

9 October 2017

### Non-Renounceable Rights Offer – Notice to Shareholders

Attached are copies of the following two letters which have been sent today in relation to the rights offer announced on 6 October 2017 by Carpentaria Exploration Limited (ACN 095 117 981) (ASX: CAP) (**Carpentaria** or the **Company**) (the **Rights Offer**):

- (a) Letter to shareholders of Carpentaria who have registered addresses in Australia or New Zealand as at the record date of 7.00pm (AEST) on 11 October 2017, and are eligible to participate in the Rights Offer (**Eligible Shareholders**); and
- (b) Letter to shareholders of Carpentaria who have registered addresses outside Australia or New Zealand as at the record date of 7.00pm (AEST) on 11 October 2017, and are not entitled to participate in the Rights Offer (**Ineligible Shareholders**).

Mr Quentin Hill  
Managing Director

**CONNECT**



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ABN 63 095 117 981 ASX : CAP



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9 October 2017

Dear Shareholder,

#### **NON-RENOUCEABLE PRO RATA RIGHTS OFFER – NOTIFICATION TO ELIGIBLE SHAREHOLDERS**

On 6 October 2017, Carpentaria Exploration Limited (ACN 095 117 981) (ASX: CAP) (**Carpentaria** or the **Company**) announced:

- (1) the successful placement of 10,800,000 new fully paid ordinary shares at an issue price of \$0.072 per share raising a total of \$777,600 (**Placement**); and
- (2) a non-underwritten, non-renounceable pro rata Rights Offer, of up to 18,026,356 fully paid ordinary shares in the Company (**New Shares**) on the basis of 1 New Share for every 10 existing Shares held by Eligible Shareholders on the Record Date, at an issue price of \$0.072 per New Share (**Offer Price**) to raise approximately \$1,297,898 (**Rights Offer** or **Offer**).

#### **Use of Funds**

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 funds raised from the Rights 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 Rights 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.

#### **Information about the Offer**

The Company announced the Rights Offer and lodged the Rights Offer booklet with the ASX on 6 October 2017 (**Offer Document**).

The Offer is a non-underwritten, pro-rata non-renounceable rights offer, of new fully paid ordinary shares in the Company to Eligible Shareholders on the basis of one 1 New Share for every 10 existing

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Share held on the Record Date, at an issue price of \$0.072 per New Share (**Offer Price**) to raise up to \$1,297,898. The Rights Offer will have a shortfall facility which may allow shareholders to apply for shares in excess of their entitlements.

The Rights Offer is non-renounceable. Accordingly, there will be no trading of rights on the ASX, and Shareholders may not dispose of their rights to subscribe for shares under the Rights Offer to any other party.

The Offer is being made to Eligible Shareholders on the basis of the number of fully paid ordinary shares (**Shares**) held in the Company at 7.00 pm (AEST) on 11 October 2017 (**Record Date**). Under the Offer, Eligible Shareholders with a registered address in Australia or New Zealand will be able to subscribe for 1 New Share for every 10 Shares held on the Record Date at an issue price of \$0.072 per New Share.

Key dates for the Offer are set out below.

Shareholders of the Company whose address in the Company's register of members is outside Australia or New Zealand are excluded from participating in the Offer.

A total of 18,026,356 New Shares may be issued under the Offer resulting in total shares on issue of approximately 198,289,916.

New Shares will rank equally with the Company's existing ordinary shares and the Company will apply to ASX for quotation of the New Shares.

Eligible Shareholders who take up their rights to subscribe for New Shares pursuant to the Offer Document (**Rights**) in full may also apply for additional New Shares in the event that there is a shortfall. For the purpose of calculating each Eligible Shareholder's Rights, fractions of rights will be rounded up to the nearest whole number of Shares.

### **Dealing with your Rights**

The rights under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX, and Eligible Shareholders may not dispose of their rights to subscribe for New Shares under the Offer to any other party.

### **Key dates for the Offer**

The indicative timetable for the Offer is as follows.

The dates are indicative only and the Company reserves the right to vary any or all of the dates and times, subject to the *Corporations Act 2001* (Cth) (the **Act**), the ASX Listing Rules, and any other applicable laws. In particular, the Company reserves the right to extend the Closing Date, or to withdraw the Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the date for the allotment of New Shares under the Offer.

CAP will send an Offer Document and Entitlement and Acceptance Form by 13 October 2017 to Eligible Shareholders.

Date	Event
Friday, 6 October 2017 (before commencement of trading)	<b>Rights Offer and Placement Announcement Date</b>
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	<b>Rights Offer Ex Date</b> Company shares trade on an ex-basis for the Rights Offer
7:00pm AEDT Wednesday, 11 October 2017	<b>Rights Offer Record Date</b>
Friday, 13 October 2017	<b>Rights Offer Opening Date</b> Rights Offer opens Offer Document dispatched to Eligible Shareholders
	The Company announces that dispatch has been completed
	The Company sends letter to non-eligible shareholders
5:00pm AEDT Tuesday, 31 October 2017	<b>Rights Offer Closing Date</b>
Wednesday, 1 November 2017	<b>Rights Offer – Quotation on a deferred settlement basis</b>
Friday, 3 November 2017	<b>Rights Offer Shortfall Notification Date</b> Company announces results of Rights Offer and notifies ASX of under-subscriptions
Friday, 3 November 2017	<b>Rights Offer Allotment Date</b> Issue date under Offer – Deferred settlement trading ends
	<b>Rights Offer Dispatch Date</b> Dispatch of holding statements
Monday, 6 November 2017	<b>Rights Offer Trading Date</b> Normal trading of Rights Offer Shares

You are **not** required to do anything in response to this letter, which is provided for your information only, and does **not** constitute an offer of New Shares under the Offer.

An Offer Document will be sent to Eligible Shareholders together with a personalised Entitlement and Acceptance Form no later than 13 October 2017.

A copy of the Offer Document can also be viewed on the Company's website ([www.carpentariaex.com.au](http://www.carpentariaex.com.au)), and the ASX website ([www.asx.com.au](http://www.asx.com.au)), or can be requested from the Company. Before deciding to acquire shares, you should read and consider the Offer Document in its entirety and, if in any doubt, consult with your professional adviser.

If you have any questions in relation to any of the above matters, please contact Carpentaria's Share Registry, Link Market Services Limited, on 1300 853 809 (within Australia) or +61 1300 853 809 (outside Australia).

Quentin Hill  
Managing Director

9 October 2017

Dear Shareholder,

#### **NON-RENOUCEABLE PRO RATA RIGHTS OFFER – NOTIFICATION TO INELIGIBLE SHAREHOLDERS**

On 6 October 2017, Carpentaria Exploration Limited (ACN 095 117 981) (ASX: CAP) (**Carpentaria** or the **Company**) announced:

- (1) the successful placement of 10,800,000 new fully paid ordinary shares at an issue price of \$0.072 per share raising a total of \$777,600 (**Placement**); and
- (2) a non-underwritten, non-renounceable pro rata Rights Offer, of up to 18,026,356 fully paid ordinary shares in the Company (**New Shares**) on the basis of 1 New Share for every 10 existing Shares held by Eligible Shareholders on the Record Date, at an issue price of \$0.072 per New Share (**Offer Price**) to raise approximately \$1,297,898 (**Rights Offer** or **Offer**).

#### **Use of Funds**

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.

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The Company will use the first AUD\$1,000,000 raised under the Rights 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.

#### **Purpose of this letter**

This letter is to inform you about the Rights Offer, and to explain why you will **not** be able to subscribe for New Shares under the Rights Offer. This letter is not an offer to issue New Shares to you, nor an

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invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

### **Information about the Offer**

The Company announced the Rights Offer and lodged the Rights Offer booklet with the ASX on 6 October 2017 (**Offer Document**).

The Offer is a non-underwritten, pro-rata non-renounceable rights offer, of new fully paid ordinary shares in the Company to Eligible Shareholders on the basis of one 1 New Share for every 10 existing Share held on the Record Date, at an issue price of \$0.072 per New Share (**Offer Price**) to raise up to \$1,297,898. The Rights Offer will have a shortfall facility which may allow shareholders to apply for shares in excess of their entitlements.

The Rights Offer is non-renounceable. Accordingly, there will be no trading of rights on the ASX, and Shareholders may not dispose of their rights to subscribe for shares under the Rights Offer to any other party.

The Offer is being made to Eligible Shareholders on the basis of the number of fully paid ordinary shares (**Shares**) held in the Company at 7.00 pm (AEST) on 11 October 2017 (**Record Date**). Under the Offer, Eligible Shareholders with a registered address in Australia or New Zealand will be able to subscribe for 1 New Share for every 10 Shares held on the Record Date at an issue price of \$0.072 per New Share.

Key dates for the Offer are set out below.

### **Eligibility to participate in the Offer**

A person is eligible to participate in the Offer if they are a registered holder of Shares on the Record Date and have an address on the Company's share register in Australia or New Zealand.

The Company has determined, pursuant to ASX Listing Rule 7.7.1, that it is unreasonable to make the Offer to shareholders with a registered address outside Australia or New Zealand (**Ineligible Shareholders**), having regard to the number and value of Shares held by Ineligible Shareholders, and the costs of complying with the legal and regulatory requirements which would apply to an offer of New Shares in those jurisdictions.

Accordingly, in compliance with ASX Listing Rule 7.7.1(a), Carpentaria wishes to advise that as your registered address is in a place outside Australia or New Zealand, you are not eligible to participate in the Offer to subscribe for New Shares. You will not be sent the Offer Document relating to the Offer.

### **Key dates for the Offer**

The indicative timetable for the Offer is as follows.

The dates are indicative only and the Company reserves the right to vary any or all of the dates and times, subject to the *Corporations Act 2001* (Cth) (the **Act**), the ASX Listing Rules, and any other applicable laws.

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Quentin Hill  
Managing Director