

ANNUAL GENERAL MEETING
Brisbane 19th November, 2015
Managing Director's Review of Operations



Carpentaria EXPLORATION
LIMITED

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



carpentariaex.com.au

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Goal - to balance promotion and protection of the Hawsons asset

Presentation Content

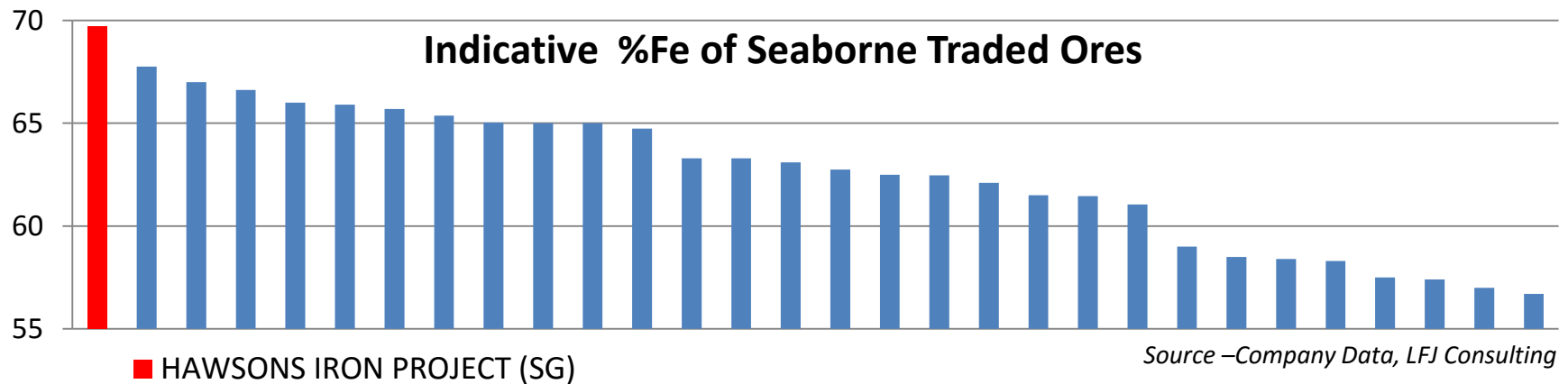
Review of Activities in FY15

- cost effective work programs that
 - maximising opportunities and
 - minimising development risk
- controlling costs

Outlook for steel and iron ore

Development strategy





Key milestone - Pilot plant test work and bulk upgrade program (completed October 2015)

Outcome delivered - **Supergrade results** including direct reduction (DR) grade that demonstrate how we can achieve the world's highest seaborne traded ore at costs within our earlier estimates

Opportunity

- Differentiate our project from the rest
- Generate access to and potentially support from global high quality offtake partners
- Increase the potential size of product market
- Increase the potential revenue that improves the project competitiveness



All engineering aspects brought to prefeasibility study level

- Transgrid confirmed
 - existing grid power can meet project requirements and
 - how it can be connected at low cost
- Logistics solution to port completed by GHD
 - dual funded by Flinders Ports and Carpentaria
 - technically feasible
 - reduced existing cost assumptions
- Approvals for mining lease application
 - ecology and cultural heritage surveys complete
 - No issues identified



Focussing on operations that are core to our strategy

- Reduced our tenement portfolio by 17 tenements reducing annual expenditure commitments by over \$1.2m
- Farmed out two other tenements – Extension of terms sheet with Faraday Resources by one month
- Remaining program of relinquishment and divestment to continue

Corporate overheads continue to be reduced

- Staff and Board numbers reduced and remuneration cut
- Administration costs are forecast to be down considerably on last year

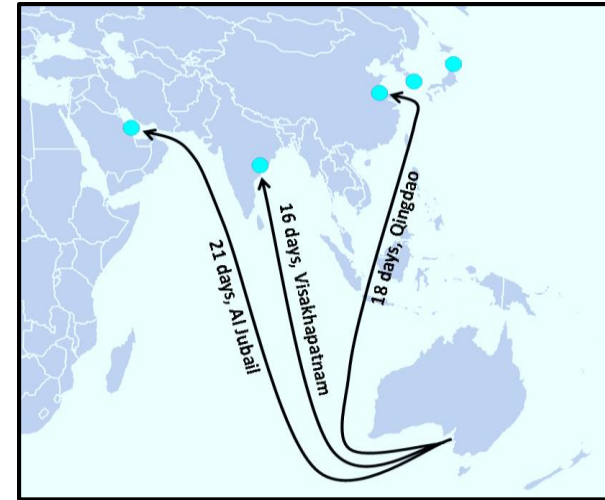


Steel demand is robust - over supply wont last

- World Steel Association (May 2015) forecast additional 455Mt of steel demand from 2014 to 2030 globally (assumes no growth from China in this scenario)
- Iron ore market is suffering from over-supply, prices are volatile
- Major expansions will be largely complete by end of 2017, significant high cost producers will exit over this time, over supply will come to an end
- Demand for steel will continue to grow
- New projects will be required to meet demand growth and replace depleted mines
- Iron ore prices will need 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
- Carpentaria is positioning Hawsons to be ready for development at that time

Development Strategy

- Buyers strongly influence which projects get developed, through offtake support
- They are willing to support competitive new sources of high grade supply that are sustainable through the cycle to diversify supply
- ~75% of the DR market supply is concentrated in four producers, this increases the importance of new suppliers to buyers in our targeted high grade markets
- Carpentaria's recent supergrade results (October 2015) have positioned Hawsons very well
- Current work programs are targeted at gaining offtake support with product marketing programs and pelletising and steelmaking performance tests
- Feedback has been very positive
- By demonstrating offtake support, we will attract new cornerstone investors to push the development of the project through feasibility study and be ready when the market improves





- Supergrade results in a difficult market have maximised our opportunities for additional investment
- The development risk has been significantly reduced through increased confidence in logistics and other infrastructure
- Costs are being prudently managed
- We have a healthy cash balance and work programs to progress our product marketing campaign, the results from which will support cornerstone investment
- Understanding the timeframes is key, and there is a great opportunity for Carpentaria to be the first development project when the market cycle improves.
- Watch our website for more detailed project information and updates