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CARPENTARIA EXPLORATION LIMITED

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CAP *unearthed*

CARPENTARIA RESOURCES SETS PATH FOR GROWTH

What's in a name?

Quite a lot, judging by the billions of dollars earned by companies from the value of their brands.

On November 10, Carpentaria's shareholders will consider a name change to Carpentaria Resources Limited as part of the company's refocus on becoming a mining producer.

The rebranding is part of a strategic process which has seen Carpentaria slash costs and focus company resources on its key asset, the Hawsons Iron Project near Broken Hill.

For shareholders, the focus on Carpentaria's flagship project and potentially eastern Australia's biggest new magnetite mine could not have come at a better time.

"Carpentaria has runs on the board with our track record of exploration success. However, while the name Carpentaria Exploration has history and sentimental value, the new name reflects our evolution towards what

our founders always envisaged us becoming: a producer with long-life assets, generating substantial value for shareholders," said Carpentaria's Managing Director, Quentin Hill.

Carpentaria is now taking advantage of the top-level development, commercial and leadership experience of its Board and management to advance Hawsons to the bankable feasibility study stage, according to Mr Hill.

"Carpentaria is building a platform for further investment, with the current program designed to align all the project elements as we push forward towards mining," he said.

"We're targeting regulatory approval by 2016 and production within four years as we build a long lasting, low cost premium iron business."

And with a new name potentially soon, Carpentaria has set the stage for its growth well into the future.

CHINA GOES PREMIUM

China's steelmakers are going premium, and Carpentaria is set to benefit. That was the conclusion from the 14th China International Steel and Raw Materials Conference, where Carpentaria's Managing Director presented the merits of the Hawsons project.

Speaking to the *Australian Financial Review*, Mr Hill said feedback from the China Iron & Steel Association (CISA) event was very positive.

"At the CISA conference in Dalian, it was clear that China's focus on reducing pollution is being treated seriously by steel mills, with stringent standards expected to be introduced next year. This is putting significant pressure on the steel industry in China," he said in the October 16 report.

"Steel mills will be looking to improve efficiency and reduce emissions and this will lead to increased demand for high grade, low impurities products that meet these needs. There is no doubt there is a short term oversupply, but the medium and long term fundamentals are good, especially for higher grade products."

Beijing's environmental drive should further aid demand from steelmakers. And after more positive test results, the project is looking even more attractive to investors.



Carpentaria's Managing Director, Quentin Hill addresses the September 24-26 CISA conference in Dalian, China

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2 NEIL'S NOTES



Dr Neil Williams
Chairman

As I write my first column as Chairman, it is obvious Carpentaria and the iron ore industry are at a major turning point. Yet even in the current volatile market, experienced miners are putting plans in place for the next upturn.

In a sign of confidence, respected Westpac chief economist Bill Evans has predicted the benchmark iron ore price will rise above US\$100 a tonne next year, ahead of an expected surge beyond US\$120 a tonne by 2016, on the back of extra stimulus measures by China.

Australia's official resources forecaster, the Bureau of Resources and Energy Economics, has also predicted stronger prices over the medium term, ensuring iron ore's continued contribution to our national prosperity.

While we cannot control prices, Carpentaria is doing everything possible to make the Hawsons Iron Project attractive to investors, while generating value from our exploration portfolio.

Looking at recent milestones, the company is well advanced towards its goals of achieving regulatory approval and completing the bankable feasibility study.

On the product side, recent pilot plant test work has confirmed the project's potential to produce a premium-grade product at low cost, with a target study cost free on board Port Pirie of US\$50-\$52 per tonne.

Even at current prices, the potential price premium for a higher-grade ore with 69% iron can be expected to exceed US\$100 a tonne, giving our project a solid potential profit margin.

Carpentaria has also advanced infrastructure development, with a rail-port-marine prefeasibility study examining the best possible options for export of Hawsons ore via South Australia's Port Pirie.

By using existing infrastructure and benefitting from its soft ore, our proposed 10 million tonnes per annum start-up operation will have a clear cost advantage compared to other projects, including a \$1 billion saving on projected development costs.

Community engagement is also a key focus for Carpentaria as we seek a social licence to operate, and it has been pleasing to receive strong support from local landholders and the Broken Hill community.

Finally, I would like to pay tribute to my predecessor Nick Sheard, our founding chairman and my former fellow director. Nick built Carpentaria to last and I believe we have the right team in place to achieve his vision of building a long lasting and low cost premium iron business.

PROFILE

RAY KOENIG
TECHNICAL DIRECTOR,
HAWSONS IRON PROJECT

Ray Koenig (Bsc Dip Metallurgy, FAusIMM, CP) is Technical Director of Carpentaria's flagship Hawsons Iron Project near Broken Hill, NSW. With more than 40 years experience in the mining industry, Ray has substantial expertise in magnetite and mineral processing, and has been instrumental in the successful Prefeasibility Study and subsequent development at Hawsons.



Why did you become involved with Carpentaria?

I decided to start working with Carpentaria on their magnetite project after a conference discussion over Hawsons. I have a background in iron ore with eight years in magnetite mining and processing. I did some quick sums on the project and it looked good to me, and I've been working on it ever since!

The biggest cost in magnetite iron ore is the power requirement for grinding, and at Hawsons it's lower than any other deposit I'm aware of, with a bond work index of around a quarter of other projects such as in Western Australia. For example, they've built a 450 megawatt (MW) power plant at the Sino Iron project in Western Australia to process around the same quantity of ore we'd be processing with a 100MW plant.

What makes Carpentaria different to other mining companies?

I've worked with quite a few small explorers, and like others they work on low funds at minimal cost. They're much less formal than the big companies, where getting anything done requires all sorts of procedures. In smaller companies like Carpentaria you can talk to the CEO directly and get things done quickly.

What's been your biggest achievement at Carpentaria?

When we got the PFS (Prefeasibility Study) done in 2011, which really showed the value of the project. It was quite a challenge to achieve in terms of the tight timeframe and cost, and we were able to do it.

What inspires you?

I like developing projects. I've been involved in three mining projects which went from discovery through to production, and that's pretty neat.

What do you do in your spare time?

I like sailing and travelling, and spending time with my family.

How are you seeing the outlook for the Hawsons project?

Of all the proposed iron ore projects, it has an excellent outlook in that infrastructure is already there. There's an existing railway line down to Port Pirie, and an existing port. There's very few projects where such port and rail capacity is available. From Broken Hill's viewpoint too, it's almost essential for the city's survival to get this project off the ground.

3 CARPENTARIA IN THE COMMUNITY

Earning a social licence

Earning a 'social licence to operate' is an often-heard phrase but what does it actually mean? Hawsons Iron Project Technical Director, Ray Koenig, discusses the implications as the company seeks support for what could become Broken Hill's biggest new mine.

The SA Chamber of Mines & Energy states that "community and stakeholder engagement is critical to a sustainable resources industry". What does this mean in a practical sense for miners?

Ray Koenig (RK): Mining companies have to 'walk the talk' when it comes to community engagement and winning a social licence to operate from their local community. There's been a lot written about this concept, but at the end of the day it comes down to meeting locals face-to-face wherever possible, and being honest, open and transparent.

Community engagement is an ongoing process; miners can't just rush in overnight, launch a publicity blitz and expect to win the community's backing. It takes time and effort to earn trust and you have to respect that and show sincerity.

What efforts have you undertaken to engage with the Broken Hill community?

RK: We're continuing to engage with the whole community, from the NSW Government and Broken Hill mayor to the landowners and locals who ultimately will decide the future of our Hawsons project. We've been a regular sponsor of the RIS Broken Hill industry conferences and have held regular consultations with relevant government officials, including in Broken Hill and Port Pirie. For the community, we've supported community projects such as the Young Indigenous Art & Writers Awards Program and helped restore South Australia's historic Mannahill Railway Station.

And at the local level, we've had regular events including a meeting at a local station to help explain the project and what it means to landholders, as well as providing access to data from our weather station.

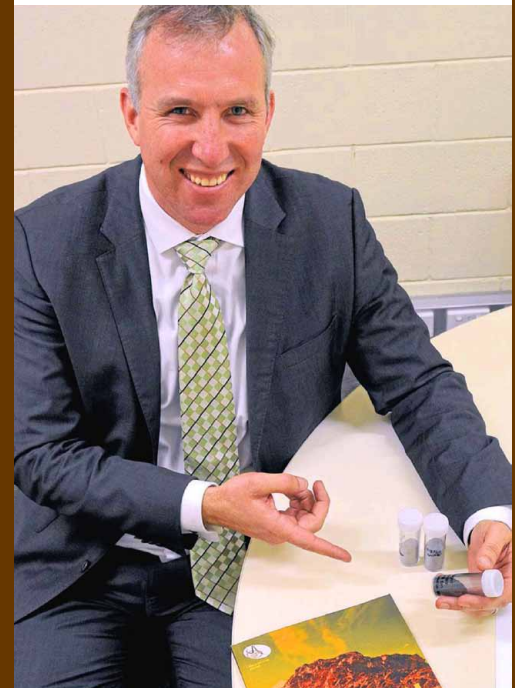
Our Managing Director regularly speaks to the local media, helping to get the word out to the broader community about the latest developments. Recently he travelled to Port Pirie, where Mr Hill briefed local media, Council and South Australia's Minister for Regional Development and local MP, the Hon. Geoff Brock, all of whom are very interested and generally supportive.

What's been the general reaction from the community?

RK: Broken Hill is a proud mining town and I'm pleased to say the community is overwhelmingly supportive, given we're going to create hundreds of jobs when the project kicks off construction, as well as considerable investment.

THE Recorder Jobs for our city

\$1.5bn plan to export ore to China, India and Mid-East



Mr Hill shows an iron sample to the Port Pirie Recorder (published October 23, 2014)

+ PROJECT UPDATE - HAWSONS IRON PROJECT

New Broken Hill base

Carpentaria has established a new base in Broken Hill as it puts down roots in the silver city. In August, the company set up an office at 403 Eyre Street, using it as a base to study drilling samples, develop plans and prepare for the next stage in the project's development.

Currently staffed by company Geologist Michael Tschaban, the office shows the company's commitment to the city as it progresses a bankable feasibility study on Broken Hill's biggest magnetite project.

"While we're based in Brisbane, our heart is in Broken Hill and it's important to maintain a local presence," said Carpentaria's Quentin Hill, who managed the Broken Hill operation during the Hawsons prefeasibility study.

"Our Broken Hill office might be modest now, but we look forward to bigger and better things as we ramp up this project to its eventual development as a major mining operation."



Carpentaria's new Broken Hill office at 403 Eyre St

A VOTE FOR BROKEN HILL

Carpentaria shareholders will decide on the company's future and Broken Hill's at the upcoming November 10 Annual General Meeting (AGM) and Requisitioned General Meeting (GM) in Brisbane. External voting closes on Friday, November 7 in what shapes as another crucial shareholder meeting.

"I can't emphasise too strongly how important the vote of each and every shareholder will be at this meeting in ensuring the independence of Carpentaria's Board and that decisions are made in the best interests of all shareholders," Chairman Dr Neil Williams said.

"Silvergate is attempting to take effective control of the Board and the company without offering an appropriate price for that control – its third such attempt in two years."

The current five-member Board has three independent Non-Executive Directors, comprising Dr Williams, formerly CEO of Geoscience Australia and an award-winning geologist; Paul Cholakos, a senior executive at major Australian oil and gas company Oil Search, with more than 30 years industry experience; and Bob Hair, a lawyer with 25 years experience in the mining sector, including managerial posts at MIM and Ferrum Crescent.

The Board has recommended shareholders vote in favour of all resolutions for the AGM, and vote against all resolutions for the Requisitioned GM called by Silvergate.

Voting can be done online (via an email link sent on October 7, subject line "CAP – 2014 Requisitioned General Meeting and Annual General Meeting"), by fax (02 9287 0309) or via return mail (Carpentaria Exploration Limited, c/- Link Market Services Ltd, Locked Bag A14, Sydney South, NSW, 1235). A shareholder information line is also available on 1300 560 339.

"Every vote counts and shareholders should exercise their rights. A vote for the current Board is a vote for Broken Hill," Dr Williams said.

Carpentaria in the news

Carpentaria continues to attract media interest in its activities. Here's some of the latest coverage:

ABC Broken Hill

Interview with Quentin Hill
(October 8, 2014)

Advertiser (Adelaide)

"Carpentaria under siege for third time"
(October 8, 2014)

Australian Financial Review

"Flat commodities may be investors' chance"
(October 16, 2014)

Barrier Daily Truth (Broken Hill)

"Export studies will prove mine's worth"
(September 18, 2014)

Brisbane Business News

"Carpentaria resumes rights"
(July 9, 2014)

Port Pirie Recorder

"Jobs for our city"
(October 23, 2014)

Investor calendar

Key upcoming dates for shareholders, including the opportunity to meet the Carpentaria team:

October

Mining 2014, Brisbane (October 29-30)
(conference booth and presentation)
September quarterly report (due October 31)

November

Annual General Meeting, Brisbane
(November 10)

January

December quarterly report
(due January 31)

Company updates

Keep updated on Carpentaria's activities by joining the mailing list.

To subscribe, visit the website, www.carpentariaex.com.au and click on the link "Subscribe" on the homepage.

Don't forget to follow us on Facebook, Twitter (@CARPEXPLORE) and YouTube!

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For the current round of voting for the Carpentaria Exploration Limited ANNUAL GENERAL MEETING and REQUISITIONED GENERAL MEETING to be held on 10 November 2014, the procedure to assist you with this is as follows:

| Follow Steps | To vote go to: | |
|--------------|-----------------------|--|
| 1 | CLICK: | www.linkmarketservices.com.au |
| | | >INVESTOR & EMPLOYEE LOGIN |
| | This will take you to | Investor Centre |
| | Under Heading | Single Holding |
| | Under Heading | Issuer Name |
| 2 | Type in: | CAP (Choose Carpentaria Exploration from drop down list) |
| 3 | Under Heading | HIN/SRN (ENTER as per PROXY Form) |
| 4 | Under Heading | Postcode (ENTER as per your postal address registered at LINK) |
| 5 | Under Heading | Type the Code (ENTER Security code shown in box above) |
| 6 | Click in field | I have read and agree to the terms & conditions |
| | | Follow prompts from here |

PLEASE NOTE:

All voting must be completed by Close of Business Friday, 7 November 2014

Voting instructions for the November 10 AGM and Requisitioned GM

+ MINING 2014

Shareholders are invited to join Carpentaria at the October 29-30 Mining 2014 conference in Brisbane, the state's key mining event of the year.

This time the event returns to the Hilton Brisbane Hotel, with Carpentaria staffing a booth. Don't miss Managing Director Quentin Hill's presentation at 2.40pm on October 29 in Auditorium 1, where he will give an update

on the company's latest activities and its future plans.

For more information on the event, visit: verticalevents.com.au/mining2014/index.html

