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Farm-out secures new investment in NSW gold projects

Highlights

- **Carpentaria signs farm-out agreement covering its Barellan and Combaning exploration licences in the Lachlan Fold Belt, with Cape Clear (Lachlan) Pty Ltd**
- **Cape Clear commits to minimum expenditure of \$100,000 by November 2016**
- **Cape Clear can earn 90% of the licences with expenditure of \$200,000 within 15 months**
- **Carpentaria to retain 10% interest, benefiting from any new discovery at no cost, whilst focussing on Hawsons Iron Project.**

Emerging iron producer Carpentaria Exploration Limited (ASX:CAP) has secured new investment in its Lachlan Fold Belt gold portfolio, announcing today an agreement to farm out the Barellan (EL 7896) and Combaning (EL 6901) projects to private explorer Cape Clear (Lachlan) Pty Ltd, a nominee of Faraday Resources Pty Ltd.

The agreement follows the ASX announcement on 1 September 2015 of a terms sheet signed with Faraday Resources concerning the New South Wales projects.

Under the agreement:

- Cape Clear can spend \$200,000 within 15 months to earn a 90% interest in both projects;
- Cape Clear has committed to spend \$100,000 by November 2016;
- Following the earn-in period, Carpentaria will have the option to contribute to expenditure or convert its interest to a Net Smelter Return (NSR) of 1%.

Carpentaria's Managing Director, Quentin Hill, said the agreement gives shareholders an opportunity to share in any discovery.

"Confirmation of this agreement with Cape Clear is a win-win for both parties. Highly prospective targets will be tested by Cape Clear this year giving our shareholders opportunity to benefit from any discovery at no cost. Importantly, it also allows Carpentaria to continue the focus on our highest value project, our flagship Hawsons Iron Project near Broken Hill," Mr Hill said.

Cape Clear will benefit from Carpentaria's previous exploration work on the projects, with drill-ready targets identified.

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

The Combaning tenement includes the Mother Shipton prospect, where a best intersection of 4m at 3.95 g/t gold has highlighted its potential for bulk tonnage gold-copper porphyry and epithermal mineralisation.

Carpentaria will continue to seek divestment opportunities for its other highly prospective NSW gold tenements, including Advene and Grong Grong located in the Lachlan Fold Belt, considered highly prospective for large-scale intrusion related gold mineralisation.

Mr Hill said: "The rise in Australian dollar gold prices makes these projects attractive to potential partners and we are determined to maximise their value for shareholders' benefit. In current market conditions we are determined to maintain the priority on protecting and promoting the value Hawsons, which offers the potential to become a long-term, low cost premium iron business based on its Supergrade product, super location and super-competitive costs."

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 underexplored, and highly prospective for intrusion related gold systems.

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 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.

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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.