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Mitsubishi Corporation RtM Japan signs LOI for Hawsons Supergrade offtake

Highlights

- Carpentaria (CAP) and Mitsubishi Corporation RtM Japan Ltd. ("Mitsubishi RtM") sign non-binding letter of intent for the purchase of 1 million tonnes per annum (mtpa) of Hawsons Iron Project "Supergrade" product
- Potential for first 10% of Hawsons initial Supergrade production to be supplied to Asian steel mills
- Tokyo-based Mitsubishi RtM is a dominant player in high-grade iron concentrate, with established networks across Japan, China and the Asian region
- LOI demonstrates strength of international demand for high-quality Hawsons magnetite product

Prospects for the development of a new magnetite mine near Broken Hill have been significantly boosted, following the signing of a non-binding Letter of Intent (LOI) between emerging iron producer Carpentaria Exploration Limited (ASX:CAP) and Mitsubishi Corporation RtM Japan Ltd. ("Mitsubishi RtM") for the supply of 1 million tonnes per annum (mtpa) of Hawsons Iron Project Supergrade pellet feed.

The first such agreement for the Hawsons project, the LOI provides the potential for at least 10% of planned production to be delivered to pelletisers in the Asia-Pacific region through Mitsubishi RtM's established networks. Carpentaria (62% owner), as Manager of the Hawsons Iron Project joint venture, and Mitsubishi RtM plan to develop binding offtake agreements for an initial term of up to 10-years, with first supply targeted for 2020.

Based in Tokyo, Japan, Mitsubishi RtM is a dominant player in the high grade iron ore concentrate market. Part of the blue-chip Mitsubishi Corporation group, the company's networks extend globally, from South to North America, Europe and the Asia-Pacific, with its Iron Ore Department serving as its iron ore import agency for supplies from Australia and elsewhere.

Carpentaria's Managing Director, Quentin Hill, said the LOI with one of Japan's top trading groups is a significant step for Carpentaria and demonstrates the international interest in potentially the world's top grade seaborne iron ore concentrate from the Company's flagship project located just 60km from the NSW silver city and mining centre of Broken Hill.

“This LOI is a major step forward for the development of the Hawsons project, confirming the demand and support for independently produced, high quality iron products in one of the key regional markets identified by our team. We look forward to becoming a long term supplier to Mitsubishi RtM and cementing our relationship with binding offtake agreements at the right time. We also look forward to discussing additional assistance for project development as we progress the Hawsons project towards production,” Mr Hill said.

The LOI follows Carpentaria’s initial market development in Asia, which identified demand for high quality iron ore feed to offset falling grades from traditional sources and support for independent producers in an increasingly concentrated market.

Meanwhile, Carpentaria will continue its marketing campaign for the remainder of its planned production, targeting other markets in Asia, China and the Middle East.

The Hawsons project’s standout location near Broken Hill provides access to existing rail, road, port and power infrastructure, with its unique soft ore allowing for simple liberation of a Supergrade magnetite product without expensive processing methods.

“This LOI comes just weeks after pelletising test work results confirmed Hawson’s Supergrade material is a standout material for iron making (refer ASX announcement 16 February 2016) and we are confident of securing the necessary investment to continue project development, given significant offtake interest for our Supergrade product and our low cost targets. We are positioning Hawsons to be the preferred new iron development and to deliver the project for all our stakeholders,” Mr Hill said.

“With a Supergrade product, super location and super-competitive cost targets, Hawsons has an excellent outlook to become a long term, low cost premium iron operation.”

About Mitsubishi Corporation RtM Japan Ltd

Wholly owned by Mitsubishi Corporation, Mitsubishi Corporation RtM Japan Ltd. aims to become the most trusted and reliable leader in the metals and mineral resources industry by realising maximum value for customers. The company encompasses a Ferrous Raw Materials Division with Iron Ore and Metallurgical Coal departments, a Thermal Coal Division, a Rare Metals and Ferro-Alloy Division, an Aluminium Division and a Base Metals and Precious Metals Division.

RtM Japan is a part of RtM Group, of which the global headquarters is Mitsubishi Corporation RtM International Pte. Ltd. located in Singapore.

For more information on Mitsubishi Corporation RtM Japan Ltd and its business, refer to <http://www.mitsubishicorpmt.com/japan/english/index.html>

About Hawsons Iron Project

The Hawsons Iron Project joint venture (Carpentaria 62%, Pure Metals P/L 38%) is currently undertaking a bankable feasibility study based on the low cost, long term supply of a high grade, ultra-low impurity iron concentrate 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 to the typical magnetite mining and processing challenges (both technical and cost-related). The soft rock enables simple liberation of a Supergrade magnetite product without complex and expensive processing methods.

The Company is targeting the growing premium high grade product market with its Supergrade product, which is separate to the bulk fines market, and believes its targeted cost structure is very competitive and profitable at consensus 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 2).

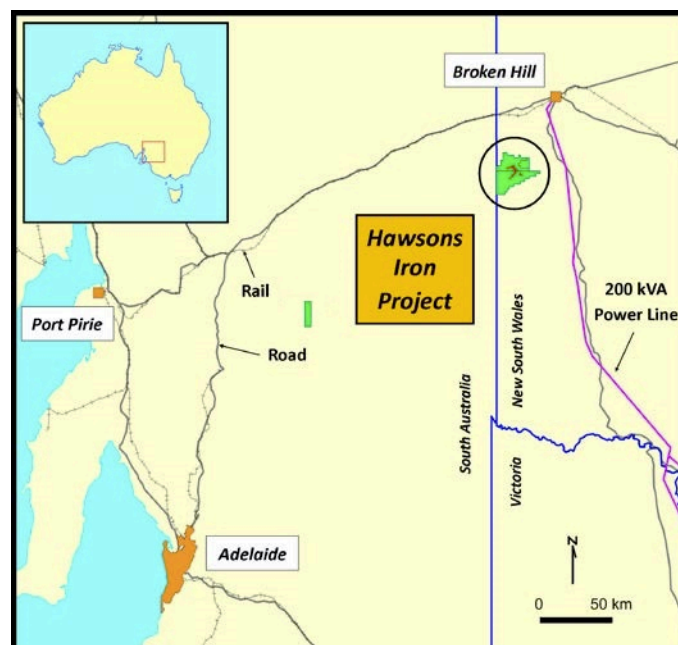


Figure 2 Location of Hawsons Iron Project and Port Pirie

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 2 JORC compliant resources- Hawsons Iron Project

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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.