



Carpentaria Exploration Ltd

We find it. We prove it. We make it possible.

Carpentaria Exploration Presentation

May 21st 2015



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Carpentaria – clear focus

Aim

- to build a long lasting , low cost business supplying high value processed iron products to growing markets
- Develop Hawsons Iron Project for the benefit of shareholders and communities



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Board and Management



Dr Neil Williams – Chairman

- 40 years experience
- Australia's Chief Government Geologist 1995 - 2010
- One of Australia's eminent geoscientists



Mr Bob Hair (non-exec.)

- 30yrs experience as a lawyer
- Former General Manager Commercial MIM holdings
- Company Secretary of AIM listed Ferrum Crescent



Mr Paul Cholakos (non-exec.)

- 25 yrs experience in resources
- Mining Engineer
- Current Executive General Manager Project Development – Oil Search



Mr Quentin Hill – Managing Director

- 18 yrs experience in exploration, development and management
- Part of Hawsons discovery team
- Industry contacts



Ray Koenig - Hawsons Technical Director (not on the Board)

- 45 years experience
- Chief Metallurgist Savage River Magnetite Mines
- Business Group Leader Mining and Metals for GHD
- Magnetite due diligence as a consultant
- One of Australia's eminent process engineers



Mr Bin Cai (non-exec.)

- Conglin Australia representative
- 18 years experience investing in emerging resource companies

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Hawsons project highlights

- Recent superb metallurgical results provide product quality equal to worlds best giving:
 - Access to higher value markets and increased revenue opportunities
 - Step change lifting potential project returns
- Highly competitive cost targets- first quartile of pellet costs
- Market demand trends favour Hawsons high purity
- Approval and technical pathway clear and achievable
- Over \$1bn of existing infrastructure
- BFS Ready – port, power and water studies confirm and reduce earlier cost estimates



Project Concept

Maximise comparative advantages



- Finance, construct, mine, process and transport 10 Mtpa of best grade iron ore pellet/pellet feed at low cost leveraging comparative advantages of:

Material characteristics- natural fine grain size and weak bonding allows

- worlds cheapest pulverisation of magnetite ore (low cost)
- near to full liberation of magnetite from impurities – potential quality matches world best
- pelletising costs significantly lower than hematite, and coarse grained magnetite

Location advantage

- over \$1 billion of existing infrastructure
- closest highest quality supplier to key markets through out Asia and Middle East
- stable political environment and central global location

- Sales of highest quality pellet/pellet feed products in a spread of markets (including DR) securing significant premiums in line with market indices.

- Very competitive cost targets

- | | | |
|-----------------------|-------------|--|
| • All in cost targets | pellet feed | USD 39-47/t FOB* (Capital intensity \$120**-160/t) |
| | pellets | USD 42-49/t FOB* (Capital intensity \$200**-240/t) |

**Includes royalties and sustaining capital, excludes interest
AUD 1.0 : 0.78 USD, ** excludes preproduction opex,excludes leasing mining equipment,*

Recent results - Processing

Superb processing results opens new high value DR markets strengthening potential project revenues and returns significantly

Fe	SiO ₂	Al ₂ O ₃	CaO	MgO	P	S	MnO	Na ₂ O + K ₂ O	Cl	TiO ₂	LOI
70.1	1.43	0.20	0.11	0.14	0.004	0.002	0.00	0.085	0.00	0.08	-3.00

Pilot plant testwork results April 2015 – ALS Iron Ore Technical Centre, Perth

Market possibilities

- direct reduction pellet feed or pellets
- high grade blast furnace pellet feed or pellets

Market feedback being sought to determine most profitable and saleable product mix

Why high grade – value in use to steel makers
 more efficient, lower unit cost of steel
 higher quality steel
 less pollution

Eg Silica content of 5% reducing to 1.5% decreases total silica by 70%

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Pricing

- DR pellet prices negotiated on index plus premium basis, recent public information suggests premiums are large, reflecting high cost to produce and benefits to steel maker

62% fines price USD (MBIO)	65% Pellet price USD (MBIO)	DR pellet price USD 67.8%Fe*	Premium for DR pellet USD
\$68/t	\$104/t	\$121/t	\$53/t

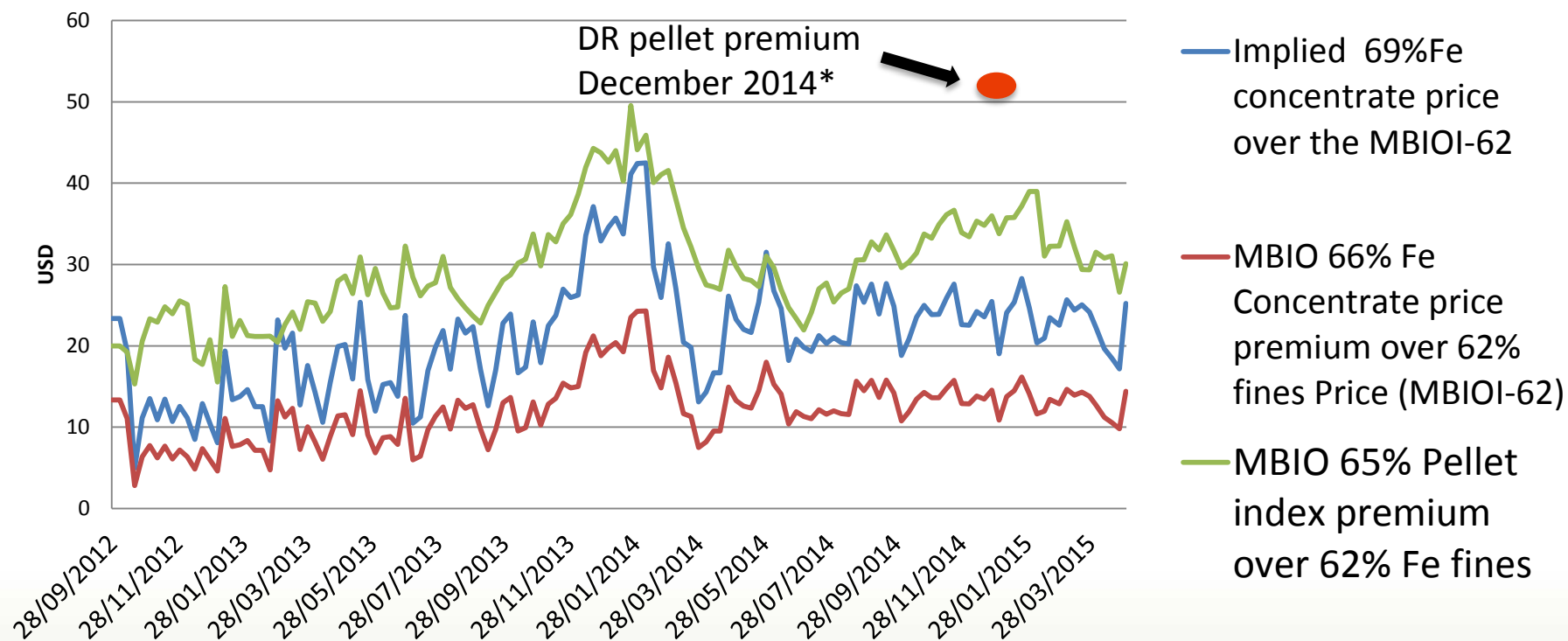
Data averaged from Metal Bulletin Index December 2014

- Significant premium of 62%Fe fines – premium can make up over 40% of total price

Pricing



Processed Iron Premiums



Premiums for high grade and pellets have risen over the last three years as a flood of 58% Fe fines reached the market. Hawsons potential \$20-30/t above spot for concentrate and over \$40/t for high grade pellets.

China steel industry adjustment growth to return and high grade favoured



Chinese steel industry adjustment underway

- By 2017 capacity utilisation to move from 65% to 80%
- Smaller high cost, high polluting, lower steel quality mills under increasing pressure
- Consolidation of major producers



Following adjustment

- Demand growth restored with stimulus (eg One Belt One Road regional infrastructure strategy) ➡ Price stabilised
- New capacity directed towards high quality, international standard steels ➡ Low P and high quality ores favoured
- Concentration of steel capacity in areas of comparative advantage ➡ Coastal located new capacity access to cheaper imported ore
- Emissions reduced, productivity incentivised ➡ Pellets favoured over sinter and high grade favoured over low grade
- Construct ore supply channels ➡ Investment interest grows

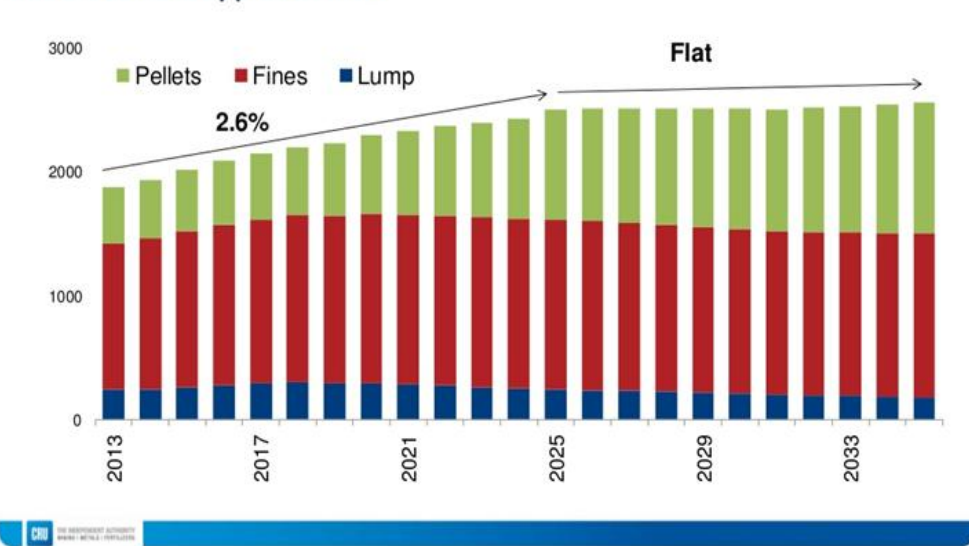
Iron Ore Market

Pellet demand growth very strong



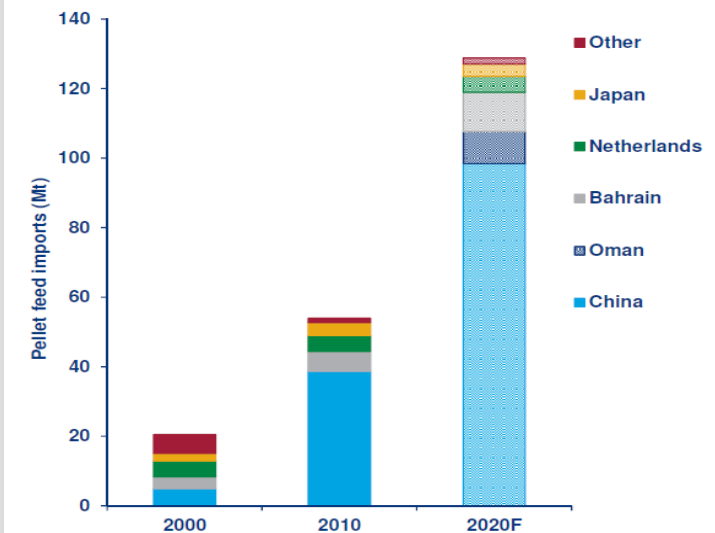
Iron ore demand growth to 2035 rising at a CAGR of 1.5%

Iron ore demand by product in Mt



Source CRU

Global demand for seaborne pellet feed: all the growth is from China and Mid-East.



Source: Wood Mackenzie

Source Wood Mackenzie

- Global pellet demand going up 90Mtpa by 2020 and 200-400Mtpa by 2030
- productivity gains, environmental benefits and over 100Mtpa spare pelletising capacity in China,
- Pellet feed demand growth increasing in China and Middle East

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Very competitive costs

Pellet Supply Cost Curve

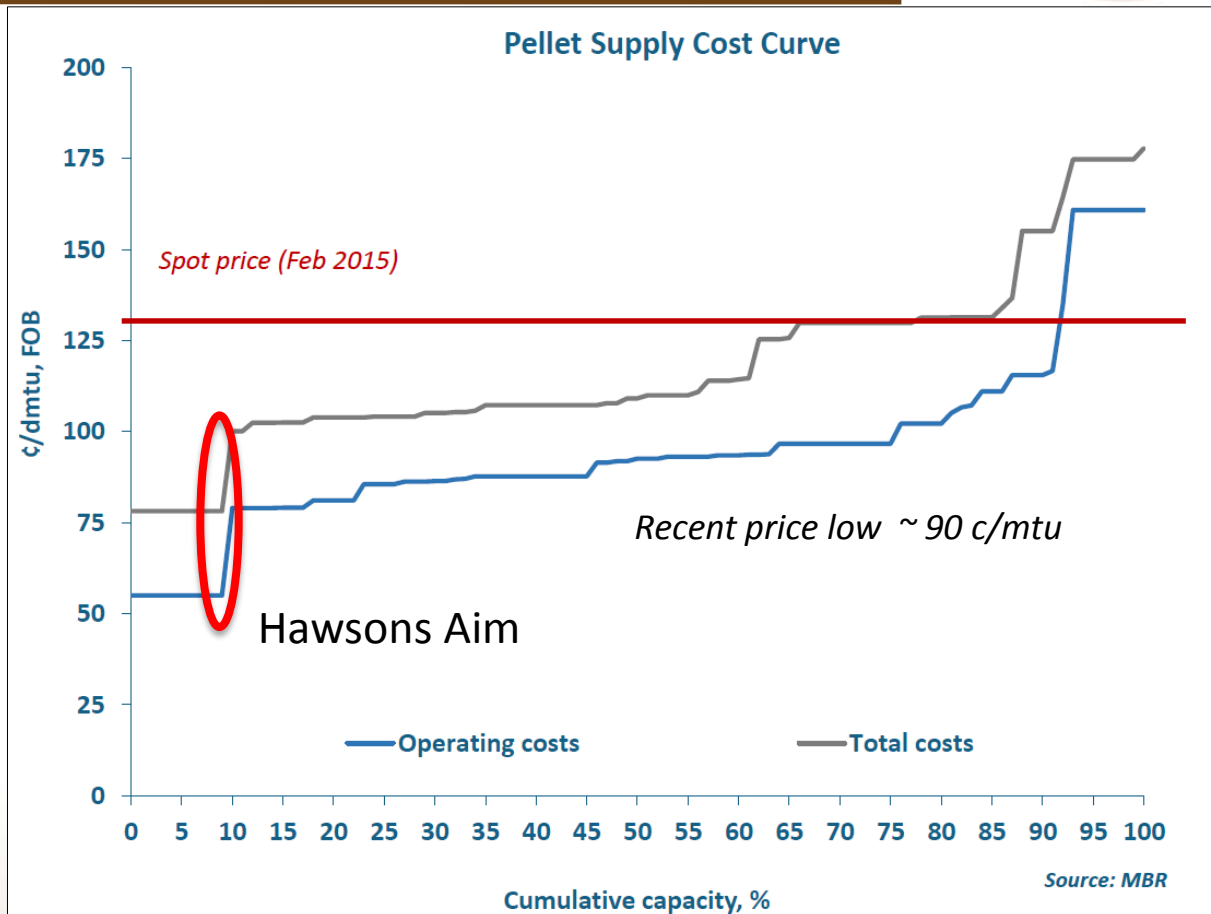


Target first quartile pellet costs

Pellet market in balance and priced at marginal cost,

Major market participants struggling for profitability

Little opportunity for substitution



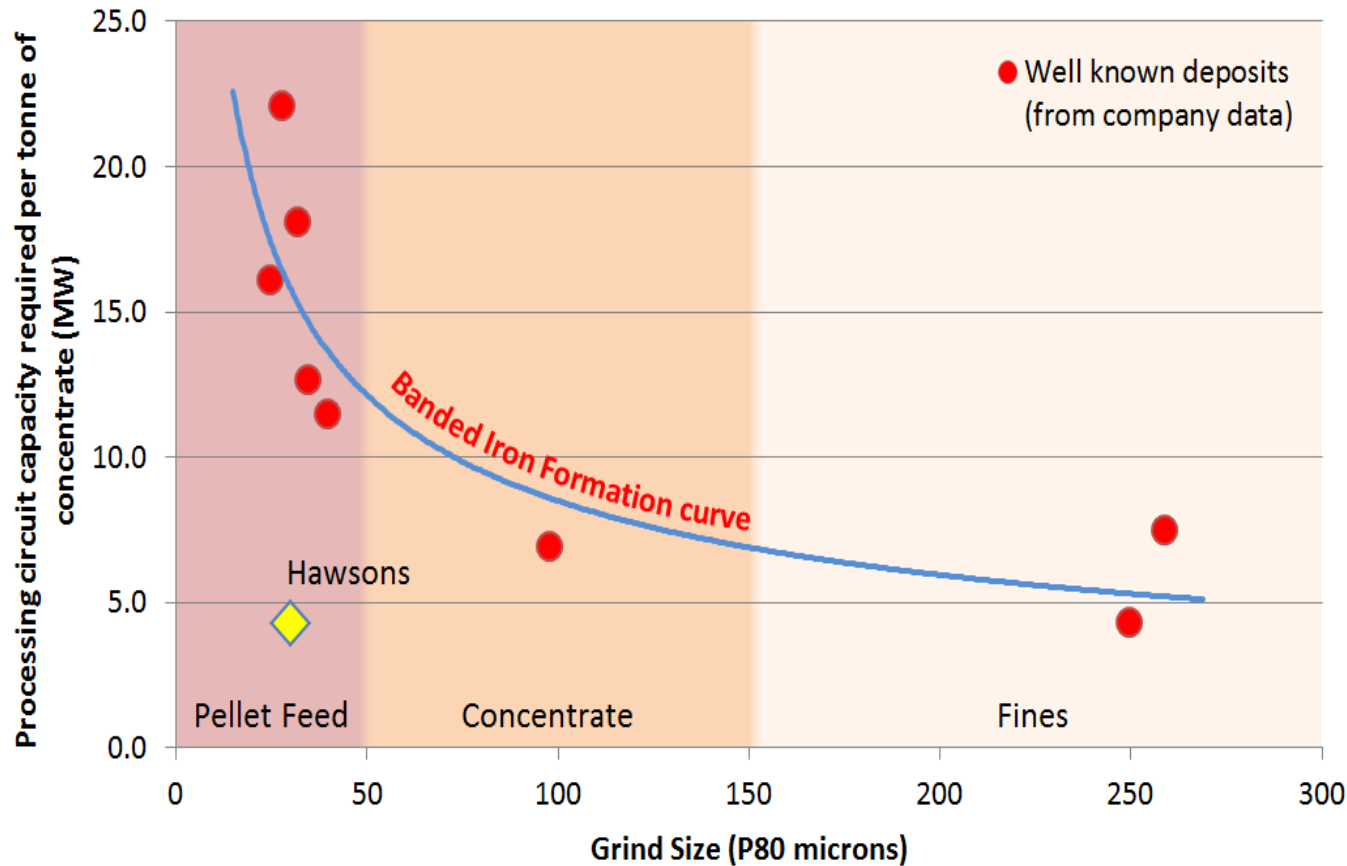
Pellet supply cost curve FOB per iron unit (Source: Metal Bulletin Research March 2015). The spot price of USD 101/t CFR China for a 65%Fe pellet in February 2015 is corrected to USD 83/t to reflect USD 17/t shipping from Brazil, the dominant producer. This is then corrected for iron units to 128 cents/dry metric tonne unit as presented on the graph.

Hawsons has a \$USD2-10/t location advantage over key markets in Asia that is not reflected in this illustration. Hawsons' 68%Fe pellet FOB cost target of \$USD42-50/t (or 62-74 cents/mtu)

Comparative advantage very low grinding costs



Grind size and energy intensity



After Credit Suisse, December 2011

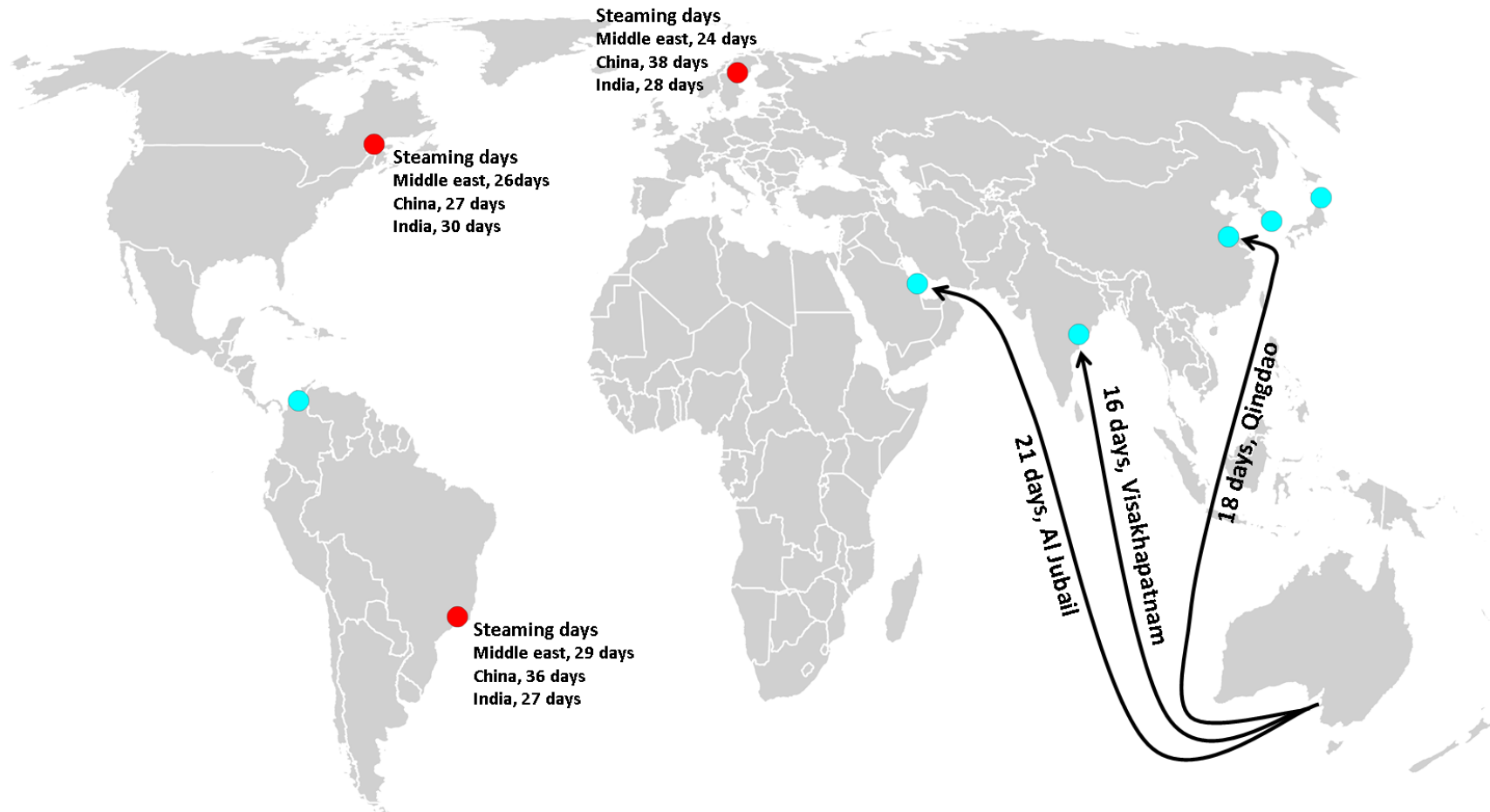
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Competitive costs achieved because- Proximity to markets



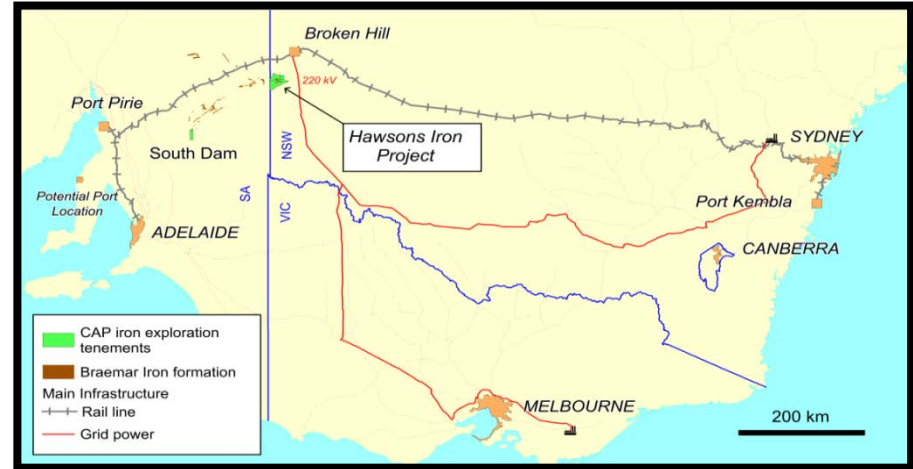
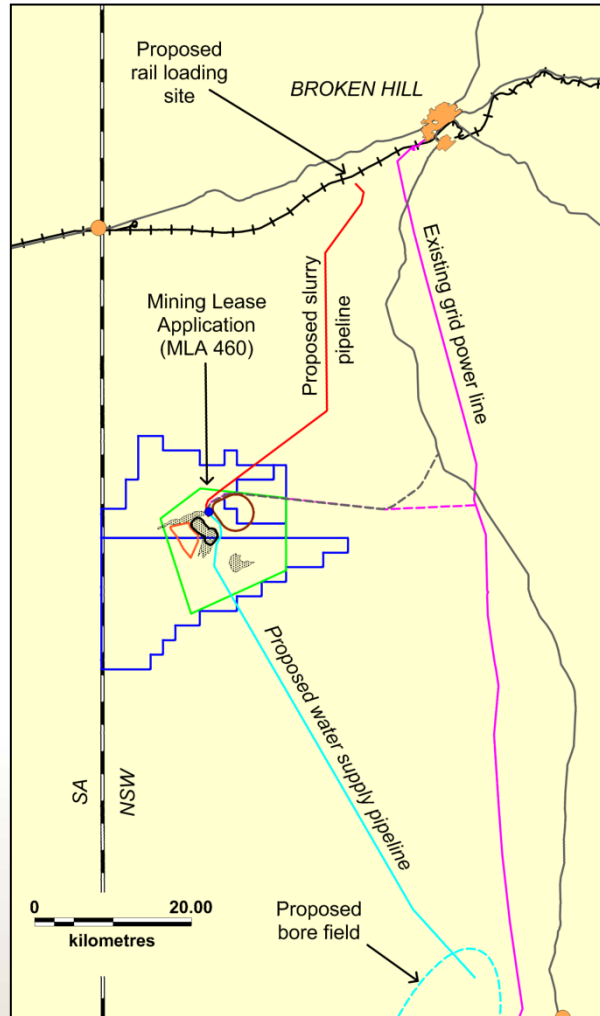
HAWSONS LOCATION ADVANTAGE > US\$6-10/t



● Major seaborne pellet/pellet feed supply

● Major pellet/pellet feed markets

Location and tenement



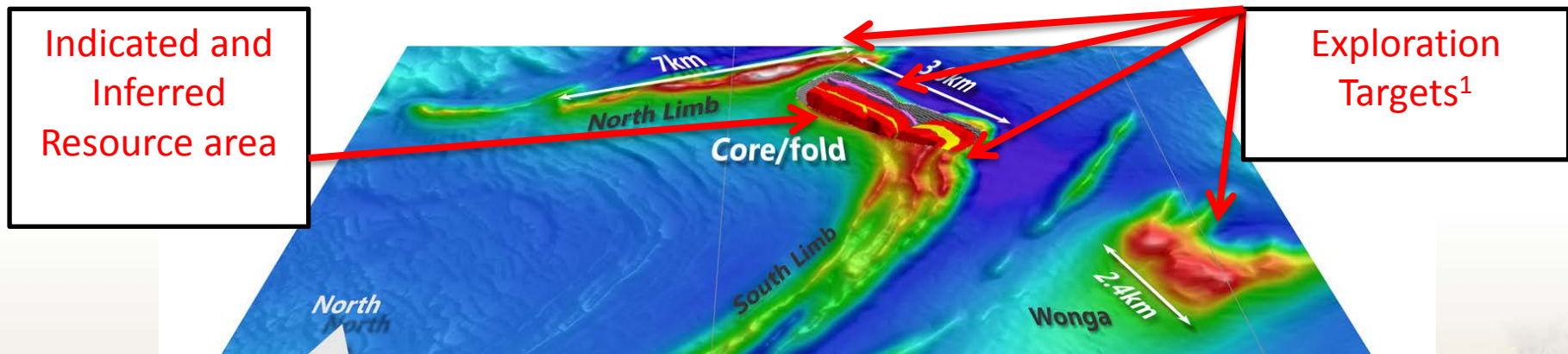
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Resources



			Concentrate Grades					
Category	Billion Tonnes	Magnetite DTR%	Fe%	Al ₂ O ₃ %	P% ¹	SiO ₂ %	LOI%	Contained Concentrate Million Tonnes
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



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.

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¹ defined by drilling and assaying all magnetic anomalies combined with detailed magnetic modelling

¹ The potential quantity and grade of the exploration targets is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

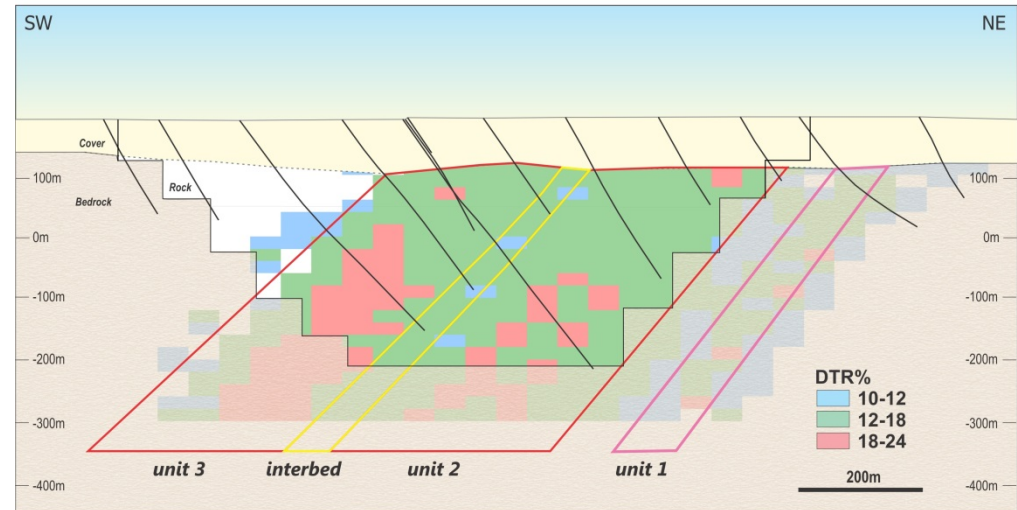
Mining



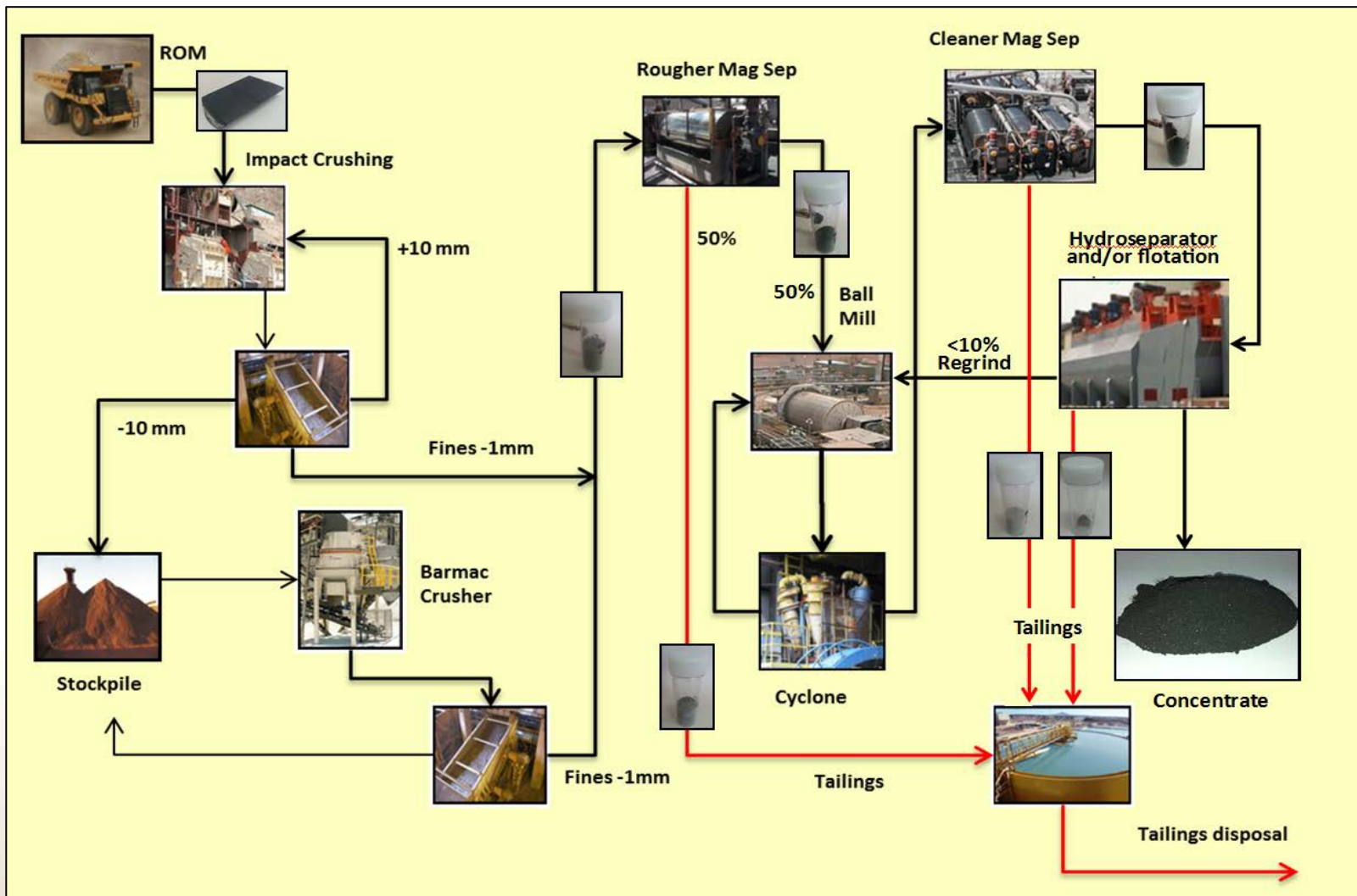
Mining

- low strip ratio 0.47:1 waste to ore falling to near zero yr 8
- Low cost bulk mining methods- in pit crush and convey
- 600m mining widths
- UCS 90Mpa cf 350Mpa
- Opportunities for optimise scheduling in the early mine plan

Hawsons Iron Project Cross Section



Proposed processing flow sheet (April 2015)

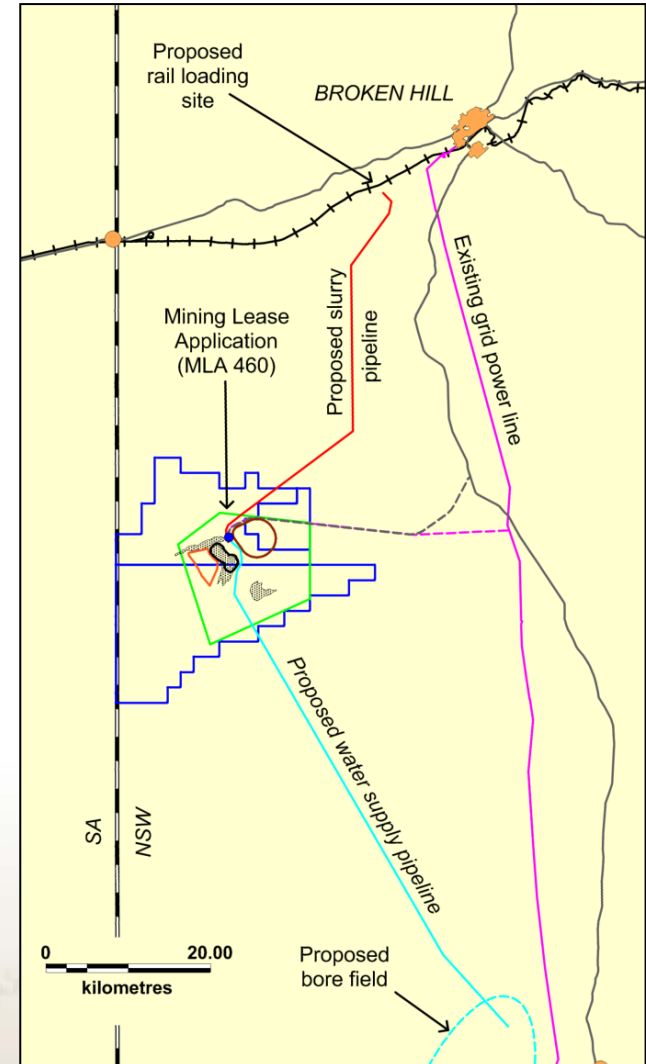


Clear and Achievable – Infrastructure and approvals

\$1bn of existing infrastructure



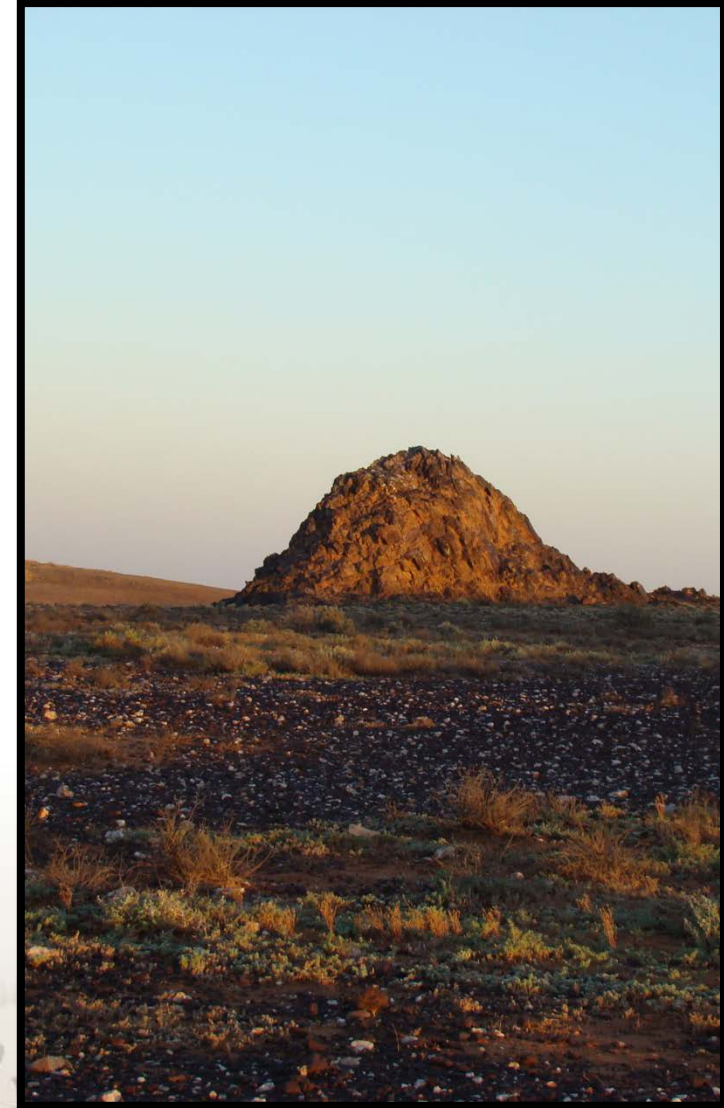
- Grid power with spare capacity (220Kv line)
- High yield water source with allocation available
- Existing rail 360km to existing port
 - 13mtpa spare capacity on rail
 - 3 spare berths for 10-20Mtpa capacity
 - Require conveyors, stockpiles and ship loaders
- Port access secured under a right of first refusal
- Approvals – mining lease application lodged, approvals process well advanced.



Where to from here



- Project BFS ready
- Product marketing campaign targeting all markets
 - China high grade BF pellet/feed
 - Middle East, India and other SE Asia – DR grade pellet and pellet feed
 - Japan Korea Taiwan- pellets and other
- Continue approvals process, targeting EIS completion
- Secure feasibility funding



Summary



- Project potential to be first quartile of the pellet/pellet feed cost curve ensuring long term sustainability and potential for very high returns
- High value product matching worlds highest quality
- Project technical and approval pathway clear and achievable
- Seeking to engage the market about most profitable and sustainable product mix (grade flexibility)
- Potential attractive project returns in “new normal” pricing
- Product set to meet growing demand for high value products



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www.capex.net.au



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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.

