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Carpentaria Signs Term Sheet for Farm-In Agreement with Faraday

Highlights

- **Carpentaria signs conditional Terms Sheet with Faraday Resources covering the Combaning and Barellan exploration licences, Lachlan Fold Belt, NSW**
- **Faraday to fund exploration on key prospects**
- **Carpentaria to retain 10% interest, benefitting from any new discovery at no cost, while allowing continued focus on flagship Hawsons Iron**

Carpentaria Exploration Limited (ASX:CAP) is set to advance its Lachlan Fold Belt gold portfolio, announcing today the signing of a conditional Terms Sheet with Faraday Resources Pty Ltd concerning the Barellan (EL 7896) and Combaning (EL 6901) projects (Figure 1).

Under the agreement, Faraday, a private exploration company, has the right to earn a 90% interest in the projects based on the following key terms:

- Faraday to spend \$200,000 within one year (or other time frame as agreed) to earn 90% interest in EL 6901 and EL 7896;
- Minimum expenditure of \$100,000 within 6 months of agreement;
- Following the earn-in period, Carpentaria will have the option to contribute to expenditure or convert to a Net Smelter Royalty of 1%;
- Faraday has been granted three months exclusivity to complete the transaction;
- The Terms Sheet is conditional on Faraday raising funding and the parties completing a commercial agreement within three months.

Carpentaria Managing Director, Quentin Hill said the agreement is good for the Company.

“This agreement is a win-win for Carpentaria and Faraday. It will secure the further testing of key prospects on these highly prospective tenements in New South Wales, ensuring Carpentaria benefits from any discovery at no cost, while allowing the Company to focus on its flagship Hawsons Iron Project.”

Based on previous exploration, Carpentaria has identified drill ready targets in both tenements.

At Barellan, a historical drainage channel result of 10m at 4.5g/t (grams/tonne) gold remains untested and, when combined with the geological setting, highlights the potential for large- scale intrusion related gold mineralisation (Figure 2).

At Mother Shipton, a best intersection of 4m at 3.95g/t gold highlights the project's bulk tonnage gold-copper porphyry and epithermal potential (Figure 3).

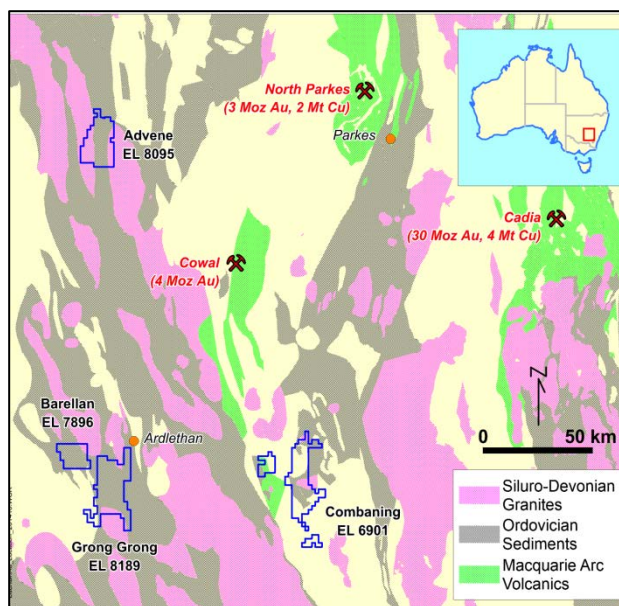


Figure 1: Lachlan Fold Belt licence locations with simplified geology

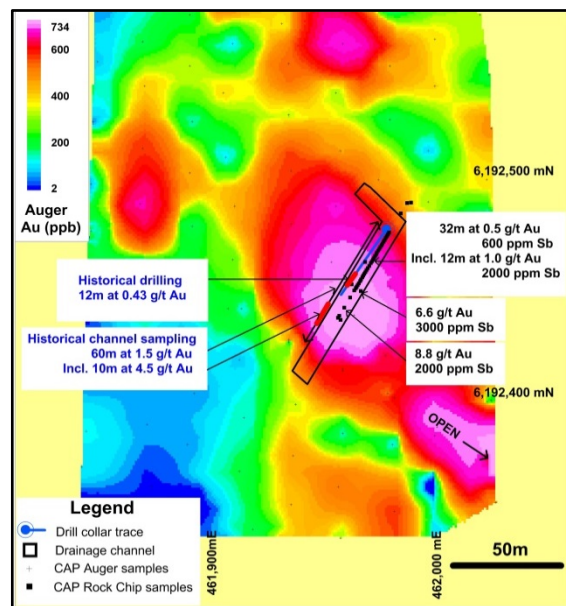


Figure 2: Key target for EL7896

Background

The Barellan licence area is located within the Wagga-Omeo segment of the Lachlan Fold Belt and within NSW, extending south-southeast for some 600km from north of Cobar to Albury. It hosts historically important intrusion related tin-tungsten mineralisation centred on Ardlethan and Gibsonvale. This segment is under explored, and highly prospective for intrusion related gold systems (IRGS).

The Barellan prospect is a surface rock gold-antimony-arsenic anomaly that contains hairline quartz-sulfide vein stock-work hosted by phyllite, interpreted to be situated in the roof-zone of buried granite with potential for stock-work, replacement or other structurally (fault, shear) controlled intrusion related gold mineralisation.

The Combaning licence area includes Macquarie Arc Volcanics and the Gilmore Suture Zone, a major regional scale structural zone that is thought to control mineralisation at Gidginbung (700 Koz) and Cowal (3 Moz) and a number of other smaller epithermal gold deposits. Carpentaria's priority target has been the Mother Shipton Prospect with

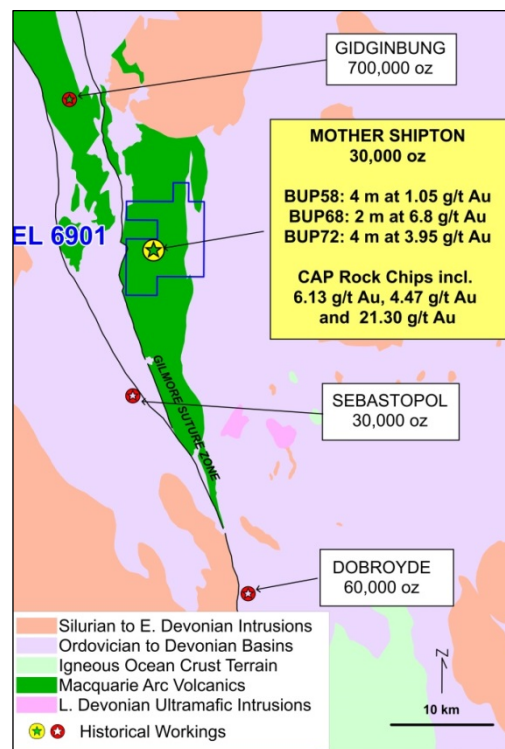


Figure 3: Key target for EL6901

over 30,000 oz of historical production, located in and around a mafic intrusion within sediments and volcanics with abundant quartz veining and silica-sercite-pyrite alteration.

“Carpentaria is focused on developing the Hawsons Iron Project to be the preferred supplier of super grade iron products to growing markets in Asia and the Middle East to benefit our shareholders, our customers and our communities. The Company’s success in generating value from its other non-strategic projects is an important part of this process, ensuring we minimise shareholder dilution while obtaining the necessary funds to advance Hawsons in a challenging fund-raising environment,” Mr Hill said.

Carpentaria is also seeking divestment of other highly prospective gold tenements Advene and Grong Grong.

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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.