

QUARTERLY REPORT

For the period ended 30 September
2018

- + Carpentaria Resources is answering the world's call for high grade 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.



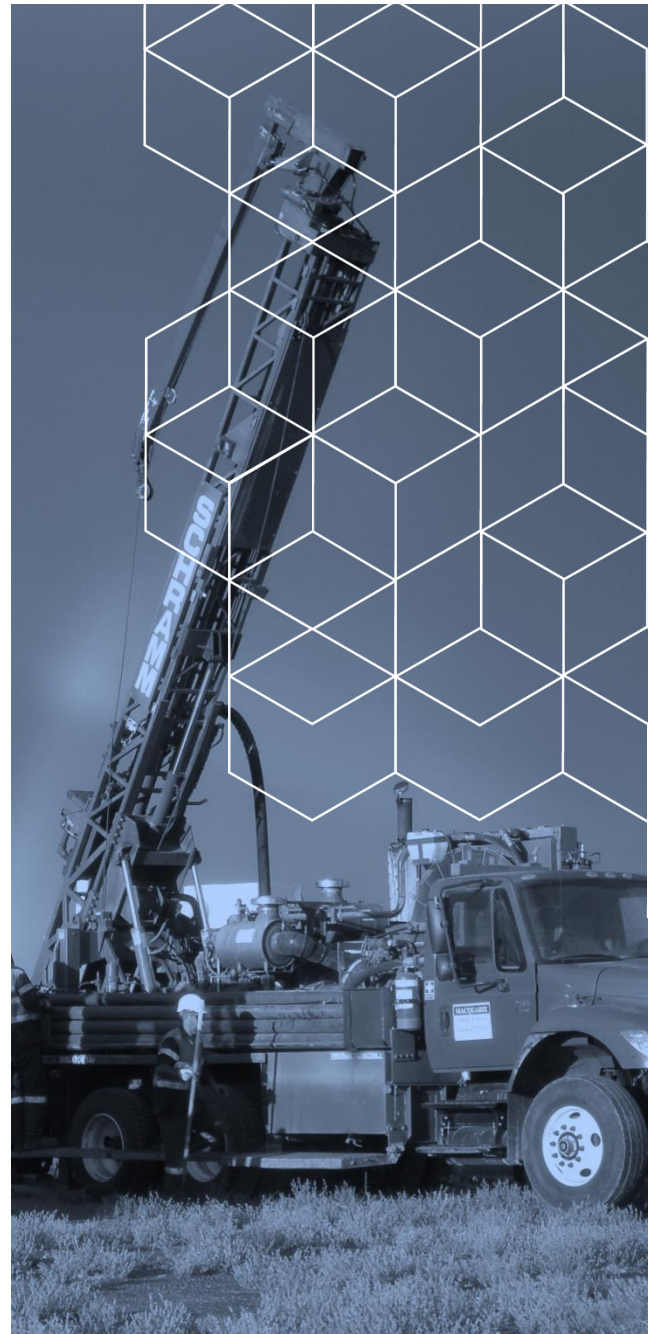
HIGHLIGHTS

Hawsons Iron Project

- + Transaction with Mitsui & Co., Ltd. significantly reduces the Hawsons Iron Project's funding risk, as the Japanese trading house secures off-take from the project in a 2 stage financing package.
- + Mitsui obtains an option to secure off-take by contributing A\$5.4m to Hawsons bankable feasibility study (BFS).
- + Mitsui if it exercises the option by contributing US\$60 million to Hawsons construction funding will secure 2 million tonnes per annum of Hawsons Supergrade® product off-take for 20 years.
- + Company carries out a two week marketing campaign in Asia with very encouraging responses on investment interest, product demand and long term high quality iron ore pellet feed market direction, which all support the development case for Hawsons.
- + Company continues to negotiate BFS funding with multiple parties and is considering a mix of various funding methods focussed on delivering value for shareholders.
- + Carpentaria and its counterparties have agreed to work towards and within certain timeframes for BFS funding. (There is no guarantee of a transaction).
- + Hawsons Iron Project development has been assessed as **not** a controlled action under the *Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)*. This means that the mine and infrastructure development in NSW does not require further assessment and approval under the EPBC Act.
- + Ecology surveys and other environmental impact study being continued at Hawsons.
- + CAP project stake increases to 68.7%, following year-end dilution calculation

Corporate

- + The Company's annual general meeting is scheduled for Monday 15 October 2018, and shareholders are encouraged to vote.



HAWSONS IRON PROJECT

70%

Iron percentage of Hawsons Supergrade® product.

14.0

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 30 September 2018.

The Company continues to be focussed on developing its flagship Hawsons Iron Project near Broken Hill, NSW.

In August 2018, the Company and its Hawsons Joint Venture partner Pure Metals Pty Ltd entered into an agreement with the giant Japanese trading house, Mitsui & Co., Ltd. Under the agreement, Mitsui will contribute A\$5.4 million towards the cost of the project's bankable feasibility study (BFS) for an option over 2 Mtpa of Hawsons Supergrade® product off-take. This off-take will be secured by Mitsui subject to Mitsui's option exercise with a US\$60 million contribution to the debt funding package for the construction of the Hawsons Project (refer ASX Announcement 6 August 2018).

Building upon the improved project development potential generated by the Mitsui transaction, the Company during the quarter completed a two-week marketing campaign with trading houses and end users to progress and initiate BFS and construction investment negotiations.

The Company is encouraged by the good progress of a number of BFS funding negotiations, and the counter parties have agreed to work towards and within certain timeframes. The Company is considering a mix of various funding methods designed to deliver shareholder value, including non-dilutive investment similar to the Mitsui agreement. (There is no guarantee of a transaction).

The customer feedback supported current market analysis. That is, a transformation in the iron ore market has taken place whereby greater premiums are paid by end users for higher quality products and greater discounts are applied for lower quality products. This means that Hawsons Supergrade® product continues to be highly sought after by end users and supports the development of the project. Significantly, iron ore pellets are the highest growth section of the iron ore market.

Following the submission by the Company of a referral under the *Environment Protection and Biodiversity Conservation Act 1999 (Commonwealth)* (EPBC Act) Carpentaria was advised by the Commonwealth Government that the proposed action to develop the Hawsons Iron Project open cut magnetite mine 60 kilometres south-west of Broken Hill and related infrastructure within NSW is not a controlled action. This is very significant, as it means that the proposed action does not require further assessment and approval under the EPBC Act before it can proceed.

During the quarter, work at Hawsons included cultural heritage and other stakeholder consultation and ecology survey work for the purposes of the project's environmental impact study.

About Hawsons Iron Project

The Hawsons Iron Project joint venture (CAP 68.7%, Pure Metals P/L 31.3%) 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.

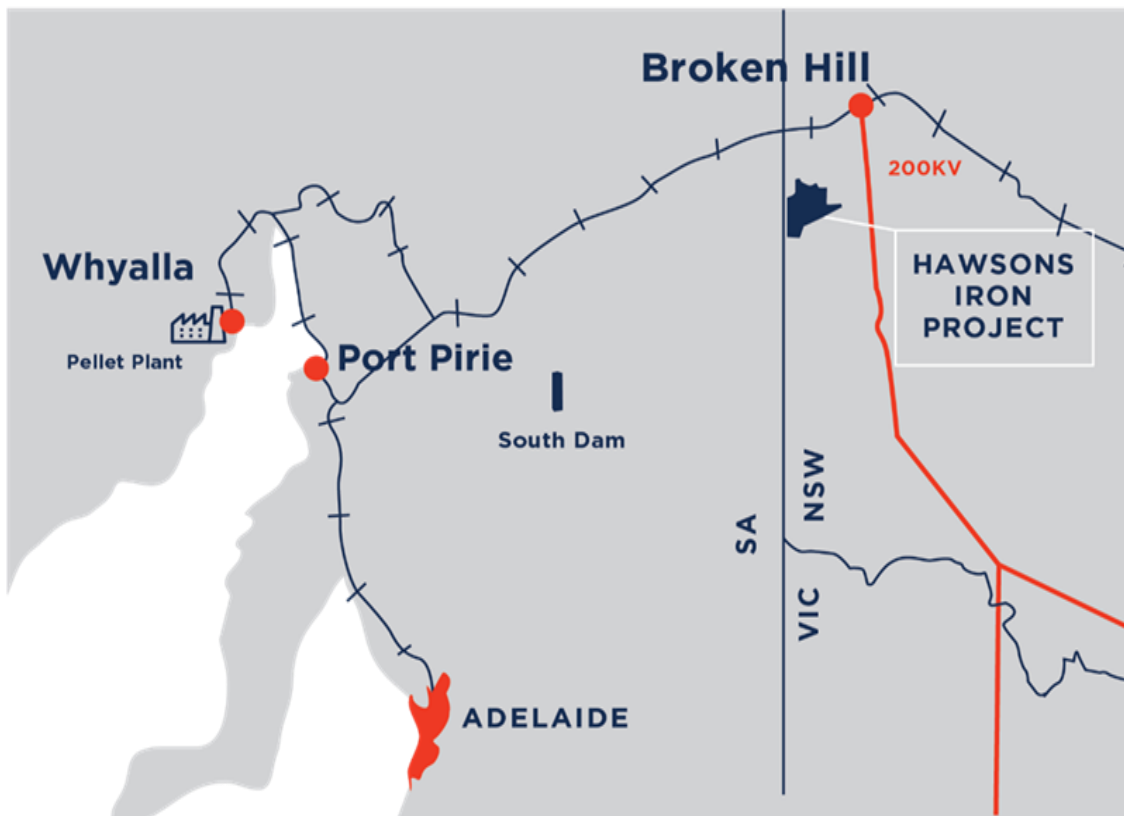
The project's soft rock is different from traditional hard rock magnetite and allows a very different approach to the typical magnetite mining and processing challenges (both technical and cost-related). The soft rock enables simple liberation of a product of rare quality without complex and expensive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



Quentin Hill
Managing Director



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 September 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	68.7	62	180
EL 7208	2	Burta	22/09/2008	22/09/2020	68.7	100	290
EL 7504	2	Little Peak	08/04/2010	08/04/2020	68.7	14	41
EL 7896	5	Barellan	06/02/2012	06/02/2021	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	68.7	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

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")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(356)	(356)
(b) development	-	-
(c) production	-	-
(d) staff costs	(54)	(54)
(e) administration and corporate costs	(95)	(95)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refund	-	-
1.7 Refunds	-	-
1.8 Business development costs	(75)	(75)
1.9 Net cash from / (used in) operating activities	(579)	(579)

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 (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	14	14
	(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	14	14

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1,244	1,244
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	(84)	(84)
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	1,160	1,160

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,053	1,368
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(579)	(579)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	14	14
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,160	1,160
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,648	1,648

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	1,632	724
5.2	Call deposits	16	329
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)	1,648	1,053

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
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

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.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	200
9.2 Development	-
9.3 Production	-
9.4 Staff costs	60
9.5 Administration and corporate costs	110
9.6 Business development	60
9.7 Total estimated cash outflows	430

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: 10 October 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.