



ABN: 63 095 117 981 | ASX: CAP

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

31 July 2015

ABOUT CARPENTARIA:

Carpentaria is an emerging producer of iron ore in eastern Australia. The company currently has a majority share in the Hawsons Iron project, in addition to other magnetite interests in the developing Braemar Iron Province.

CARPENTARIA'S AIM:

Build a long lasting, low cost premium iron business

CAPITAL STRUCTURE:

Ordinary Shares 123,987,777

MAJOR SHAREHOLDERS:

Silvergate Capital 18.19%

Conglin In't Invest'
Group 11.42%

NEFCO 3.2%

Management, Including
Unlisted Options 6.1%

FINANCIAL

Cash on hand as at 30/6/2015
A\$2,226,711

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CARPENTARIA EXPLORATION LIMITED

www.capex.net.au

ASX ANNOUNCEMENT

Quarterly Report

For the Quarter ended 30 June 2015

Highlights

- Superb results of >70%Fe from upgrade test work of pilot plant iron ore concentrate (reported ASX April 20, 2015)
- First stage marketing activities provide very positive market feedback on product quality of >70%Fe, that is, potentially the highest grade of seaborne traded iron ore in the world
- Hawsons products likely will have a significant market appeal, allowing access to high value markets in a number of regions.
- Company prepares for second stage marketing programme by commencing bulk concentrate upgrade programme with results and samples to be made available for customer testing.

June Quarter Hawsons Iron Project Development Summary

Product Test Work

Superb test work results from the ALS Iron Ore Technical Centre in Perth confirmed the project potential to produce the world's highest grade of seaborne traded iron concentrates with >70%Fe repeatedly returned.

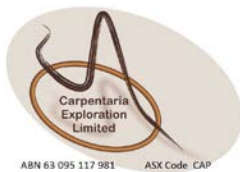
The upgrade test work achieved the high grades using both simple elutriation (water washing) and, separately with flotation. The work was done on samples of Hawsons iron ore concentrate produced from the eight tonne pilot plant test programme completed the previous quarter (ASX Announcement April 20, 2015).

Marketing

Supported by the superb test work results, first stage marketing activities received very positive reactions from steel mills and trading companies. Based on this feedback from the Middle East, China and South East Asia, the Company believes that the Hawsons products will have a significant market appeal, allowing access to high value markets in a number of regions.

The feedback has also supported the Company's view that:

- high grade premium products will be increasingly sought by steel mills seeking to maintain efficiency as average sea borne traded grades continue to fall over time and environmental constraints incentivise efficiency
- high grade product premiums will continue to be substantial
- high quality steel making raw material buyers would welcome diversification of this supply as the market is dominated by a few large producers



ASX ANNOUNCEMENT

Marketing (cont.)

Preparation of stage two of marketing activities commenced.

Bulk upgrade test work of approximately 700kg of concentrate at the ALS Technical Centre in Perth has commenced. This programme will provide excellent guidance on the final product upgrade method and product quality targets.

An additional concentrate pelletising programme is being considered to determine how Hawsons pellets will perform during steel making.

These programs will allow provision of pellet and pellet feed samples to potential customers and support stage two marketing activities.

LFJ Consulting, a well-respected and highly experienced iron ore technical marketing group, has been engaged to assist with marketing activities.

Independent market analysis that will provide a deeper understanding of high grade pellet and pellet feed market dynamics, relative cost and pricing structures has commenced and will be completed in the September quarter.

Other

Market feedback has highlighted the entrenched conventional wisdom within the industry that achieving the highest grade iron ore in the sea borne trade will come at very high cost and the extra revenue benefits will not meet the “expected” extra costs to achieve the grade.

This conventional wisdom is true of typical ores and explains why products of >70%Fe are rare and valuable.

Hawsons material is not conventional, however, and conventional wisdom does not apply. The results reported this quarter clearly demonstrate that these high grades can be achieved with a simple, low cost flow sheet that is low energy grinding, magnets and water. This competitive advantage is a focus of Carpentaria marketing activities.

Corporate Activity

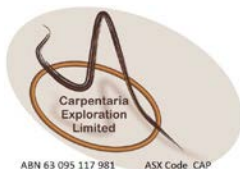
Carpentaria has nominally earned an additional 2.1% share of Hawsons due to dilution following the completion of the annual programme and budget. The project share is now nominally Carpentaria 62%, Pure Metals 38%.

The Company continues to focus on cost reductions to best utilise shareholders’ funds and continue to advance the project.

Other Activity

Carpentaria continues to seek divestment of its prospective Lachlan Fold Belt gold portfolio and reduce its other assets to best manage costs.

During the quarter seven tenements were cancelled prior to their anniversary. During the 12 months ending June 2015, a total of 15 tenements have been allowed to expire or cancelled.



ASX ANNOUNCEMENT

ABOUT HAWSONS IRON PROJECT

The Hawsons Iron Project joint venture (Carpentaria 62%, Pure Metals P/L 38%) is currently undertaking aspects of a bankable feasibility study based on low cost, long term supply of a high grade, ultra-low impurity iron product to a growing premium iron market.

The project has a clear technical and permitting pathway. It 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 been lodged.

The project's soft rock is different from traditional hard rock magnetite and allows a very different approach from 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 Company is targeting the growing premium high grade pellet feed market that is separate to the bulk fines market and believes its targeted costs are very competitive and profitable at prevailing long-term price forecasts for this sector.

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 Company confirms that it is not aware of any new data that materially affects this resource statement since the first public announcement and that all material assumptions and technical parameters underpinning the resource estimates continue to apply and have not materially changed since first reported (ASX Announcement 26 March 2014 and Table 1).

Category	Billion Tonnes (cut off 12% mass recovery)	Magnetite mass recovery (%)	concentrate grades					Contained Concentrate million tonnes
			Fe%	SiO ₂ %	Al ₂ O ₃ %	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
Total	1.77	14.9	69.7	2.9	0.20	0.004	-3.0	263

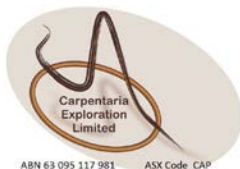
Table 1 JORC compliant resources- Hawsons Iron Project based on Davis Tube test work of drill material

For further information

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The information in this announcement that relates to Exploration Result, 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 a full-time 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.



ASX ANNOUNCEMENT

Carpentaria Exploration Tenement Schedule at end of 2015 June Quarter

<u>Licence</u>		<u>Name</u>	<u>Original Grant Date</u>	<u>Expiry Date</u>	<u>Equity</u>	<u>Sub-blocks</u>	<u>Area (km²)</u>
EL 6901		Combaning	8/10/2007	8/10/2015	100%	154	435.8
EL 6936	1	Euriowie	7/11/2007	7/11/2015	100%	16	46.9
EL 6979	2, 3	Redan	11/12/2007	11/12/2016	60%	62	179.8
EL 7208	3	Burta	22/09/2008	22/09/2015	60%	100	289.7
EL 7504	3	Little Peak	8/04/2010	8/04/2017	60%	14	40.6
EL 7829		Yanco Glen	2/09/2011	2/09/2016	100%	50	146.2
EL 7896		Barellan	6/02/2012	6/02/2016	100%	50	141.7
EL 8082		Tooloom	1/05/2013	1/05/2016	100%	100	297.4
EL 8095	4	Advene	28/05/2013	28/05/2015	100%	100	287.1
EL 8189		Grong Grong	29/10/2013	29/10/2016	100%	148	418.7
EL 5561	5	South Dam	10/12/2014	9/12/2016	100%	27	77.9
EPM 14955	6	Mount Agate	29/06/2006	28/06/2016	100%	55	176.0
EPC 1641	7	Hughenden	27/03/2015	26/03/2017	100%	11	35.5
MLA 460	8, 9	Hawsons Iron	Under application	Under application	60%	n/a	187.0
Totals		14 licences and applications				887	2,760.3

1. 100% Willyama Prospecting Pty Ltd (wholly owned subsidiary of Carpentaria).

2. 1.5% NSR royalty to Perilya Broken Hill Pty Ltd.

3. JV farm-out; Pure Metals Pty Ltd.

4. Under renewal.

5. Subsequent renewal of EL 4395.

6. Under transfer to ActivEX Ltd.

7. Under transfer to Guildford Coal Ltd.

8. MLA made on 18 October 2013; tenement application subject to unspecified grant date and conditions.

9. Subject to the Hawsons Joint Venture with Pure Metals Pty Ltd.



Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/2010.

Name of entity

Carpentaria Exploration Limited

ACN or ABN

63 095 117 981

Quarter ended ("current quarter")

30-Jun-15

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(498)	(1,267)
(b) development	-	-
(c) production	-	-
(d) administration	(219)	(1,669)
(e) business development	(106)	(692)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	80	147
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes received	-	1,123
1.7 Refund of previous development costs	-	281
Net Operating Cash Flows	(743)	(2,078)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	10	10
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other - Exploration Advance	-	-
Net investing cash flows	10	10
1.13 Total operating and investing cash flows (carried forward)	(733)	(2,068)



1.13	Total operating and investing cash flows (brought forward)	(733)	(2,068)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	35
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(11)	(16)
1.18	Dividends paid	-	-
1.19	Share issue costs	-	-
	Net financing cash flows	(11)	19
	Net increase (decrease) in cash held	(744)	(2,049)
1.20	Cash at beginning of quarter/year to date	2,971	4,276
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,227	2,227

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	100
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 relates to Directors Remuneration, Fees and Superannuation Contributions.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest



Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	0	0
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

\$A'000

4.1	Exploration and evaluation *	141
4.2	Development	0
4.3	Production	0
4.4	Administration	229
	Total	370

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	727	66
5.2 Deposits at call	1,500	2,905
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	2,227	2,971

Changes in interests in mining tenements

Tenement Reference	Nature of interest (note (2))	Interest at beginning of quarter Interest at end of quarter
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6.1	Interests in mining tenements relinquished, reduced or lapsed	EL 7735	Begin 100% end NIL
		EL 7736	Begin 100% end NIL
		EL 7737	Begin 100% end NIL
		EL 7738	Begin 100% end NIL
		EL 7739	Begin 100% end NIL
		EL 7740	Begin 100% end NIL
		EL 7741	Begin 100% end NIL
6.2	Interests in mining tenements acquired or increased		



Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Number quoted	Issue price per security (see note 3)
7.1 Preference +securities <i>(description)</i>		
7.2 Changes during quarter		
(a) Increases through issues		
(b) Decreases through returns of capital, buy-backs, redemptions		
7.3 +Ordinary securities Quoted	123,887,777	
Options Quoted		
+Ordinary securities Un-Quoted <i>(restricted)</i>		
7.4 Changes during quarter		
(a) Increases through issues		
(b) Decreases through returns of capital, buy-backs		
7.5 +Convertible debt securities <i>(description)</i>		
7.6 Changes during quarter		
(a) Increases through issues		
(b) Exercise of Options		
7.7 Options <i>(description and conversion factor)</i>	Number	Exercise price Expiry date
		0.440
Unlisted Options CAPAO	1,500,000	29-Nov-15
7.8 Issued during quarter		
7.9 Exercised during quarter		
7.10 Expired during quarter		
7.11 Debentures	-	
<i>(totals only)</i>		
7.12 Unsecured notes <i>(totals only)</i>	-	



Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

31-07-15

Company Secretary
Chris Powell

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.