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ASX ANNOUNCEMENT

Power confirmed at Hawsons; potential for further expansion

Highlights

- Network capability study confirms that the existing electricity infrastructure can deliver the required power for the Hawsons Iron Project with only limited network upgrades.
- Required network upgrades potentially at no upfront cost to the project
- Potential for existing power infrastructure to provide more power than required by Hawsons, providing project expansion possibilities

Carpentaria Exploration Limited (ASX:CAP) announced today that network owner TransGrid has studied the aspects of the existing network and can confirm that the existing electricity infrastructure can deliver the required power for the Hawsons Iron Project with only limited network upgrades.

TransGrid's Feasibility Study Report concluded that the existing poles and wires, plus the introduction of new voltage support, substation augmentation and communication systems, can more than support the delivery of the 120 megawatts (MW) required by the Broken Hill project, which is located only 35km from the existing power line servicing the city.

A total of \$43.7m of network upgrades will be required, based on preliminary advice. However, additional studies may identify areas to optimise the connection arrangements and therefore lower the cost, according to TransGrid.

Carpentaria will also explore the opportunity for this capital cost to be recovered through annual network charges, resulting in no additional upfront capital cost to the project.

Commenting on the study, Carpentaria's Managing Director, Quentin Hill said it highlighted the Hawsons project's significant infrastructure advantage and its clear and achievable project pathway.

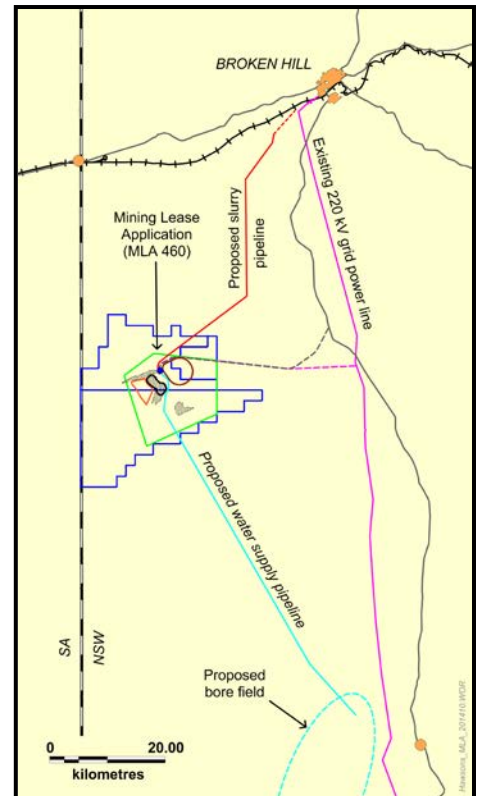


Figure 1 – Location and infrastructure plan of Hawsons Iron Project

“This study has confirmed the project’s ability to plug into the existing power grid with manageable augmentations, adding to its cost advantages. Hawsons also benefits from its access to existing port and rail infrastructure, as well as nearby skilled mining labour in Broken Hill,” Mr Hill said.

The study also found that should primary network upgrades be completed, there is potential, subject to additional studies, for the line rating to be further increased.

“This may result in power ceasing to be a limiting factor for Hawsons, providing great opportunities for eventual project expansion and potentially for increased project returns,” Mr Hill pointed out.

The network capacity study investigated the reinforcement works required to provide a total of 120MW of installed power to three project sites, comprising the mine site, the proposed bore field and rail loading facility (Figure 1).

The main power upgrade item, comprising over 95% of the total cost, is directed to ensuring that the voltage impacts to the rest of the grid caused by varying load at Hawsons are acceptable. This would be achieved through the installation of Static Var Compensators at various locations on the grid. The remainder of the cost estimate includes small upgrades to secondary systems and communication systems.

The estimated time to complete these works is 46 months. However, TransGrid notes that there is considerable opportunity for an accelerated delivery schedule.

The cost of connection from site to the existing grid was not part of the study and is included in the overall project capital cost estimate previously reported.

Access to the existing power line gives the project access to the National Electricity Market (NEM). Notably, NEM power prices in NSW are currently materially lower than those available for competing grid-connected projects located in South Australia and Western Australia. Hawsons has a much lower power requirement than other magnetite projects because of its soft rock, further reducing the power costs for the project.

“This report provides added certainty to another key plank of infrastructure required for Hawsons. Existing rail, port, power and water solutions have all been identified with the potential to save over \$1bn in capital costs and helping to provide a clear and achievable project pathway,” Mr Hill said.

“Carpentaria is focused on developing Hawsons into a long term, low cost source of premium iron products and delivering significant value for shareholders.”

About Hawsons Iron Project

The Hawsons Iron Project joint venture (Carpentaria 60%, Pure Metals P/L 40%) 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



Figure 2 – Existing power infrastructure at Hawsons

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 from typical magnetite mining and processing challenges (both technical and cost-related). The soft rock enables simple liberation of a premium magnetite product without complex and expensive processing methods. The Company is targeting the growing premium high grade pellet feed market that is separate to the bulk fines market and believes its targeted costs are 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 1).

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 1 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.