# INTERIM FINANCIAL REPORT

# FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

## 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

| | |
|---|---|
| **Registered Office**<br><br>Level 6<br>345 Ann Street<br>Brisbane Qld 4000<br><br>PO Box 10919 Adelaide Street<br>Brisbane QLD 4000<br><br>Telephone: +61 7 3220 2022<br>Facsimile : +61 7 3220 1291<br>Email: info@capres.net.au<br>Website: www.carpentariares.com. | **Solicitors**<br><br>CBW Partners<br>Level 1, 159 Dorcas Street<br>South Melbourne VIC 3205 |
| **Auditors**<br><br>BDO Audit Pty Ltd<br>Level 10, 12 Creek Street<br>Brisbane QLD 4000<br><br>Telephone: 07 3237 5999<br>Fax: 07 3221 9227<br>Website: www.bdo.com.au | **Share Registry**<br><br>Link Market Services Limited<br>Level 21<br>10 Eagle Street<br>Brisbane QLD 4000<br><br>Telephone: 1300 554 474<br>Facsimile: 02 9287 0303<br>Website: www.linkmarketservices.com.au |

## DIRECTORS' REPORT

Your directors present their report on Carpentaria Resources Limited (the "Company") and its controlled entities (the "Consolidated Entity") for the half-year ended 31 December 2017.

## DIRECTORS

The names and details of the Directors of Carpentaria Resources Limited ("Carpentaria") in office at the date of this report or at any time during the financial period are:

| Name | Position | Period of directorship |
|---|---|---|
| Dr Neil Williams | Non-Executive Chairman | Appointed 1 January 2012 |
| Quentin Hill | Managing Director | Appointed 1 September 2013 |
| Bin Cai | Non-Executive Director | Appointed May 2011 |
| Paul Cholakos | Non-Executive Director | Appointed 2 April 2012 |

## OPERATING RESULTS

For the half-year ended 31 December 2017, the loss for the Consolidated Entity after providing for income tax was $545,455 (2016: loss of $618,430).

This improvement is primarily attributable to savings on employment costs and reduction in business development expenses.

### Cash Position

The Consolidated Entity's cash position increased from June 2017 by $341,110. During the period the Company raised $1,947,900 (after costs) in new share capital. Cash expenditure on the Hawsons Iron project and other exploration projects increased by $355,952 over the same comparative period.

## REVIEW OF OPERATIONS

The Company's principal asset is its interest in the Hawsons Iron project.

**Hawsons Iron Project JV (CAP 66.5%, Pure Metals P/L 33.5% [diluting])**

The results at Hawsons have demonstrated that the project is the world's leading undeveloped iron ore deposit. The results of operations during the period are set out below.

***Prefeasibility study demonstrates the quality of Hawsons Supergrade® product***

During the period, the Company announced the successful completion by independent consultants GHD of a new prefeasibility study (PFS) in relation to the Hawsons Iron project, targeting a 10Mtpa production of Hawsons Supergrade® iron product.

The results show Hawsons as a clear world leading high quality iron ore concentrate/pellet feed project and are summarised in the following tables.

| 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 |

| 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]** | **1,401** | sustaining capital [4,5] | 3.48 |
| | | Royalties | 3.18 |
| *[1] incl EPCM 12.5% / contract management 3% of US$127m* | | **Total all in FOB** | **39.74** |
| *[2] incl. contingency and design growth (av. 16.5%)* | | sea freight | 8.29 |
| *[3] excludes finance costs* | | **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** |

| Key Hawsons PFS assumptions | | | | | |
|---|---|---|---|---|---|
| total ore mined | 1,423mt | 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 |

The results are based a +/- 30% study undertaken by GHD and investigated production of 10mtpa of Hawsons Supergrade® concentrate production for a mine of 20 years production for 201Mtpa. The ore is to be mined and processed on site, with the final mineral concentrate being transported via slurry pipeline to a rail head site near Broken Hill.

Concentrate will then be dewatered and transported on the existing rail to Port Pirie, where a port upgrade including storage sheds, pipe conveyor and new ship loaders is proposed. Ore would then be transported via barge to capesize ocean going vessels for delivery to export markets to customers in the Middle East and East Asia.

**Maiden Probable Reserve and Resource restatement**

| 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.*

As part of the PFS, mining studies confirmed that a lower mining cut-off of 9.5% DTR mass recovery (down from 10%) was appropriate, and the Hawsons resource estimate was restated at this 9.5% cut-off grade at 2.5Bt at 13.9% magnetite mass recovery, an increase of 120Mt of ore and 12Mt of concentrate at 69.7%Fe and 2.81% silica (see Table 1), with conversion from Inferred to Indicated Resources at 96%.

Other Assets

The Company continues to look for divestment opportunities in relation to its non-core assets.

*The information in this report that relates to Exploration Results, Exploration Targets, Resources and Reserves 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.*

**EVENTS AFTER BALANCE SHEET DATE**

There have been no events since 31 December 2017 that impact upon the financial report.

**AUDITOR'S INDEPENDENCE DECLARATION**

The Auditor's Independence Declaration under s307c of the *Corporations Act 2001* is set out on page 6 and forms part of the Directors' report.

Signed in accordance with a resolution of the Board of Directors

**Q S Hill**
**Managing Director**

**Dated this 5th Day of March 2018**

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Australia

**DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF CARPENTARIA RESOURCES LIMITED**

As lead auditor for the review of Carpentaria Resources Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Carpentaria Resources Limited and the entities it controlled during the period.

**T R Mann**
Director

**BDO Audit Pty Ltd**

Brisbane, 5 March 2018

## Consolidated Statement of Comprehensive Income
## For the Half-Year Ended 31 December 2017

| | Note | Half-Year Ended December 2017 $ | 2016 $ |
|---|---|---|---|
| Revenue | | 1,620 | 66,786 |
| Fair value income/(loss) on financial assets at fair value through profit or loss | | (5,183) | 38,009 |
| Employment benefit expenses | 4 | (164,414) | (262,197) |
| Depreciation and amortisation expense | | (4,063) | (5,948) |
| Rental and other lease expenses | | (29,820) | (31,164) |
| Administration and business development expenses | | (343,595) | (423,916) |
| Loss before income tax | | (545,455) | (618,430) |
| Income tax | | - | - |
| Loss after income tax | | (545,455) | (618,430) |
| **Other comprehensive income** | | - | - |
| **Total comprehensive income** | | (545,455) | (618,430) |

| | Cents | Cents |
|---|---|---|
| **Earnings per share** | | |
| Basic earnings/(loss) per share | (0.30) | (0.44) |
| Diluted earnings/(loss) per share | (0.30) | (0.44) |

*The Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.*

## Consolidated Balance Sheet
## As at 31 December 2017

| | Note | December 2017 $ | June 2017 $ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | | 1,708,668 | 1,367,558 |
| Trade and other receivables | | 23,221 | 67,338 |
| Financial assets at fair value through profit or loss | | 41,464 | 46,647 |
| Other current assets | | 24,582 | 9,533 |
| TOTAL CURRENT ASSETS | | 1,797,935 | 1,491,076 |
| **NON-CURRENT ASSETS** | | | |
| Trade and other receivables | | 60,911 | 60,911 |
| Plant and equipment | | 13,102 | 17,165 |
| Exploration and evaluation assets | 5 | 4,401,629 | 3,307,296 |
| TOTAL NON-CURRENT ASSETS | | 4,475,642 | 3,385,372 |
| **TOTAL ASSETS** | | 6,273,577 | 4,876,448 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | | 64,774 | 98,028 |
| Provisions | | 97,882 | 86,820 |
| TOTAL CURRENT LIABILITIES | | 162,656 | 184,848 |
| **TOTAL LIABILITIES** | | 162,656 | 184,848 |
| NET ASSETS | | 6,110,921 | 4,691,600 |
| **EQUITY** | | | |
| Share capital | 2 | 24,260,495 | 22,312,595 |
| Share based payment reserve | | 1,892,935 | 1,876,059 |
| Accumulated losses | | (20,042,509) | (19,497,054) |
| TOTAL EQUITY | | 6,110,921 | 4,691,600 |

*The Consolidated Balance Sheet should be read in conjunction with the Notes to the Financial Statements.*

## Consolidated Statement of Changes in Equity
## For the Half-Year Ended 31 December 2017

| | Share Capital<br>$ | Share Based Payment Reserve<br>$ | Accumulated Losses<br>$ | Total<br>$ |
|---|---|---|---|---|
| **Balance at 1 July 2016** | 20,121,700 | 1,835,063 | (18,443,909) | 3,512,854 |
| **Transactions with owners in their capacity as owners** | | | | |
| Issue of share capital | 2,110,413 | - | - | 2,110,413 |
| Costs of raising capital | (206,347) | - | - | (206,347) |
| Employee share options – value of employee services | - | 64,860 | - | 64,860 |
| Total | 1,904,066 | 64,860 | - | 1,968,926 |
| **Comprehensive income** | | | | |
| Loss after income tax | - | - | (618,430) | (618,430) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | - | - | (618,430) | (618,430) |
| **Balance at 31 December 2016** | 22,025,766 | 1,899,923 | (19,062,339) | 4,863,350 |
| **Balance at 1 July 2017** | 22,312,595 | 1,876,059 | (19,497,054) | 4,691,600 |
| **Transactions with owners in their capacity as owners** | | | | |
| Issue of share capital | 2,140,355 | - | - | 2,140,355 |
| Costs of raising capital | (192,455) | - | - | (192,455) |
| Employee share options – value of employee services | - | 16,876 | - | 16,876 |
| Total | 1,947,900 | 16,876 | - | |
| **Comprehensive income** | | | | |
| Loss after income tax | - | - | (545,455) | (545,455) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | - | - | (545,455) | (545,455) |
| **Balance at 31 December 2017** | 24,260,495 | 1,892,935 | (20,042,509) | 6,110,921 |

*The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.*

## Consolidated Cash Flow Statement
## For the Half-Year Ended 31 December 2017

| | Half-Year Ended December | |
|---|---|---|
| | 2017 | 2016 |
| | $ | $ |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Payments to suppliers and employees | (479,865) | (561,745) |
| Interest received | 1,620 | 11,841 |
| Net cash (used in)/ provided by operating activities | (478,245) | (549,904) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Payments for exploration and evaluation assets | (1,128,545) | (772,593) |
| Payments for plant and equipment | - | (12,310) |
| Net cash (used in)/ provided by investing activities | (1,128,545) | (784,903) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from issue of shares | 2,140,355 | 2,047,919 |
| Costs associated with issue of shares | (192,455) | (196,401) |
| Net cash provided by financing activities | 1,947,900 | 1,851,518 |
| Net increase/(decrease) in cash and cash equivalents | 341,110 | 516,711 |
| Cash and cash equivalents at the beginning of the half-year | 1,367,558 | 1,682,599 |
| **Cash and cash equivalents at the end of the half-year** | 1,708,668 | 2,199,310 |

*The Consolidated Cash Flow Statement should be read in conjunction with the Notes to the Financial Statements.*

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Reporting Entity

Carpentaria Resources Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2017 comprises the Company and its controlled entities (together referred to as the "Consolidated Entity").

b) Statement of Compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The Company is a for-profit entity for the purpose of preparing the interim financial report.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Consolidated Entity as at and for the year ended 30 June 2017.

This consolidated interim financial report was approved by the Board of Directors on 5th Day of March 2018.

Accounting Policies

The accounting policies and methods of computation applied by the Consolidated Entity in the consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the year ended 30 June 2017.

New and revised standards have been issued by the AASB and are effective for the half-year; however, there are no material changes to the policies that affect the recognition or measurement of the results or financial position of the Consolidated Entity.

c) Going Concern

As at 31 December 2017 the Consolidated Entity had cash reserves of $1,708,668 and net current assets of $1,635,279.

The ability of the Consolidated Entity to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the Company to raise additional capital in the future; and
- the successful exploration and subsequent exploitation of the Consolidated Entity's tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Consolidated Entity's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- To date the Consolidated Entity has funded its activities through issuance of equity securities, and it is expected that the Consolidated Entity will be able to fund its future activities through further issuances of equity securities; and

- The directors believe there is sufficient cash available for the Consolidated Entity to continue operating.

Should the Consolidated Entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Consolidated Entity be unable to continue as a going concern.

| | December 2017 $ | June 2017 $ |
|---|---|---|

## NOTE 2 SHARE CAPITAL

| | | |
|---|---|---|
| Fully paid ordinary shares | 24,260,495 | 22,312,595 |

| Ordinary Shares | Dec 2017 $ | June 2017 $ | Dec 2017 # | June 2017 # |
|---|---|---|---|---|
| At the beginning of the year | 22,312,595 | 20,121,700 | 163,963,560 | 115,739,837 |
| Transfer from treasury shares [1] | - | 138,192 | - | 2,647,940 |
| Shares issued [2] | 2,140,355 | 2,286,747 | 29,727,146 | 45,575,783 |
| Share issue costs | (192,455) | (234,044) | - | - |
| At reporting date | 24,260,495 | 22,312,595 | 193,690,706 | 163,963,560 |
| **Non-recourse employee shares (NRE)** | | | | |
| At the beginning of the year | - | - | 5,500,000 | 5,500,000 |
| NRE shares issued | - | - | - | - |
| Transfer to treasury shares | - | - | - | - |
| At reporting date | - | - | 5,500,000 | 5,500,000 |
| **Treasury shares** | | | | |
| At the beginning of the year | - | - | - | 2,647,940 |
| Transfer to ordinary shares | - | - | - | (2,647,940) |
| Transfer from NRE shares | - | - | - | - |
| At reporting date | - | - | - | - |
| **Total Ordinary, NRE and Treasury Shares** | **24,260,495** | **22,312,595** | **199,190,706** | **169,463,560** |

1 June 2017: 2,647,940 former employee share scheme shares were sold at between $0.049 and $0.079 each.

2 Dec 2017: 29,727,146 ordinary shares issued at $0.072 each.
June 2017: 45,575,783 ordinary shares issued at between $0.049 and $0.060 each.

Issued and paid up capital is recognised at the fair value of the consideration received by the Consolidated Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

The Company has issued shares to employees and directors under the Company's employee share plan. The shares have been issued in return for an interest free loan from the Consolidated Entity whereby the Consolidated Entity only has recourse to the shares. This issue of shares has been valued as an option grant in accordance with AASB2 "Share Based Payments. The shares are disclosed in the financial statements as non-recourse employee shares (NRE Shares). Non-recourse employee (NRE) shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. NRE shares will not qualify for participation in any dividend reinvestment plan of the Company until the loan amount in respect of those shares has been repaid. The Company has a lien over the NRE shares in respect of which the loan amount is outstanding. The Company is entitled to sell any unpaid NRE shares in accordance with the CAP share plan.

**NOTE 2 SHARE CAPITAL (continued)**

**Options**

| | | | Movements | | | | |
|---|---|---|---|---|---|---|---|
| **Tranche** | **Expiry Date** | **Exercise Price** | **1 July 2017** | **Issued** | **Exercised** | **Expired** | **31 December 2017** |
| Tranche 1 | 24 November 2019 | 0.10 | 1,260,000 | - | - | - | 1,260,000 |
| Tranche 2 | 24 November 2021 | 0.20 | 2,400,000 | - | - | - | 2,400,000 |
| | | | 3,660,000 | - | - | - | 3,660,000 |

During the 2017 period the Company issued options to employees, Directors and consultants in recognition for services provided.

Tranche 1 options have an exercise price $0.10 and vest upon the Company making an ASX release of information that qualifies as PFS standard in relation to an approved production rate at the Hawsons Iron Project.

Tranche 2 options have an exercise price $0.20 and vest upon one of the following conditions being met:

- ASX release of information that qualifies as DFS standard in relation to the Hawsons Iron Project;
- Carpentaria having a market capitalisation of AUD$30 million or more;
- Carpentaria having a 20 day VWAP of not less than 30 cents;
- Carpentaria having secured binding offtake arrangements with one or more end users of the Hawsons Iron Project product or reputable trading houses, in respect of not less than 5 Mtpa.

**NOTE 3 SEGMENT REPORTING**

**Reportable Segments**

The Consolidated Entity has identified its operating segment based on internal reports that are reviewed and used by the executive team in assessing performance and determining the allocation of resources. The Consolidated Entity does not yet have any products or services from which it derives an income.

Accordingly, management currently identifies the Consolidated Entity as having only one reportable segment, being exploration for minerals in Australia. The financial results from this segment are equivalent to the financial statements of the consolidated entity. There have been no changes in the operating segments during the year.

All assets are located in Australia.

**NOTE 4 ITEMS INCLUDED IN PROFIT OR LOSS**

| | Half-Year Ended December 2017 $ | 2016 $ |
|---|---|---|
| Included in profit/(loss) are the following specific expenses: | | |
| *Included in 'Employment benefit expenses':* | | |
| Share based payment expense | 16,876 | 64,860 |

## NOTE 5 EXPLORATION AND EVALUATION ASSETS

| | Dec 2017 $ | Jun 2017 $ |
|---|---|---|
| Opening balance | 3,307,296 | 1,863,288 |
| Capitalised expenditure | 1,094,333 | 1,723,645 |
| Government grants relating to exploration | - | (279,637) |
| | 4,401,629 | 3,307,296 |

Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation of areas of interest, and the sale of minerals or the sale of the respective areas of interest.

## NOTE 6 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at 31 December 2017 that require disclosure in the financial report.

## NOTE 7 EVENTS AFTER BALANCE SHEET DATE

There have been no events since 31 December 2017 that impact upon the financial report.

**DIRECTORS' DECLARATION**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors

**Q S Hill**
Director

Brisbane
5th Day of March 2018

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# INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Carpentaria Resources Limited

## Report on the Half-Year Financial Report

### Conclusion

We have reviewed the half-year financial report of Carpentaria Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated balance sheet as at 31 December 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

### Emphasis of matter – Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

### Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

**BDO Audit Pty Ltd**

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**T R Mann**
Director

Brisbane, 5 March 2018