ASX ANNOUNCEMENT

Managing Director's Review of Operations

25 October 2017

Attached is a copy of the MD's review of operations as delivered at today's annual general meeting.

For further information please contact:

Bob Hair
Company Secretary
+61 7 3220 2022

We find it. We prove it. We make it possible.

Level 6, 345 Ann St, Brisbane Queensland 4000

PO Box 10919, Adelaide Street, Brisbane Queensland 4000

Phone: + 61 7 3220 2022 Fax: + 61 7 3220 1291

info@capex.net.au www.carpentariaex.net.au

ABN 63 095 117 981 ASX : CAP

Annual General Meeting
Brisbane 25th October, 2017
Managing Director's review of operations

Carpentaria EXPLORATION LIMITED

WE FIND IT. WE PROVE IT. WE MAKE IT POSSIBLE.

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Near term goal

2016 – position Hawsons first in the development queue ✓

2017 – secure bankable feasibility funding (BFS) on favourable terms and start to realise project value for shareholders

Presentation content

1. Capital raising and expenditure summary
2. Prefeasibility study (PFS) summary
3. Iron ore outlook
4. Company outlook

Carpentaria is delivering, more to do

ASX :   CAP

Listed: 2007

SHARES: 180M

CASH : $1.37 M 13 October, 2017

100% focussed on Hawsons Iron Project development

(CAP 66.5%, Pure Metals PL 33.5%)

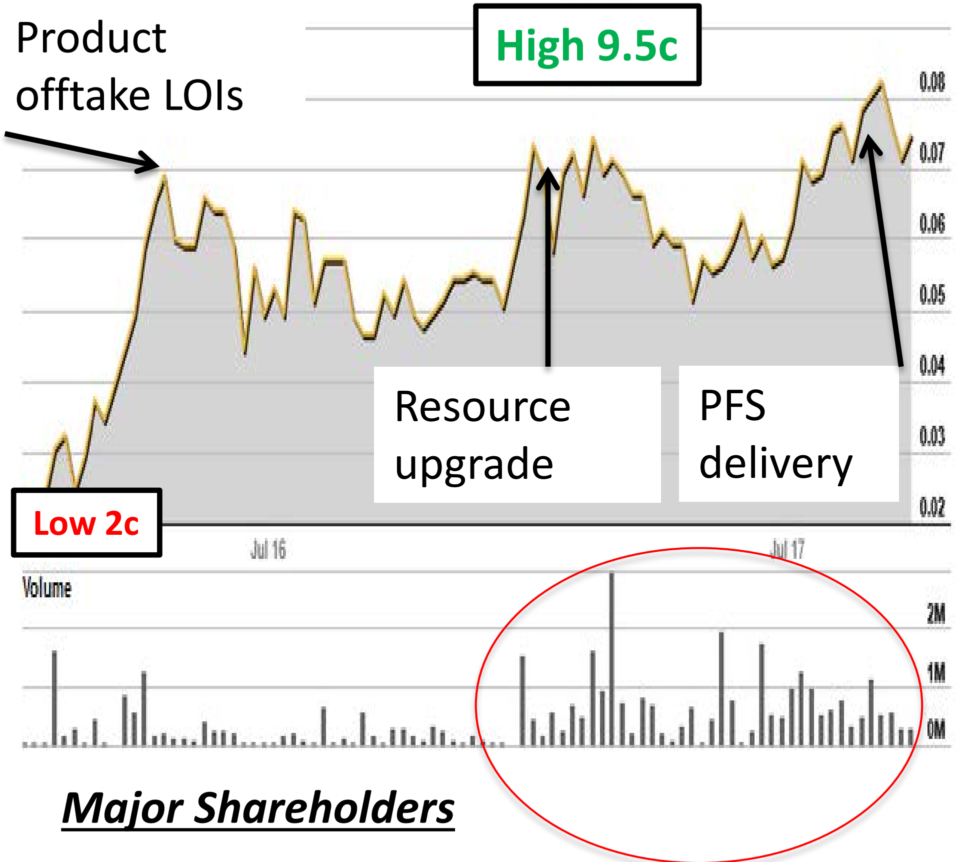
Dr Neil Williams - Chairman

Mr Quentin Hill - Managing Director

Mr Bin Cai - Director (non-exec.)

Mr Paul Cholakos - Director (non-exec.)

Mr Robert Hair - (Company Secretary)



Major Shareholders

Silvergate Capital   12.5%

Australia Conglin Int. Group 7.8%

SG Hiscock and Company 5.5%

Capital raising and expenditure summary

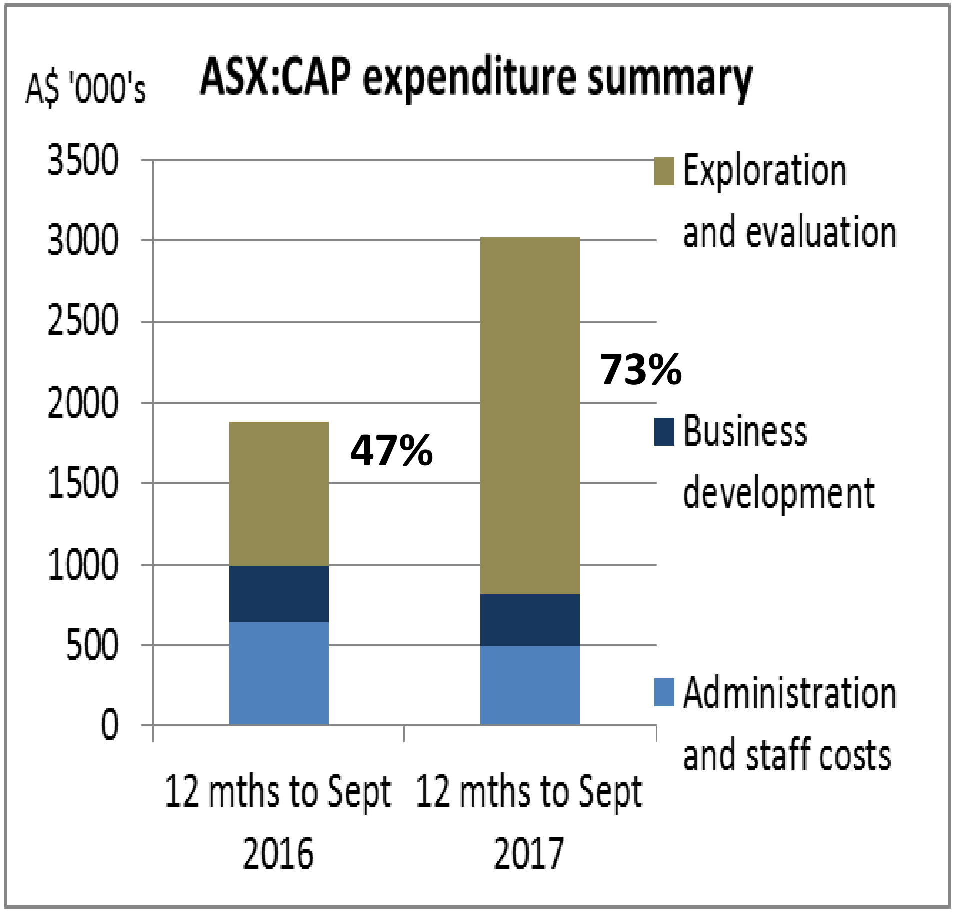
Expenditure
2016 - reduced non project expenditure by $700k last year (to 12 mths to Sept'16)

2017 - further reduced costs, increased exploration share from 47% to 73%

Capital raised

Sept. 16 - Jan 17 $2.3m at an average price of 5.0 cents, for ~46m new shares via placement and rights issue

50% increase in share price over the past 12 months, 5.0 cents to 7.5 cents



Capital raising and expenditure summary

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Capital raising - October 2017

13th October, Placement of 10,800,000 new shares at $0.072 for $777,600 substantially to new and existing institutional shareholders.

31st October, Rights offer closes - 1 new share for 10 existing shares at $0.072 to raise $1.3m

Use of funds

Maintain project schedule – EIS works, final spring ecology, water bore drilling etc

Working capital while the most appropriate BFS solution is sought (A$25-30m)

Project Schedule- subject to funding

Task	2017				2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Phase 1 Approvals and bankable feasibility study test work					test work											
Phase 2 Bankable feasibility study and engineering																
Construction and production																

Hawsons Iron Project PFS – delivered on targets

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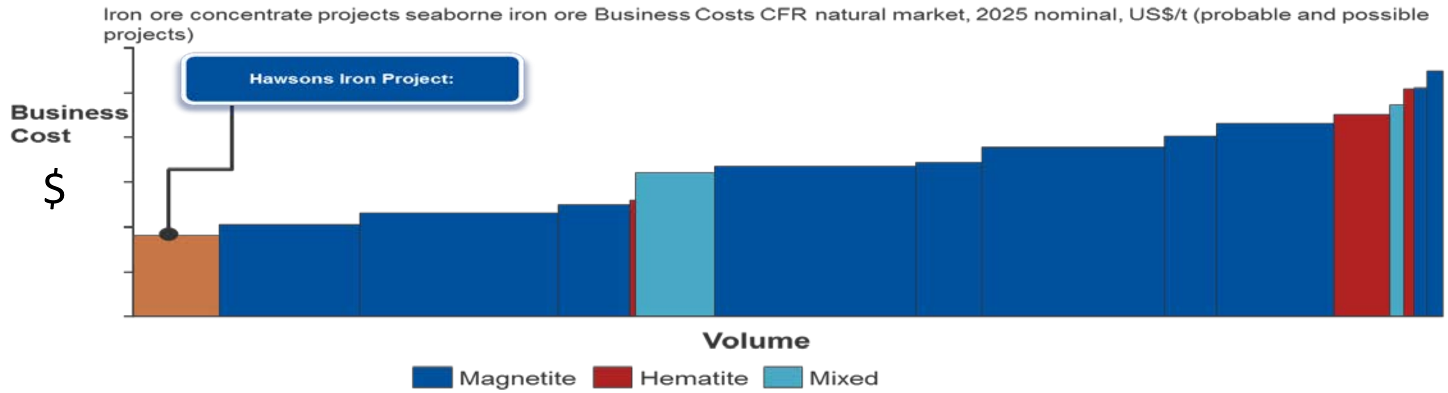
Hawsons PFS cost targets 2016 at 1 AUD buys 0.75 USD

Pellet feed all in OPEX US$45-54/t - delivered US$48/t (lower end of range) √

Capital intensity US$146/t – 208/t - delivered US$140/t (below the range) √

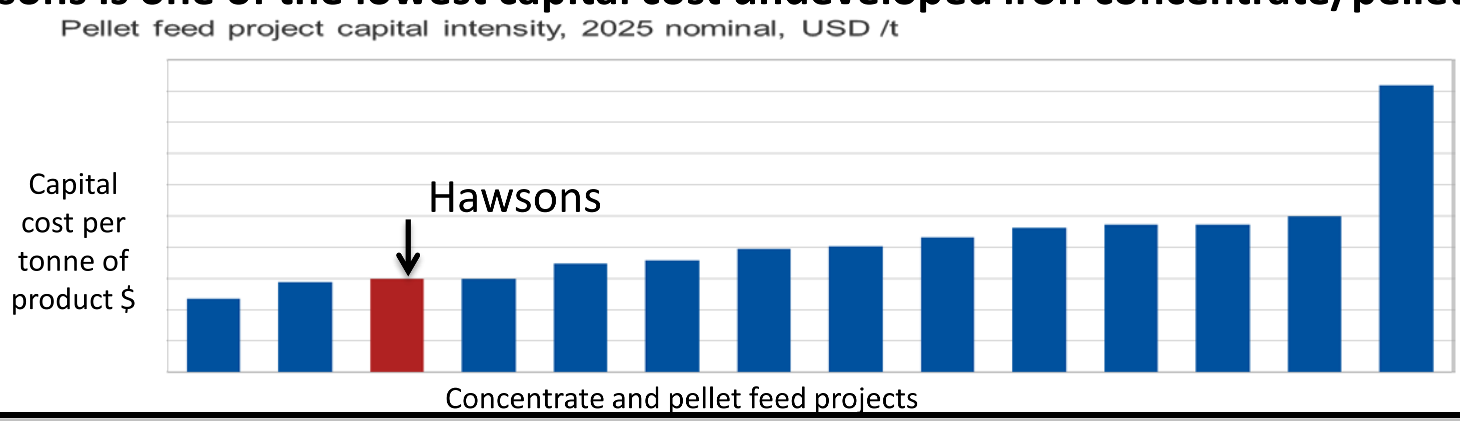
Hawsons is first in the queue √

Hawsons is the leading undeveloped iron concentrate/pellet feed project operating costs



Source CRU, July 2017

Hawsons is one of the lowest capital cost undeveloped iron concentrate/pellet feed projects



Source CRU, July 2017

Hawsons Iron Project PFS – cash flow positive at 62%Fe prices <US$30/t

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Hawsons PFS preproduction costs (yr 1-2)	USD (m)	Hawsons operating and sustaining costs (after prestrip, ~YR 3-22)	USD/dmt product
Preproduction mining costs including pre-strip	194	Mining	12.14
Mining	242	Processing	8.23
Processing	398	Infrastructure and admin.	1.48
Infrastructure and administration	359	rail and port	11.23
Rail and port	208	**Total C1 FOB**	**33.08**
Total[1,2,3]	**1401**	sustaining capital[4,5]	3.48
[1] *incl EPCM 12.5% / contract management 3% of US$127m*		royalties	3.18
[2] *incl. contingency and design growth (av. 16.5%)*		**Total all in FOB**	**39.74**
[3] *excludes finance costs*		sea freight	8.29
		Total CFR China	**48.03**
[4] *excludes new in-pit conveyor in yr 5 of US$120m*		less Supergrade premium	25.00
[5] *net of salvage*		**62%Fe equivalent total CFR**	**23.03**

Base case 10mtpa Hawsons Supergrade® production exported through Port Pirie

Hawsons Iron Project PFS – outstanding returns

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Hawsons PFS key economic results	Base case	At 5 October 2017 prices 65%Fe fines US$86.55/t (62%Fe fines US$61.35/t)
Equity IRR (post tax, geared)	29.9%	38.4%
Equity NPV (10%) (post tax, geared)	US$1,091m	US$1,667m
Project IRR (post tax, ungeared)	17.8%	22.9%
Project NPV (10%) (post tax, ungeared)	US$867m	US$1,475m
Life of mine ave. annual revenue	US$881m	US$997m
Life of mine ave. annual all in costs	US$480m	US$486m
Life of mine annual margin (EBITDA)	US$401m	US$511m

Key Hawsons PFS assumptions

total ore mined	1423mt	62% Fe fines benchmark*	US$63/t	AUD:USD	0.75
total waste mine	717mt	65%Fe fines benchmark*	US$75/t	debt:equity	65:35
total product	201mt	plus 5 x Fe 1% US$1.10	US$5.50/t	corporate tax	30%
product specification	70%Fe	plus magnetite premium	US$7.50/t	loan term	10.5 yrs
annual production	10mt	product revenue (dmt)	US$88.00/t	delivered rebated diesel price	A$0.89/L
moisture	8%	*ave. (mean) price forecast for 2020-2030 (real 2016)		delivered power price	A$95/MWhr

Base case 10mtpa Hawsons Supergrade® production exported through Port Pirie

The Company confirms that all assumptions and technical parameters underpinning the resource and reserve estimates continue to apply and have not materially changed since first reported on 28 July 2017.

Hawsons Iron Project PFS – 1st quartile costs, robust through the cycle

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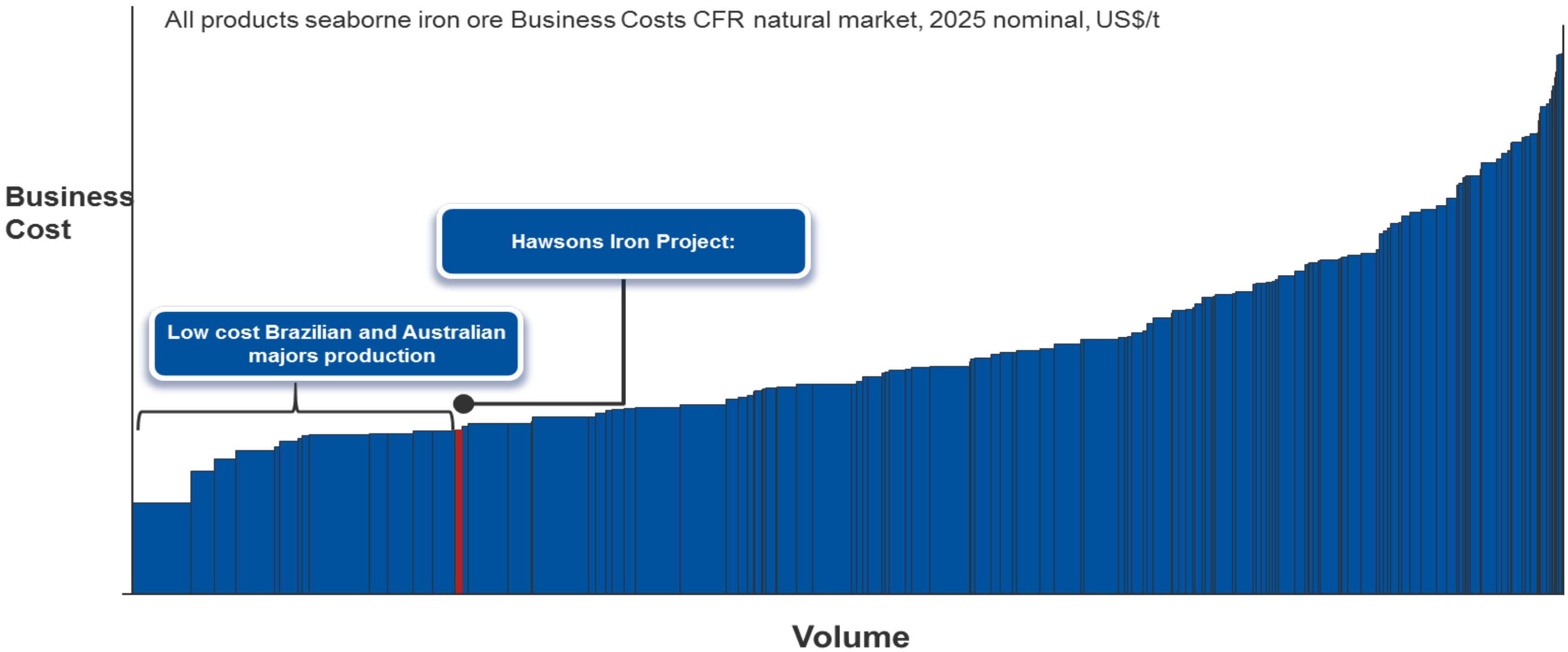
Hawsons is in the first quartile of the CRU global iron ore cost curve

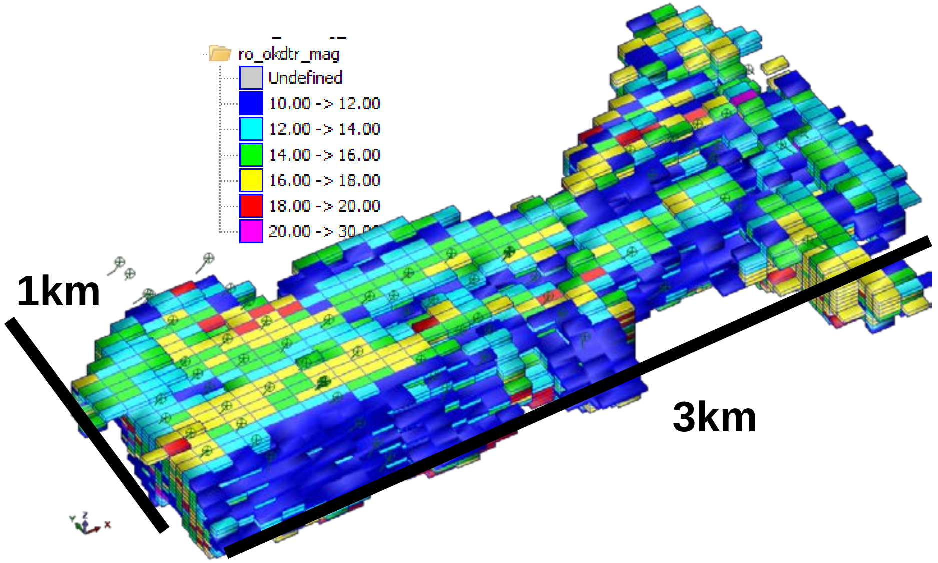


Source CRU, July 2017, Global iron ore business cost curve

CRU's Business Cost includes all costs of operations up to delivery at the buyers' port and also includes a value in use adjustment that normalises all operations to the benchmark 62% iron ore price delivered to China, to allow for direct comparison. Cost curve includes projects. CRU's adjustment for Hawsons Supergrade is ~US$18.

Hawsons Iron Project PFS – Maiden reserve statement

- Total resources >330mt concentrate
- Maiden Reserve >110mt concentrate
- Conversion rate from Inferred to Indicated Resources was outstanding at 96%, giving confidence in future upgrades
- High value concentrate grade and recovery unchanged after ~40% more data point



Category	Mt	DTR %	DTR Mt	Fe Head %	Concentrate Grades Fe %	Al2O3 %	P %	S %	SiO2 %	TiO2 %	LOI %
Probable Reserves	**755**	**14.7**	**111**	**17.5**	**69.9**	**0.19**	**0.003**	**0.002**	**2.60**	**0.03**	**-3.03**
Indicated (incl. Reserves)	840	14.5	121	17.4	69.9	0.19	0.004	0.002	2.61	0.03	-3.04
Inferred	1,660	13.6	227	16.8	69.7	0.20	0.004	0.003	2.91	0.03	-3.04
Total	**2,500**	**13.9**	**348**	**17.0**	**69.7**	**0.20**	**0.004**	**0.002**	**2.81**	**0.03**	**-3.04**

The Company confirms that all assumptions and technical parameters underpinning the resource and reserve estimates continue to apply and have not materially changed since first reported on 28 July 2017. Reported at a 9.5%DTR cut off grade, and 38micron grind.

Iron ore outlook – strong fundamentals

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Finished steel forecast demand 2017 *(World Steel Oct. '17)*

- China forecast up 23 mtpa (~3%) *
- Rest of world forecast up 26mtpa (~2.6%)

Population growth, urbanisation rates and economic development underscore long term demand growth, esp. India, Middle East and ASEAN

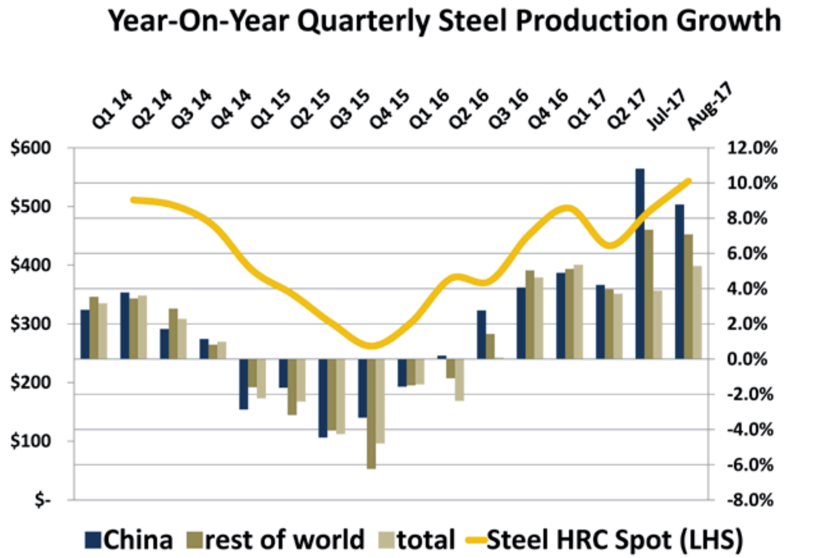
- BHP forecasts CAGR of 1.9-2.1% in steel production out to 2030

- That is 35-40mtpa new steel each year

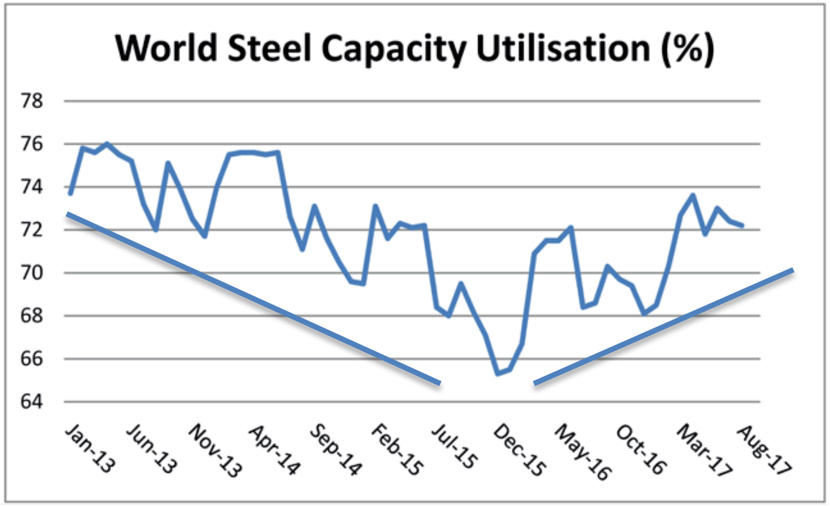
Supply gap 2019-2021

- New supply from majors** estimates at only 12mtpa in 2020.
- Mills and traders are planning now

**corrected for production outside official figures*
***RIO, BHP, Vale, FMG, Roy Hill from company data, reports*



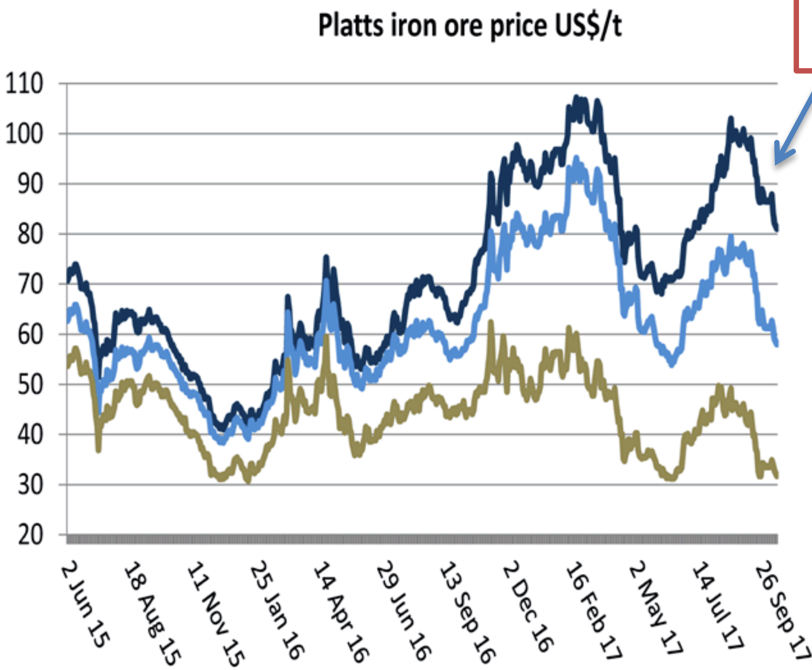
World Steel

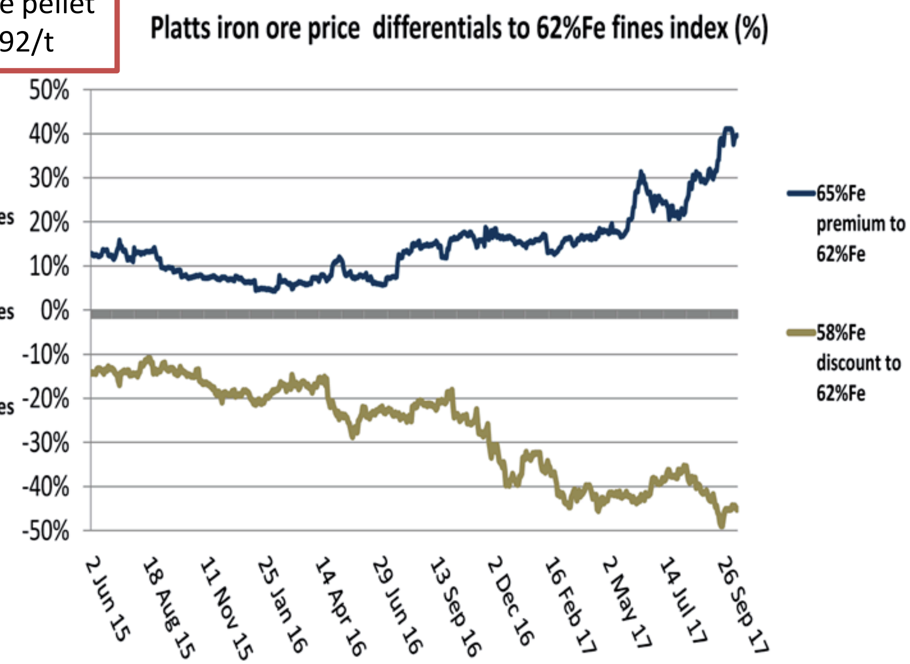


World Steel

Iron ore outlook - shift to productivity driven steel making

Hawsons Supergrade pellet feed ~US$92/t





- Record high quality differentials reflect current productivity driven steel making in China
- Forecast to be a structural shift over time as China shifts to the same blast furnace operating practices as Europe and Japan
- Increasing environmental regulation enforcement and increasingly frequent production shut downs mean high productivity ores at a premium
- Hawsons Supergrade is the world’s best pellet feed and in demand

Company outlook – BFS funding strategy

- Offtake demand for Hawsons Supergrade® product is strong across several markets

Company	Volume
Formosa Plastics	2.6 Mtpa
Bahrain Steel	3.0 Mtpa
Shagang	2.5 Mtpa
Mitsubishi Corp. RtM	1.0 Mtpa
Gunvor	1.0 Mtpa
Kuwait Steel	1.0 Mtpa
Emirates Steel	0.9 Mtpa
Total	**12.0 Mtpa**

- Discussions commenced with leading project finance banks, initial feedback on customer quality and project metrics is encouraging

- Bankable feasibility study (BFS) funding sought ~A$25-30m

- Engaged with multiple third parties capable of substantially funding the BFS
- These parties are undertaking pre-transaction due diligence, and therefore the nature of any transaction that may possibly result is uncertain

Summary

- Carpentaria has met its targets this year
- Shareholder value has increased
- Hawsons Iron Project is the world's leading high quality iron ore project
- Hawsons Iron Project and Supergrade® product has strategic value in the direct reduction market and the Asian blast furnace market
- **Short term goal** - secure BFS funding on favourable terms by converting this strategic value, increasing shareholder value
- **Medium term goal** - position the project to be a bankable development opportunity increasing shareholder value
- **Long term goal** - be a profitable and reliable producer of the highest quality iron ore increasing shareholder value

Thank you for your attention

Phone: +61 7 3220 2022

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