Investor Presentation
June 2016

Carpentaria EXPLORATION LIMITED

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

SUPERGRADE IRON

Developing strategic value ahead of the next wave

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Developing strategic value

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Hawsons Iron Project

- Ideally placed to lead the next phase of iron ore development because of high strategic value to steel makers
- Steel makers to determine which independent projects get developed
- Early movers are planning now for next development phase

Carpentaria - Snapshot

ASX : CAP

Listed: 2007

SHARES: 124 M

CASH : $1.77 M March 31, 2016

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% (diluting))

Low overheads

Major Shareholders

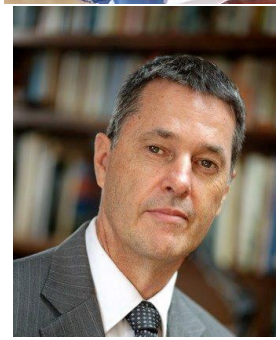
Silvergate Capital 18.2%

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



Adam Wheatley - Consultant

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

Lou Jelenich - Consultant

- Iron ore marketing and steel expert
- Ex-BHPB iron ore technical marketer

- Technical feasibility
- Risk reduction

- Project financing and bankability

- Marketing saleable product
- Offtake arrangements

Why Hawsons stands out to steel makers!

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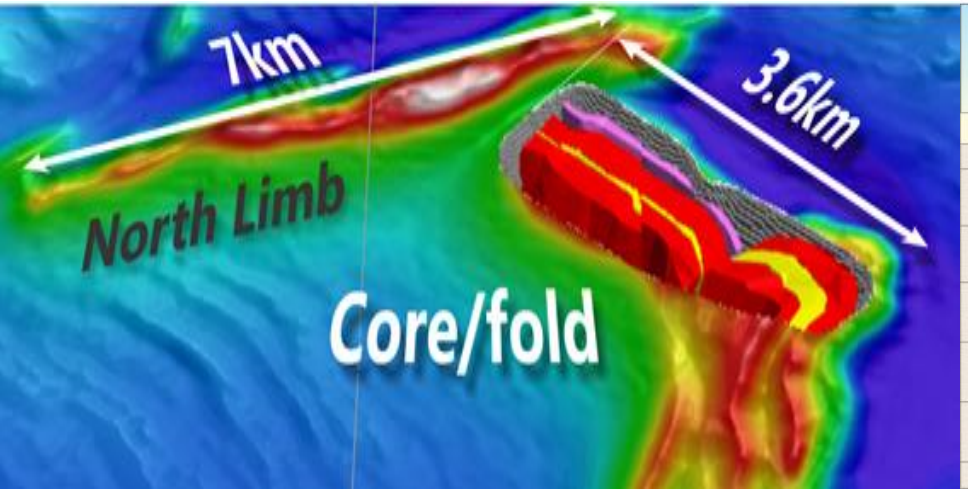
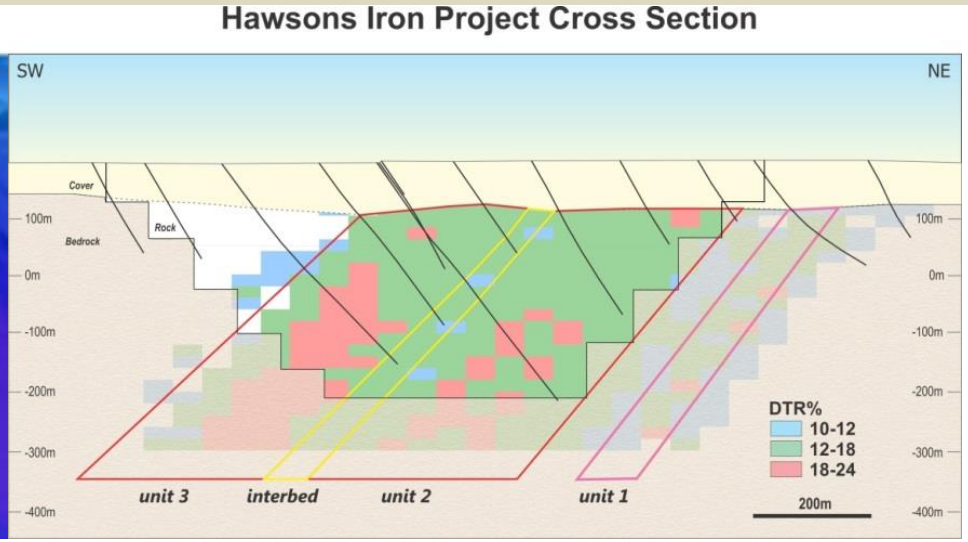
- Long life resource
- Simple logistics chain - low development risk
- Niche high value product meeting future productivity and environmental needs
- Independent project with attractive cost targets
- Blue chip offtake intent in place

Long life resource – long term reliable supply





Long life Resource JORC Inferred* (88%) plus Indicated (12%)

- 1.8 Bt at 15% mass recovery for 263 Mt of 69.7% Fe concentrate

Simple mining:

- Low strip ratio 0.47:1 waste:ore, falling to near zero by year 8
- Low cost bulk mining methods

** There is a low level of geological confidence associated with Inferred mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated mineral Resources or that the production target itself will be realised.*

Existing infrastructure – low risk, simple logistics chain, close to markets

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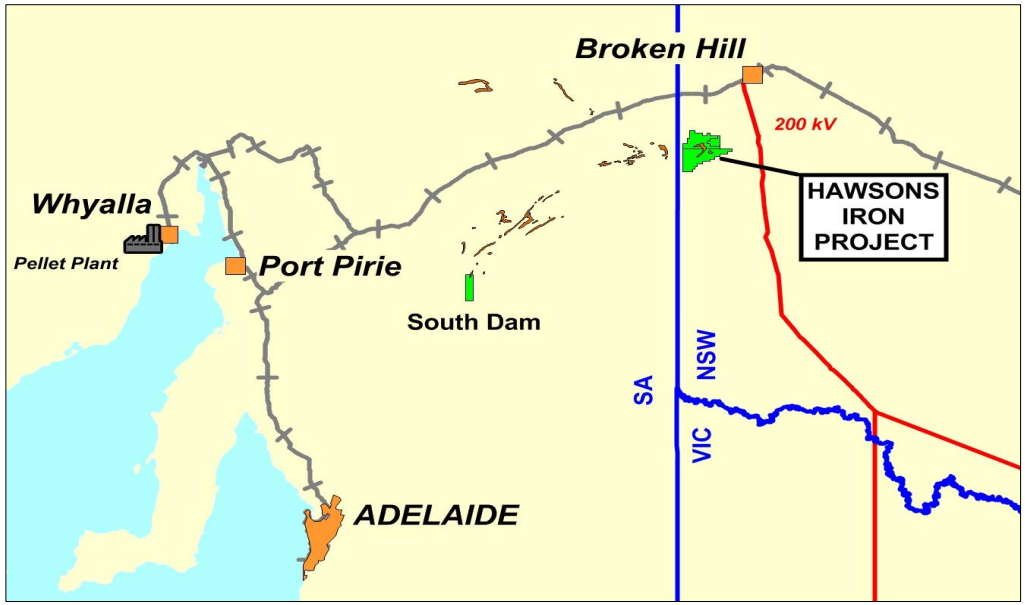
Location 60km south west Broken Hill

- Power existing, water identified
- Rail 13 Mtpa spare capacity to port
- Port options- Port Pirie, Whyalla
- Environmental surveys – no issues identified
- Dry climate, politically stable

Compare with

- Approvals and distance in Brazil
- Security and logistics in Africa
- Distance to market in Canada



Hawsons Supergrade – amongst the world's best iron making raw materials

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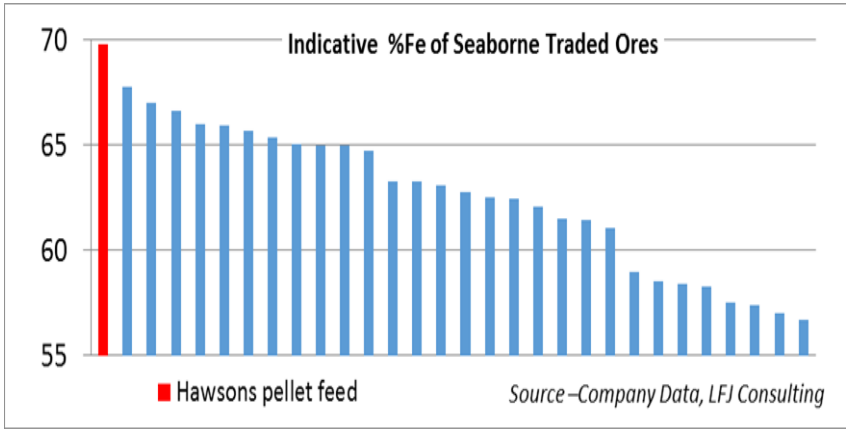
Unique soft ore and simple processing



Very high iron : slag ratio

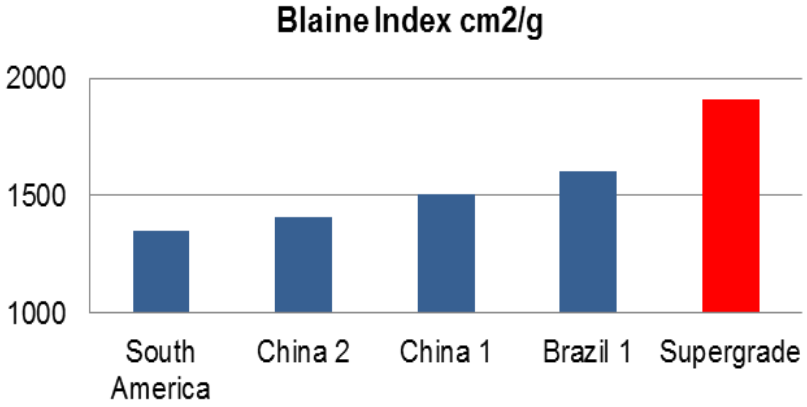
70.3% Fe (~97% magnetite : ~3% waste)

- typical Pilbara fines generate 2.3 to > 3x more slag*
- 67%Fe magnetite concentrate generates > 2 x more slag

Unique fineness - best pellet feed**

100% <40 micron gives

- highest strength pellets, ~1.0>3.5% higher yields for end user
- outstanding furnace properties for stable and efficient iron making



Blaine index is one measure of fineness

** Calcined basis, ** see appendix*

Hawsons unique ore makes the difference – reliability through the cycle

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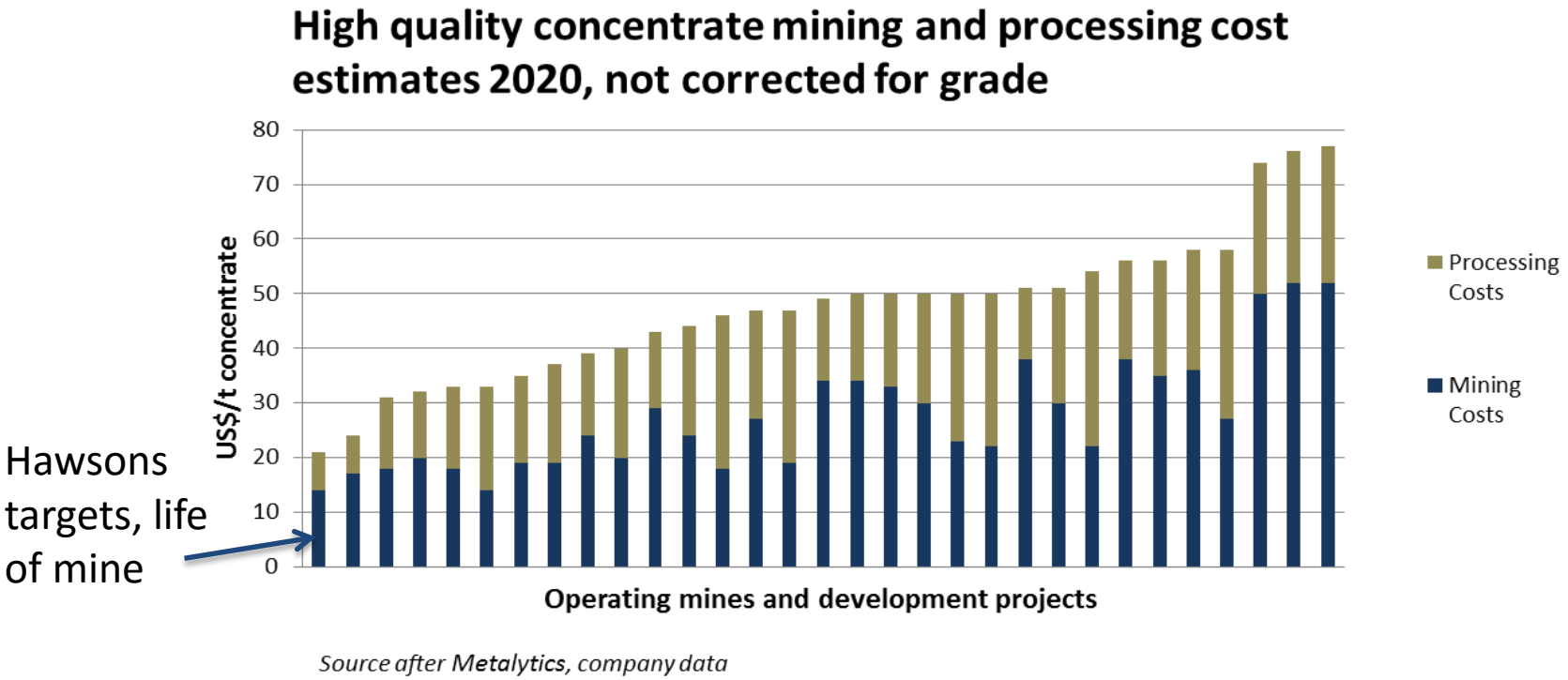

Source after Metalytics, company data

Hawsons

- Grade 69-70% Fe (rarely achieved by others)
- Low cost processing (US$6-8), geology allows super high grades at low cost

Typical magnetite concentrates

- Grade 65-68% Fe
- Requires high cost processing (ave. US$20/t)
- Cost and geology typically prohibit higher grades (more grinding, impurities within magnetite)

Hawsons cost targets/aims – first half of the cost curve on a 62%Fe basis

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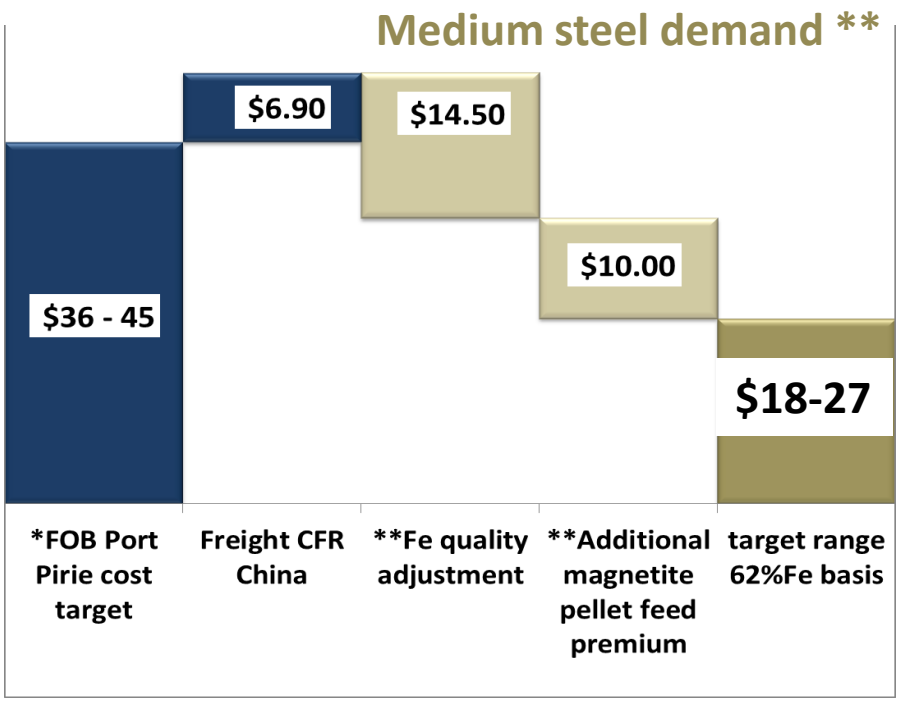
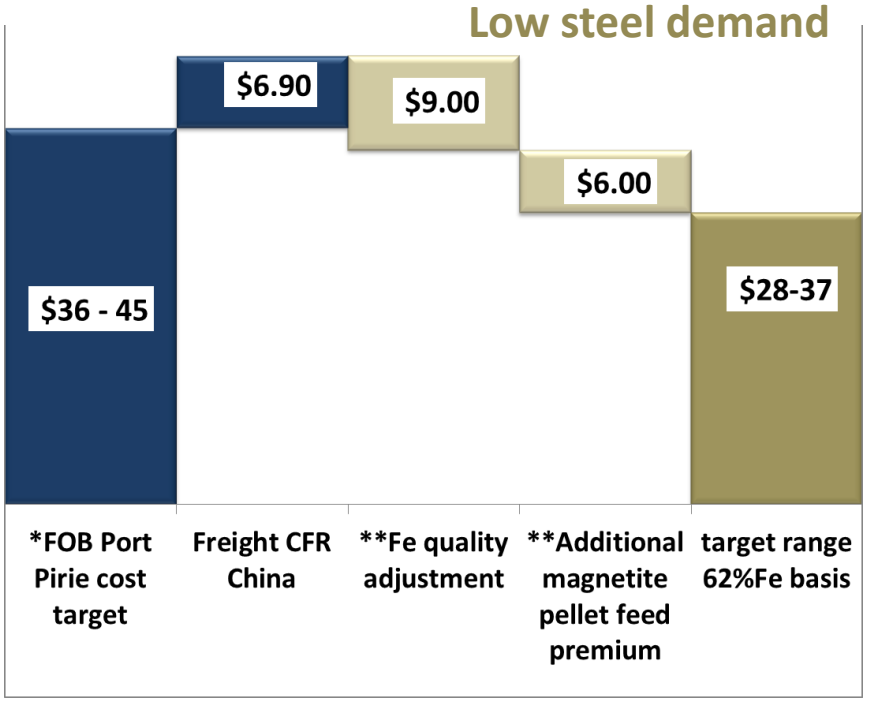
Cost targets and price premiums $US





- Based on PFS level engineering and Inferred Resources
- Competitive capital cost target of USD1.4-2.0bn (inclusive of preproduction cost and contingency)
- CFR China cost target in normal market conditions, adjusted to 62%Fe, US $18-27

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

**Shanghai Metals Market, May 2015 see appendix

Hawsons has achieved early, blue chip offtake support

- 50% of planned production under letters of intent (LOIs) demonstrates strategic value of product
- Bahrain Steel 3mtpa direct reduction pellet feed
- Mitsubishi 1.0mtpa of Supergrade pellet feed
- Gunvor 1.0mtpa of Supergrade concentrate for smaller Chinese mills to replace domestic magnetite
- market fundamentals that drove early, failed investment in magnetite remains
- Hawsons has attractive capital intensity and higher quality product, therefore potential for better returns than earlier projects

Strategic value to drive investment and development

Supergrade product means

- Wider markets and more buyers with strategic reasons to support the project

- Long term project value to be supported by
  - steel demand recovery
  - emerging carbon pricing
  - increased application of direct reduction technologies

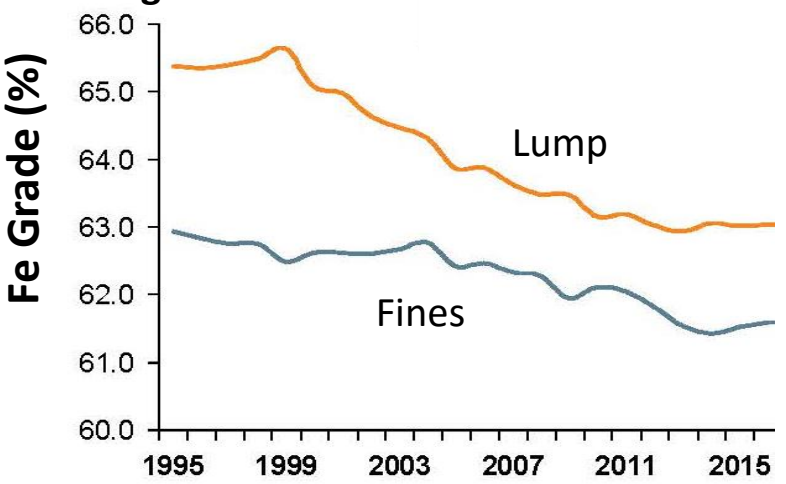
- Project economics boosted by higher value product than competitors

Hawsons Supergrade – More markets from which to attract support

For Chinese, Japanese, Korean and other blast furnace (BF) steel producers Supergrade would be amongst the best raw material to

- lower fuel rates
- increase productivity
- balance impurities from low quality ores
- substitute pellets for diminishing sources of lump ore
- offset falling grades to maintain productivity over the long term
- commercialise low grade domestic pellet feed in China

Iron ore Fe content evolution - global average



Source AME

	PCI coal kg/t hot metal	Slag kg/t hot metal	Coke kg/t hot metal
65.7% pellet	140	134	322
Base case 74% sinter	160	286	353
Improvement	13%	53%	9%

Source - Mouton, 2015, note CAP plans >67.5%Fe pellets

Hawsons Supergrade – More markets from which to attract support

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Direct reduction (DR) market

- supply concentrated by four majors (~90%)
- supplied by ~ 10 projects **

Hawsons offers

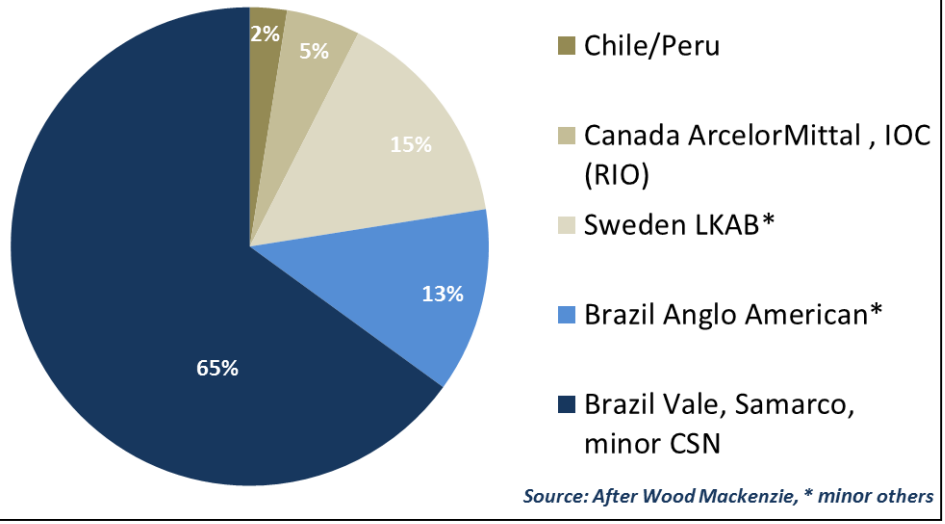
- rare, cost competitive, large volume, independent supply option to balance pricing power through the cycle
- equity supply opportunity (cf. majors)
- potential to blend with Indian ore reserves to optimise Indian DR production

Outlook

- DR demand is growing in particular markets esp. Middle East +15mtpa to 2020* and India
- Increasingly competitive as coking coal prices set to increase BF costs

DR Summary in Appendix

2015 Seaborne DR-pellet/feed supply source



*Source: After Wood Mackenzie, * minor others*

** Wood Mackenzie, 2015, **MBR, 2015*

Supergrade meets environmental and technological trends

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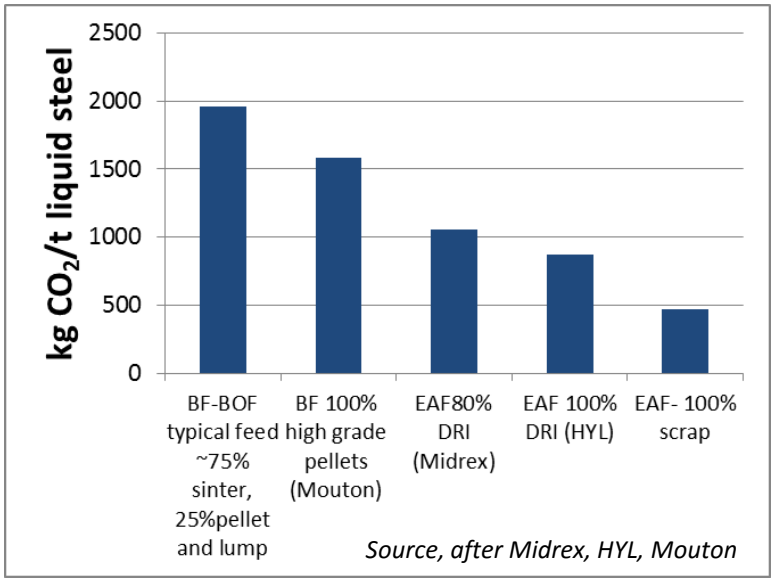
Higher carbon price supports Hawsons long term value

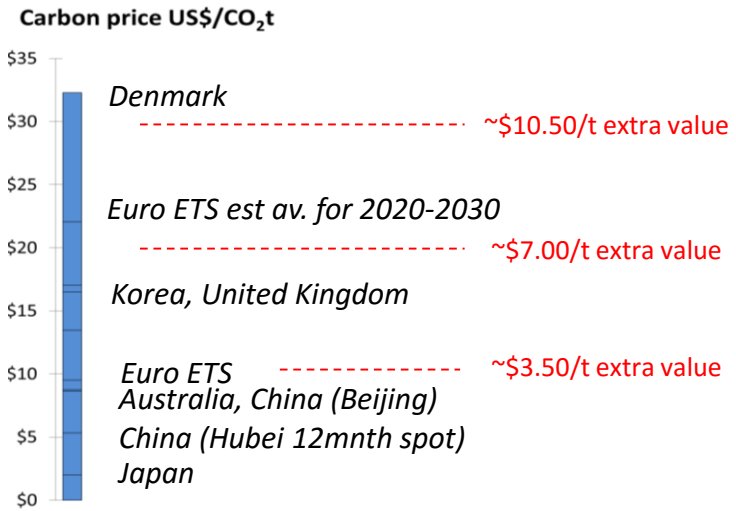
Super high grade magnetite pellet feed value estimate of ~$3.50/t for each $10/t CO_2 carbon tax *

- Steel making produces 7% of global CO_2 emissions
- Over 40 countries have a carbon tax/trading system
- China to begin in 2017, will apply to steel
- DRI – electric arc furnace (EAF) steel making route ~50% less emissions

Hawsons Supergrade

- Amongst the most effective ways to reduce CO_2 emissions in BF (potential for up to ~25%)
- Controls risk of increasing carbon price
- Meets the alternative DRI-EAF steel making trend





** Mouton, 2015,*

Note mining, processing, transport to FOB ~10-40kg/t CO2, shipping from Australia~50-80kg/t

See appendix for more detail

Additional premiums over 62%Fe index boost project economics

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Direction reduction

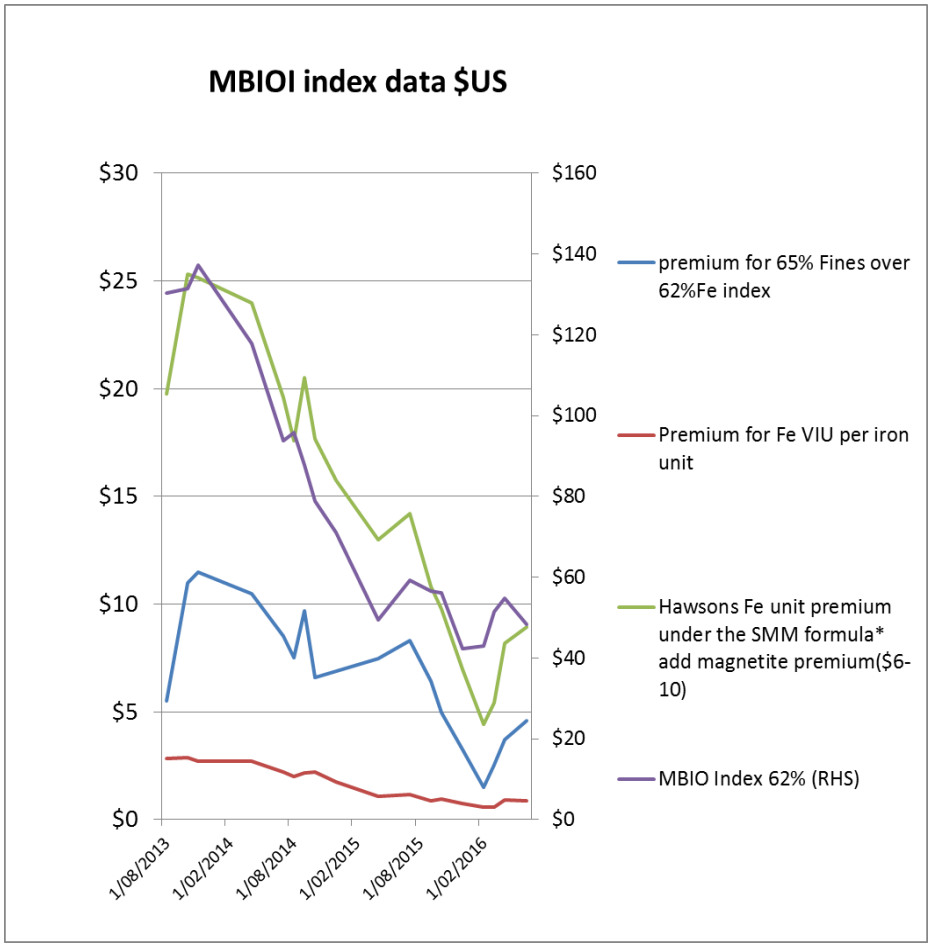
- DR pellet premiums are ~47/t for pellets **
- DR pellet feed price is negotiated

Blast furnace

- premiums vary according to productivity requirements
- Hawsons Supergrade pellet feed was set to attract US$24.50 over the Platts 62% Fe index ref. price of US$60/t (May 2015, SMM)*

Premium value supported by

- High grade, low slag
- Superior pelletising characteristics
  - Fine grain size
  - Magnetite vs hematite
- Superior pellet characteristics
  - Strength
  - Steelmaking properties



** Platts 65%Fe + 5 x Platts Fe VIU + individual magnetite concentrate*

*** Platts 65%Fe + Platts DR pellet premium*

Iron ore and steel demand and price recovery

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Hawsons targets production in 2020, the right time

The road ahead

Negative | No change | Positive

CRU THE INDEPENDENT AUTHORITY MINING | METALS | FERTILIZERS

Effect on costs/prices *Source CRU March 2016*

Factor	2014-2015	2016-2020	Long-term
Supply additions	FMG,AA,RTIO	Roy Hill, S11D	Uncertain
Oil	Fall below $50/bbl	$80/bbl by 2020	Recovery to $100/bbl
Freight	Collapse in freight rates	Sharp recovery	Further steady recovery
FOREX	Widespread depreciation	Stabilisation in most currencies	Stabilisation in most currencies
Demand	Demand correction in China	Demand stabilisation	Long-term demand story remains
Productivity	Price falls drive gains	Price pressure to drive further increases	Price pressure to unwind
Steel profitability	Collapse in Chinese steelmakers' profit	Increasing from low base	Continuing increase

Iron ore and steel supply and demand

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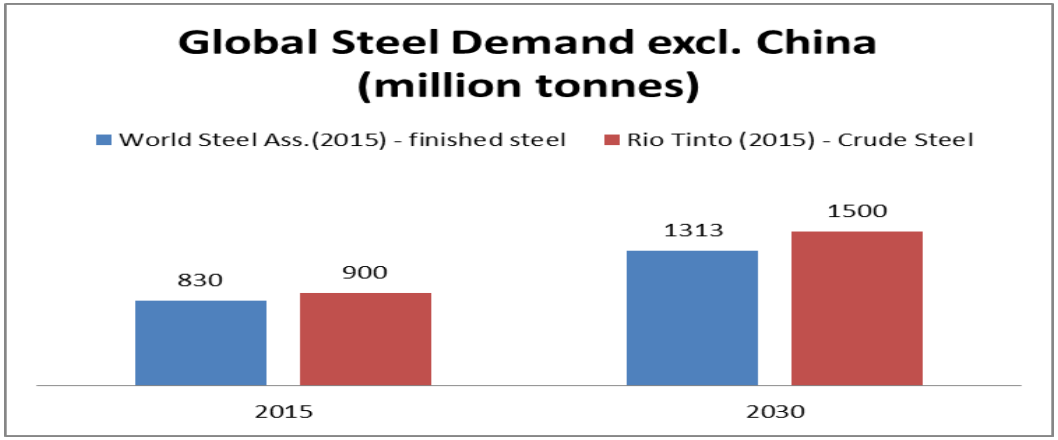
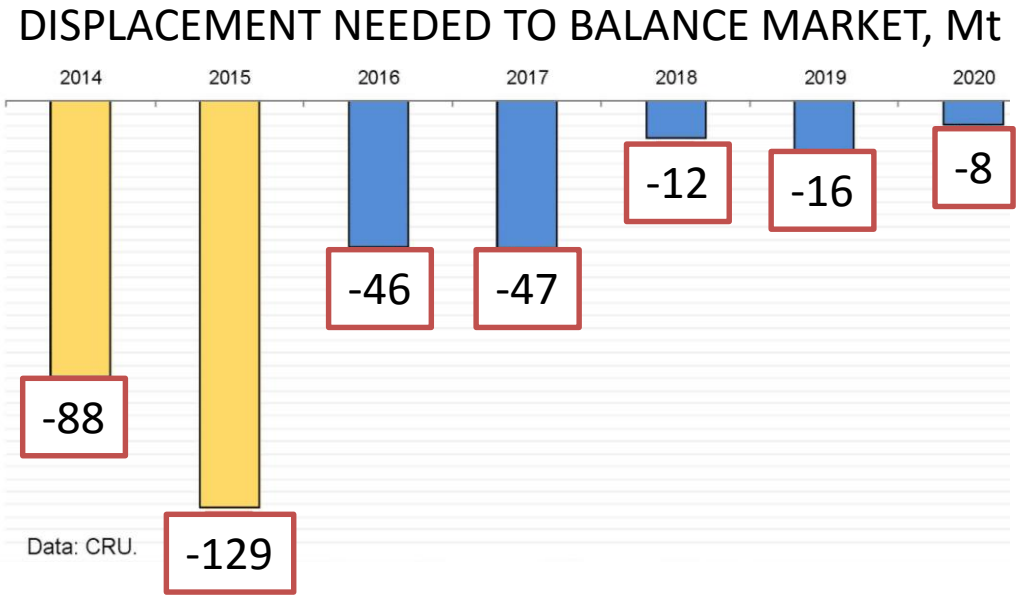
Global long term steel demand fundamentals are good

- 480-600mtpa of new steel (and iron ore) are required to 2030 (excl. China)
- That's 30-40mt demand growth each year

Supply fundamentals are well understood

- ~100mt of new supply over the next two years, diminishing from 2018
- Production exits required
- Market to plan development of new projects ~2018 for 2020 production

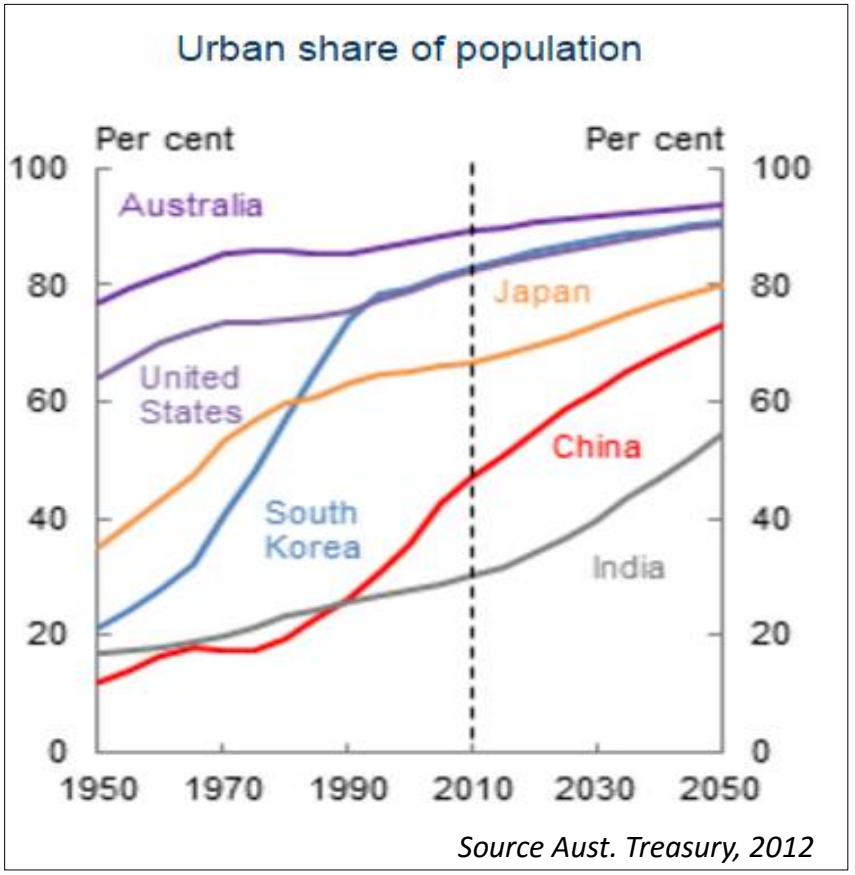




Source : World Steel Association, May and October 2015, Rio Tinto, March 2015, CRU March 2016

Current mixed signals mask underlying strong fundamentals for steel and iron ore demand

- Chinese domestic steel demand forecasts by 2020 (ie excl. exports) range from
  - minus 70mtpa *MPI/CISA(March 2016)
  - ± 30mtpa (flat) **MIIT (April 2016)
  - plus ~ 100mtpa Rio Tinto by 2030 (Sept. 2015)
- China set 60% urbanisation target by 2020, or 72 million people from today (more than UK population)
- Trend to 70% by 2030 for over 200m people
- Global fundamentals suggest 30-40mtpa new iron ore demand each year to 2030 excl. China
- Chinese demand to become clearer in 2017
- New projects will be required before 2020
- Sentiment to change and resource company valuations to appreciate when demand becomes clear



*Li Xinchuang, head of the China Metallurgical Industry Planning and Research Institute,(MPI) Vice President China Iron and Steel Association (CISA)March 2016)
**Luo Tiejun vice head of the raw materials department at the Ministry of Industry and Information Technology (MIIT), said April 2016 630-700mtpa for next five years, reported Shenzen Daily

Future work

Attract strategic investment to drive development by targeting

- additional buyer support from Middle East, Indian, Asian and Chinese steel mills

- significant improvements in resource confidence, economic attractiveness and the release of pre-feasibility study results through
  - additional resource definition drilling
  - mine plan and engineering optimisation
  - infrastructure optimisation

Proceed to

- completion of bankable feasibility study (inside two years)
- production by early 2020

Examples of project optimisation potential
Local infrastructure cost reduction potential ~US$220m

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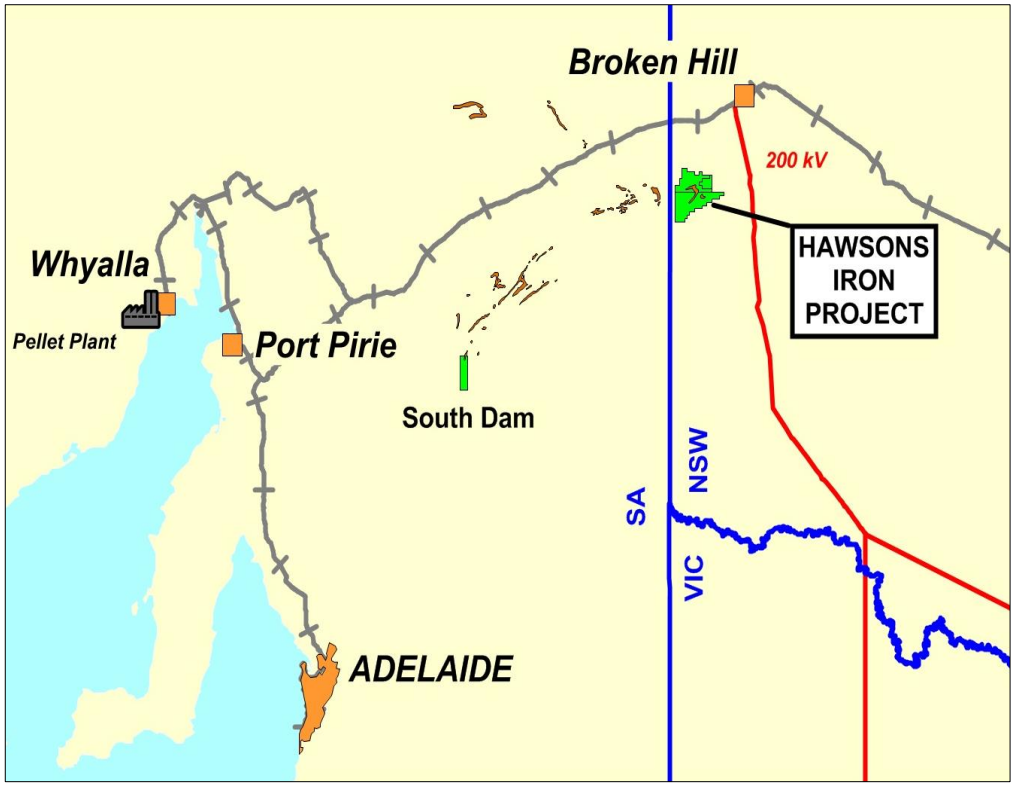
Hawsons – a key resource with potential to add long term value to Whyalla **port and pellet plant.**

Compare to Port Pirie
- simplify Hawsons logistics chain,
- reduce capital costs and
- balance higher rail with potentially lower port and capital costs

- Hawsons pellet feed potential to exploit spare pelletising capacity at Whyalla
- improve revenues with DR pellet sales
- improve Hawsons product offering



CAP is investigating the possibility of utilising these assets via commercial terms and/or their acquisition from the Arrium administrators. However, there is no guarantee a transaction will proceed.

Electricity – Hawsons large constant load is ideal for generators
- Solar and wind projects could benefit from additional local load potentially share infrastructure

Water – NSW govt. to secure Broken Hill water supply. Releases contingency from Hawsons infrastructure costs.

Why Carpentaria and Hawsons?

- Strategic value to steel makers means Hawsons ideally placed to be ahead of the next phase of iron ore development

- Long term strategic value of unique product is underpinned by emerging global trends and access to local infrastructure

- Next phase of work to target
  - significant improvements to resource confidence, economic attractiveness and the release of pre-feasibility study results.
  - attraction of strategic investors

Thank you for your attention

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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.

Appendix - Resources – Long life, high capacity, over 260 Mt concentrate defined

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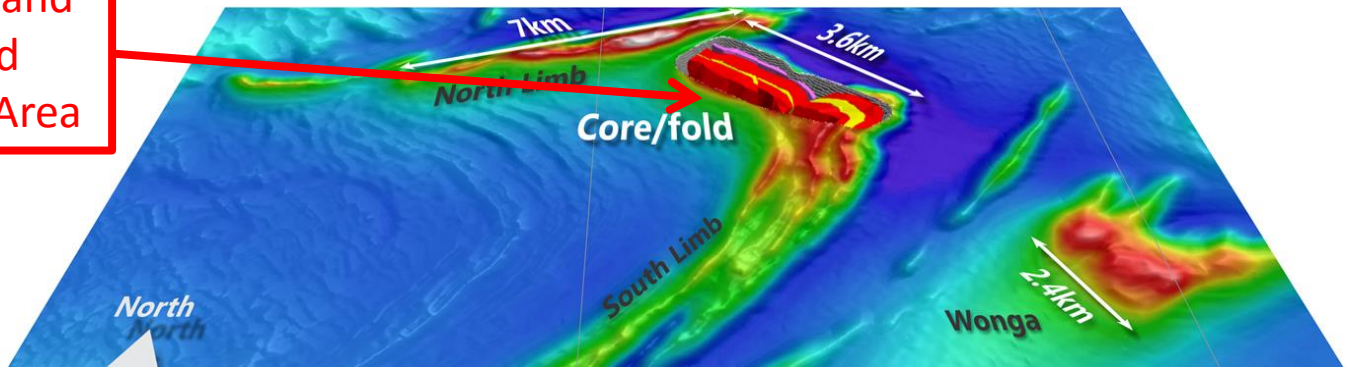
			Concentrate Grades					
Category	Billion Tonnes	Magnetite DTR%	Fe%	Al_2O_3%	P%[1]	Si_2O_2%	LOI%	Contained Concentrate (Mt)
Inferred	1.554	14.7	69.6	0.20	0.004	2.9	-3.0	228
Indicated	0.215	16.2	69.8	0.20	0.005	2.8	-3.0	35
Total	**1.769**	**14.9**	**69.7**	**0.20**	**0.004**	**2.9**	**-3.0**	**263**

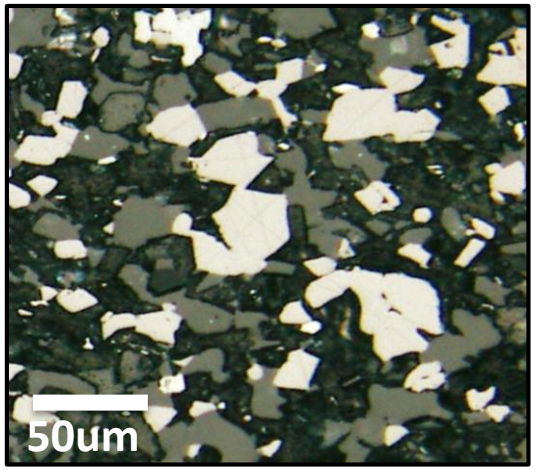
Indicated and Inferred Resource Area



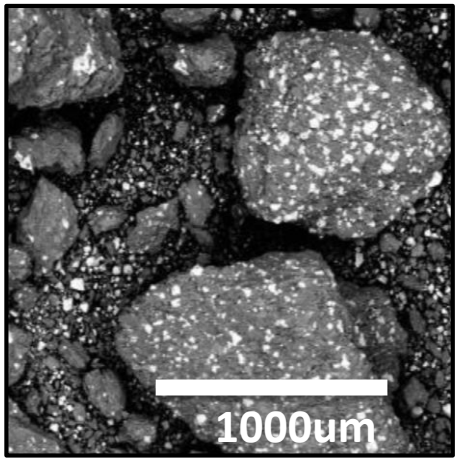
[1] *Defined by drilling and assaying all magnetic anomalies combined with detailed magnetic modelling.*

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.

Appendix - Supergrade from unique siltstone ore



Natural grain size <50um easily achieved

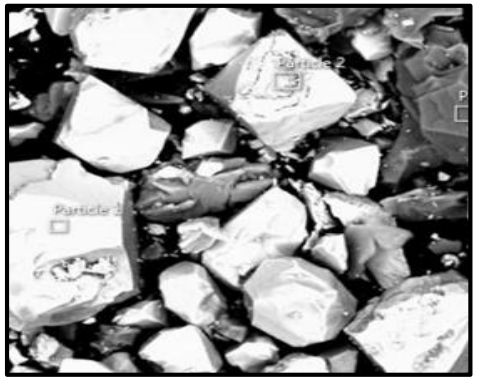


Crushing stage generates high proportion of fines ~30% <150um

45% rejection at first magnetic separation

Ball Milling
100% <40um
7kwh/t

After second magnetic separation 66%Fe



Elutriation removes free silica upgrade > 69%Fe

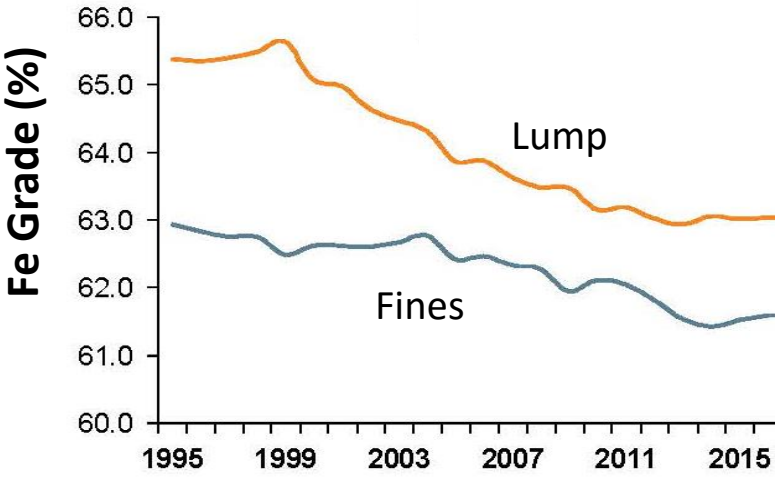
Appendix - Global iron ore quality is falling

Mine depletion is real with over 2.5bnt iron ore mined every year

BHP and Rio Tinto are planning to open new mines to replace depletion

Rio Tinto published resources and reserves indicate a fall in grade from 1.32bt at 62.5%Fe to 6.2bt at 60.6%Fe for its 8 Hammersley Pilbara Blend mines in the next decade based on current production rates.

Iron ore Fe Content evolution - global average



Source AME

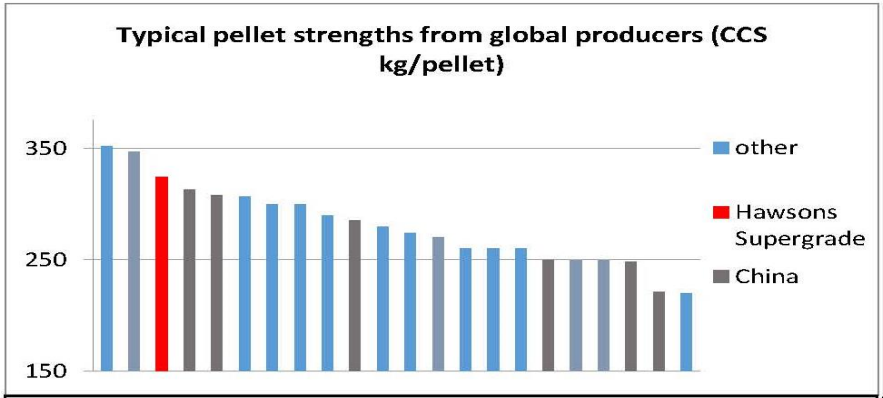
Appendix – Hawsons product quality

Elements and Compounds		Supergrade Pellet Feed (ALS, CISRI)	Supergrade pellets (CISRI) Fired at 1230^{0}C	Midrex DR Specifications*
chemical Analysis (%) (on dry basis)	Fe	70.3	67.80	67.00 min.
	SiO_2	1.99	2.39	
	Al_2O_3	0.29	0.44	
	SiO_2 + Al_2O_3	2.28	2.83	3.00 max.
	CaO	0.11	0.15	
	MgO	0.2	0.22	
	P	0.007	0.008	0.030 max.
	S	0.001	0.003	0.008 max.
	TiO_2	0.11	0.10	0.15 max.
	Na_2O	0.032	0.056	
	K_2O	0.05	0.054	
Physical Properties	Blaine Index (cm2/g)	1910		
	Tumble (% +6.3mm)		96.53	NA
	Abrasion (% -0.5mm)		2.99	NA
	CCS (Kg/pellet)		324	>250
Metallurgical Properties	Reducibility Index (%)		62.04	
	Reduction swelling index (%)		13.92	
	Softening/Melting (Kpa.^{0}C)		551	

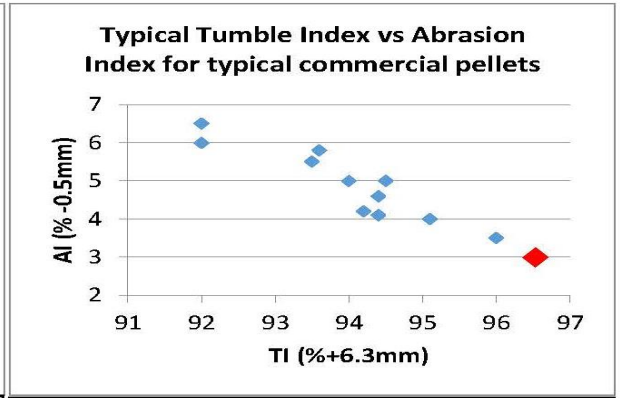
*Hawsons indicative specifications based on bulk pellet feed test work (ASX Announcement, 14 October 2015) and China Iron and Steel Research Institute test work (CISRI) in Beijing February 2016). *P8 The Midrex Process by Midrex 2015*

Appendix - Hawsons pellet making results

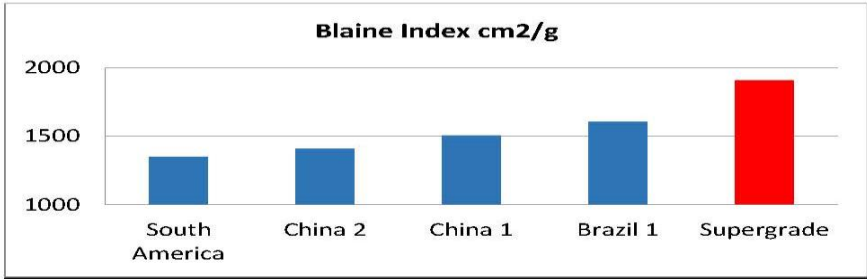
Physical Characteristics and pelletising properties



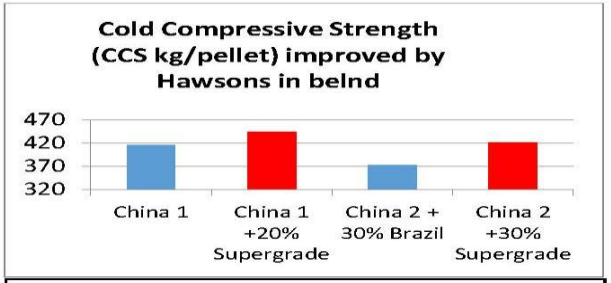
Pellet strength is important during transportation and handling to preserve optimum size for iron making productivity and high feed yields. Feedback from end users indicates over 280 is preferred, and over 300 is very good. Carpentaria has chosen pellet firing conditions to achieve over 300. *Data source, Company data, lab data, Poveromo 2015*



High tumble index (TI) and a low abrasion index (AI) is preferred because this minimises losses and preserves optimum size for iron making during transportation, handling. Supergrade pellets (red) are shown as outstanding. *Data source, Company data, lab data, Poveromo 2015*.



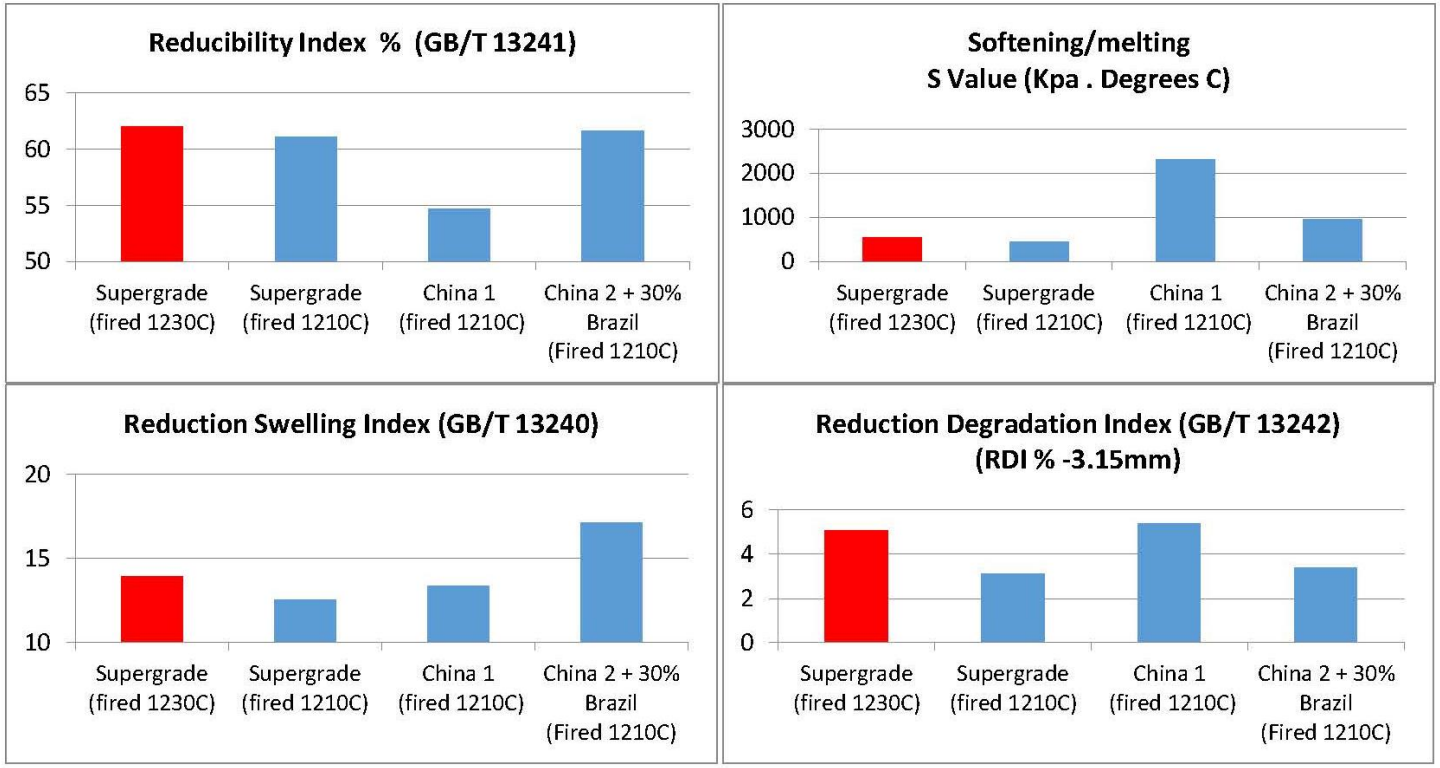
Blaine Index is a measure of grain surface area and the finer the grain size the higher the Blaine index. Generally a higher Blaine Index will deliver better pelletising properties. Hawsons high Blaine Index is achieved with little energy and reflects the natural size distribution of the magnetite within the ore. Typically others have to grind their ore much more to reach this grain size *Source, Lab and company data*



This chart shows that the exceptional Supergrade feed, when added to others improves the strength. It also reduces the amount of binding agent required. *Source Lab Data*

Appendix - Hawsons iron making results

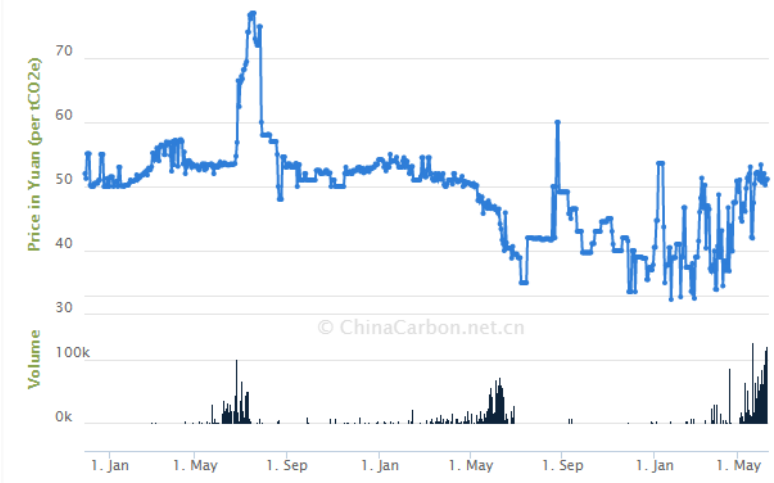
Iron making properties



The parameters above are related to efficient iron making in a blast furnace. Supergrade performs very well on all factors. High numbers are preferred for reducibility index while lower values are preferred in softening and melting, reduction swelling and degradation indices. Addition of Supergrade into the China 1 blend significantly improves China 1 performance.

Appendix - Carbon Price supporting information

Country	CO2/t (USD)	
Sweden	168.00	Carbon tax subject to exchange rate change since 2014
Denmark	31.00	Carbon tax subject to exchange rate change since 2014
Euro ETS est av. for 2020-2030	20.79	Eurozone ETS est av. PwC survey 2016 for 2020-2030
United Kingdom	15.75	Carbon tax on electricity generation
Korea	15.20	Emmissions trading on Korean markets March 2016
Euro ETS ave. est. 2013-2020av.	12.19	Eurozone ETS ave. est. 2013-2020av. PwC survey 2016 for 2013-2020
Euro ETS	8.25	Eurozone emission trading scheme
China (Beijing)	7.50	China trading market Chinacarbon.net, will apply to steel
Australia	7.37	Direct Action benchmark paid,2015
China (Hubei 12mnth spot)	4.05	China trading market Chinacarbon.net
Japan	2.00	Carbon tax subject to exchange rate change since 2014



Beijing Carbon Market, source ChinaCarbon.net

Appendix - Direct reduction iron

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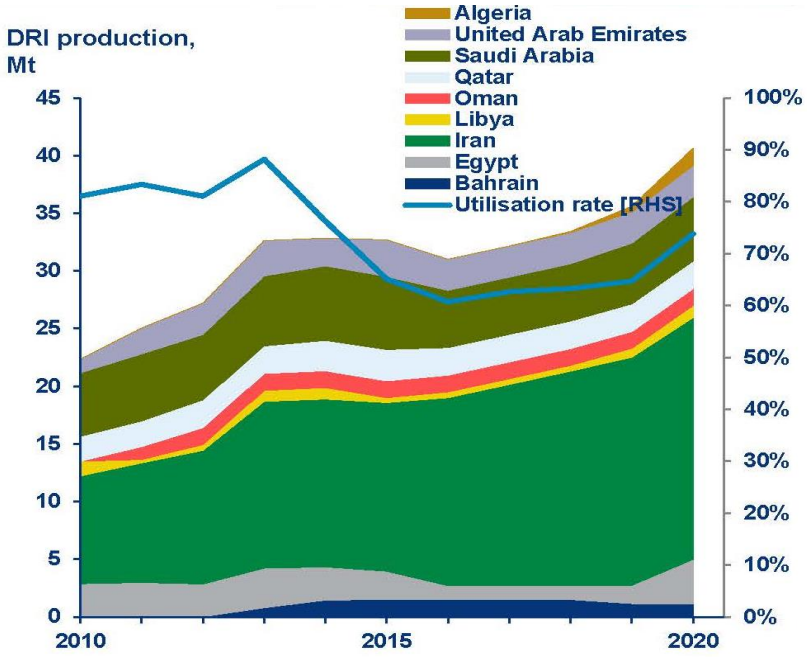
Benefits of DRI / EAF vs blast furnace

- Less capital investment
- Less operating costs
- Shorter construction period
- Relies on availability of natural gas
- Boosted by shortage of coking coal
- Flexibility of production capacity, can be on or off more easily than a BF
- Less CO2 emissions

DRI production to increase in MENA to 2020

- DRI reduction agent is gas not metallurgical coal.
- As metallurgical prices rise, DRI becomes more competitive
- India would benefit from a supplement to its hematite and goethite DR feed to increase productivity



Source World Steel, Midrex , Wood Mackenzie May 2016

Largest producers of DRI 2015 World Steel Assoc.

Country	Production 2015 mt
India	18.1
Iran	14.6
MENA	14.1
Mexico	5.6
Total 2015	~66

Appendix - Suggested pricing for CAP's pellet feed

Shanghai Metals Market

Suggested Pricing for CAP's Pellet Feed and Pellet

Benchmark

Platts 65%	Fe	S	Si	Al	P	$/dmt	Fe Differential ($/dmt)
	65%	0.02%	3.50%	1%	0.075%	**68.75**	**1.2**

Pellet Feed

CAP Pellet Feed	Fe	S	Si	Al	P
	70%	0.002%	1.50%	0.23%	0.004%

Benchmark Price ($/dmt)	Fe Adjustment			Pellet Feed Premium ($/dmt)	Price ($/dmt)
Platts 65%	Fe Differential against Benchmark	Unit Fe adjustment ($/dmt)	Total Fe Adjustment		
68.75	5	1.2	**6**	**10***	**84.75**

Pellet

CAP Pellet	Fe	S	Si	Al	P
	68%	0.002%	1.50%	0.23%	0.004%

Benchmark Price ($/dmt)	Fe Adjustment			Pellet Premium ($/dmt)	Price ($/dmt)
Platts 65%	Fe Differential against Benchmark	Unit Fe adjustment ($/dmt)	Total Fe Adjustment		
68.75	3	1.2	**3.6**	**30**	**102.35**

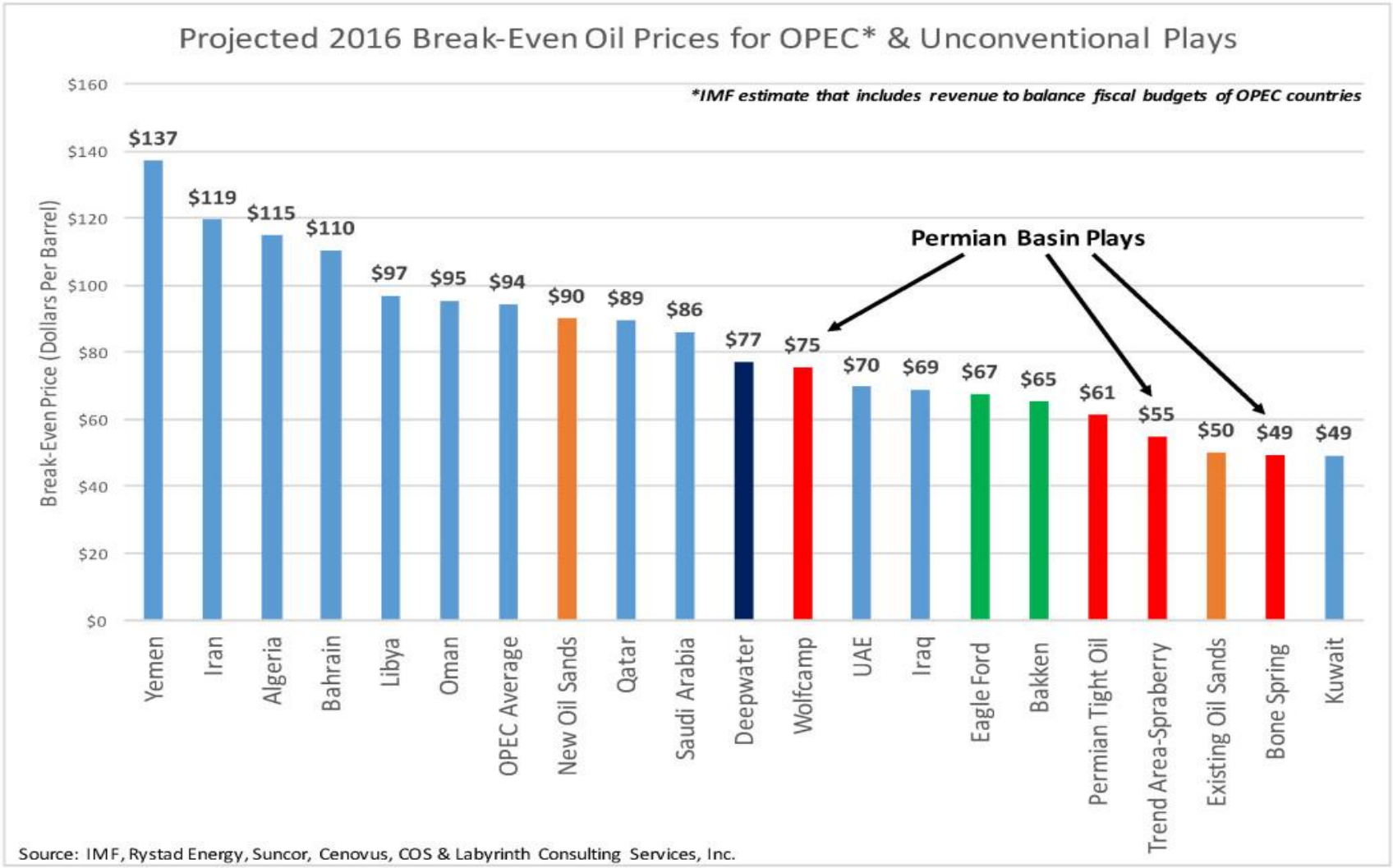
Note: Platts price here is based on 22nd May US$60.25/t for 62%Fe fines.

Result based on survey of Chinese steel plants totalling 25% of Chinese industry

*This adjustment varied in the survey between US$4-12/t depending on source and product

Appendix - Oil Price – set to rise? Improves Hawsons comparative advantage on location and currency

Carpentaria EXPLORATION LIMITED



High grade competitors from Brazil and Canada to experience appreciating currency and higher freight charges as the oil price recovers