



Company Update

MAURITANIAN GOVERNMENT PARTNERS WITH CHARTER PACIFIC - HEMATITE MINING PERMIT 995km²

ASX CODE: CHF

THE BOARD

Kevin Dart AICD
Executive Chairman

Peter Bradfield LLB, FAICD
Director

David Selfe BSc, MAusIMM
Director

ADVISORY COMMITTEE

Ashley Zimpel

Darshak Mehta

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CAPITAL STRUCTURE

Shares on issue: 141,756,873

COMPANY DETAILS

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Dear Shareholders,

Charter Pacific announced on 30 May 2014 it was successful in its bid for an advanced term Hematite deposit containing direct shipping iron ore (DSO) in Mauritania. This permit was granted to its 70% owned subsidiary, Legleitat Iron Mauritanie (LIM) SA, following lengthy confidential negotiations with the Government. Our partners are the Mauritanian Government (20%) and WAFA Mining & Petroleum (10%).

There were several reasons that compelled us to bid for this Hematite deposit. Firstly, approximately US\$45M has been spent on resource drilling, pre-stripping of mine site, port preparation and haulroad build for the Legleitat Ore Deposit by the previous permit holder. Secondly, there is a short lead time to deliver product for shipping to market (less than 12 months)***.

Our offer was based on the information contained in the tender package provided by the Mauritanian Mines Department. This included an estimate by an independent third party of a pre-tax NPV @ 10% US\$112M (based on iron ore price of US\$94/tonne).

The DSO is currently defined as an Inferred Mineral Resource** of 12.2 Mt @ 59%Fe (CaFe grade 62.7%Fe)* at a cut-off of 54%Fe.

We will aim for a 1Mtpa shipped operation for +10 years. If we are able to open other access routes we will be able to increase the tonnage per year.

The permit is extensively drilled and is still open with the potential to expand the Hematite resource. There is also future potential of beneficiation of lower grade goethite iron mineralization. An inferred resource of 58.9Mt @ 50%Fe surrounds the Hematite.

When volume shipping is commenced I anticipate the production cost to be around US\$50 a tonne free on board.

We are currently in confidential discussions with international commodity traders for our offtake.

Preliminary estimates indicate a capital intensity of up to US\$1.80 per tonne may be required to commence mining operations.****

We consider that financing this project may involve a combination of placement of securities, presale of offtake, and debt funding.

The majority of works to bring the mine to production will be conducted by contractors and consultants. Charter Pacific is building an in-country management team with the requisite skills and experience to prepare the mine site for production.

This DSO project with near term production potential will be a cornerstone investment for the company.

This project compliments our existing Mauritanian investments and accelerates our ability to generate significant near term value for shareholders. Rarely does such an advanced DSO iron ore project become available with infrastructure either in place or at near term availability

We look forward to updating you on the progress of this project.

Regards,

Kevin Dart
Executive Chairman

ASX announcement -

www.charpac.com.au/2014/05/grant-of-mining-permit-for-near-term-hematite-dso-production/

It has been reported that “the recovery in the European economy is spurring demand for steel, outpacing China where demand is flat.” (*Bloomberg Business Week* – 9/5/14). Mauritanian iron ore has been principally exported to European markets for the past 18 years and Charter Pacific believes the region will continue to be a strong market in the future.

Whilst extensive work has already been completed, Charter Pacific’s strategy will be to undertake further drilling and mining studies with the aim of defining JORC 2012 Code Resources and Reserves, and a Definitive Feasibility Study, leading to the commencement of mining operations at the site.

Charter Pacific intends to conduct further drilling and metallurgical test work on the goethite mineralisation on the Mining Permit 2138. In parallel it will also conduct drilling campaigns on our adjacent Exploration Permit 792.

Charter Pacific will immediately engage consultants to commence a review of the available data and formulate a project scope of work to fast track the project back into production.



Photo of mine site—Permit 2138 (995km²)

- * *CaFe - "Calcined Iron" grade of the ore and is determined by the formula $CaFe = Fe\% / ((100-LOI)/100)$.*
- ** *Inferred Mineral Resource estimated by SRK Consulting Pty Ltd under JORC 2004 Code in February 2011. A resource estimate was completed by SRK Consultants Pty Ltd that reported a JORC 2004 Code Inferred Mineral Resource of 12.2Mt at Fe grade of 59.0% using a Fe cut-off grade of 54%Fe, see Appendix 1. No new information is currently available to update the resource using JORC 2012 Code.*
- *** *The production targets expressed are aspirational in nature and are derived from studies conducted on the Inferred Mineral Resource, therefore it is uncertain at this stage that sufficient quantity of material will be defined as the resource is upgraded in confidence to Indicated and Measured to support these targets. It is Charter Pacific's intention to conduct further drilling and analysis to upgrade the resource confidence and conduct scoping and feasibility studies.*
- **** *This estimate is aspirational in nature and is derived from due diligence material supplied by the Mauritanian Mines Department and therefore it is uncertain at this stage that sufficient quality information is available to support this estimate. It is Charter Pacific's intention to conduct further investigation into the status of the Legleitit Ore Deposit and engage independent experts to upgrade the information currently available and conduct scoping and feasibility studies to provide confidence in the level of capex required to recommence operations.*

Competent Persons Statement

The above Mineral Resource estimation is reported in accordance with The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC 2004 Code') and makes references to "Measured", "Indicated" and "Inferred" resources conforming to those terms as defined in the JORC 2004 Code. The JORC 2004 Code sets out minimum standards, recommendations and guidelines for the Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves.

The Mineral Resource has not been updated to comply with the JORC 2012 Code on the basis that the Mineral Resource has not materially changed since last reported.

Mr Daniel Guibal, a fulltime employee of SRK Consulting (Australasia) Pty Ltd and a Fellow of the Australasian Institute of Mining and Metallurgy, has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify as Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

About SRK Consulting

SRK is an independent, international group providing specialised consultancy services. Among SRK's clients are many of the world's mining companies, exploration companies, financial institutions, EPCM and construction firms and government bodies.

Formed in Johannesburg in 1974, the SRK Group now employs some 1,600 staff internationally in over 50 permanent offices in 20 countries on 6 continents. A broad range of internationally recognised associate consultants complements the core staff. In Australia, SRK employs over 100 people in offices located in Brisbane, Melbourne, Newcastle, Perth and Sydney.

The SRK Group's independence is ensured by the fact that it is strictly a consultancy organisation, with ownership by staff. SRK does not hold equity in any project. This permits SRK's consultants to provide clients with conflict-free and objective support on crucial issues.