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ASX ANNOUNCEMENT

# Carpentaria sets strategic focus on Hawsons Iron Project

## Highlights

- **Carpentaria sets focus on the development of Hawsons Iron Project**
- **Company to maintain strong financial position**
- **Company assessing strategic options for exploration assets**
- **Founding Chairman Mr Nick Sheard to retire, Dr Neil Williams appointed Chairman**

The Board of Carpentaria Exploration Limited (ASX:CAP), in a strategic shift, is pleased to announce that the Company will focus its resources on the development of its flagship asset, the Hawsons Iron Project (60% owned by Carpentaria in joint venture with Pure Metals Pty Ltd).

Managing Director Quentin Hill explains, "Grass roots exploration and the development of an advanced iron ore project like Hawsons attract different investment profiles and timeframes and may compete for Company resources. We wish to focus on developing this highly prospective iron ore project.

"We believe the Hawsons Iron Project is the cornerstone of a long lasting, low cost premium iron business with significant upside for Carpentaria shareholders.

"The transition from explorer to developer is a significant and exciting step for the Company. We have a well-balanced Board with relevant top-level development, commercial and leadership experience to advance Hawsons to feasibility."

Carpentaria's project team is also well qualified, with Mr Ray Koenig continuing as the Technical Director in addition to Carpentaria's highly experienced team of finance and development consultants who are engaged on an as-needs basis. The consistent project team provides continuity for the on-going development of the project. The Company may seek to strengthen this team where appropriate. GHD continues to carry out environmental and technical work.

The Company is aiming to maintain a strong financial position in the medium term and has a current balance of cash and equivalents of over \$5 million. The streamlining of the Company's focus and targeted cost reductions will allow for circa 50% decrease in expenditure from the previous year. Development work is continuing with a focus on increasing infrastructure certainty, product market development and project approvals.

After successfully leading the exploration team that discovered the Hawsons Iron Project, founding Chairman Nick Sheard has retired from the Board. Mr Sheard stated, “We started the Company seeking exploration success, and we achieved this. The challenge for the Company now is to become a producer. I support the Company’s change in strategic focus towards development, and now is the appropriate time for me to step aside.”

Dr Neil Williams has been elected by the Carpentaria Board as its Chairman. Dr Williams joined the Carpentaria Board in 2012. He has had leadership roles in the resources industry and government, most recently as CEO of Geoscience Australia for 15 years.

Dr Williams commented, “The Company has an asset of great value in Hawsons, and much credit must go to Nick Sheard and the team for its discovery and advancement. Our challenge now is to develop the asset and create long-lasting shareholder value. While the current market conditions are volatile, the medium to long term iron demand outlook, particularly for a high grade, ultra-low impurities product, is very good.”

The decision demonstrates the confidence in the value of the Hawsons Iron Project by the Company. The Company will now assess the strategic options for the exploration assets.

The Hawsons Iron Project joint venture is currently undertaking a bankable feasibility study based on production of a premium, low cost iron concentrate product.

The project is located 60km southwest of Broken Hill, an ideal position for mining operations with existing power, rail and port infrastructure available for a conceptual 10 Mtpa start-up operation. A mining lease application has also been lodged.

The Hawsons Iron Project’s soft rock is different from traditional hard rock magnetite and allows a fundamentally different approach to typical magnetite mining and processing challenges (both technical and cost-related). The soft rock enables simple liberation of a premium magnetite product without complex and expensive processing methods.

The project is underpinned by Inferred and Indicated Resources totalling 1.8 billion tonnes at 15% mass recovery for 263 million tonnes of concentrate grading at 69.7%Fe. The resource has not materially changed since last reported (ASX Announcement 26 March 2014 and table below).

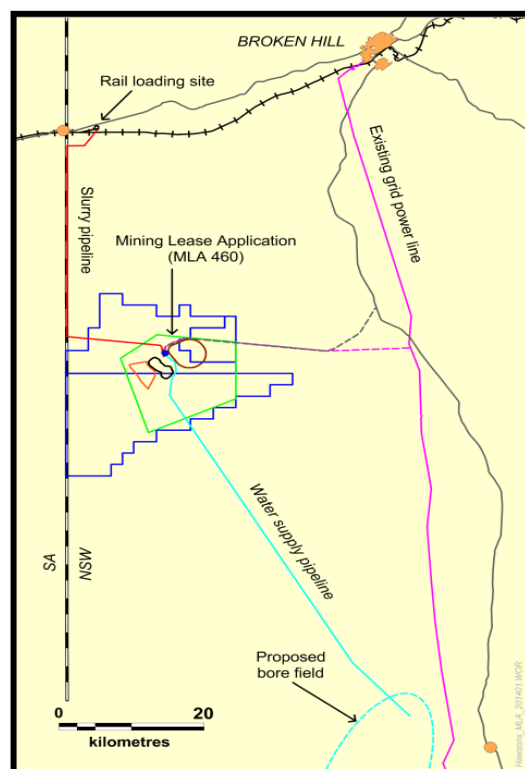


Figure 1. Hawsons location plan and proposed and existing site infrastructure

Category	Billion Tonnes (cut off 12% Mass recovery)	Magnetite mass recovery(%)	concentrate grades					Contained Concentrate million tonnes
			Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%	LOI%	
Inferred	1.55	14.7	69.6	2.9	0.20	0.004	-3.0	228
Indicated	0.22	16.2	69.8	2.8	0.20	0.005	-3.0	35
<b>Total</b>	<b>1.77</b>	<b>14.9</b>	<b>69.7</b>	<b>2.9</b>	<b>0.20</b>	<b>0.004</b>	<b>-3.0</b>	<b>263</b>

Table 1 JORC compliant resources- Hawsons Iron Project



*New Chairman Dr Neil Williams viewing Hawsons drill samples (left), and Managing Director Quentin Hill with Technical Director Ray Koenig on site (right).*

For further information please contact:

A handwritten signature in black ink, appearing to read 'Quentin Hill'.

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*The information in this report that relates to Exploration Results, Exploration Targets and Resources 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 Exploration Ltd and he consents to the inclusion in the report of the Exploration Results in the form and context in which they appear.*