of iron ore from the Hawsons Iron Project.

Assuming the Company is able to secure sales or off-take agreements in the future, the Company may depend upon a small number of large customers, the loss of any of which, or inability to collect payment from, could adversely affect the Company's results of operations and financial condition. Furthermore, the Company's ability to receive payment for iron ore sold and delivered under any future sales or off-take agreements will depend upon the continued creditworthiness of its customers. If the Company is unable to collect payments from any of its customers, the Company's financial condition and results of operations could be materially adversely affected.

Should the Company be unable to find customers to purchase its produced volume, its financial results may be adversely affected.

(e) **Research and development tax rebate**

The Company has received, and anticipates continuing to receive, research and development (R&D) tax rebates pursuant to the AusIndustry Research & Development Scheme. The Company's past claims with regard to R&D tax rebates are subject to regular compliance reviews. No assurance can be given that full or partial funding of the Company's prior, current or future R&D tax rebate claims will be available, or will be available on terms acceptable to the Company.

(f) **Commodity price volatility and exchange rate risks**

Commodity price volatility impacts both upon the value of the Company's projects and the potential revenue (if any) derived from those projects. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. These factors include supply and demand fluctuations, forward selling activities and other macro-economic factors. Furthermore, international prices of various commodities are denominated in foreign currencies, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between foreign currencies and the Australian dollar as determined in international markets.

5.3 General risks

(a) **Forecasts**

The Directors consider that it is not possible to accurately predict the future revenues or profitability of the Company or whether any revenues or profitability will eventuate. The business of the Company is dependent upon a number of factors and many of these factors are outside the control of the Company. Consequently, the Company and the Directors do not make any forecast or representation in relation to the Company's future financial position or performance.

(b) **Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's business activities and potential development programmes, as well as on the ability to fund those activities.

(c) **Force majeure**

The Company's business may be adversely affected by risks outside the control of the Company, including (but not limited to) labour unrest, civil disorder, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(d) **Uninsured loss and liability**

Exploration for and development of minerals involves hazards and risks that could result in the Company incurring losses and liabilities to third parties. There is a risk that the Company may not be insured against all potential losses or liabilities that could arise from its activities. If the Company incurs losses or liabilities that are not covered by its insurance policies, the funds available for its business and activities will be reduced and could create risk for the value of the Company's assets.

(e) **Dependence upon outside parties**

The Company may pursue a strategy that forms strategic business relationships with other organisations in relation to potential products and services. There can be no assurance that the Company will be able to attract such prospective organisations and to negotiate appropriate terms and conditions with these organisations or that any potential agreements with such organisations will be complied with.

(f) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and mining stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return to Shareholders arising from the Offer or any other event or occurrence.

(g) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially upon senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment or if one or more of the Directors leaves the Board.

(h) **Government regulation risk**

The Company's tenements and activities may be subject to extensive regulation by local, state and federal governments in relation to exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and other matters. Compliance with such laws and regulations will increase the costs of exploring, drilling, developing, constructing, operating and closing mines and other production facilities. There is a risk that approvals required for exploration and development programmes and mining operations may not be forthcoming, either at all or in a timely manner, or that they may not be able to be obtained on acceptable terms. A failure to obtain any approval would mean that the ability to participate in or develop any project, or possibly acquire any project, may be limited or restricted either in part or absolutely. There can be no assurance that future government policy will not change and this may adversely affect the long term prospects of the Company. In addition, future changes in governments, regulations and policies may have an adverse impact on the Company.

(i) **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Entitlement Offer.

Therefore, the New Shares to be issued pursuant to this Entitlement Offer carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Entitlement Offer.

6 How to Apply

6.1 Complete and return the accompanying personalised Entitlement and Acceptance Form with your Application Monies or make a payment by BPAY®¹

If you decide to take up all or part of your Entitlement and/or subscribe for Additional Shares, please complete and return the personalised Entitlement and Acceptance Form with the requisite application monies (with payment by cheque, bank draft or money order) (**Application Monies**) OR pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form.

Carpentaria will treat you as applying for as many New Shares as your payment will pay for in full up to your Entitlement. In the event you subscribe for more Additional Shares than issued to you, application monies received for more than your Entitlement of New Shares and Additional Shares (only where the amount is A\$1.00 or greater) will be refunded. No interest will be paid to applicants on any application monies received or refunded. If your application is not supported by cleared funds you will not be issued New Shares.

If you are paying by BPAY®, please make sure to use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, please only use the CRN specific to the Entitlement on that Entitlement and Acceptance Form. If you inadvertently use the same CRN for more than one of your Entitlements, you will be deemed to have applied only for New Shares on the Entitlement to which that CRN applies.

If you take up and pay for all or part of your Entitlement before the close of the Entitlement Offer it is expected that you will be allotted your New Shares on Friday, 3 November 2017. Carpentaria's decision on the number of New Shares to be allocated to you will be final.

Carpentaria also reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claims prove to be overstated or if they or their nominees fail to provide information to substantiate their claims.

6.2 Acceptance of the Entitlement Offer

The method of acceptance of the Entitlement Offer will depend on your method of payment being:

- by BPAY®; or
- by cheque, bank draft or money order.

¹ ® registered to BPAY Pty Limited ABN 69 079 137 518.

By completing, and Carpentaria receiving, your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY®, you:

- (a) agree to be bound by the terms of this Offer Booklet and the provisions of Carpentaria's constitution;
- (b) authorise Carpentaria to register you as the holder(s) of the New Shares allotted to you;
- (c) declare that all details and statements made in the personalised Entitlement and Acceptance Form are complete and accurate;
- (d) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement Offer;
- (e) acknowledge that once Carpentaria receives the personalised Entitlement and Acceptance Form or your payment by BPAY®, you may not withdraw it except as allowed by law;
- (f) agree to apply for, and be issued with, up to the number of New Shares that you apply for at the Offer Price of A\$0.072 per New Share;
- (g) authorise Carpentaria and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on the instructions of Carpentaria Share Registry upon using the contact details set out in the personalised Entitlement and Acceptance Form;
- (h) agree that the allotment of New Shares to you constitutes acceptance of your application;
- (i) declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- (j) acknowledge that the information contained in this Offer Booklet is not investment advice or a recommendation that New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
- (k) represent and warrant that you are a resident of Australia or New Zealand;
- (l) represent and warrant that the law of any place (other than Australia or New Zealand) does not prohibit you from being given this Offer Booklet or making an application for New Shares;
- (m) represent and warrant that you are an Eligible Shareholder and have read and understood this Offer Booklet and the personalised Entitlement and Acceptance Form and that you acknowledge the matters, and make the warranties and representations and agreements contained in this Offer Booklet and the personalised Entitlement and Acceptance Form; and
- (n) will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:
 - (i) you are not in the United States and are not a "U.S. Person" (as defined in Rule 902(k) under the U.S. Securities Act of 1933 (**U.S. Securities Act**)) (**U.S. Person**), and are not acting for the account or benefit of a U.S. Person;

- (ii) you acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States and, accordingly, the Entitlements may not be taken up, and the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws; and
- (iii) you have not and will not send any materials relating to the Entitlement Offer to any person (i) in the United States or that is a U.S. Person or is acting for the account or benefit of a U.S. Person or (ii) in any other country outside Australia and New Zealand.

Payment by BPAY®

For payment by BPAY® please follow the instructions on the personalised Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to make the declarations on that personalised Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Carpentaria Share Registry by no later than 5pm AEDT on Tuesday, 31 October 2017. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment, and you should therefore take this into consideration when making payment.

Any Application Monies received for more than your final allocation of New Shares (only where the amount is A\$1.00 or greater) will be refunded as soon as practicable after the close of the Entitlement Offer. No interest will be paid to Eligible Shareholders on any Application Monies received or refunded.

Payment by cheque, bank draft or money order

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the Form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to "Carpentaria Crescent Entitlement Offer" and crossed "Not Negotiable".

Your cheque, bank draft or money order must be:

- in respect of the full application monies (being for an amount equal to A\$0.072 multiplied by the number of New Shares that you are applying for); and
- in Australian currency drawn on an Australian branch of a financial institution.

The completed personalised Entitlement and Acceptance Form together with Application Monies should be mailed using the reply paid envelope provided with this Offer Booklet or otherwise delivered or mailed to the Carpentaria Share Registry at the following address:

By Post:

Carpentaria Exploration Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

By Delivery:

Carpentaria Exploration Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138 **(Please do not use
this address for mailing purposes)**

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque will be processed on the day of receipt. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

Any Application Monies received for more than your final allocation of New Shares (only where the amount is A\$1.00 or greater) will be refunded as soon as practicable after the close of the Entitlement Offer. No interest will be paid to Eligible Shareholders on any Application Monies received or refunded.

Cash payments will not be accepted. Receipts for payment will not be issued.

6.3 Consider the Entitlement Offer in light of your particular investment objectives and circumstances

Please consult with your stockbroker, accountant, solicitor, financial adviser or other independent professional adviser if you have any queries or are uncertain about any aspects of the Entitlement Offer.

7 Important Information

This Offer Booklet (including the ASX announcement and investor presentation reproduced in it) and accompanying personalised Entitlement and Acceptance Form have been prepared by Carpentaria. The information in this Offer Booklet is dated Friday, 6 October 2017.

No party other than Carpentaria has authorised or caused the issue of the information in this Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings regarding the information in this Offer Booklet.

You should read the information in this Offer Booklet carefully and in its entirety before deciding whether to invest in New Shares. You should also consult your stockbroker, accountant, solicitor, financial adviser or other independent professional adviser to evaluate whether or not to participate in the Entitlement Offer. If you have any doubt about whether you should invest in the Entitlement Offer, you should seek professional advice before making any investment decision.

Carpentaria has applied for the grant by ASX of official quotation of the New Shares. It is expected that trading will commence in relation to New Shares issued under the Entitlement Offer on Monday, 6 November 2017. Carpentaria will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares before the New Shares are listed on ASX, or before they receive their confirmation of issue, whether on the basis of confirmation of the allocation provided by Carpentaria or the Share Registry or otherwise.

7.1 Eligible Shareholders

The information in this Offer Booklet contains an offer of New Shares to Shareholders in Australia and New Zealand and has been prepared in accordance with section 708AA of the Corporations Act as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84.

Those holders of Shares who:

- are registered as a holder of Shares as at 7.00pm AEDT on the Record Date;
- have an address on the share register in Australia or New Zealand;
- are not in the United States and are neither a U.S. Person nor acting for the account or benefit of a U.S. Person; and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer,

are eligible Shareholders (**Eligible Shareholders**).

Carpentaria reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claims prove to be overstated or they fail to provide information to substantiate their claims.

7.2 Ineligible Shareholders

Carpentaria has decided that it is unreasonable to make offers under the Entitlement Offer to holders of Shares who have registered addresses outside Australia or New Zealand having regard to the number of such holders in those jurisdictions and the number and value of the New Shares that they would be offered and the cost of complying with the relevant legal and regulatory requirements in those jurisdictions. Ineligible Shareholders are not eligible to participate in the Entitlement Offer.

7.3 Renounceability

The Entitlement Offer is non-renounceable. This means that your right to subscribe for New Shares under the Entitlement Offer is not transferable or tradable on ASX or any other exchange, nor can your Entitlement be privately transferred. If you take no action, you will not be allocated your Entitlement. Any Entitlement which you do not take up will lapse. Additional Shares may be subscribed for by other Eligible Shareholders or may be placed by the Directors in the three months after the Closing Date.

7.4 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot, in most circumstances, withdraw your application once it has been accepted.

7.5 Not investment advice

The information in this Offer Booklet is not a prospectus, disclosure document or other offering document under the Corporations Act (or any other Australian or foreign law) and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances, taxation circumstances or particular needs. Carpentaria is not licensed to provide financial product advice in respect of the New Shares. The information in this Offer Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. You should make your own assessment of what information is relevant to your decision to participate in the Entitlement Offer.

Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives, taxation circumstances and financial circumstances and having regard to the merits or risks involved. If, after reading the information in this Offer Booklet, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant, solicitor, financial adviser or other independent professional adviser. You should obtain any professional advice you require to evaluate the merits and risks of an investment in Carpentaria before making any investment decision based on your investment objectives.

7.6 Taxation

The taxation consequences of any investment in New Shares will depend upon your particular circumstances.

Potential investors must make their own enquiries concerning the taxation consequences of an investment in the Company. Applicants should consult their tax adviser for advice applicable to their individual needs and circumstances.

7.7 Rounding of Entitlements

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

7.8 Effect on share capital

The effect of the Entitlement Offer on the capital structure of the Company will be as follows:

Shares	Number
Number of Shares on issue at Thursday, 5 October 2017 (the trading day immediately prior to the Announcement Date)	169,463,560
Maximum number of New Shares to be issued under the Placement	10,800,000
Maximum number of New Shares to be issued under the Entitlement Offer	18,026,356
Maximum number of Shares on issue following the Placement and Entitlement Offer	198,289,916
Options	Number
Number of Options on issue at Thursday, 5 October 2017 (the trading day immediately prior to the Announcement Date)	3,660,000

The figures in this table are based on the undiluted share capital of the Company as at Thursday, 5 October 2017 and assumes that the Placement is completed and all Eligible Shareholders take up their Entitlements in full. The figures are also approximate as individual Entitlements will be rounded up to the nearest whole figure.

7.9 Directors' interest and participation

Each Director's relevant interest in the shares and options of Carpentaria at the date of this Offer Booklet is described below

Director	Shares as at the date of this Offer Booklet	Options as at the date of this Offer Booklet
Neil Williams	0	750,000
Quentin Hill	3,086,431	305,000
Bin Cai*	10,479,000	375,000
Paul Cholakos	0	305,000

* Held by Australian Conglin International Investment Group Pty Ltd of which Mr Bin Cai is managing director.

Mr Quentin Hill intends to take up his full entitlement under the Entitlement Offer. Mr Bin Cai does not intend to take up his entitlement under the Entitlement Offer.

7.10 Information availability

Eligible Shareholders in Australia or New Zealand can obtain a copy of this Offer Booklet during the Entitlement Offer period on our website, www.carpentariaex.com.au. Persons who access the electronic version of this Offer Booklet should ensure that they download and read the entire Offer Booklet. The electronic version of this Offer Booklet on the ASX website will not include a personalised Entitlement and Acceptance Form. A replacement personalised Entitlement and Acceptance Form can be requested by calling the Share Registry during the Entitlement Offer period.

7.11 Future performance

Neither Carpentaria nor any other person warrants, represents or guarantees (expressly or by implication) the future performance of the New Shares or any particular rate of return on any investment made pursuant to the Entitlement Offer, or any particular tax treatment.

7.12 Past performance

Investors should note that the past share price performance of Shares provides no guarantee or guidance as to future share price performance. Past performance information given in this Offer Booklet is provided for illustrative purposes only and should not be relied upon as, and is not to be considered, an indication of future performance. The historical information in this Offer Booklet is, or is based upon information that has been released to the market. For further information, please see past announcements released to the ASX.

7.13 Governing law

This Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of the personalised Entitlement and Acceptance Forms are governed by the laws applicable in Queensland, Australia. Each Eligible Shareholder who applies for New Shares submits to the non-exclusive jurisdiction of the courts of Queensland, Australia.

7.14 Financial data

All dollar values in this Offer Booklet, other than as specified, are in Australian dollars (A\$).

7.15 Foreign jurisdictions

The information in this Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand. Return of the Entitlement and Acceptance Form or your BPAY® payment shall be taken by Carpentaria to constitute a representation by you that there has been no breach of any such laws.

The distribution of the information in this Offer Booklet (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of the information in this Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions.

(a) New Zealand

The New Shares being offered under the information in this Offer Booklet are being offered to Eligible Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This Offer Booklet has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

(b) United States

This Offer Booklet and anything contained in it does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any U.S. Person. None of this Offer Booklet, the ASX announcement reproduced in it nor the Entitlement and Acceptance Form may be distributed to or released in the United States or to any U.S. Person.

The Entitlements and the New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons who are, or are acting for the account or benefit of a U.S. Person, and the New Shares may not be offered, sold or resold in the United States or to, or for the account or benefit of, a U.S. Person, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. The Entitlements and the New Shares offered in the Entitlement Offer may only be offered and sold outside the United States to persons that are not U.S. Persons and are not acting for the account or benefit of U.S. Persons in "offshore transactions" (as defined in Regulation S under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

7.16 Nominees

The Entitlement Offer is being made to all Eligible Shareholders, who must be (among other things) registered as a holder in Australia or New Zealand and not resident in the United States. Carpentaria is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws. Eligible Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how to proceed.

7.17 Rights issue exception not available

No nominee has been appointed for ineligible Shareholders under section 615 of the Corporations Act and, as such, Eligible Shareholders will not be able to rely on the exception for rights issues in item 10 of section 611 of the Corporations Act. Accordingly, when an Eligible Shareholder applies for some or all of their Entitlement, they must have regard to section 606 of the Corporations Act. Eligible Shareholders who may be at risk of exceeding the 20% voting power threshold in section 606 as a result of acceptance of the Entitlement Offer should seek professional advice before completing and returning the Entitlement and Acceptance Form.

7.18 Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Offer Booklet.

Any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by Carpentaria, or its related bodies corporate in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of Carpentaria, or any other person, warrants or guarantees the future performance of Carpentaria or any return on any investment made pursuant to the information in this Offer Booklet.

8 Glossary and Interpretation

8.1 Glossary

Additional Shares	New Shares that Eligible Shareholders may apply for under section 3.1 of this Offer Booklet in excess of their Entitlement
AEDT	Australian Eastern Daylight Time
Announcement Date	The date of announcement of the Entitlement Offer to ASX, being Friday, 6 October 2017
Application Monies	Has the meaning given to it in section 6.1 of this Offer Booklet
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ACN 008 624 691) or the Australian Securities Exchange
Board	The board of directors of the Company
Closing Date	5.00pm AEDT Tuesday, 31 October 2017
Company Carpentaria or	Carpentaria Exploration Limited (ACN 097 532 137)
Corporations Act	The Corporations Act 2001 (Cth)
CRN	Customer Reference Number
Director	A director of the Company
Eligible Shareholder	Has the meaning given to it in section 7.1 of this Offer Booklet
Entitlement	The entitlement to 1 New Share for every 10 existing Shares held at 7.00pm AEDT on the Record Date. The entitlement of each Eligible Shareholder is shown on the personalised Entitlement and Acceptance Form
Entitlement and Acceptance Form or Form	The personalised Entitlement and Acceptance Form accompanying this Offer Booklet
Entitlement Offer	The non-renounceable pro rata offer of 1 New Share for each 10 existing Shares held by an Eligible Shareholder at 7.00pm AEDT on the Record Date
Placement	The placement and issue of 10,800,000 new fully paid shares in the Company to professional and sophisticated investors at an issue price of \$0.072 per new share to raise a total of \$777,600.
New Shares	Shares offered under the Entitlement Offer

Offer Booklet	This offer document
Offer Price	A\$0.072 per New Share
Option	An option to acquire a Share
Record Date	7.00pm AEDT on Wednesday, 11 October 2017
Share	A fully paid ordinary share in the Company
Shareholder	a holder of Shares
Share Registry	Link Market Services Limited Level 19 324 Queen Street Brisbane QLD 4000
U.S. Securities Act	U.S. Securities Act of 1933
U.S. Person	"U.S. Person" as defined in Rule 902(k) of the U.S. Securities Act

8.2 Interpretation

In this Offer Booklet, unless the context otherwise requires:

- (a) the singular includes the plural, and vice versa;
- (b) words importing one gender include other genders;
- (c) a reference to any statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances or by-laws issued under that statute;
- (d) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (e) a reference to a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (f) a reference to a body (including an institute, association or authority), whether statutory or not;
 - (i) that ceases to exist; or
 - (ii) the powers or function of which are transferred to another body,
 - (iii) is a reference to the body that replaces it or substantially succeeds to its powers or functions;
- (g) other grammatical forms of a word or phrase defined in a document have a corresponding meaning; and
- (h) a reference to a Section is a reference to a Section of this Offer Booklet.