

16 September 2016

Non-Renounceable Rights Offer – Notice to Shareholders

Attached are copies of the following two letters which have been sent today in relation to the rights offer announced on 12 September 2016 by Carpentaria Exploration Limited (ACN 095 117 981) (ASX: CAP) (**Carpentaria** or the **Company**) (the **Rights Offer**):

- (a) Letter to shareholders of Carpentaria who have registered addresses in Australia or New Zealand as at the record date of 7.00pm (AEST) on 21 September 2016, and are eligible to participate in the Rights Offer (**Eligible Shareholders**); and
- (b) Letter to shareholders of Carpentaria who have registered addresses outside Australia or New Zealand as at the record date of 7.00pm (AEST) on 21 September 2016, and are not entitled to participate in the Rights Offer (**Ineligible Shareholders**).

Mr Quentin Hill
Managing Director

CONNECT WITH US:



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ABN 63 095 117 981 ASX : CAP

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16 September 2016

Dear Shareholder,

NON-RENOUCEABLE PRO RATA RIGHTS OFFER – NOTIFICATION TO ELIGIBLE SHAREHOLDERS

On 12 September 2016, Carpentaria Exploration Limited (ACN 095 117 981) (ASX: CAP) (**Carpentaria** or the **Company**) announced:

- (1) the successful placement of 16,372,846 new fully paid ordinary shares at an issue price of \$0.049 per share raising a total of \$802,269 (**Placement**); and
- (2) a non-underwritten, non-renounceable pro rata Rights Offer, of up to 53,946,394 fully paid ordinary shares in the Company (**New Shares**) on the basis of 1 New Share for every 2.6 existing Shares held by Eligible Shareholders on the Record Date, at an issue price of \$0.049 per New Share (**Offer Price**) to raise approximately \$2.64 million (**Rights Offer** or **Offer**).

The funds raised from the Placement and the Rights Offer (net of expenses) will be used by the Company as follows.

Use of Funds	A\$
Resource upgrade drilling	2,200,000
Completion of Hawsons Iron Ore Project Prefeasibility Study	400,000
Product marketing	100,000
Corporate development	250,000
Working capital	325,000
Total	\$3,275,000

Information about the Offer

The Company announced the Offer on 12 September 2016, and lodged a prospectus in respect of the Offer with ASIC and ASX on 14 September 2016 (**Offer Document**).

The Offer is made up of three separate offers as follows:

- (1) a non-underwritten, pro-rata non-renounceable rights offer, of New Shares to Eligible Shareholders on the basis of one 1 New Share for every 2.6 existing Shares held on the Record Date, at the Offer Price to raise up to \$2,643,373 (**Priority Offer**);

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- (1) any New Shares not applied for under the Priority Offer (**Shortfall Shares**) will be offered to Eligible Shareholders, who may, subject to conditions, apply for additional New Shares in excess of their entitlement under the Priority Offer, at the same Offer Price as the Priority Offer (**Shortfall Offer**);
- (2) to the extent that the number of New Shares and Shortfall Shares applied for under the Priority Offer and the Shortfall Offer is below 53,946,394, the remaining shares will be available for subscription to both existing Eligible Shareholders and the public at the same Offer Price as the Priority Offer and Shortfall Offer (**Public Offer**).

The Priority Offer and Public Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX, and Shareholders may not dispose of their rights to subscribe for shares under the Offer to any other party.

The Offer is being made to Eligible Shareholders on the basis of the number of fully paid ordinary shares (**Shares**) held in the Company at 7.00 pm (AEST) on 21 September 2016 (**Record Date**). Under the Offer, Eligible Shareholders with a registered address in Australia or New Zealand will be able to subscribe for 1 New Share for every 2.6 Shares held on the Record Date at an issue price of \$0.049 per New Share.

Key dates for the Offer are set out below.

Shareholders of the Company whose address in the Company's register of members is outside Australia or New Zealand are excluded from participating in the Offer.

A total of 53,946,394 New Shares may be issued under the Offer resulting in total shares on issue of approximately 194,207,017.

New Shares will rank equally with the Company's existing ordinary shares and the Company will apply to ASX for quotation of the New Shares.

Eligible Shareholders who take up their rights to subscribe for New Shares pursuant to the Offer Document (**Rights**) in full may also apply for additional New Shares under the Company's Shortfall Offer and Public Offer. For the purpose of calculating each Eligible Shareholder's Rights, fractions of rights will be rounded up to the nearest whole number of Shares.

Dealing with your Rights

The rights under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX, and Eligible Shareholders may not dispose of their rights to subscribe for New Shares under the Offer to any other party.

Key dates for the Offer

The indicative timetable for the Offer is as follows.

The dates are indicative only and the Company reserves the right to vary any or all of the dates and times, subject to the *Corporations Act 2001* (Cth) (the **Act**), the ASX Listing Rules, and any other applicable laws. In particular, the Company reserves the right to extend the Closing Date, or to withdraw the Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the date for the allotment of New Shares under the Offer.

CAP will send an Offer Document and Entitlement and Acceptance Form by 23 September 2016 to Eligible Shareholders.

Date	Event
Monday, 12 September 2016 (before commencement of trading)	Announcement of the Offer
Wednesday, 14 September 2016	Lodgement of Prospectus with ASIC and ASX, and lodgement of Appendix 3B with ASX
Friday, 16 September 2016	Company sends letter to Eligible and Non-Eligible Shareholders containing information of the Offer and Offer timetable
Tuesday, 20 September 2016	Offer Ex Date Company shares trade on an ex-basis for the Offer
At 7:00pm (AEST) on Wednesday, 21 September 2016	Offer Record Date
Friday, 23 September 2016	Offer Opening Date Offer opens Prospectus and Offer Entitlement & Acceptance Forms are dispatched to Eligible Shareholders
	Company announces that dispatch has been completed
	Company sends letter to Non-Eligible Shareholders
At 5:00pm (AEDT) on Thursday, 27 October 2016	Offer Closing Date
Friday, 28 October 2016	Offer – Quotation on a deferred settlement basis
Monday, 31 October 2016	Offer Shortfall Notification Date Company announces results of Offer and notifies

Date	Event
	ASX of under-subscriptions
Wednesday, 2 November 2016	Offer Settlement Date Settlement of the New Shares
Thursday, 3 November 2016	Offer Allotment Date Issue date under Offer – Deferred settlement trading ends
	Offer Dispatch Date Dispatch of holding statements for the New Shares
Friday, 4 November 2016	Offer Trading Date Normal trading of New Shares

You are **not** required to do anything in response to this letter, which is provided for your information only, and does **not** constitute an offer of New Shares under the Offer.

An Offer Document will be sent to Eligible Shareholders together with a personalised Entitlement and Acceptance Form no later than 23 September 2016.

A copy of the Offer Document can also be viewed on the Company's website (www.carpentariaex.com.au), and the ASX website (www.asx.com.au), or can be requested from the Company. Before deciding to acquire shares, you should read and consider the Offer Document in its entirety and, if in any doubt, consult with your professional advisor.

If you have any questions in relation to any of the above matters, please contact Carpentaria's Share Registry, Link Market Services Limited, on 1300 795 998 (within Australia) or +61 1300 795 998 (outside Australia).

Quentin Hill
Managing Director

16 September 2016

Dear Shareholder,

NON-RENOUCEABLE PRO RATA RIGHTS OFFER – NOTIFICATION TO INELIGIBLE SHAREHOLDERS

On 12 September 2016, Carpentaria Exploration Limited (ACN 095 117 981) (ASX: CAP) (**Carpentaria** or the **Company**) announced:

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This letter is to inform you about the Rights Offer, and to explain why you will **not** be able to subscribe for New Shares under the Rights Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter

Information about the Offer

The Company announced the Offer on 12 September 2016, and lodged a prospectus in respect of the Offer with ASIC and ASX on 14 September 2016 (**Offer Document**).

The Offer is made up of three separate offers as follows:



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- (2) any New Shares not applied for under the Priority Offer (**Shortfall Shares**) will be offered to Eligible Shareholders, who may, subject to conditions, apply for additional New Shares in excess of their entitlement under the Priority Offer, at the same Offer Price as the Priority Offer (**Shortfall Offer**);
- (3) to the extent that the number of New Shares and Shortfall Shares applied for under the Priority Offer and the Shortfall Offer is below 53,946,394, the remaining shares will be available for subscription to both existing Eligible Shareholders and the public at the same Offer Price as the Priority Offer and Shortfall Offer (**Public Offer**).

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New Shares will rank equally with the Company's existing ordinary shares and the Company will apply to ASX for quotation of the New Shares.

The Offer is being made to Eligible Shareholders on the basis of the number of Shares held in the Company at 7.00 pm (AEST) on 21 September 2016 (**Record Date**). Under the Offer, Eligible Shareholders with a registered address in Australia or New Zealand will be able to subscribe for 1 New Share for every 2.6 Shares held on the Record Date at an issue price of \$0.049 per New Share.

Key dates for the Offer are set out below.

Eligibility to participate in the Offer

A person is eligible to participate in the Offer if they are a registered holder of Shares on the Record Date and have an address on the Company's share register in Australia or New Zealand.

The Company has determined, pursuant to ASX Listing Rule 7.7.1, that it is unreasonable to make the Offer to shareholders with a registered address outside Australia or New Zealand (**Ineligible Shareholders**), having regard to the number and value of Shares held by Ineligible Shareholders, and the costs of complying with the legal and regulatory requirements which would apply to an offer of New Shares in those jurisdictions.

Accordingly, in compliance with ASX Listing Rule 7.7.1(a), Carpentaria wishes to advise that as your registered address is in a place outside Australia or New Zealand, you are not eligible to participate in the Offer to subscribe for New Shares. You will not be sent the Offer Document relating to the Offer.

Key dates for the Offer

The indicative timetable for the Offer is as follows.

The dates are indicative only and the Company reserves the right to vary any or all of the dates and times, subject to the *Corporations Act 2001* (Cth) (the **Act**), the ASX Listing Rules, and any other applicable laws.

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