



CAPUNEARTHED

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

HAWSONS GOES PREMIUM

A premium product for a premium market: that is the opportunity offered by Carpentaria's flagship Hawsons Iron Project near Broken Hill.

Carpentaria has set its sights on the high value processed iron products market exactly at the right time for Asian buyers.

China's steel industry is undergoing a major shake-up, with the focus on shedding overcapacity and improving international competitiveness. The industry is seeking high grade, low impurity iron products to increase quality, boost efficiency and curb pollution – and Hawsons is well placed to deliver.

On April 20, Carpentaria announced the latest test results showing Hawsons' ability to produce high quality pellet feed at competitive costs, satisfying the growing premium end of the market.

As noted by Hawsons Technical Director Ray Koenig, "The latest test work yet again demonstrates that the Hawsons material is unique, with unusually low energy usage, and that a product of unusually high purity can be produced."

'Undersupply'

The high value product targeted at Hawsons has become an essential component of modern and efficient steelmaking and attracts significant price premiums as a result. In China, domestic pellet feed supply for blast furnaces is increasingly in short supply as higher cost producers exit the market, with price premiums currently around US\$20 a tonne for high-grade pellet feed and over US\$30 for pellets.

Unlike current overseas producers, Hawsons has the advantage of being up to 18 shipping days closer to key markets in Asia and the Middle East, resulting in lower transport costs. The project's favourable location just 60 kilometres from Broken Hill and access to existing port, power, rail and road infrastructure has also given it cost savings worth an estimated \$1 billion.

"Hawsons has significant advantages, with a clear and achievable project pathway," said Carpentaria's Managing Director, Quentin Hill. "By targeting a growing and undersupplied premium market, we are on track to build a long life and low cost premium iron business."



Carpentaria's Managing Director, Quentin Hill (left) and Chairman, Dr Neil Williams, examine samples from the Hawsons Iron Project

COMPETITION! WIN ENTRY TO RIS BROKEN HILL

Broken Hill's mining event of the year is nearly here again, and Carpentaria invites you to join us!

Win an Investor Pass for entry on May 25-26 to this year's **Resources Investment Symposium in Broken Hill** by stating in 25 words or less why you love Broken Hill.

Submit your competition entry via email to info@capex.net.au, putting "newsletter competition" in the subject line and including your name and contact details (email and telephone). Entries close 12pm (Brisbane time) Friday, May 22, with the winner to be notified before 5pm the same day.

Don't miss Carpentaria's presentation at 12pm Monday, May 25, and please visit our conference booth 28. See you in Broken Hill!

NB: Conditions apply on delegate tickets entry to RIS Broken Hill 2015. Carpentaria reserves all rights concerning entry to the conference.

+ SEE MORE INSIDE

- 2 Asia's Rise Continues
- 3 Jobs Boost
- 4 China's Plans Align



Dr Neil Williams
Chairman

NEIL'S NOTES

MINING: A JOURNEY NOT A DESTINATION

Twenty years ago, I became head of Geoscience Australia, the national geological survey. To put this into perspective, 1995 was the same year the Internet became publicly available, Michael Jackson and U2 topped the music charts and Paul Keating and John Howard were our two main political figures.

During my 15-year term in office, Australia saw an enormous boom in our mining industry and I had the opportunity to observe from within government the planning and development of several major resource projects. All took persistence, patience and adherence to a plan which focussed sharply on the final outcome.

Australia's mining boom owed much to the rise of China, with Australia racking up more than \$1 trillion in extra exports helped by surging commodity prices. Now China has become the world's second-largest economy and is seeking more sustainable, consumption-driven growth, many are wondering when the next boom will occur.

Fortunately, Australia is located in the right region for the next new high performers. According to the International Monetary Fund, India is set to eclipse China as the fastest-growing major economy in 2015, with expected GDP growth of 7.5% this year and next.

Another new growth source is expected to emerge from South-East Asia, with ASEAN expected to replace China as the "world's factory" over the next 10-15 years, according to ANZ Research.

What does this mean for Carpentaria and our shareholders?

- China will move into higher-tech production, requiring higher grade, lower impurity iron products which can provide better quality steel;
- India will demand more Australian resources as it climbs up the industrialisation ladder;
- ASEAN will become a US\$2 trillion consumer market by 2020, with nearly 64 million middle class households adding to resources demand.

Carpentaria On Track

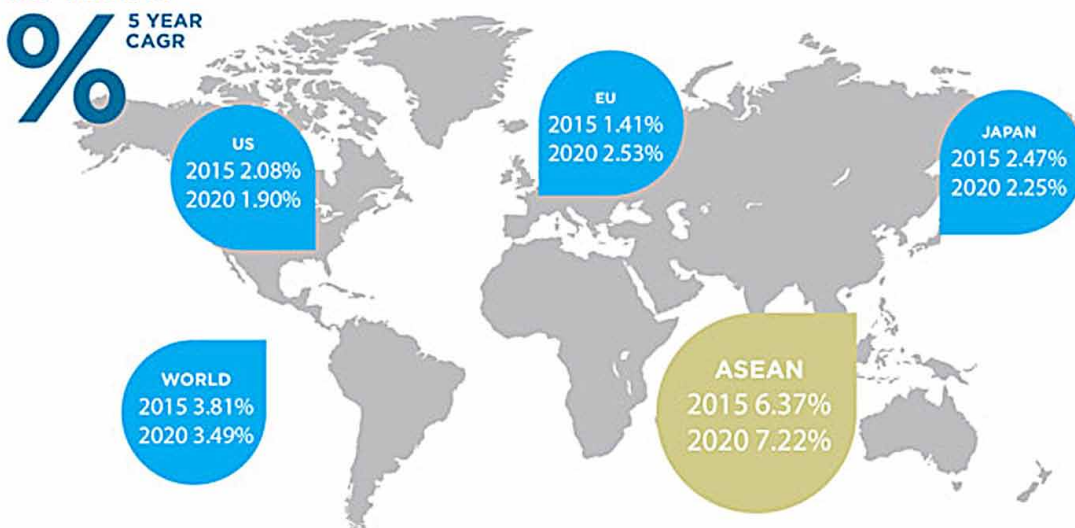
At the micro level, we are working to ensure Carpentaria is in the best possible shape to maximise the benefit of our resource assets.

To this end, we are reducing administration costs and divesting low-priority tenements. We have de-risked our highest value project, Hawsons, to build a platform for further investment, while developing a product targeted at the premium end of the market.

All this has been achieved while retaining our exploration capability, which as shown by past exploration successes is an essential part of our corporate DNA.

On 25th May, I will be speaking about Carpentaria and the Hawsons project at the Resources Investment Symposium in Broken Hill. I hope to meet many of you there in the city responsible for some of Australia's biggest resource successes, including our company's greatest discovery.

GDP GROWTH



TRADE

Trade between ASEAN and China will exceed the combined value of ASEAN's trade with Japan, the US, and Europe.

(Trade value by billions USD rounded up to nearest billion)

Extra ASEAN Trade

China 2015: 659 2025 Projection: 2305

Japan, US, Europe (Total) 2015: 907.38 2025 Projection: 1373

CARPENTARIA IN THE COMMUNITY



JOBS BOOST FOR PORT PIRIE

Carpentaria's flagship Hawsons Iron Project could deliver an estimated 1,500 jobs to Broken Hill, giving the traditional mining city a major economic boost. But thanks to the company's recent port study, the benefits could spread even further afield.

On February 23, Carpentaria announced the results of a supply chain study with Port Pirie operator Flinders Ports, which showed that plans for a new 20 million tonnes per annum export facility at the South Australian port are technically and economically feasible.

Importantly for the provincial city, the development plan would maximise community benefits. More than 80 direct jobs could be created at Port Pirie, with design choices sensitive to community expectations.

"Carpentaria continues to consult closely with stakeholders, including local and state governments on

our plans for the Hawsons project. We're confident we can satisfy community and government expectations and provide overwhelmingly positive benefits for Port Pirie and the broader region," said Carpentaria's Managing Director, Quentin Hill.

Welcoming the study's findings, Stewart Lammin, General Manager of Flinders Ports, said: "We are pleased that the study has identified a feasible option for getting this material to port.

"Flinders Ports has viewed Port Pirie as a potential export option for iron ore, and this study demonstrates how our port could competitively move up to 20 million tonnes of bulk commodities per year."

With both Broken Hill and Port Pirie seeking new economic opportunities, the Hawsons project could benefit more than one major regional city.

PROJECT UPDATE - HAWSONS IRON PROJECT

HAWSONS PROSPECTS LOOKING UP

Carpentaria's flagship Hawsons Iron Project has rapidly picked up speed, with the project now ready for the next stage, a bankable feasibility study (BFS), following a series of key announcements:



The Hawsons project could create new jobs at South Australia's Port Pirie

- **January 2015:** TransGrid study confirms existing electricity infrastructure can supply Hawsons, with only limited upgrades required;
- **February 2015:** Supply chain study with Flinders Ports confirms Port Pirie's export facility for a 20 million tonnes per annum operation is technically and economically feasible;
- **April 2015:** Tests at the ALS Iron Ore Technical Centre in Perth confirm project's potential to produce highest quality pellet feed at competitive costs, satisfying the premium end of the processed iron market.

"Rail, port, power and water solutions have all been identified with the potential to save over \$1 billion in capital costs, helping to provide a clear and achievable project pathway," Mr Hill said.

"By de-risking the project, Carpentaria has built a platform for further investment into the BFS, which is expected to reaffirm the project's potential as a long term, low cost source of valuable premium iron products."

CHINA'S PLANS ALIGN FOR CARPENTARIA

Favourable trends have emerged in China's iron ore and steel industries which are set to benefit Carpentaria's flagship Hawsons Iron Project. Despite recent volatility in iron ore prices, Beijing has announced plans for a major rationalisation of its steel sector as it attempts to create an internationally competitive industry.

On March 22, China's official news agency Xinhua announced plans to overhaul its iron and steel sector to bring it back to a "basically balanced level" by 2017.

China's Ministry of Industry and Information Technology said it would restore profits and returns on assets to a "reasonable" level, targeting an 80% capacity utilisation rate compared to the current 65%.

The plan also calls for industry rationalisation to create "three to five major steel producers by 2025," with the top 10 companies accounting for no less than 60% of total output. Factories will also be required to curb emissions and energy usage to ensure they satisfy national standards.

Li Xinchuang of China's Metallurgical Industry Planning & Research Institute told a Perth conference that the Chinese steel industry "has to accelerate structural adjustment, change development mode as well as promote environmentally-friendly sustainable development."

Looking ahead, China plans to invest \$40 billion in the "Silk Road Economic

Belt" with another \$16 billion targeted for the "21st Century Maritime Silk Road," which will build roads, railways, ports and airports across Central and South Asia.

Beijing has also launched the \$50 billion Asian Infrastructure Investment Bank to fund regional projects, with such initiatives set to further boost Chinese demand for higher quality steel.

"China needs high quality, low emission raw material and that's exactly what Hawsons can deliver," Carpentaria's Mr Hill said. "Together with demand from other markets in Asia and the Middle East, we see an excellent outlook for our project and our investors."

On The Road Again

Carpentaria has been on the conference trail again, attending the third World DRI & Pellet Congress in Abu Dhabi in early March to build relationships with the DRI industry, followed by Hong Kong's "Mines and Money" conference, the region's biggest mining event with more than 2,500 participants.

This month, Carpentaria will make a welcome return to Broken Hill at the May 24-27 Resources Investment Symposium Broken Hill, an event described as "the authentic mining conference experience."

Carpentaria's Mr Hill will also accompany South Australian Premier Jay Weatherill on a trade mission to China's Shangdong Province, as government support for the Hawsons project continues.



Carpentaria's Quentin Hill meets investors at Abu Dhabi's World DRI & Pellet Congress

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
(March 13, 2015)

Barrier Daily Truth

"Hawsons prospects looking up"
(February 24, 2015)

MiningNewsPremium

"Port study boosts Carpentaria"
(February 23, 2015)

Port Pirie Recorder

"Jobs boost likely from iron ore project"
(February 26, 2015)

Southern Cross GTS Port Pirie

Interview with Quentin Hill
(February 25, 2015)

Investor calendar

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

May 24-27

Resources Investment Symposium, Broken Hill (conference booth and presentations)

July

June quarterly report (due July 31)

September

Annual Financial Report
(due September 30)

October

September quarterly report
(due October 30)

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!

Company contacts

Carpentaria Exploration Limited
PO Box 10919, Adelaide St
BRISBANE QLD 4000

P +61 (7) 3220 2022

F +61 (7) 3220 1291

E info@capex.net.au

W www.carpentariaex.com.au

ASX code: CAP



@CARPEXPLORE