Investor Presentation
November 2016

Carpentaria EXPLORATION LIMITED

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

Disclaimer

This presentation has been prepared by the management of Carpentaria Exploration Limited (CAP) for the benefit of customers, analysts, brokers and investors and not as specific advice to any particular party or persons. The information is based on publicly available information, internally developed data and other sources. Where an opinion is expressed in this presentation, it is based on the assumptions and limitations mentioned herein and is an expression of present opinion only. No warranties or representations can be made as to origin, validity, accuracy, completeness, currency or reliability of the information. CAP disclaims and excludes all liability (to the extent permitted by law) for losses, claims, damages, demands, costs and expenses of whatever nature arising in any way out of or in connection with the information, its accuracy, completeness or by reason of reliance by any person on any of it. Where CAP expresses or implies an expectation or belief as to the success of future exploration and the economic viability of future project evaluations, such expectation or belief is expressed in good faith and is believed to have a reasonable basis. However, such expected outcomes are subject to risks, uncertainties and other factors which could cause actual results to differ materially from expected future results. Such risks include, but are not limited to, exploration success, metal price volatility, changes to current mineral resource estimates or targets, changes to assumptions for capital and operating costs as well as political and operational risks and governmental regulation outcomes. CAP does not have any obligation to advise any person if it becomes aware of any inaccuracy in or omission from any forecast or to update such forecast.

Carpentaria - Snapshot

Carpentaria EXPLORATION LIMITED

Recently raised $2.0m

Target

Resource upgrade ~ Q4 calendar 2016

PFS completion ~Q2 2017

Drilling and development studies underway

ASX : CAP

Listed: 2007

SHARES: 164 M *

CASH : $2.76 M 15 November, 2016 *

(*includes the placement shares and funds)

100% focussed on Hawsons Iron Project (CAP 64%, Pure Metals PL 36% diluting)

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 13.7%

Australia Conglin Int. Group 8.6%

SG Hiscock and Company 5.1%

Hawsons Iron Project - Introduction

Location - 60km south west Broken Hill

JORC Resource - 1.8Bt at 15% mass recovery for 263mt of concentrate (88% Inferred, 12% Indicated, see appendix)

Unique siltstone ore type - allows stand out mining cost, processing cost and product quality targets

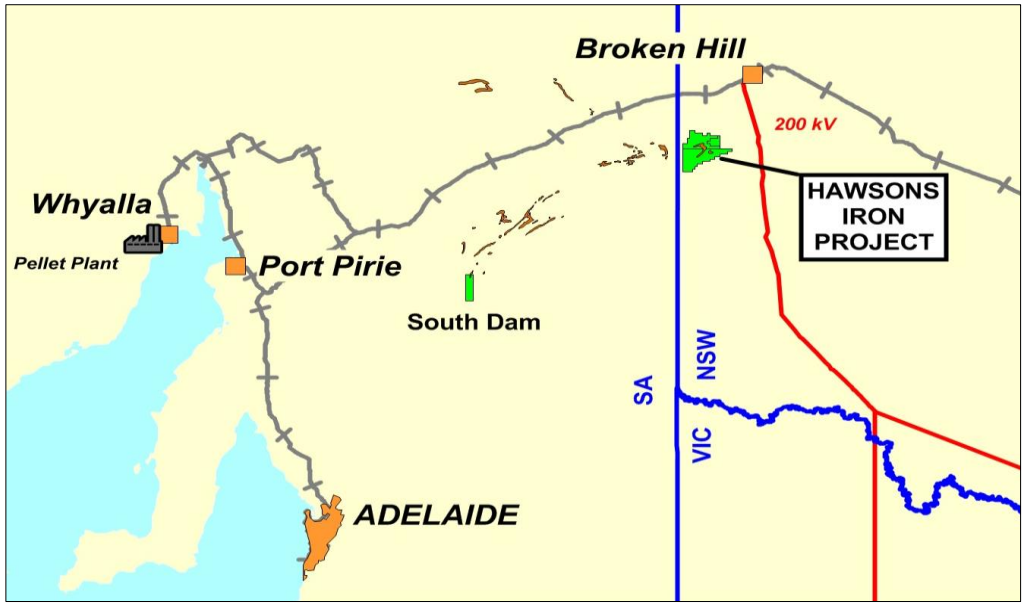
Product quality - amongst the world's best, allows stand out customer base and revenue (>70%Fe <2% silica)

Existing infrastructure in place - power, water, rail, port and pellet plant allows potential stand out capital cost and low development risk for various production scenarios

Characteristics to elevate project to first in the development queue

Hawsons Iron Project - Concept

- Mine and process on site
- Power from reliable eastern states grid
- Water from defined high yield saline aquifer 90km south
- Slurry product in pipeline to Broken Hill
- Rail to Port Pirie or Whyalla on existing rail (13mtpa spare capacity)
- Potential to access upgrading to pellets at Whyalla
- Transhipment to Cape size vessels to customers- Bahrain Steel, Emirates Steel, Gunvor, Formosa and Mitsubishi



Investment case – Near term growth prospects

Carpentaria EXPLORATION LIMITED

Milestones

Resource upgrade targeted by end CY 2016

- ~5,500m of infill drilling underway,
- targeting significant conversion from Inferred Resources to Indicated Resources

Prefeasibility study targeted Q2 CY2017

- to be supported by upgraded resource
- aim to achieve competitive cost targets based on earlier studies.

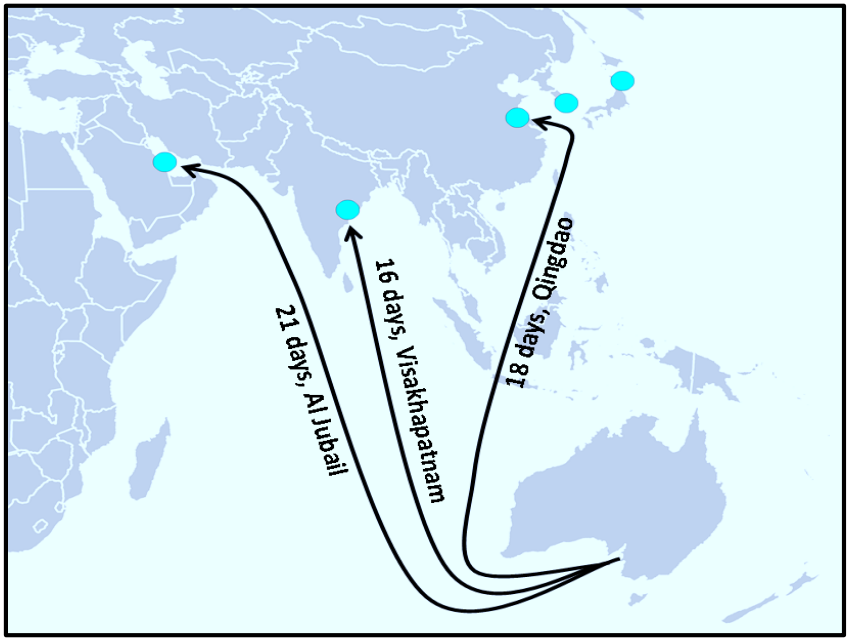
Commodity outlook

- improving iron ore outlook
- world steel demand has returned to growth
- market soon to focus on new projects esp. highest quality products

Investment case - Development prospects and strategic value

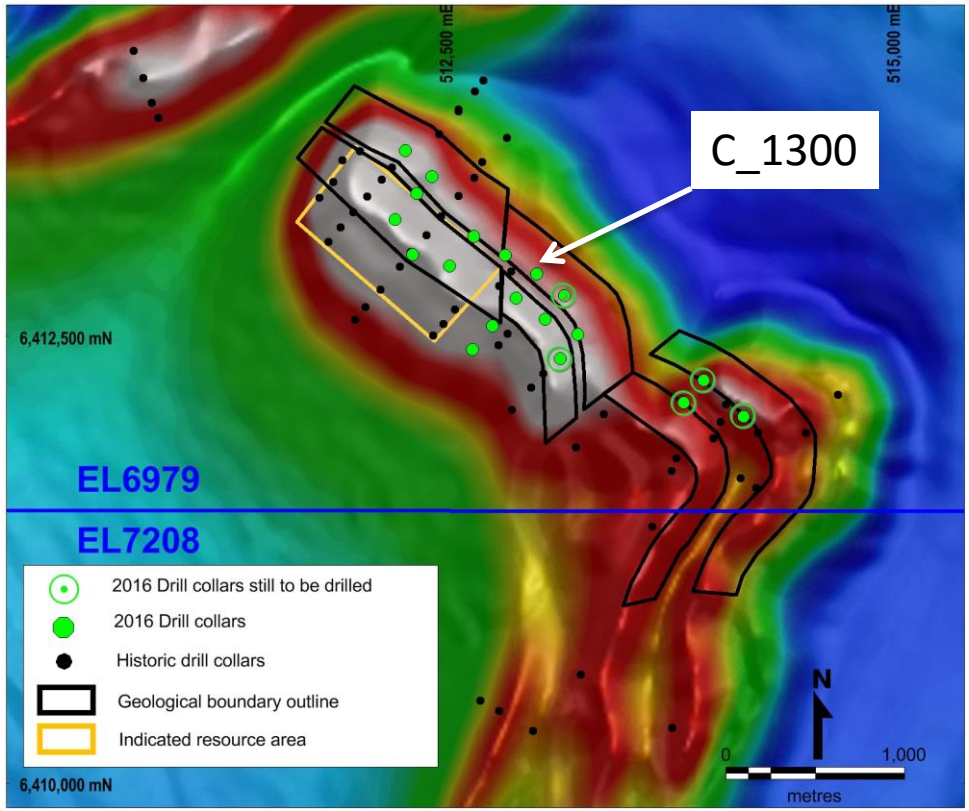
In front of the development queue

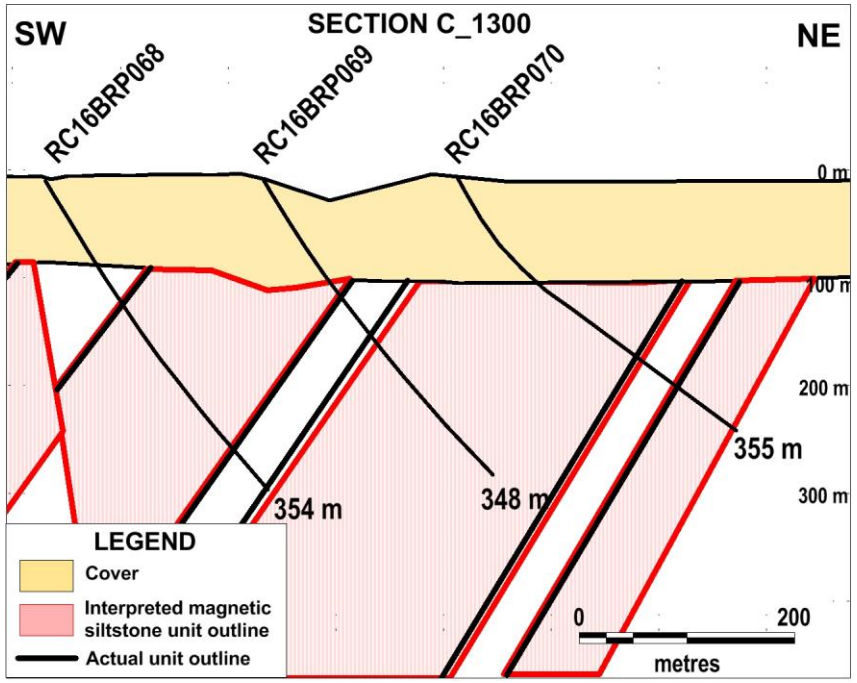
- Strong growth forecasts for global steel (and iron ore) demand requires new projects
- Unique strategic value of new, competitive supply of **Supergrade** material to:
  - direct reduction iron (DRI) market in Middle East and India
  - blast furnace feed to Asian steelmakers
- Unique low development risk for new supply:
  - existing infrastructure
  - potentially highly competitive cost structure (against both low quality and high quality ores)
- Hawsons resource is natural fit to maximise returns for pellet plant and port at Whyalla



Near term growth drivers – Milestones

Resource upgrade





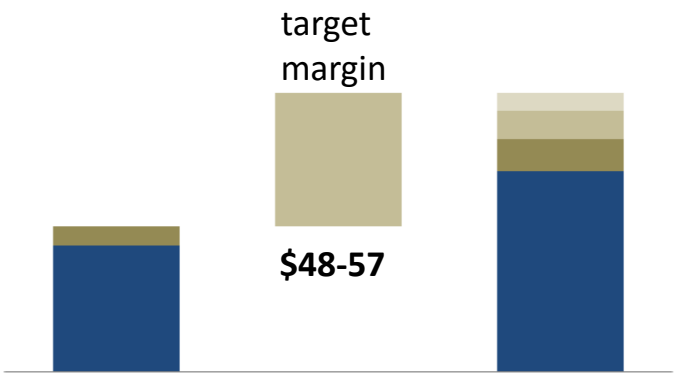
- ~5,500m drilling program , ~75% complete
- Aim to convert significantly from Inferred Resource to Indicated Resource
- Results meeting expectation so far based on geology and magnetic surveys
- Target resource upgrade by end calendar year 2016

Near term growth drivers – Milestones

Pre-feasibility study cost targets

Carpentaria EXPLORATION LIMITED

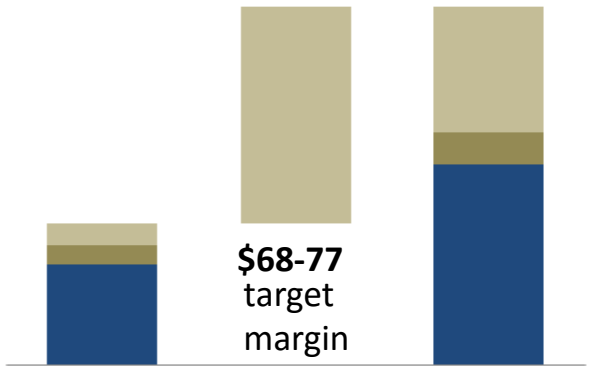
HAWSONS SUPERGRADE BLAST FURNACE PELLET FEED



$43-52
CFR China cost target*

$100
Revenue 62%Fe fines plus premium**

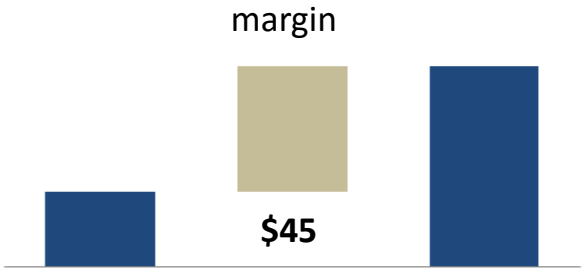
HAWSONS DIRECT REDUCTION PELLETS



$51-60
CFR China cost target*

$128
Revenue 62%Fe fines plus Platts DR index premium

TIER ONE PILBARA FINES



$27
BHP break even *CRU 2016*

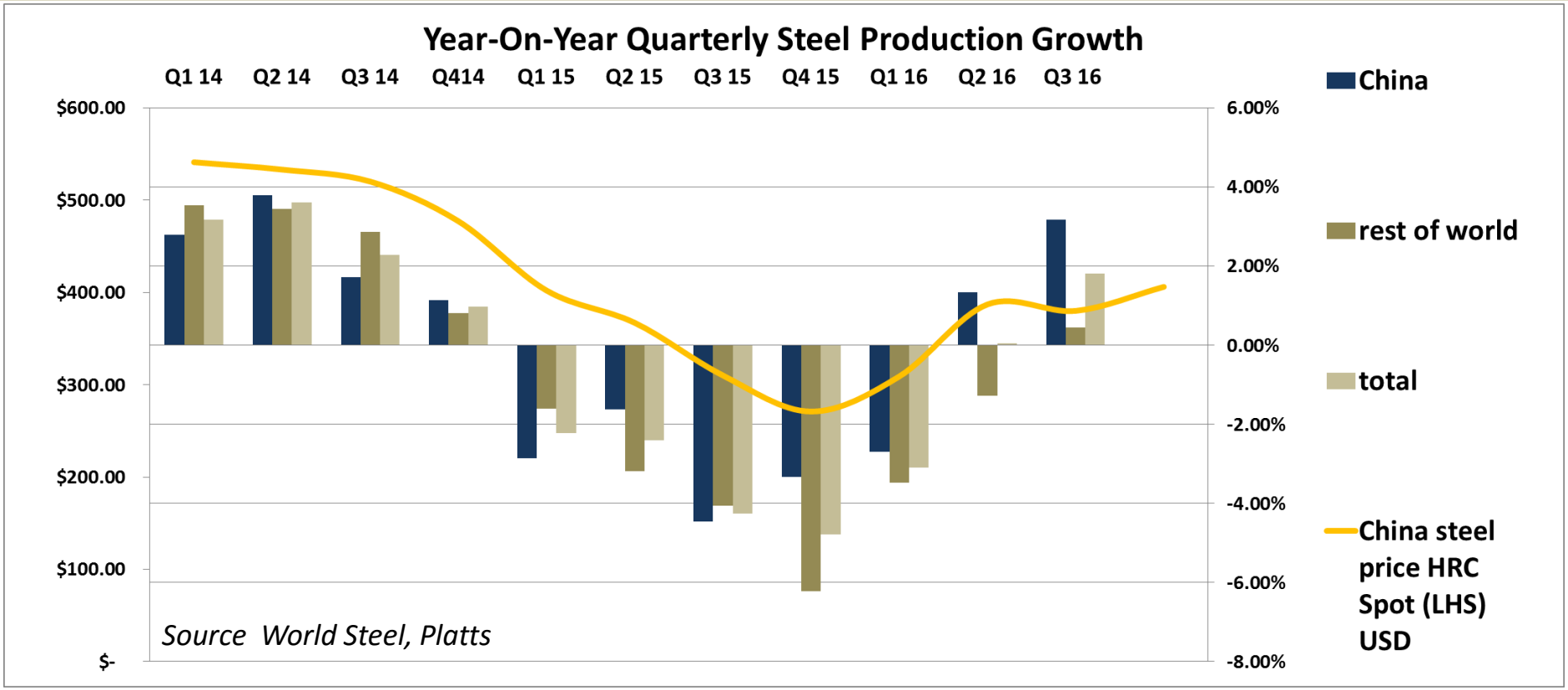
$72
62%Fe fines Platts

- Cost targets based on 2013 PFS level engineering and Inferred Resources (excluding pelletising)
- Potential margins at 9 Nov. 2016, better than tier one Pilbara margins based on Platts index pricing, and steel mill pricing formula (see Appendix for formula)
- Competitive capital cost target of US$1.4-2.0bn (inclusive of preproduction cost and contingency)
- Aim to review - existing mining, power, water and labour capital inputs; and
  - production rate scenarios, complete Q2 2017.

• LOM, Includes royalties, sustaining capital, 1AUD buys 0.72USD
All figures USD

**Shanghai Metals Market formula based on Platts prices 9/11/16, see appendix

Near term growth drivers – Improving market outlook



- Steel production in China and rest of the world expanded for the first time in 6 quarters, more stable long term fundamentals starting to apply
- World steel revised up its 2016-2017 steel demand forecasts by 31mtpa in last six months
- China met yearly steel capacity reduction target of 45 mtpa by late October*, longer term target of 120mt by 2018* remains, supporting stronger steel mill profitability
- 72m people to urbanise by 2020 in China (refer appendix)

*CISA, as reported by Chinamining.org – 11 November., 2016
**CISA October 13, 2016

Development prospects - near to medium term outlook is good

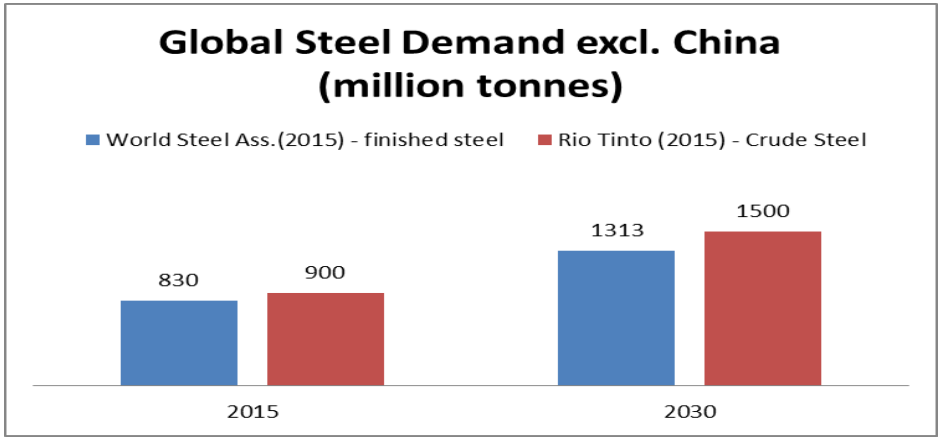
Global long term steel and iron ore market fundamentals **require new iron ore projects**

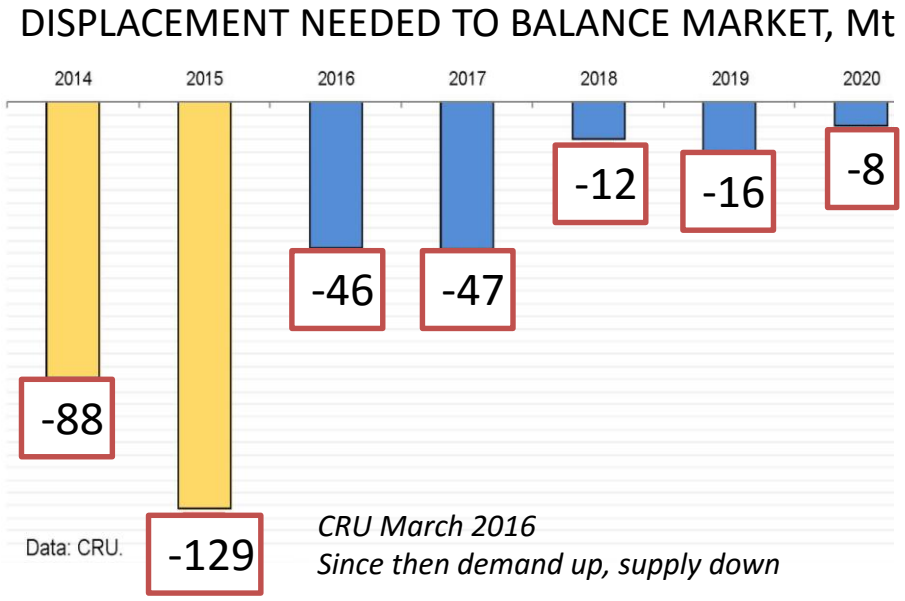
Demand

- 480-650mtpa of new steel (and iron ore) is required to 2030 (BHP ~650mtpa)
- That's 30-40mt yearly iron ore demand growth, key drivers, China, India, south east Asia
- World Steel revised up its 2016-2017 steel demand forecasts by 31mtpa in last six months

Supply

- ~100mt of new supply over 2016-17, diminishing from 2018; however moderated down by ~20mt over last 6 months
- 170mtpa of new production required over next 5-10yrs to replace mine depletion and falling grades**
- Global supply past 2018 uncertain, financing window 2018.
- Market to seek development of new projects ~2018 for 2020 production

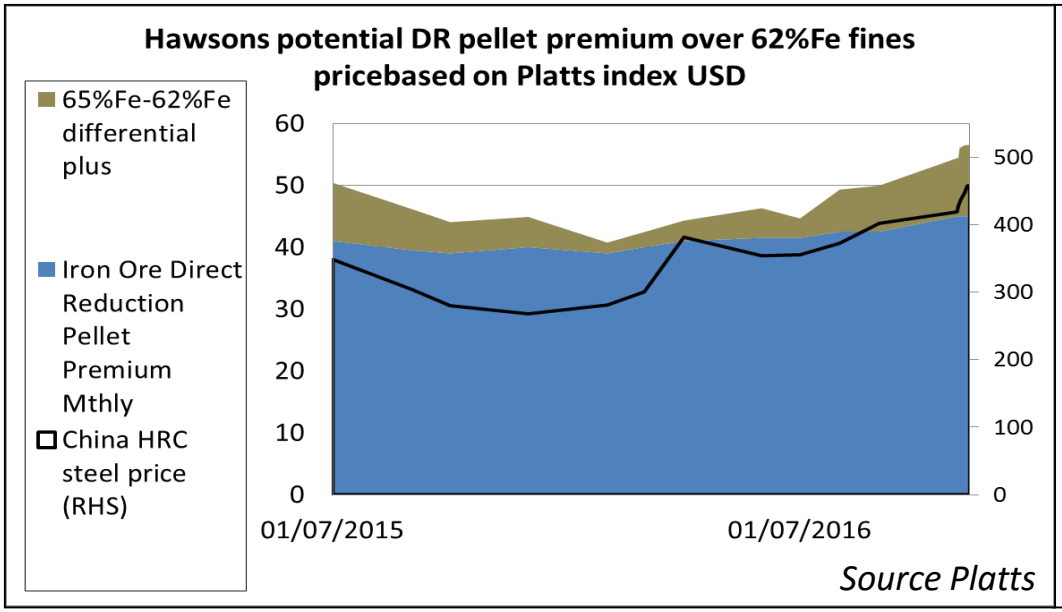


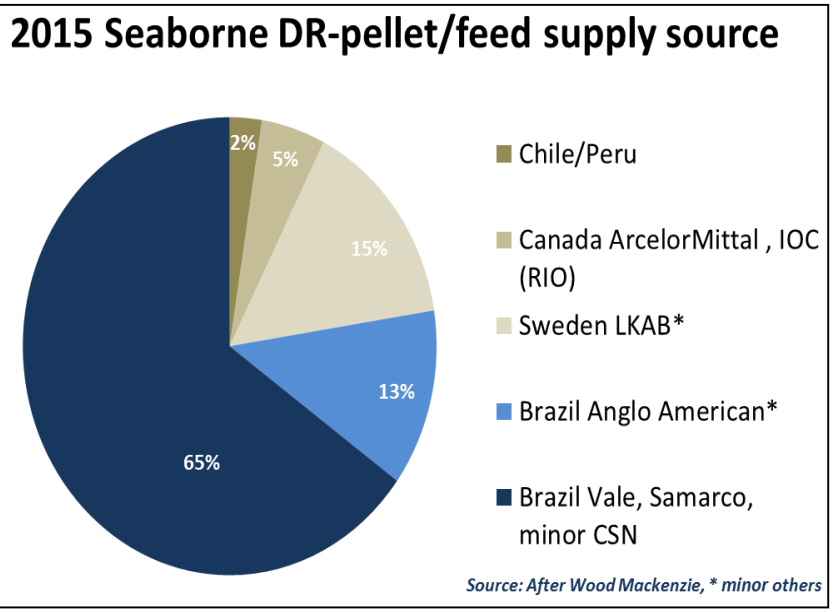


Source : World Steel Association, May and October 2015, Rio Tinto, March 2015, CRU March 2016, BHP August 2016

*** Global Mining Research Nov 2016*

Unique strategic value of Hawsons – Direct reduction (DR) feed





DR feed highest value iron ore product – DR pellet currently 62%Fe fines plus US$55

Middle East DRI-EAF steel lower cost than Europe scrap – EAF steel making (see appendix)

DR product quality is rare
- supply concentrated by four majors (~90%)*
- supplied by ~ 10 projects **

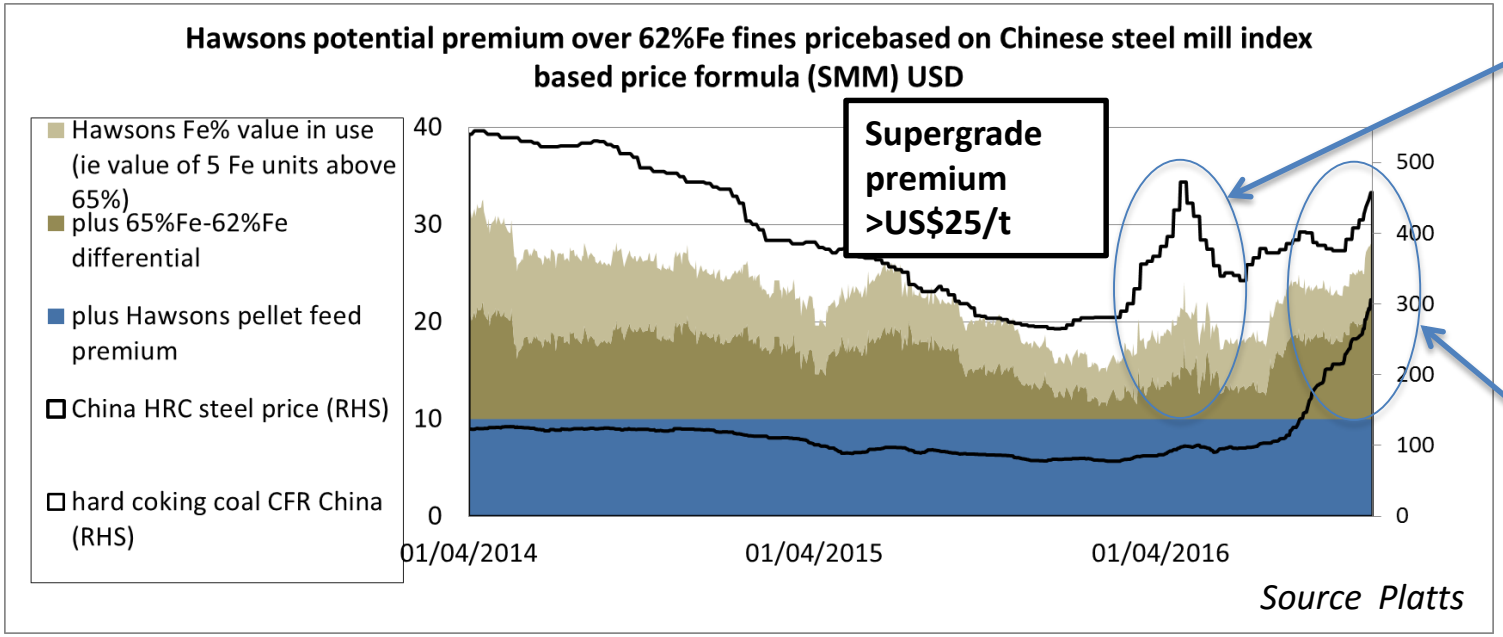
New and diversified sources of direct reduction feed required in the Middle East to

1. support DRI industry growth
2. offset pricing power of existing producers

Bahrain Steel and **Emirates Steel** have signed for 3.9Mtpa of Hawsons DR feed under LOI demonstrating strategic interest

** Wood Mackenzie, 2015, **MBR, 2015*

Unique strategic value of Hawsons Supergrade – Blast furnace



High grade premium correlates with steel mill profitability as higher productivity sought (see appendix)

High grade premium correlates with increased coal input cost

Increasing demand for pellet feed

Larger blast furnaces require higher share of pellets in blend

Ongoing closure of Chinese magnetite production gives shortage of pellet feed

Increasing demand for high grade

Mitigates increasing coal input and pollution costs

Boosts productivity, sought when mill profitability is strong

Mitigates falling global grades

Unique strategic value of Hawsons Supergrade – Blast furnace

Carpentaria EXPLORATION LIMITED

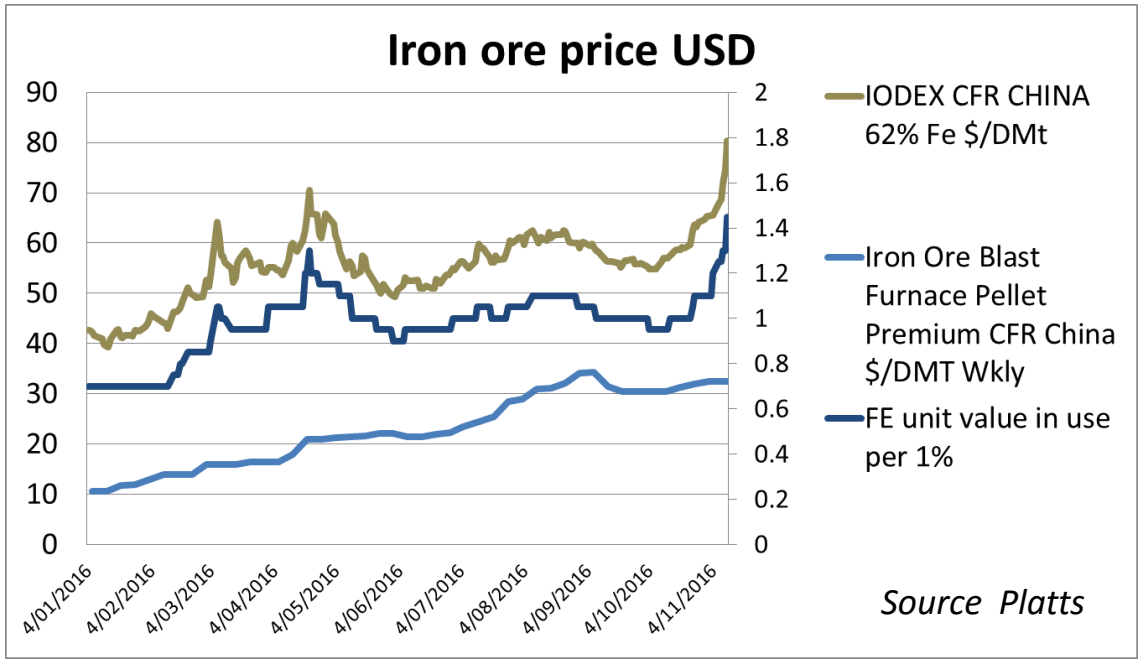
Medium term consensus price 62%Fe fines is ~SU$60/t*

Is the iron ore price increase in November 2016 a window to the medium term future?

High grade products and pellet feed increasingly difficult to source given lower iron ore price environment

Mills that can access high grade and pellets to have a competitive advantage

Hawsons is unique low cost high grade pellet feed



Blue chip demand for Hawsons Supergrade demonstrated by LOIs with

- **Mitsubishi**
- **Gunvor**
- **Formosa**

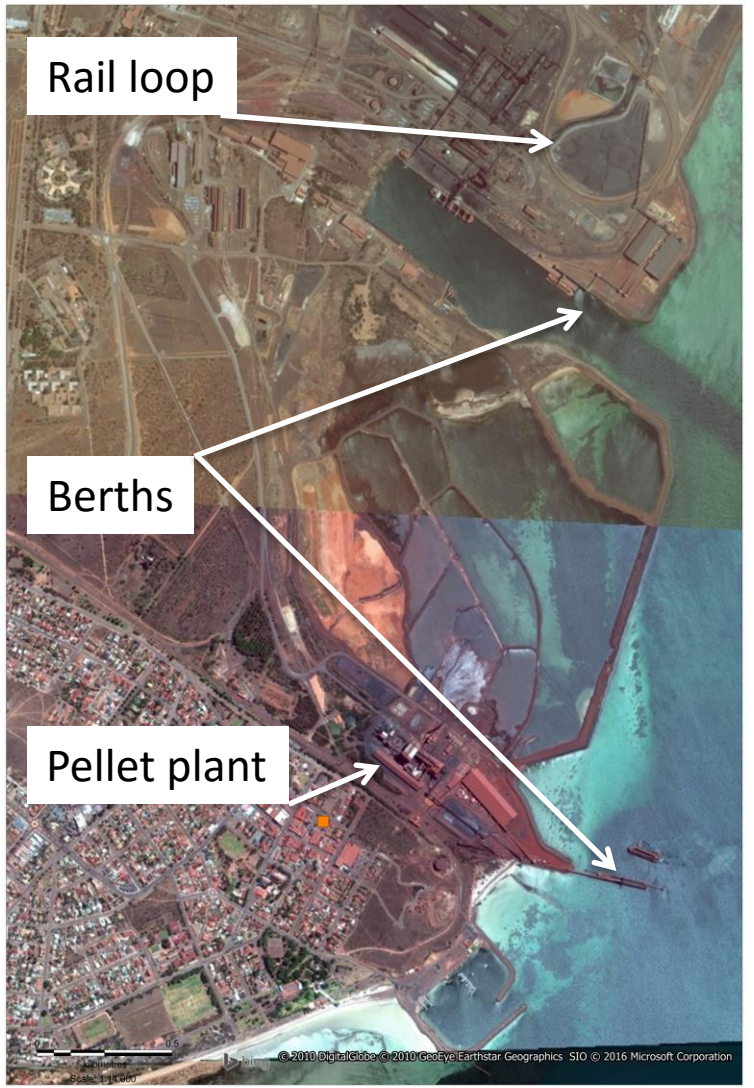
**Source https://www.vuma.com/public/consensus/rio*

Unique strategic value – Whyalla infrastructure

Carpentaria EXPLORATION LIMITED

Hawsons is suitable for Whyalla port and pellet plant assets

- Rail from Broken Hill direct to Whyalla
- Port ~16mtpa capacity
- Mining reserves suffering depletion
- Spare capacity in the pellet plant



Arrium Whyalla facility

Hawsons Iron Project – First in the queue for development

Right project– competitive cost targets and existing infrastructure

Right product – Supergrade, the world's best pellet feed one of the few products that meet the trends of the steel industry

Right strategy –

- develop end user support for the Supergrade product
- increase confidence in project to attract end user investment
- secure end user support to build the project and meet the market demand for new iron ore

Thank you for your attention

Please refer appendix for additional information

Phone: +61 7 3220 2022

To find out more, visit us at
www.capex.net.au

@CARPEXPLORE

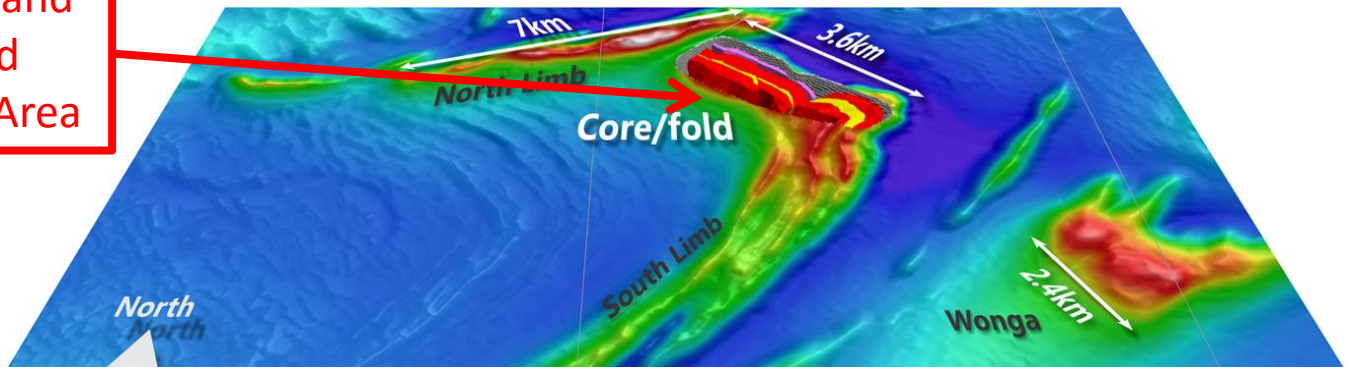
The information in this presentation that relates to Exploration Results, Exploration targets and Resources is based on information compiled by Q.S. Hill, who is a member of the Australian Institute of Geoscientists and has had sufficient experience which is relevant to the style of mineralization and 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'. Q.S.Hill is an employee of Carpentaria and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix - Resources – Long life, high capacity, over 260 Mt concentrate defined

Carpentaria EXPLORATION LIMITED

			Concentrate Grades					
Category	Billion Tonnes	Magnetite DTR%	Fe%	Al_2O_3%	P%[1]	Si_2O_2%	LOI%	Contained Concentrate (Mt)
Inferred	1.554	14.7	69.6	0.20	0.004	2.9	-3.0	228
Indicated	0.215	16.2	69.8	0.20	0.005	2.8	-3.0	35
Total	**1.769**	**14.9**	**69.7**	**0.20**	**0.004**	**2.9**	**-3.0**	**263**

Indicated and Inferred Resource Area



[1] *Defined by drilling and assaying all magnetic anomalies combined with detailed magnetic modelling.*

The Company confirms that all assumptions and technical parameters underpinning the resource estimates continue to apply and have not materially changed since first reported on 26 March 2014.

Appendix - Suggested pricing for CAP's pellet feed

Shanghai Metals Market

Suggested Pricing for CAP's Pellet Feed and Pellet

Benchmark

Platts 65%	Fe	S	Si	Al	P	$/dmt	Fe Differential ($/dmt)
	65%	0.02%	3.50%	1%	0.075%	**68.75**	**1.2**

Pellet Feed

CAP Pellet Feed	Fe	S	Si	Al	P
	70%	0.002%	1.50%	0.23%	0.004%

Benchmark Price ($/dmt)	Fe Adjustment			Pellet Feed Premium ($/dmt)	Price ($/dmt)
Platts 65%	Fe Differential against Benchmark	Unit Fe adjustment ($/dmt)	Total Fe Adjustment		
68.75	5	1.2	**6**	**10***	**84.75**

Pellet

CAP Pellet	Fe	S	Si	Al	P
	68%	0.002%	1.50%	0.23%	0.004%

Benchmark Price ($/dmt)	Fe Adjustment			Pellet Premium ($/dmt)	Price ($/dmt)
Platts 65%	Fe Differential against Benchmark	Unit Fe adjustment ($/dmt)	Total Fe Adjustment		
68.75	3	1.2	**3.6**	**30**	**102.35**

Note: Platts price here is based on 22nd May US$60.25/t for 62%Fe fines.

Result based on survey of Chinese steel plants totalling 25% of Chinese industry

*This adjustment varied in the survey between US$4-12/t depending on source and product

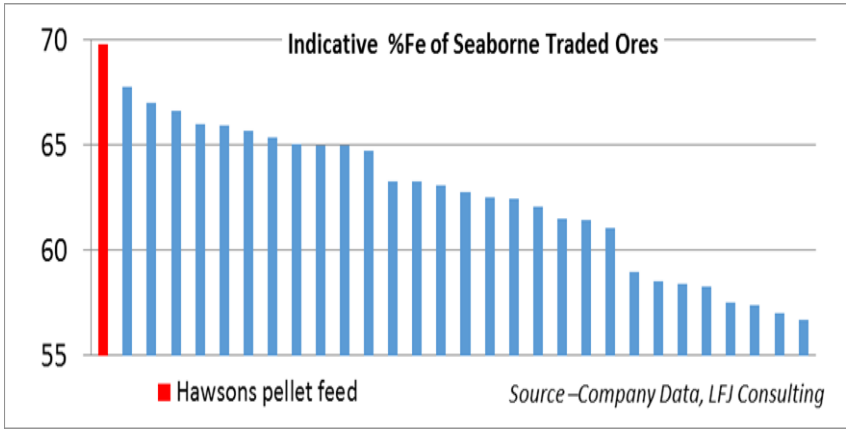
Appendix – Hawsons product quality

Elements and Compounds		Supergrade Pellet Feed (ALS, CISRI)	Supergrade pellets (CISRI) Fired at 1230^{0}C	Midrex DR Specifications*
chemical Analysis (%) (on dry basis)	Fe	70.3	67.80	67.00 min.
	SiO_2	1.99	2.39	
	Al_2O_3	0.29	0.44	
	SiO_2 + Al_2O_3	2.28	2.83	3.00 max.
	CaO	0.11	0.15	
	MgO	0.2	0.22	
	P	0.007	0.008	0.030 max.
	S	0.001	0.003	0.008 max.
	TiO_2	0.11	0.10	0.15 max.
	Na_2O	0.032	0.056	
	K_2O	0.05	0.054	
Physical Properties	Blaine Index (cm2/g)	1910		
	Tumble (% +6.3mm)		96.53	NA
	Abrasion (% -0.5mm)		2.99	NA
	CCS (Kg/pellet)		324	>250
Metallurgical Properties	Reducibility Index (%)		62.04	
	Reduction swelling index (%)		13.92	
	Softening/Melting (Kpa.^{0}C)		551	

*Hawsons indicative specifications based on bulk pellet feed test work (ASX Announcement, 14 October 2015) and China Iron and Steel Research Institute test work (CISRI) in Beijing February 2016). *P8 The Midrex Process by Midrex 2015*

Appendix – Benefits of product

Highest iron grade in the seaborne trade supports premium prices



Very high iron: slag ratio

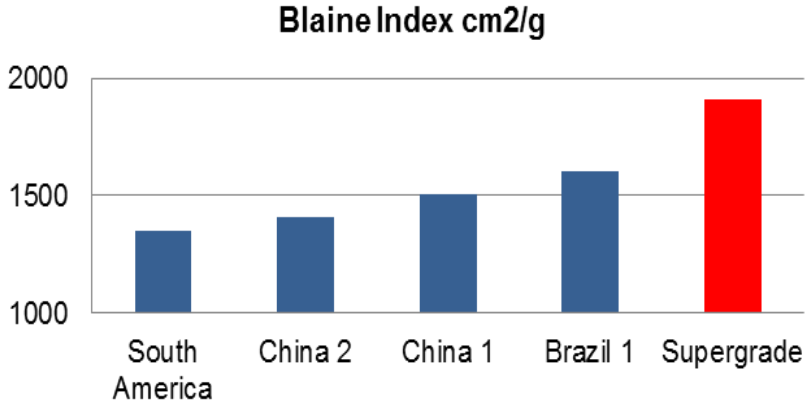
70.3% Fe (~97% magnetite : ~3% waste)

- typical Pilbara fines generate 2.3 to > 3x more slag*
- 67%Fe magnetite concentrate generates > 2 x more slag

Unique fineness - best pellet feed**

100% <40 micron gives

- highest strength pellets, ~1.0>3.5% higher yields for end user
- outstanding furnace properties for stable and efficient iron making

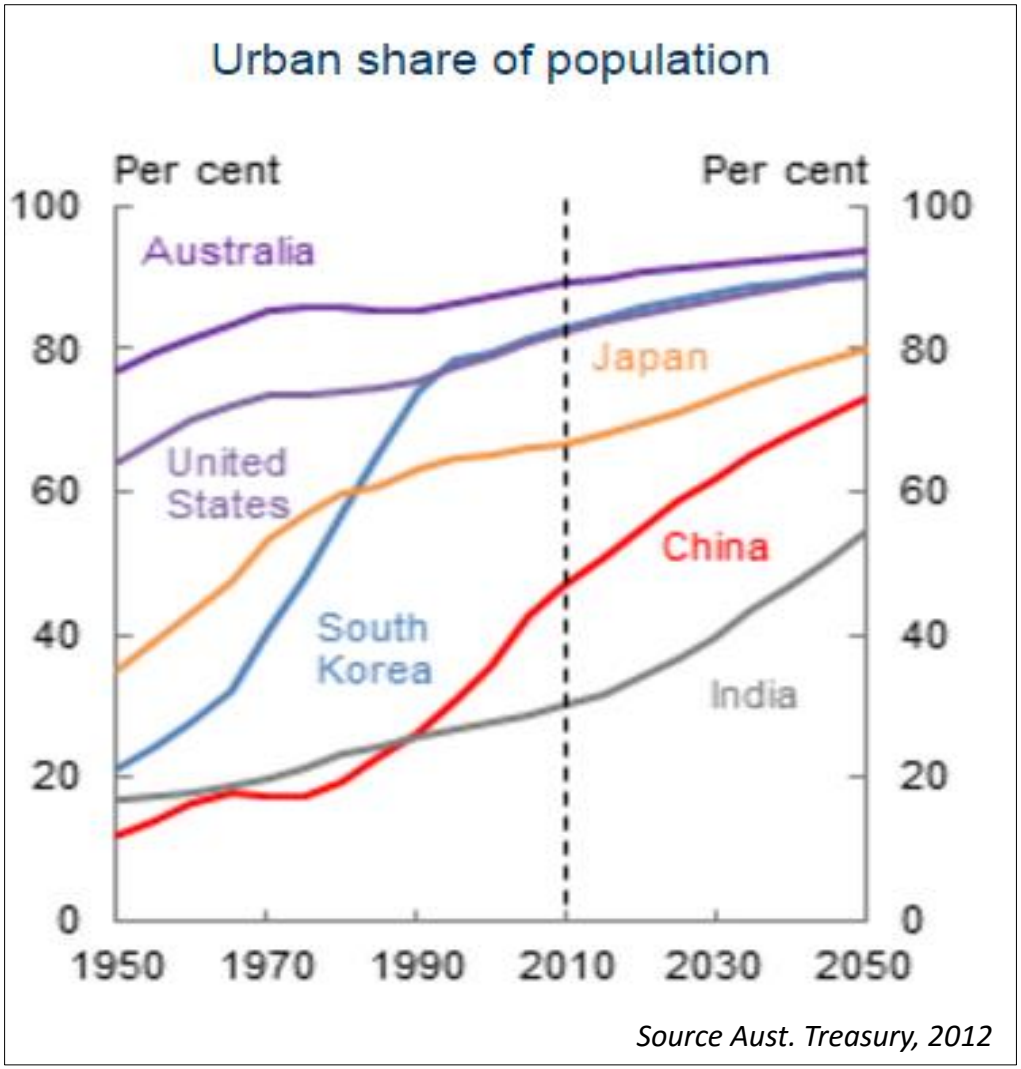


Blaine index is one measure of fineness

** Calcined basis*

Appendix - Strong fundamentals for steel and iron ore demand

- China set 60% urbanisation target by 2020, or 72 million people from today (more than UK population)
- Trend to 70% by 2030 for over 200m people
- Chinese demand to become clearer in 2017 – steel stocks a long way to run



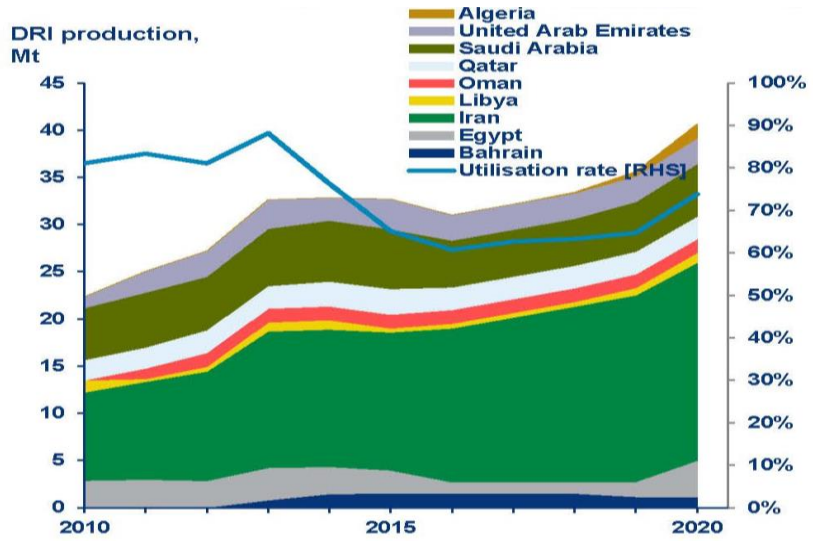
Appendix - Direct reduction iron

Benefits of DRI / EAF vs Blast furnace

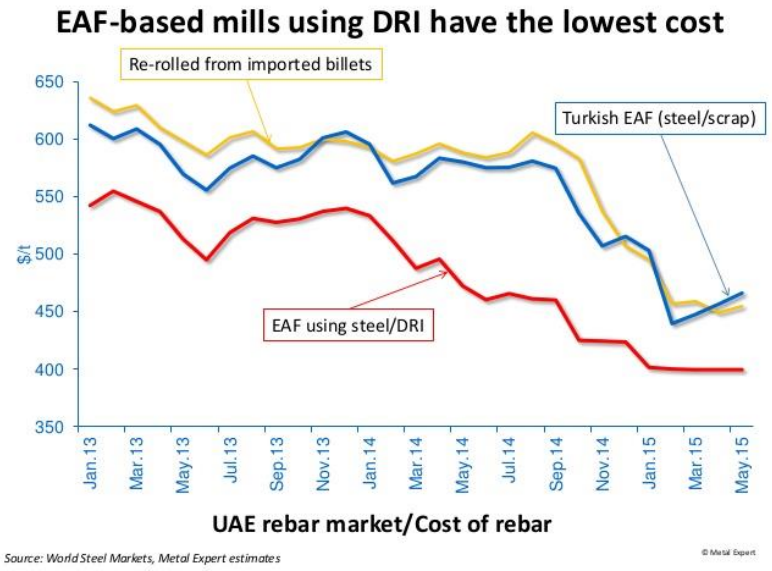
- Less capital investment
- Less operating costs
- Shorter construction period
- Relies on availability of natural gas
- Boosted by shortage of coking coal
- Flexibility of production capacity, can be on or off more easily than a BF
- Fewer CO2 emissions

DRI production to increase in MENA to 2020

- DRI reduction agent is gas, not metallurgical coal.
- As metallurgical coal prices rise, DRI becomes more competitive
- India would benefit from a supplement to its hematite and goethite DR feed to increase productivity



Source World Steel, Midrex , Wood Mackenzie May 2016



Appendix – Steel mill profitability

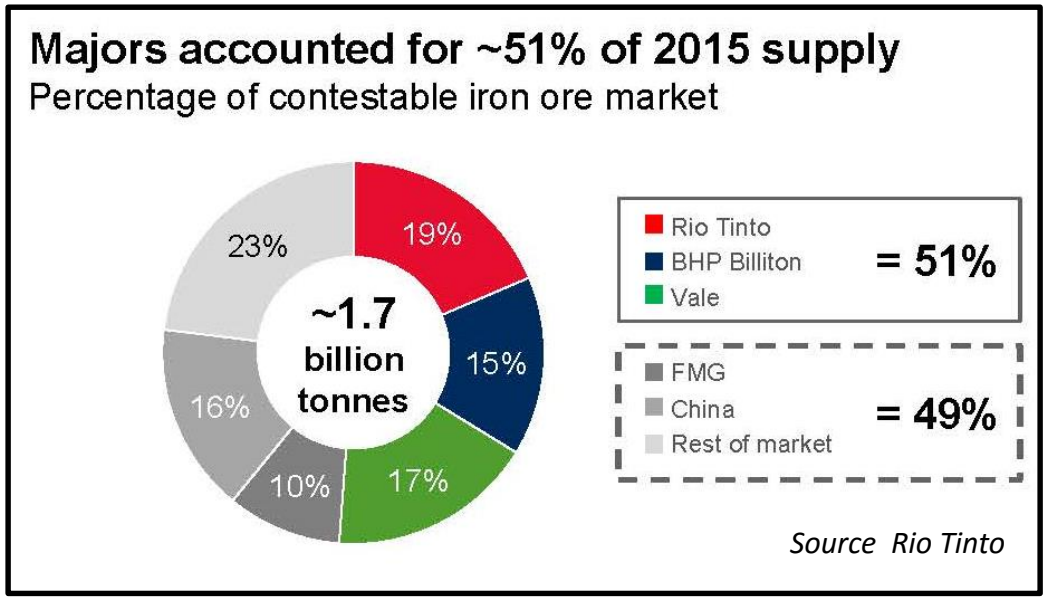
- RIO, Vale, BHP and FMG account for 61% of the contestable seaborne market
- That means there is ~660Mtpa to contest

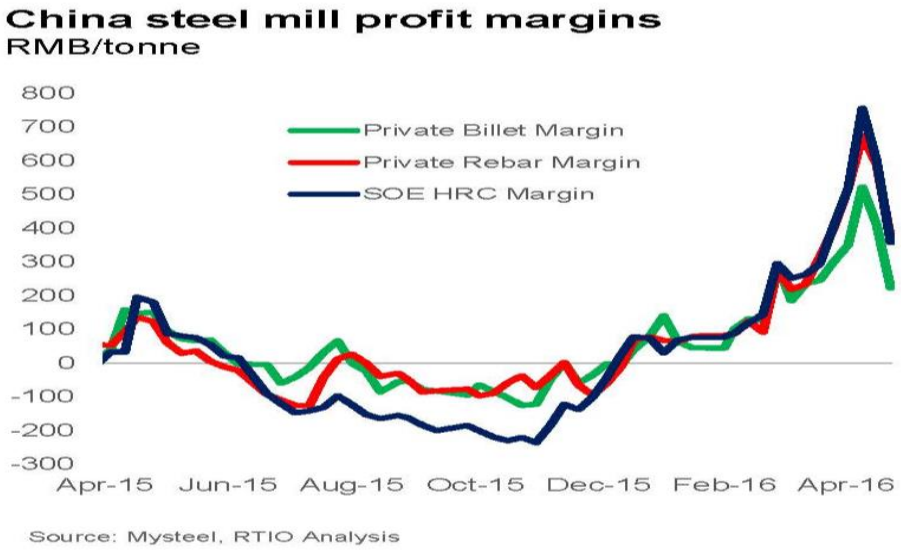
- Long term prices to reflect the long run marginal cost of production

- On the delivered China cost curve this is **~US$65/t** *(90th percentile see FMG Metalytics cost curve August 2016)*

- Consensus long term 62%Fe fines long term iron ore price is **US$60/t** *

- High grade premiums to maintain strength as coking coal prices remain strong and steel mill profitability remains strong

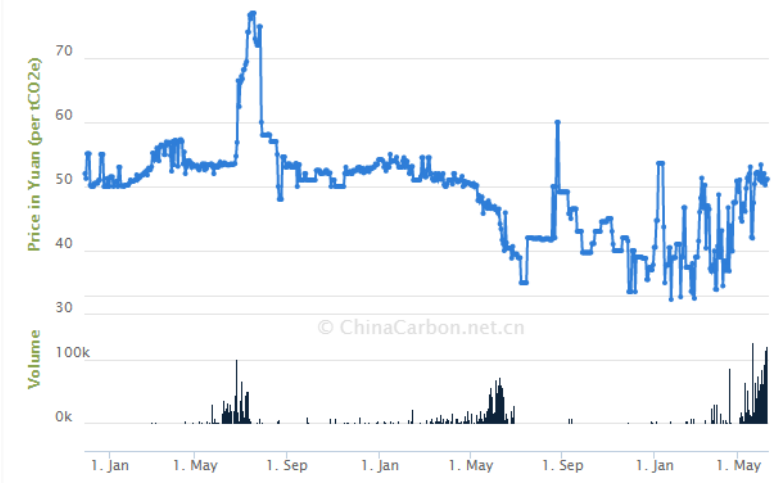




*Source https://www.vuma.com/public/consensus/rio

Appendix - Carbon Price supporting information

Country	CO2/t (USD)	
Sweden	168.00	Carbon tax subject to exchange rate change since 2014
Denmark	31.00	Carbon tax subject to exchange rate change since 2014
Euro ETS est av. for 2020-2030	20.79	Eurozone ETS est av. PwC survey 2016 for 2020-2030
United Kingdom	15.75	Carbon tax on electricity generation
Korea	15.20	Emmissions trading on Korean markets March 2016
Euro ETS ave. est. 2013-2020av.	12.19	Eurozone ETS ave. est. 2013-2020av. PwC survey 2016 for 2013-2020
Euro ETS	8.25	Eurozone emission trading scheme
China (Beijing)	7.50	China trading market Chinacarbon.net, will apply to steel
Australia	7.37	Direct Action benchmark paid,2015
China (Hubei 12mnth spot)	4.05	China trading market Chinacarbon.net
Japan	2.00	Carbon tax subject to exchange rate change since 2014



Beijing Carbon Market, source ChinaCarbon.net