

## QUARTERLY REPORT

For the period ended 30 June 2019

- + 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

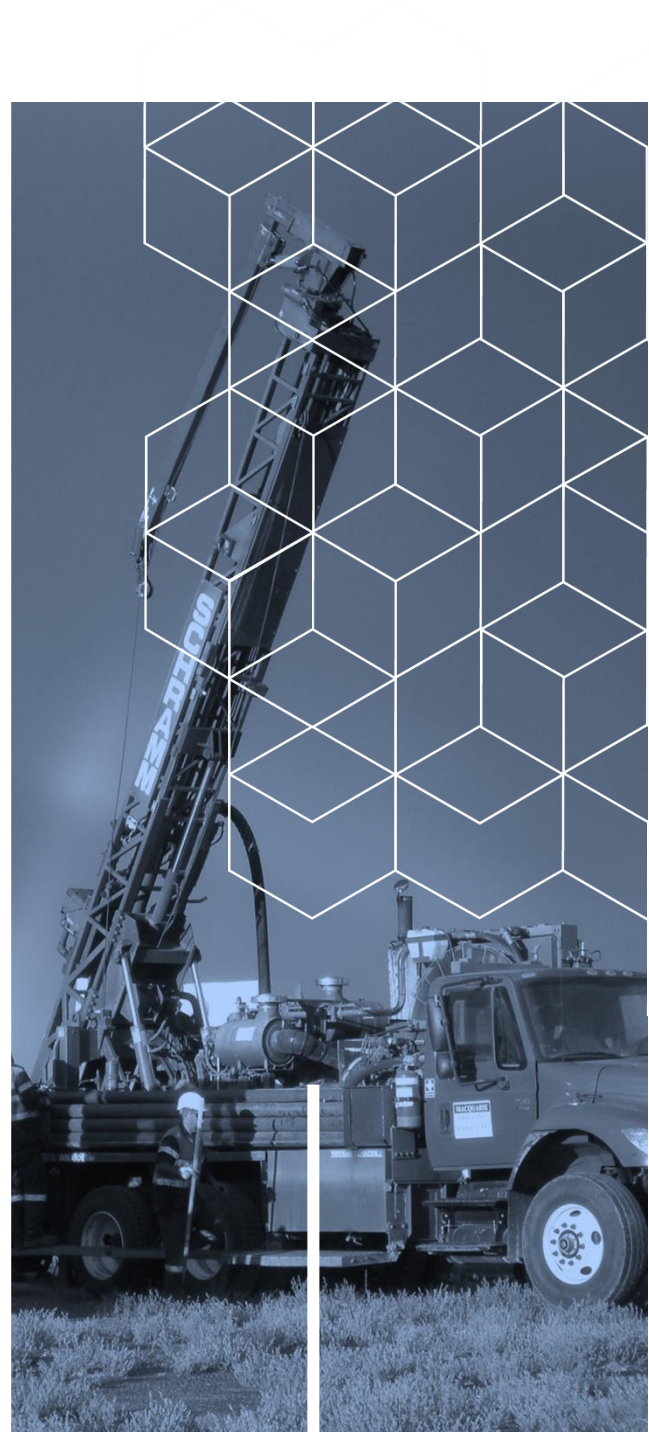


## HIGHLIGHTS

### Hawsons Iron Project

- + Carpentaria's share purchase plan (SPP) closes substantially over-subscribed.
- + Negotiations with end users, traders and others to secure bankable feasibility study (BFS) funding for Hawsons continue. More work is warranted to give better definition to project aspects to meet some strategic investment needs.
- + Work programs will be undertaken to improve mine design through further geotechnical work, to provide further definition to ore processing variables and to refine tailings storage. Greater certainty in these areas will advance the project by reducing risk and exploring opportunities to optimise design.
- + The Company continued to attract offtake enquiries and advance discussions with tier 1 and other credible, substantial end users from China and MENA during the quarter.
- + Recent feedback from miners, traders and end users is that if BFS results confirm the prefeasibility study (PFS) results the market will pull Hawsons into development. A number of parties have indicated they will be willing to negotiate a role in development at that stage and are watching progress closely.
- + Carpentaria increased its project share to 69.8% spending ~\$950,000.
- + Hawsons Iron Project is well placed to attract BFS support because of:
  - + High forecast returns – Outstanding for the commodity and project type. According to Wood Mackenzie, the leading project of its type (chart 1), (refer to the PFS released 28 July 2017, showing an equity rate of return of 30%)\*.
  - + Product demand - The unique 70%Fe pellet feed product meets the growing supply gap and long-term global demand profile for high quality inputs and decarbonisation of steel making.
  - + Low risk profile – Forecast costs in the first quartile of the global cost curve (as per the PFS, Hawsons is cash-flow positive at a benchmark 62% Fe price <US\$30/tonne).

\* The Company confirms that all assumptions and technical parameters underpinning the Resource and Reserve estimates and all material assumptions underpinning the production target or the forecast financial information derived therefrom continue to apply and have not materially changed since first reported on 28 July 2017.



## HAWSONS IRON PROJECT

70%

Iron percentage of Hawsons Supergrade® product.

14.0

Offtake demand for Hawsons Supergrade® product (Mtpa).  
See list of offtakers on page 3

201

Total product of Hawsons Iron Project (million tonnes).  
As per the PFS release on 28 July 2017.

The Company confirms that all assumptions and technical parameters underpinning the Resource and Reserve estimates and all material assumptions underpinning the production target or the forecast financial information derived therefrom continue to apply and have not materially changed since first reported on 28 July 2017.

Carpentaria Resources Limited (ASX:CAP) announced today its quarterly activities and cashflow report for the period ending 30 June 2019.

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

Non-dilutive deals continue to be sought to preserve value for shareholders. Progress through internal processes of tier one off-takers is slower than expected, and more work is warranted to better define project aspects to meet some strategic investment needs.

Work programs to improve mine design through further geotechnical studies, to refine tailings storage and to provide further definition to ore processing variables will be carried out using funds received through the recent share purchase plan (SPP). More definition in these areas will advance the project by reducing risk and exploring opportunities to optimise design.

Hawsons' position as the leading independent DR grade and pellet feed development project has gained wide acceptance in iron ore and steel markets. Recent feedback from miners, traders and end users is that if BFS results confirm the Hawsons prefeasibility study (PFS) results the market will pull Hawsons into development.

A number of parties have indicated they will be willing to negotiate a role in development at post BFS stage and are watching progress closely. The Company is very confident the project can attract strategic investment to unlock value for shareholders, additional to Mitsui's commitment announced in 2018 (There is no guarantee of a transaction).

The steel-making input trends for high quality ore in China, tightness and concentration of direct reduction (DR) quality ore supply in Middle East and North Africa (MENA) and long-run decarbonisation of steel-making in Europe support the Hawsons' development case.

During the quarter, the Company continued to attract offtake enquiries and advance discussions with tier 1 and other credible, substantial end users from China and MENA and hosted a number of site visits.

The Company's interest in the Hawsons Iron Project now stands at 69.8%.

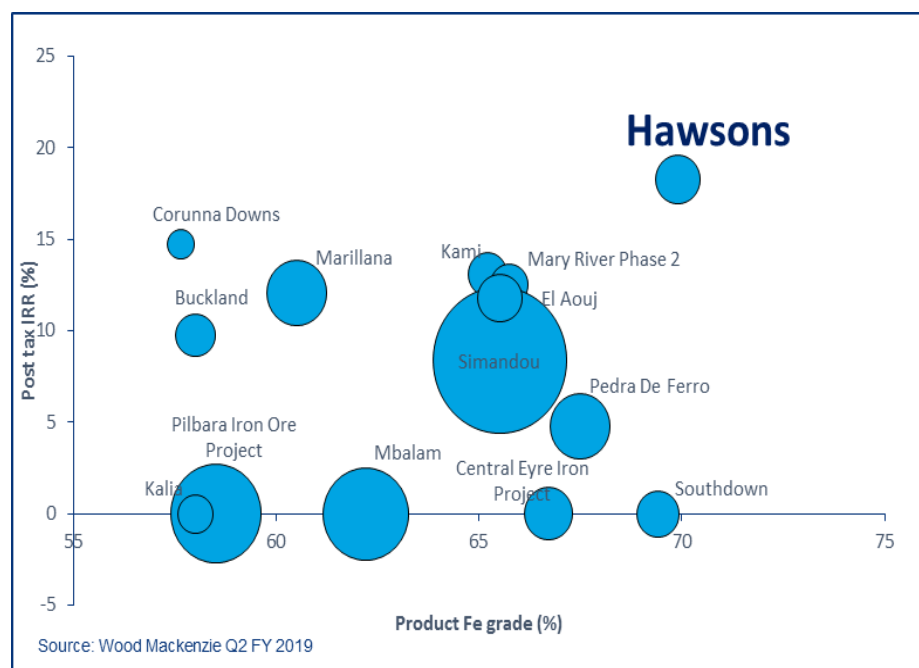


Chart 1 – IRR vs product grades for unfinanced projects at PFS stage or later

\*All projects except Hawsons at BFS stage  
\*Assumes that Hawsons is in production and the outcomes are as set out in the prefeasibility study announced on 28 July 2017. The Company confirms that all assumptions and technical parameters underpinning the Resource and Reserve estimates and all material assumptions underpinning the production target or the forecast financial information derived therefrom continue to apply and have not materially changed since first reported on 28 July 2017.

\*Bubble size represents annual production capacity

\*Excludes replacement or expansion projects owned by established miners RIO, BHP, CSN, FMG

\*Marillana IRR based on trucking to port. It is currently investigating a rail option that may change the project economics

\*Based on Wood Mackenzie long term price forecasts

Source: Wood Mackenzie (developed from Company's stock exchange compliant releases, modified uniformly by Wood Mackenzie by internal long-term price and cost forecasts, Wood Mackenzie is not aware of any material omissions in the data)

## Corporate

The Company's SPP carried out during the quarter closed substantially over-subscribed, with the Company raising approximately \$2.95 Million. The extra funds raised through the SPP over-subscription are being used as described above.

The Company is taking steps to raise its profile within equity markets to match its profile in the international iron ore and steel markets.

## About Hawsons Iron Project

The Hawsons Iron Project joint venture (CAP 69.8%, Pure Metals P/L 30.2%) 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.

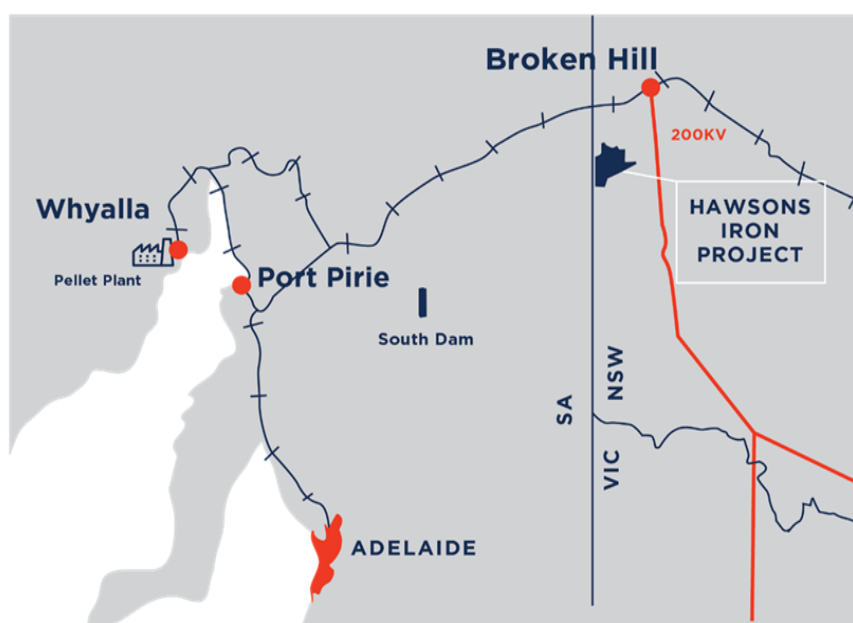
The project has a clear technical and permitting pathway. It is located 60km south-west of Broken Hill, an ideal position for mining operations with existing power, rail and port infrastructure available for a 10 Mtpa start-up operation. A mining lease application has been lodged.

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 2Mtpa off-take related funding from Mitsui and off-take intent from blue chip companies Formosa Plastics (2.6Mtpa), Bahrain Steel (3Mtpa), Shagang Steel (2.5Mtpa), Emirates Steel (0.9Mtpa), Kuwait Steel (1Mtpa), Mitsubishi Corporation RtM Japan (1Mtpa) and trading house Gunvor Group (1Mtpa).

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.

## Carpentaria Resources Tenement Schedule at end of 2019 June Quarter

8 licences and applications

Licence	Notes	Name	Original Grant Date	Expiry Date	Equity %	Sub Blocks	Area (km <sup>2</sup> )
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	09/12/2019	100	9	26
MLA 460	3,4	Hawsons Iron	Under application	Under application	68.7	n/a	187
<b>TOTALS</b>						<b>281</b>	<b>1,001</b>

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](http://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 June 2019**

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(283)	(964)
(b) development	-	-
(c) production	-	-
(d) staff costs	(21)	(283)
(e) administration and corporate costs	(49)	(313)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refund	-	-
1.7 Refunds	-	-
1.8 Business development costs	(60)	(393)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(411)</b>	<b>(1,949)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(7)	(7)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(7)</b>	<b>7</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	2,943	4,187
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	(190)	(274)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>2,753</b>	<b>3,913</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	689	1,053
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(411)	(1,949)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7)	7
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,753	3,913
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,024</b>	<b>3,024</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	3,008	673
5.2 Call deposits	16	16
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,024</b>	<b>689</b>

**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

<b>Current quarter \$A'000</b>
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

<b>Current quarter \$A'000</b>
-
-

## Mining exploration entity and oil and gas exploration entity quarterly report

8.	<b>Financing facilities available</b> <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	215
9.2	Development	-
9.3	Production	-
9.4	Staff costs	80
9.5	Administration and corporate costs	85
9.6	Business development	55
9.7	<b>Total estimated cash outflows</b>	<b>435</b>

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: 24 July 2019

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.