

ASX ANNOUNCEMENT

27th August 2008



CARPENTARIA SECURES COAL ASSETS IN THE GALILEE BASIN

HIGHLIGHTS

- Carpentaria acquires rights to 6 (six) coal (EPC) applications in NW Galilee Basin in Queensland covering 5,179 square kilometres
- 5 (five) of 6 (six) tenements contain documented coal intersections from historical water bore data
- No modern exploration undertaken on the 6 (six) EPCs
- The Galilee Basin is underexplored and hosts sizeable established coal resources
- Drilling recommences at central NSW precious and base metal projects

GALILEE COAL TRANSACTION DETAILS:

Carpentaria Exploration Limited (ASX: CAP) has signed a letter of intent to acquire FTB (Qld) Pty Ltd ACN 127 187 599 (FTB) and consequently its 100% interest in 6 (six) EPC applications in the northern part of the Galilee Basin in Queensland (refer Figure1). The parties are working to finalise a formal sales document in relation to the acquisition, which subject to successful completion of due diligence, will result in the company being 100% owned by Carpentaria.

The essential terms of the agreement whereby Carpentaria acquires 100% of FTB are as follows:

- Carpentaria will pay \$55,000 cash to current FTB shareholders
- Carpentaria will issue 2,500,000 ordinary shares in Carpentaria to current FTB shareholders
- Subject to Carpentaria entering into a joint venture with an acceptable third party to undertake a significant exploration program on the tenements, Carpentaria will grant 600,000 options at \$0.25 exercisable up to 3 years from the date of signing of the third party arrangement

The Directors of Carpentaria consider this transaction to be a highly prospective addition to its current portfolio as it again illustrates Carpentaria's strategy of acquiring tenement in documented mineralized areas that have considerable value adding potential. The 6 EPC applications are located within a known coal basin with considerable established resources and 5 of the 6 applications have previously recorded water-bore coal intersections.

At the same time, the deal fits well with Carpentaria's strategy of pursuing strategic opportunities into commodities such as coal, provided that they are within Carpentaria's exploration budget parameters and are considered likely to add value to the Company overall and its shareholders. Executive Chairman, Nick Sheard, stated, "We are continuing to develop and advance our exploration portfolio in accordance with the strategy set out in the Company's IPO prospectus. It should be noted that drilling is underway at Glen Isla project. At the same time we will always be alert to opportunities that will add value, particularly in strategic commodities such as coal".

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The potential of the Galilee Basin to host large coal deposits is evidenced by Linc Energy Ltd's project area, West Pentland MDL 361, in a similar basin margin stratigraphic setting (announced in its Prospectus 2006), 120 km to the east, with indicated and inferred resources of thermal coal respectively of 161.4 million tonnes and 78.3 million tonnes (see Figure 1). To the south east on the eastern margin of the Galilee Basin both Linc and Waratah Coal Inc. have reported inferred resources of 326 million tonnes and 4.3 billion tonnes of thermal coal respectively.

The data from historical water bores provided from the Queensland Department of Natural Resources and Water (DNR&W) suggests that bore-holes on all but one of the tenements has documented coal intersections (see Figure 2). No modern exploration has been conducted on these applications to confirm thickness and coal quality but it is considered that there is good potential for locating thermal coal at mineable depths.

The region has been considered remote and lacking infrastructure. However, the Mt Isa – Townsville rail line passes through the southern portion of the FTB leases and would only require an upgrade of this line to provide capacity for transport of coal to port.

This opportunity provides Carpentaria shareholders a low risk exposure to coal with a substantial upside if economic reserves are delineated on these tenements.

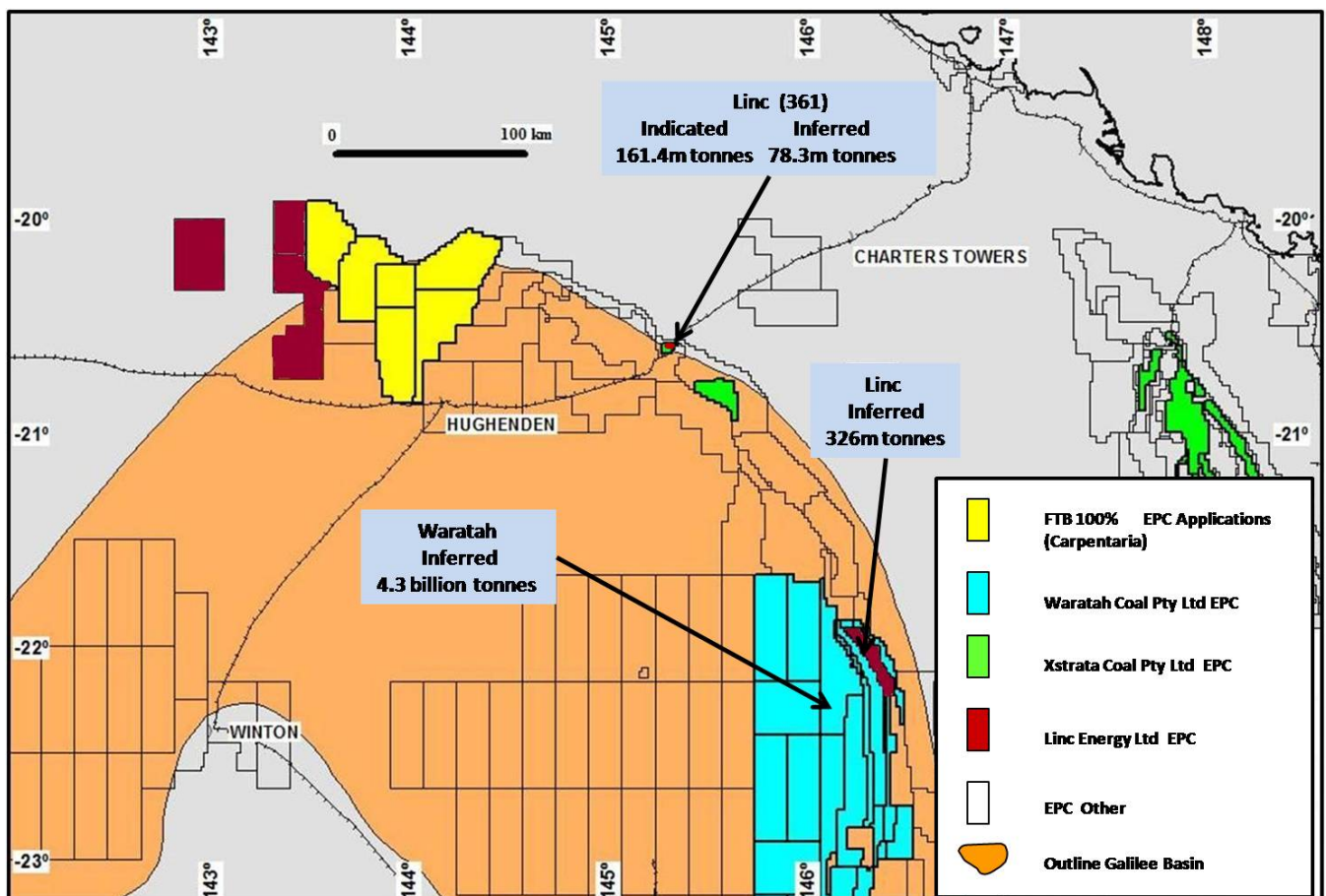


Figure 1 Location of FTB EPC's with respect to the mapped outline of the Galilee Basin and known resources

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GALILEE BASIN BACKGROUND

The coal endowment of the Galilee Basin is demonstrably world class, with current inferred resources in excess of 4.5 billion tonnes of thermal coal. Despite this, the Galilee Basin has been overlooked and severely under-explored, especially in the northern extremities. The lack of modern exploration is due in part to its remote location. It is considered that this will be addressed in the near future particularly if the capacity of the Mt Isa to Townsville rail line, which passes through the southern part of the tenements, is upgraded.

Thermal coal is used to generate almost 40% of the world's electricity. Global demand for thermal coal is expected to grow more than 3% per annum over the next 10 to 15 years. Future world demand is driven by developing Asian and Indian markets and the international market is seeking Australian coal as a secure energy supply that is produced in a stable economic and political environment. Galilee Basin Coal has ideal characteristics for use as a fuel for low emission technologies including Integrated Gasification Combined Cycle (IGCC) power stations.

Coal seams are present in three Late Permian units of the Galilee Basin: the Colinlea Sandstone and overlying Bandanna Formation occurring in the southern and north-west parts of the basin; and the lateral equivalent of these two units, the Betts Creek Beds occurs in the centre and west of the northern half of the basin.

The FTB (QLD) Pty Ltd application for six contiguous coal exploration permits covers 5,179 square kilometres at the northern margin of the Galilee Basin where sparse hydrological and exploration drilling has located coal occurrences (see Figure 2) that have been documented by the DNR&W. These occurrences are correlated to the Blantyre Sandstone and the commercial significance of the seams is yet to be defined. This will be defined through a comprehensive drilling program once the tenements are granted.

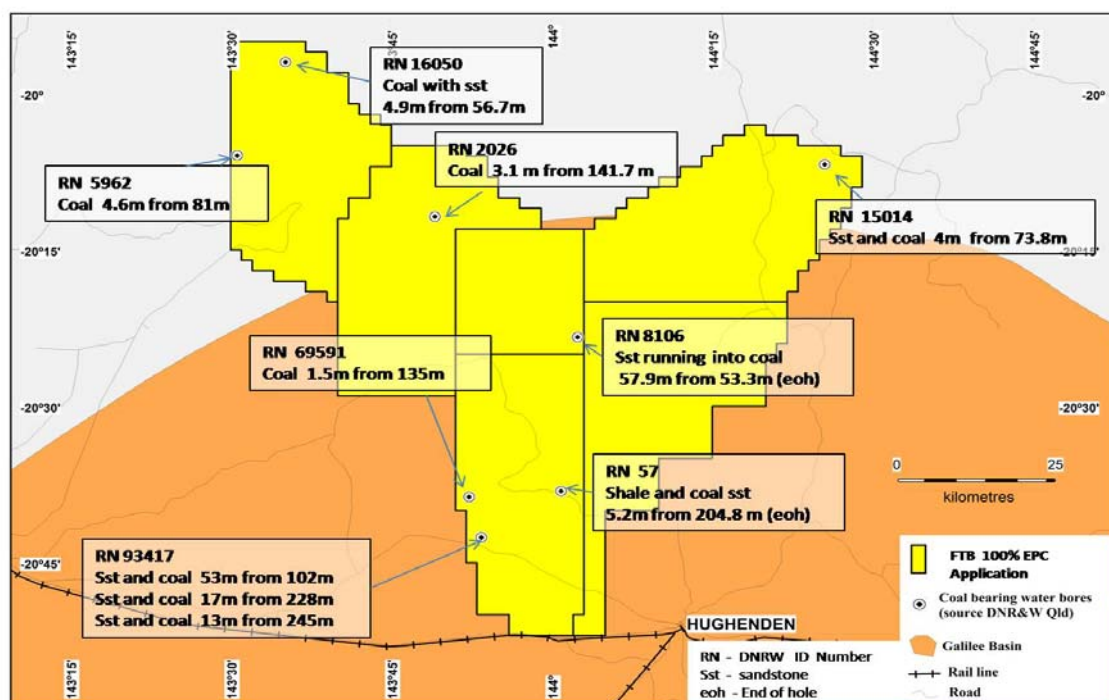


Figure 2 Historical water bore data within the FTB EPCs

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DRILLING RECOMMENCES AT CENTRAL NSW PRECIOUS AND BASE METAL PROJECTS

Glen Isla (EL 6246):

Drilling has recommenced at the Glen Isla project in central NSW to locate high-grade epithermal fissure-vein feeders to the known widespread disseminated low grade gold mineralization. The RC drilling is targeting previously untested gold, antimony and silver soil anomalies and interpreted mineralized structural traps derived from Carpentaria's previous drilling program.

The program will consist of approximately 1500 m of drilling with results anticipated to be returned 4 weeks after completion of drilling.

Combaning (EL 6901):

First phase RC drilling at the Combaning project will commence at the completion of the Glen Isla program.

The drilling will target extensions of gold and nickel mineralization at the Merri Hill Prospect where there have been numerous highly anomalous drill intersections including: **2 m from 42 m below surface at 9.0 g/t Au** in SMRC 017 and **12 m from 15 m below surface at 1.10% Ni** in SMRA 054. RC drilling will then investigate the previously untested Ingola magnetic anomaly defined by Carpentaria's February 2008 VTEM survey. The anomaly is interpreted to be a concealed ultramafic body similar in character and metal potential to the Merri Hill intrusion. Other targets on the tenement cannot be tested at this time due to access limitations caused by winter grain cropping.

It is anticipated that 1500 m of drilling will be completed in this phase, and results will be expected approximately 4 weeks after the end of the program.

For further information, please contact:

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The term "Target" should not be misunderstood or misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2004), and therefore the terms have not been used in this context. It is uncertain if further exploration or feasibility study will result in the determination of a Mineral Resource or Mining Reserve.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by S.N.Sheard, who is a Member of the Australasian Institute of Geoscientists and is also a Registered Professional Geoscientist - Mineral Exploration and Geophysics 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. S.N.Sheard consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.