

QUARTERLY REPORT

For the period ended 31 March 2018

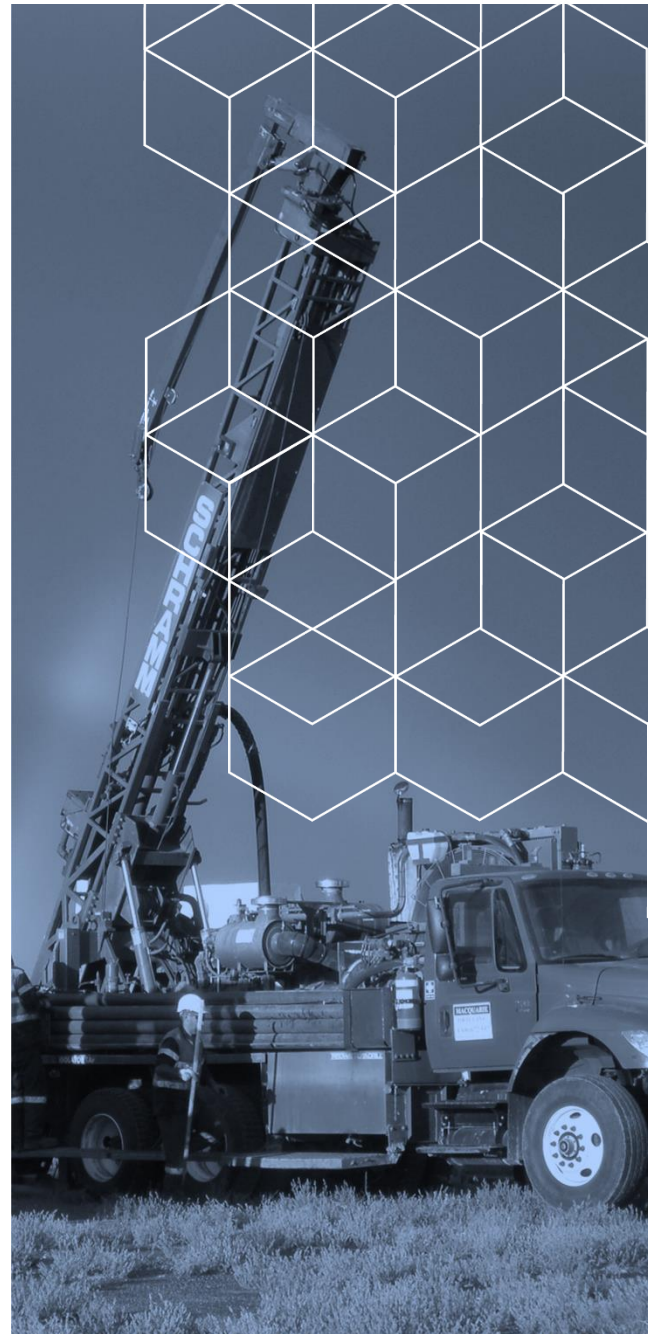
- + Carpentaria Resources is answering the world's call for high quality iron ore.
- + The Company has a majority interest in the Hawsons Iron Project, source of Hawsons Supergrade® product, the world's best iron ore product.



HIGHLIGHTS

Hawsons Iron Project

- + The Company remains focussed on developing the Hawsons Iron Project near Broken Hill, NSW, which the Prefeasibility Study (PFS) announced 28 July 2017 showed to be the world's leading high-quality iron ore concentrate/pellet feed project, with costs in the 1st quartile of CRU's global iron ore supply cost curve (adjusted to 62%Fe).
- + Hawsons is the world's leading undeveloped iron ore pellet feed and direct reduction feed (DR) project and joins a select group of projects awarded 'Major Project Status' by the Australian Government's Department of Jobs and Innovation.
- + Major Project Status is highly significant, reflecting:
 - the project's strategic significance to Australia and regional communities in New South Wales and South Australia
 - the strategic benefits of its unique iron ore product to a range of international blue-chip customers
 - the Government's positive view of Hawsons' economic viability and development prospects.
- + The designation under the Major Projects Facilitation Programme is expected to provide a thorough, smooth and potentially faster approval process.
- + Carpentaria is now focussed on progressing a bankable feasibility study (BFS) for its flagship project, supported by blue-chip international steelmakers and trading houses across Asia and the Middle East.
- + The Company continues to progress critical path items of the project's environmental assessment.
- + The Company is also currently negotiating offtake-linked project funding with a number of customers. The nature of any transaction is uncertain.



HAWSONS IRON PROJECT

70%

Iron percentage of Hawsons Supergrade® product.

12.0

Offtake demand for Hawsons Supergrade® product (Mtpa).

201

Total product of Hawsons Iron Project (million tonnes).

Carpentaria Resources Limited (ASX:CAP) announced today its quarterly activities and cashflow report for the period ending 31 March 2018.

The Company remains focussed on developing its flagship Hawsons Iron Project, which the prefeasibility study (PFS) completed in July 2017 showed to be the world's leading high-quality iron ore concentrate/pellet feed project.

This quarter's project work included environmental assessment of the proposed open pit area and early stages of cultural heritage consultation.

A workshop with key project members and Board representatives was held to address implementation and contracting strategies for the bankable feasibility study (BFS) and project construction.

Iron ore pricing has undergone a transformation that favours higher quality ores, including iron ore pellets. This has been long forecast by the Company and has highlighted the strategic value of our Hawsons Iron Project to the highest value sections of the iron ore market, namely pellet producers and direct reduction iron makers.

The change is the result of the Chinese steel industry's restructure, which has restored mill profitability, and an increased policy focus on clear skies and clean air in China that has penalised polluters. These two factors have driven mills towards high quality ore, as this is the simplest and most certain way to achieve more efficient and higher productivity steelmaking.

Significantly, iron ore pellets are now the highest growth section of the iron ore market. Hawsons is the leading undeveloped pellet feed/concentrate project in the world and Hawsons Supergrade® product is the world's best pellet feed.

Separately, growth in direct reduction iron making (DRI) is constrained by the amount of suitable feed. DRI manufacturing requires gas, not coal, and is currently a highly profitable method of making iron, with about half the pollution of traditional methods. Hawsons Supergrade® product is one of the very few that can meet the DR specification.

The Company continues its international engagement and is confident that the iron ore and steel market outlook, the Hawsons Supergrade® product offering, and the project's competitive position will lead to positive funding and value outcomes for shareholders.

About Hawsons Iron Project

The Hawsons Iron Project joint venture is currently undertaking development studies based on the low cost, long term supply of a high grade, ultra-low impurity iron concentrate to a growing premium iron market, including the direct reduction (DR) market.

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 10 Mtpa start-up operation. A mining lease application has been lodged.

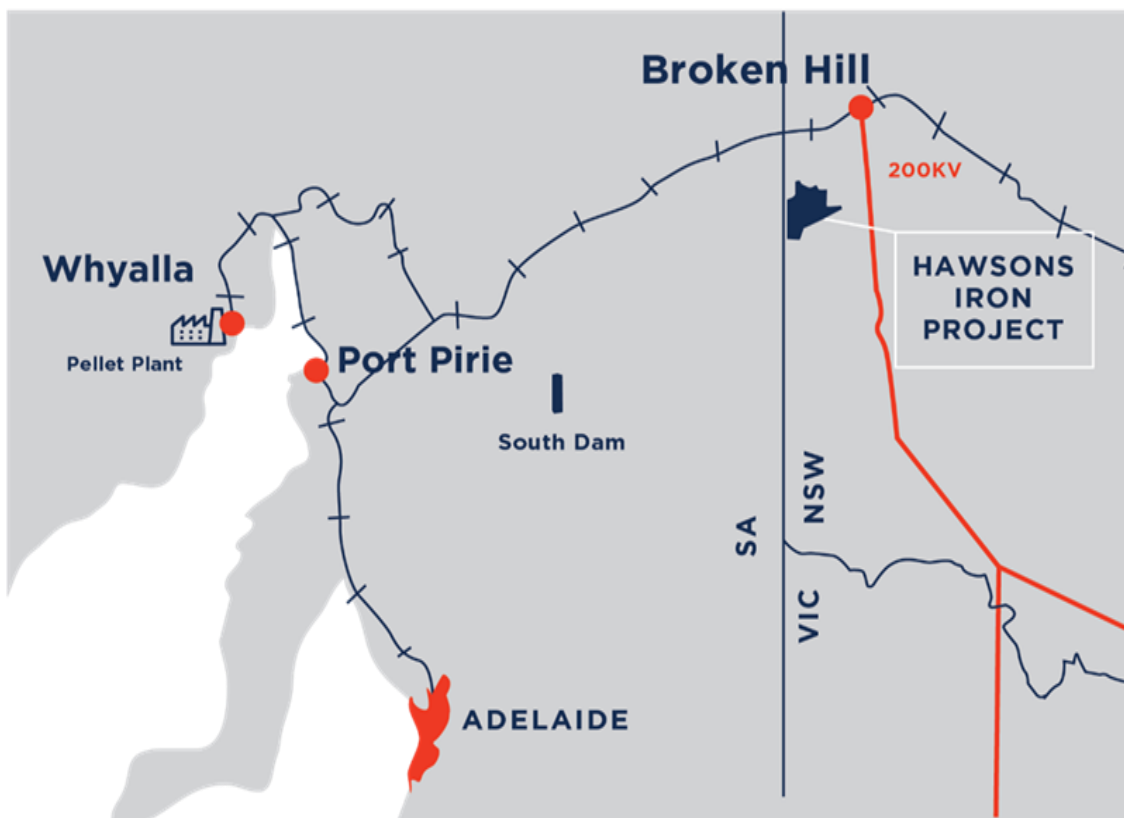
The project's soft rock is different from traditional hard rock magnetite and allows a very different approach to the typical magnetite mining and processing challenges (both technical and cost-related). The soft rock enables simple liberation of a product of rare quality without complex and expensive processing methods.

The Company is targeting the growing premium high-grade product market, both pellets and pellet feed, which is separate to the bulk fines market and its prefeasibility study has shown 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, Bahrain Steel, Shagang Steel, Emirates Steel, Kuwait Steel, Mitsubishi Corporation RtM Japan and trading house Gunvor Group.

For further information please contact:



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Managing Director
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The Hawsons Iron Project is located 60km south-west of Broken Hill, NSW, an ideal position for mining operations with existing power, rail and port infrastructure available for a 10 Mtpa start-up operation.

Carpentaria Resources Tenement Schedule Resources
at end of 2018 March Quarter

8 licences and applications

| Licence | Notes | Name | Original Grant Date | Expiry Date | Equity % | Sub Blocks | Area (km ²) |
|---------------|-------|--------------|---------------------|-------------------|----------|------------|-------------------------|
| EL 6901 | 5 | Combaning | 8/10/2007 | 08/10/2020 | 20 | 21 | 61 |
| EL 6979 | 1,2 | Redan | 11/12/2007 | 11/12/2021 | 66.5 | 62 | 180 |
| EL 7208 | 2 | Burta | 22/09/2008 | 22/09/2020 | 66.5 | 100 | 290 |
| EL 7504 | 2 | Little Peak | 08/04/2010 | 08/04/2020 | 66.5 | 14 | 41 |
| EL 7896 | 5 | Barellan | 06/02/2012 | 06/02/2018 | 20 | 25 | 73 |
| EL 8095 | | Advene | 28/05/2013 | 28/05/2020 | 100 | 50 | 145 |
| EL 5561 | | South Dam | 10/12/2014 | 09/12/2018 | 100 | 15 | 44 |
| MLA 460 | 3,4 | Hawsons Iron | Under application | Under application | 66.5 | n/a | 187 |
| TOTALS | | | | | | 287 | 1,019 |

1. 1.5% NSR royalty to Perilya Broken Hill Pty Ltd.
2. JV; Pure Metals Pty Ltd.
3. MLA made on 18 October 2013; tenement application subject to unspecified grant date and conditions.
4. Subject to the Hawsons Joint Venture with Pure Metals Pty Ltd.
5. JV; Cape Clear Minerals Pty Ltd.



DISCLOSURE

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 Resources Ltd and he consents to the inclusion in the report of the Exploration Results in the form and context in which they appear.

www.carpentariares.com

Carpentaria
RESOURCES

WORLD'S
BEST IRON
ORE PRODUCT

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity:

CARPENTARIA RESOURCES LIMITED

ABN

63 095 117 981

Quarter ended ("current quarter")

31 March 2018

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | | |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (198) | (1,327) |
| (b) development | - | |
| (c) production | - | |
| (d) staff costs | (68) | (176) |
| (e) administration and corporate costs | (30) | (208) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 1 | 3 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes refund | - | - |
| 1.7 Refunds | - | - |
| 1.8 Business development costs | (56) | (250) |
| 1.9 Net cash from / (used in) operating activities | (351) | (1,958) |

| | | |
|--|---|---|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |
| (d) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| 2.6 | Net cash from / (used in) investing activities | - | - |

| | | | |
|-------------|---|---|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | - | 2,140 |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | - | (192) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | - | 1,948 |

| | | | |
|------------|--|--------------|--------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 1,709 | 1,368 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (351) | (1,958) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | - |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | 1,948 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 1,358 | 1,358 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|-----|---|----------------------------|-----------------------------|
| 5.1 | Bank balances | 1,031 | 1,382 |
| 5.2 | Call deposits | 327 | 327 |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 1,358 | 1,709 |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

93

-

Director fees

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|--|---|
| 8.1 Loan facilities | - | - |
| 8.2 Credit standby arrangements | - | - |
| 8.3 Other (please specify) | - | - |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |
| | | |

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|------------|
| 9.1 Exploration and evaluation | 330 |
| 9.2 Development | - |
| 9.3 Production | - |
| 9.4 Staff costs | 80 |
| 9.5 Administration and corporate costs | 40 |
| 9.6 Business development | 70 |
| 9.7 Total estimated cash outflows | 520 |

| 10. Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|--|---------------------------------|--------------------|----------------------------------|----------------------------|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | | | | |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased | | | | |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Company secretary

Date: 30 April 2018

Print name: Robert Hair

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.