

Hawsons Iron Project
Mining 2015
Brisbane 11-12th November



Carpentaria EXPLORATION
LIMITED

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

ORES AIN'T ORES

HAWSONS SUPERGRADE AND SUPERSOFT ORE CAN PROSPER THROUGH THE CYCLE



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Our Goal

Be the preferred supplier of super grade iron products to growing markets in Asia and the Middle East to benefit our shareholders, customers and communities



ASX : CAP

Listed: 2007

SHARES: 124 M

CASH : \$2.5 M September 30,2015

Dr Neil Williams - Chairman

Mr Quentin Hill - Managing Director

Mr Bin Cai - Director (non-exec.)

Mr Paul Cholakos - Director (non-exec.)

Mr Robert Hair - (Company Secretary)

***100% focussed on Hawsons Iron Project
(CAP 62%, Pure Metals PL 38%)***

Major Shareholders


Silvergate Capital 18.2%

Australia Conglin Int. Group 11.4%

Project Team - Experts in their field


Ray Koenig - Consultant

- Technical Director
- One of Australia's leading magnetite engineers; ex-Savage River magnetite and pellets

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- Technical feasibility
 - Risk reduction


Adam Wheatley - Consultant

- Financing expert
- (e.g. Gindalbie/Kararra, Hancock/Hope Downs, Aztec/Koolan Island)

- 
- Project financing and bankability

Lou Jelenich - Consultant

- Market and steel expert
- Ex-BHPB iron ore technical marketer

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- Marketing saleable product
 - Offtake arrangements

Key Points

- Ores ain't ores – the iron ore market is segmented and the high grade market will grow the fastest due to productivity and environmental benefits
- Buyers strongly influence which projects get developed, through offtake support
- Buyers are willing to support competitive new sources of high grade supply that are sustainable through the cycle to diversify supply.
- Hawsons is now at the front of the high-grade offtake line because of recent Supergrade results that are a game changer.
- Opportunity is to convert the initial offtake interest in Supergrade from buyers into offtake support and cornerstone investor support and secure the path to development.
- ***Supergrade results***

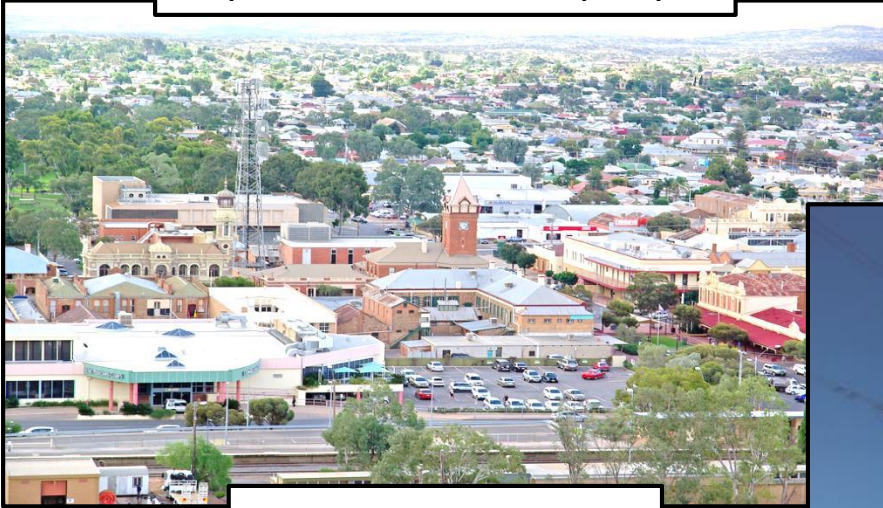
% Fe	SiO ₂	Al ₂ O ₃	P	S	Mn	CaO	MgO	TiO ₂	K ₂ O	V	Na ₂ O	LOI 1000
70.3	1.99	0.29	0.007	0.001	0.022	0.11	0.20	0.11	0.05	0.03	0.032	-3.0

Hawsons Iron Project is a stand out

- **Super grade** – highest seaborne grade in the world will attract offtake support in high value markets and attract the highest revenues
- **Super location** – existing port, rail and power infrastructure and workforce saves over USD1 billion in capital, reduces development risk.
- **Super competitive** – soft ore allows lowest magnetite mining and processing cost targets
- **High demand** - market seeking new high grade supply
- **Potential robust margins** in current market and the right attributes for development based on PFS level engineering studies and Inferred Resources.
- Project Concept – **deliver 10 Mtpa of world's leading grade magnetite** concentrate >69.5% Fe, for a mine life of over 25years

Super Location – Access to over \$1B of existing infrastructure

Population – 20,000 people



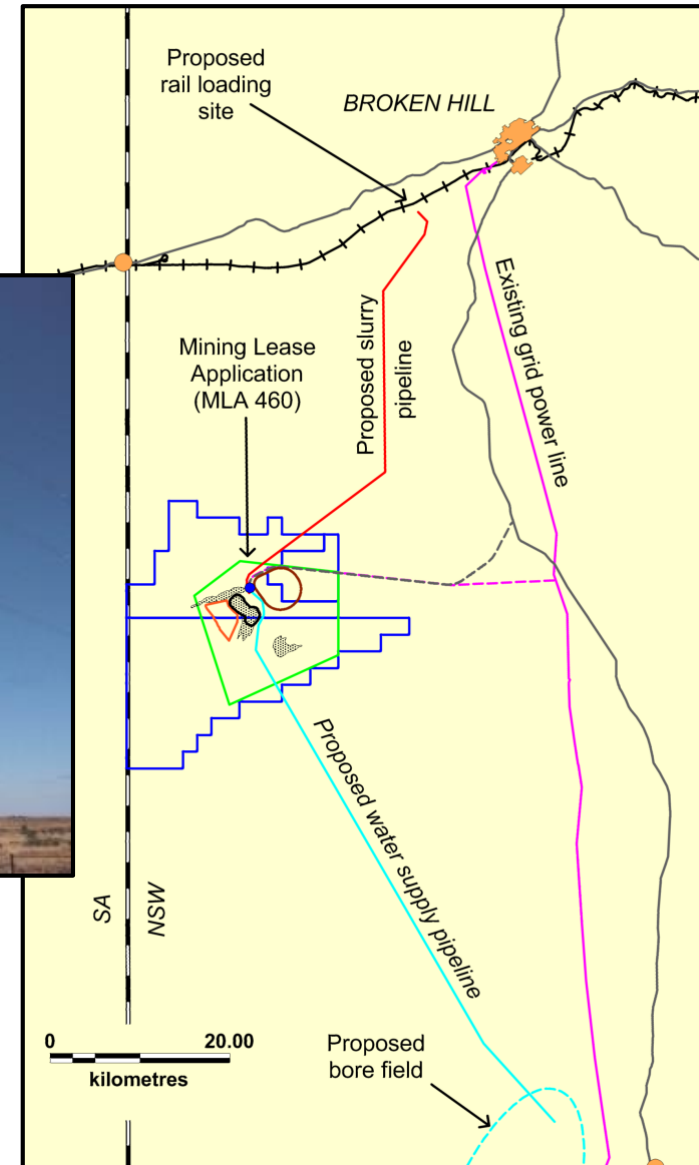
Community support



Water – high yield



Power – up to 300MW

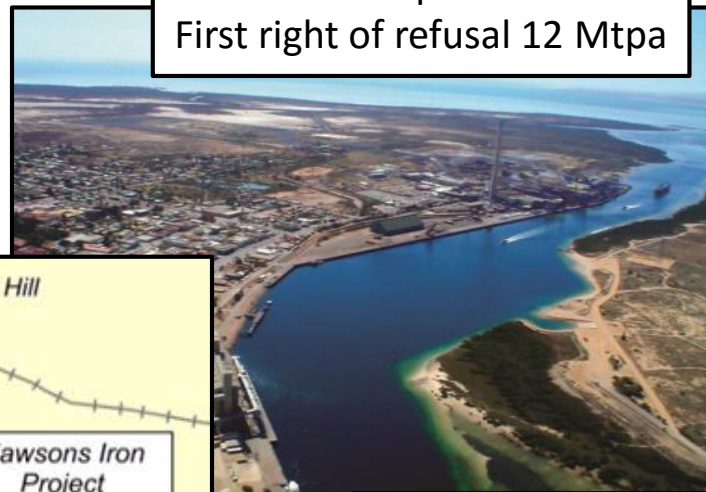


Super Location – Access to over \$1B of existing infrastructure

25 t axle load rail,
13 Mtpa spare capacity



Port Pirie Spare Berths
First right of refusal 12 Mtpa

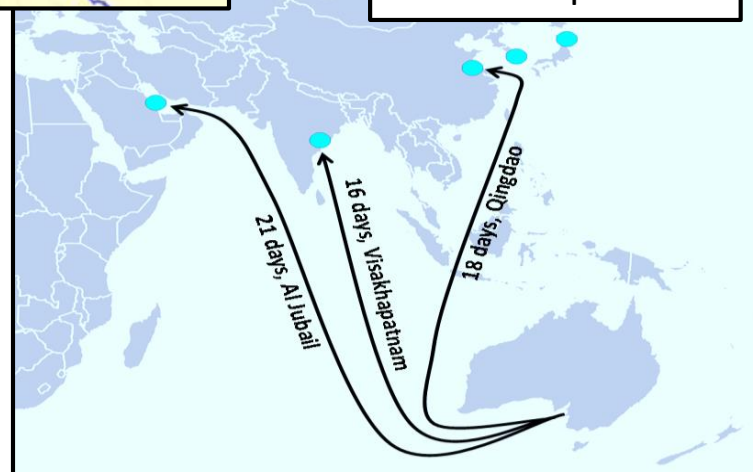


Closest to markets
25-50% closer
than competitors



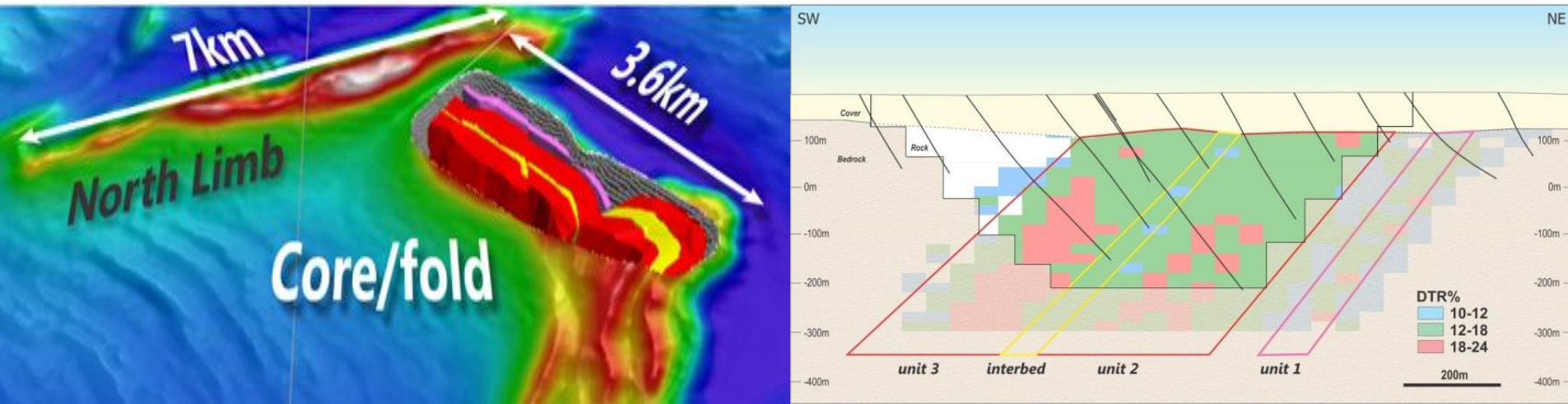
Iron ore concentrate transferred
to ocean going vessels

Cape Size capacity



Super Soft, Super Grade – Resources and mining

Hawsons Iron Project Cross Section



Resource JORC Inferred (88%) plus indicated (12%)

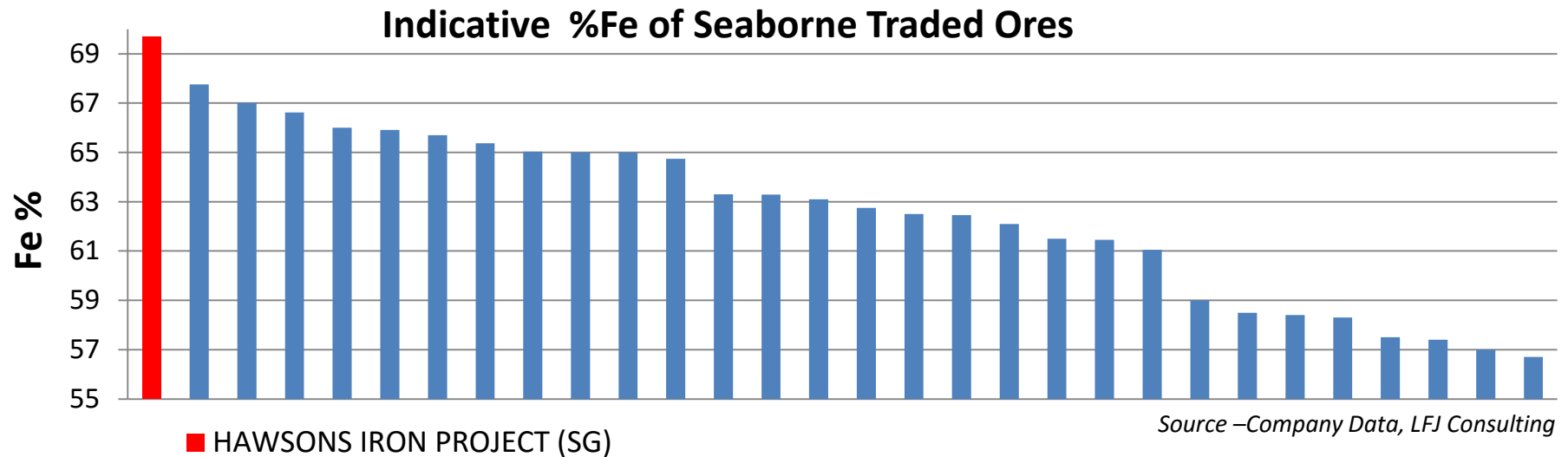
- 1.8 Bt at 15% mass recovery for 263 Mt of 69.7% Fe concentrate (*refer Appendix 1*)
- 26 years at 10Mtpa, significant exploration potential to support over 40 years mine life in a single pit (*refer Appendix 1*)

Mining:

- Low strip ratio 0.47:1 waste:ore, falling to near zero by year 8
- Low cost bulk mining methods – in-pit crushing and conveying
- Rock strength soft
 - Unconfined compressive strength (UCS) 50-90 Mega Pascals (Mpa), cf. 350 MPa.
- Large optimisation opportunities

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.

What is Super grade?

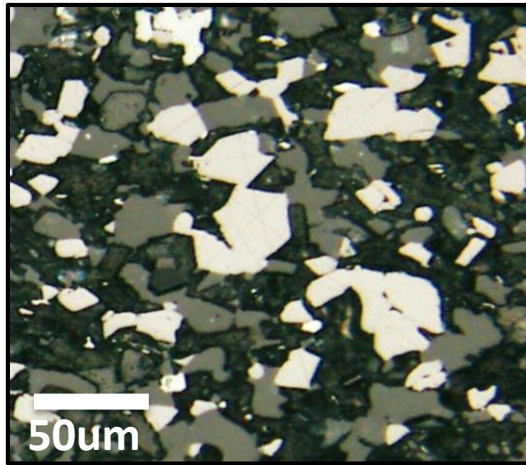


Super grade – highest seaborne grade in the world will attract off take support and meets direct reduction quality standards (DR)

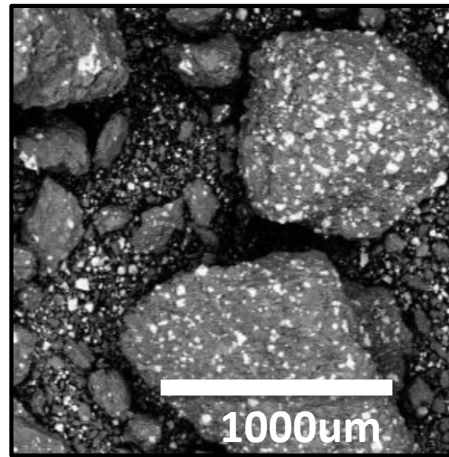
Why buyers are willing to support high grade supply

- New independent source of high grade (and DR) supply restores some price power
- Higher productivity for a blast furnace allows for lower cost per tonne of steel
- Allows balance of ever rising levels of impurities
- Allows simple way to reduce emissions and pollution

Supergrade from unique siltstone ore



Natural grain size <50µm easily achieved



Crushing stage generates high proportion of fines ~30% <150µm



45% rejection at first magnetic separation

Ball Milling
100% <40µm
7kwh/t

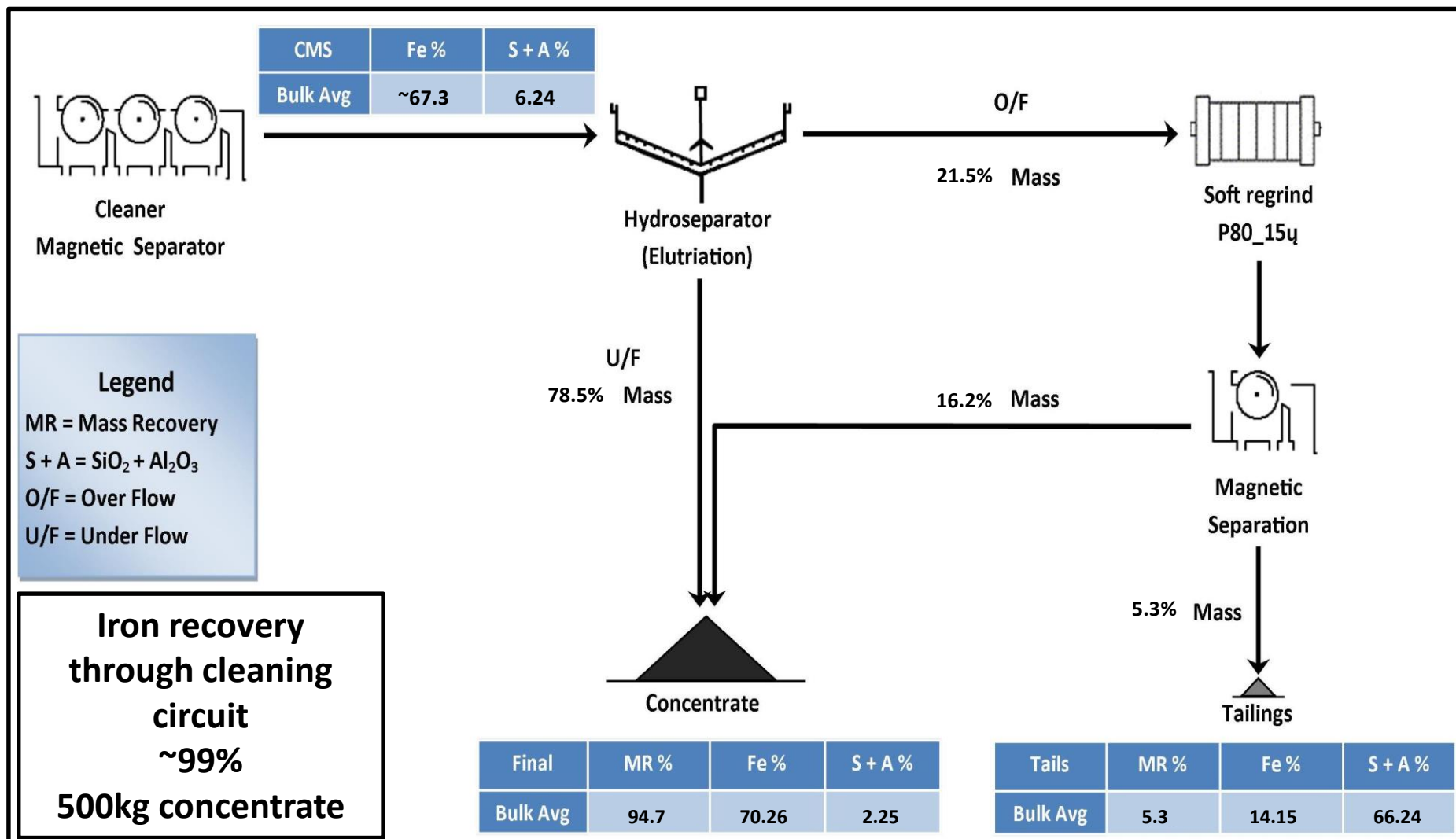


After second magnetic separation 66%Fe



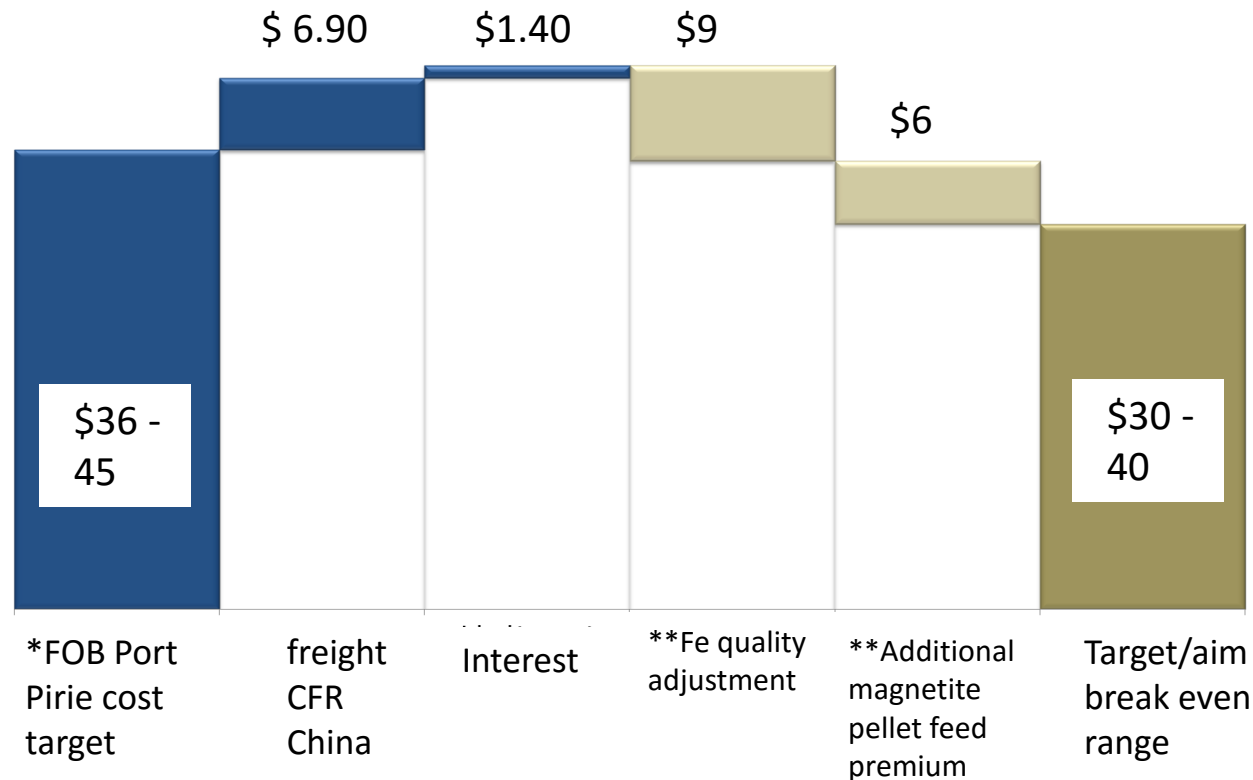
Elutriation removes free silica upgrade > 69%Fe

Recent results – 99% Iron recovery through cleaning circuit



Possible high grade cleaning circuit corrected version after from ASX Announcement 14 Oct. 2015

Hawson cost targets/aims - strength through the cycle



- Based on PFS level engineering and Inferred Resources
- Competitive capital cost target of USD1.4-1.9bn (inclusive of preproduction cost and contingency)

**Potential revenues based on base 62% Fe price plus premium \$24/t concentrate derived from index based pricing formula from recent Shanghai Metals Market survey of prices paid by Chinese steel mills (covering 25% of industry) for pellet feed in May2015 (discounted to reflect potential lowest case in the break even scenario).

- Includes royalties, sustaining capital, 1AUD buys 0.72USD

Iron and steel are robust long term industries

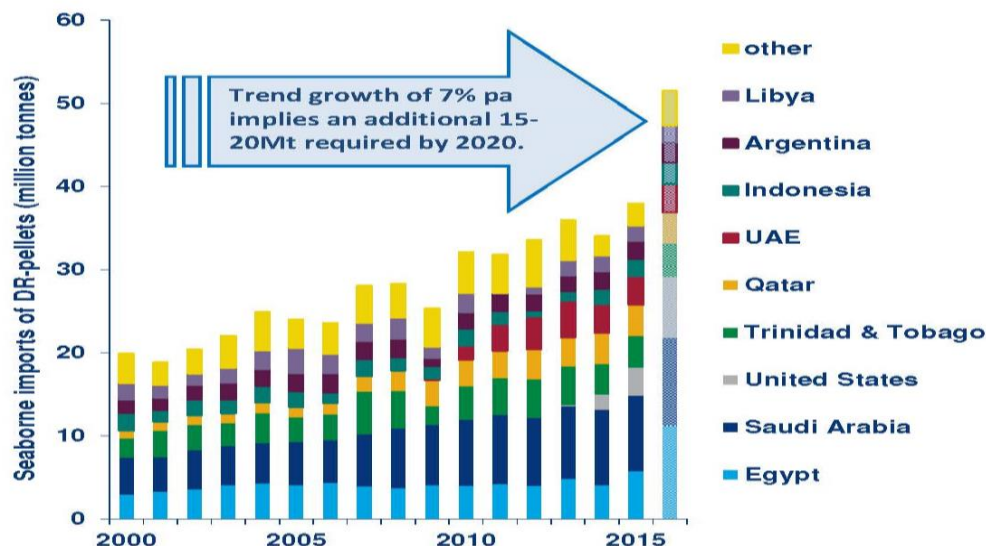
- Iron and steel are long term growth industries. World Steel Association May 2015 forecast 455Mt extra of steel demand from 2014 to 2030 globally
- That's 28mtpa steel and up to 46mtpa of new iron ore demand each year, for 16 years.
- Future steel growth driven by infrastructure and urbanisation demand from ASEAN, India and MENA economies (source OECD) (China included at near zero)
- China's is the upside in this scenario, RIO forecast an extra 150Mtpa from China by 2030 or another 10mtpa every year based on very detailed analysis.



- **Iron ore market is suffering from over supply, prices are volatile**
- **Major expansions will be largely complete by end 2017 and over supply will end**
- **Significant high cost tonnage must exit during this time.**
- **Steel demand growth will continue**
- **New projects are required to meet demand growth and replace depleted mines**
- **Iron ore prices are required to rise to incentivise development of these new projects noting that all the low cost expansions have largely been done**
- **Development window for new projects therefore is late 2017 and onwards Hawsons opportunity is to be ready for development at that time.**
- **Target price- long term – one view - USD\$75 is required to incentivise lowest cost new production of sinter fines from Brazil (*Metal Bulletin Oct. 2015*)**

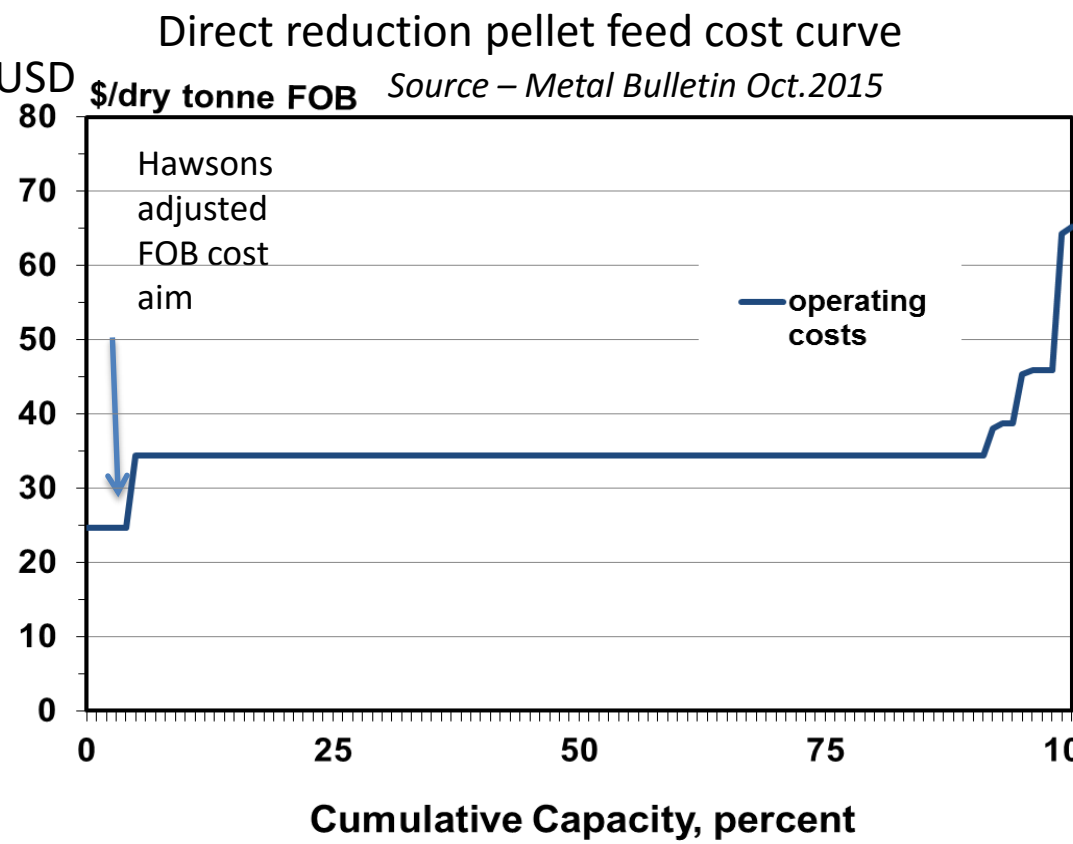
Direct reduction (DR) is a different high value market with a growing supply deficit

Demand for imported DR-pellets is set to accelerate.



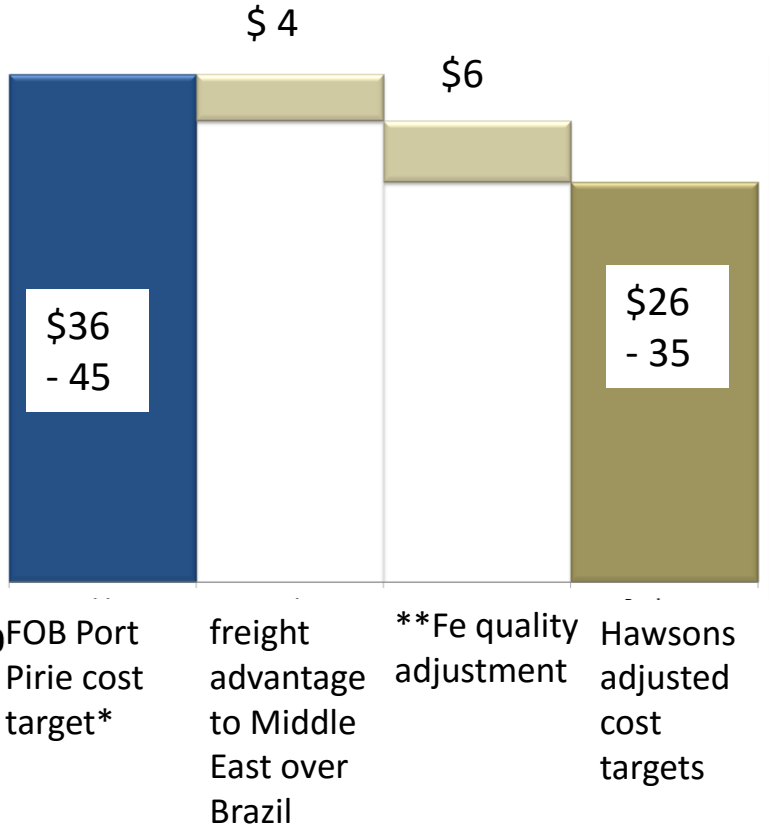
Source: Wood Mackenzie

- Only about 12 projects produce DR quality with ~ 75% of production concentrated from four companies (Metal Bulletin)
- Swing producers largely withdrawn (Wood Mac 2015).
- Market requires new, long term, low cost supply.
- Very encouraging product feedback from Middle East enterprises who favour diversification of supply.



Dominant producers are from Brazil
When adjustments are made for freight and quality Hawsons is competitive

Hawsons comparison with Brazilian DR hematite dmt.



- Includes royalties, sustaining capital, 1AUD buys 0.72USD
- **includes \$4/t for Fe units and \$2/t for magnetite pelletising productivity benefits

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Thank you for your attention

Phone: +61 7 3220 2022

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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.

