Carpentaria Exploration Limited

ABN 63 095 117 981 ASX Code CAP

QUARTERLY REPORT

FOR THE 3 MONTHS ENDED 31ST DECEMBER 2009

ABOUT CARPENTARIA:

Carpentaria Exploration Limited is an exploration company focused on discovering base and precious metals and bulk commodities in Eastern Australia. The company holds 100% owned tenements in NSW and Queensland and also has a number of farm-in deals. Most tenements have known mineralized systems and are being explored using modern, efficient technologies.

CARPENTARIA'S AIM:

With a strong geo-scientific team discover or acquire, a profitable mine to develop a cash flow

DISCOVERIES TO DATE:

Hawsons Iron Project - NSW
Euriowie Tin Project - NSW

Capital Structure:

Ordinary Shares	67,500,000
Total Options	21,447,415

Major Shareholder:

Giralia Resources	10%

Financial

Cash and deposits
A$2.2 million as at 31 December 2009

For further information contact:
Nick Sheard
Executive Chairman
Phone: 07 3161 3801

HIGHLIGHTS:

- **HAWSONS IRON PROJECT**

  Increased exploration target [1] to 3.5 to 5.8 billion tonnes at 18 - 20% magnetite DTR and premium concentrate grade of **69 -71% Fe.**

- **EURIOWIE TIN**

  High grade, coarse grained tin samples collected over a 1,400m strike length. Results include:
  - **8m @ 0.44%** Sn (including 1m @ 1.21% Sn)
  - **6m @ 0.36%** Sn (including 1m @ 1.60% Sn)

  An agreement was made to purchase tenement 100% with no residuals

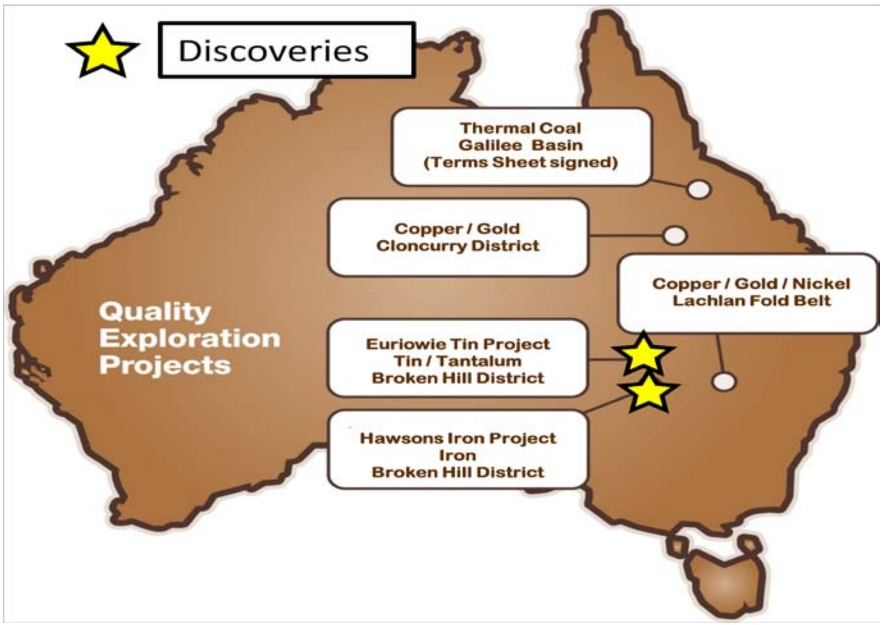
- **HUGHENDEN COAL**

- Native title agreement on FTB Galilee tenements reached and signed. Due diligence by The Chairmen1 Pty Ltd (previously ResCoPty Ltd) expected to be finalised in the March quarter.

- **GLEN ISLA**

- (Jan 2010) Gold Project Farm out to Ramelius Resources Ltd on favourable terms.

Project Location Map



[1] *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.*

EXPLORATION - SUMMARY

HAWSONS IRON PROJECT

This quarter, further DTR analyses and magnetic modelling resulted in an increase of the **exploration target[1] to 3.5 to 5.8 billion tonnes** at 18 - 20% magnetite DTR and a premium concentrate grade of **69 - 71% Fe** with insignificant contaminants. Importantly, the increase is entirely within EL7208 which is 100% owned by Carpentaria. This increase follows Hellman and Schofield's independent assessment of the magnetite tonnage potential of an exploration target[1] in the range of 2.5 billion tonnes to 4.5 billion tonnes with an 18% Davis Tube Recovery (DTR) and a concentrate grade of 69 - 71% iron.

Preliminary engineering studies are favourable, highlighting:

- Ideal project location close to infrastructure
- Low conceptual mining strip ratio
- Enormous tonnage potential
- Likely soft, easy to grind ore
- High quality magnetite concentrate
- Potential for significant financial return under various scenarios including blast furnace and/or direct reduction pellet production at Broken Hill.

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EURIOWIE

Results from recent geological mapping and rock chip sampling at the Mt Euriowie Prospect have been very encouraging. Over 75 rock chip samples from the Mt Euriowie Prospect were assayed for tin following the discovery of large grains of cassiterite (79% tin metal), at surface along the entire 1,400 metre strike length of pegmatite. Ten traverses consisting of several one metre continuous rock chip samples were taken across the outcropping pegmatite.

Highlight results included:

- **8m @ 0.44% Sn (tin) including 1m @ 1.21% Sn**
- **6m @ 0.36% Sn including 1m @ 1.60% Sn**

Four additional pegmatite veins have been mapped that may also have Tin potential.

The tenement holders of the Euriowie EL held a 1% net smelter royalty over any metal mined from the tenements. However, because of the significance of this discovery, Carpentaria has now purchased 100% rights to this tenement thereby removing this potential impost.

HUGHENDEN COAL

The due diligence by The Charmen1 Pty Ltd is nearing completion and the agreement is expected to be formalized in February 2010. In the December quarter, Native Title agreements with the Ngawun Mibara People and the Yirendali People were reached over the FTB applications.

Signing of Native Title Agreement with Ngawun Mibara and Yirendali People,December 2009

SUBSEQUENT EVENTS

In January 2010 Carpentaria signed an agreement with gold producer Ramelius Resources Limited (ASX Code: RMS) to farm-in on Carpentaria's 100% owned Glen Isla Project, located near Dubbo, New South Wales. ASX announcement made 27th January 2010.

Under the Agreement, Ramelius Resources needs to spend $1 million to gain a 51% stake in Glen Isla, with a minimum required expenditure of $100,000 before they can withdraw from the Project. Should exploration at Glen Isla lead to the decision to proceed to a bankable feasibility study (BFS), Ramelius will manage and fund the BFS to earn a 75% interest in the project. On completion of the BFS Carpentaria will have a right to participate and thus have a 25% interest in any mining project.

PLANNED EXPLORATION ACTIVITIES MARCH QUARTER 2010

HAWSONS IRON PROJECT

Metallurgical and engineering studies will continue. A detailed ground magnetic survey will be conducted to provide key data to assist with follow up drilling. A Surface Disturbance Notice for approval by the NSW Government will be submitted with the objective to allow the proposed drilling to commence in March / April. This drilling program is designed to test high priority iron targets and define a resource on the most prospective target.

EURIOWIE

A drilling plan is being defined to test the Euriowie tin bearing pegmatite and establish the continuity of the cassiterite mineralization at depth along the exposed 1,400m strike length.

HUGHENDEN

A transfer of management rights is anticipated in early February. Drill targets are currently being defined and initial drilling will be undertaken when full access is achievable. This is dependent upon weather and full grant of the applications which will be expedited due to the successful completion of the Native Title negotiations.

GLEN ISLA

As managers will conduct the next phase of exploration on behalf of the Joint Venture, which will comprise a detailed induced polarisation (IP) survey to identify targets for follow up drilling. A 3D MIMDAS survey is expected to commence in March depending on access approvals and availability of crews..

BUSINESS DEVELOPMENT

Additional Joint ventures will be finalized in the March Quarter with partners that aim to carry out considerable exploration work to earn project interests. This will allow Carpentaria to focus on its high priority projects near Broken Hill and in central NSW.

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EXPLORATION ACTIVITY

HAWSONS IRON PROJECT

EL 6979 Redan (earning 51%) / EL 7208 Burta (100%)

Increased exploration target [1] to 3.5 to 5.8 billion tonnes at 18 - 20% magnetite DTR producing a premium concentrate grade of **69 -71% Fe**.

The Hawsons Iron Project is a new magnetite discovery by Carpentaria in western NSW (figure 1). Its size, proximity to Broken Hill (60 kms) and infrastructure (rail and power) makes this an attractive project.

On 14th October 2009 Carpentaria announced an Exploration Target[1] estimate by Hellman and Schofield of 2.5 to 4.5 billion tonnes at an average 18 % Davis Tube magnetite recovery (DTR) with a concentrate grade of 69 - 71 % iron, assuming a vertical depth of 250 m and a density of 3.2 t/m^3.

Subsequently, Carpentaria located historical drill core, and analyses on this drill core have enabled a significant increase of 1.0 to 1.3 billion tonnes in the Exploration Target[1,] all located within 100% Carpentaria EL7208.

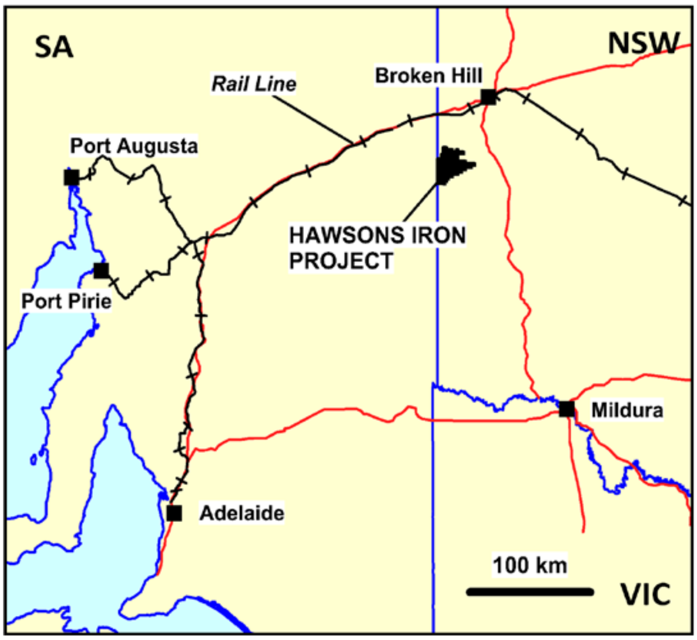

Figure 1 Location of Hawsons Iron Project

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The historical Placer Exploration Ltd hole, DD93W2, was drilled on the flank of the Wonga magnetic anomaly that is located wholly within the 100% Carpentaria owned EL 7208 (Figures 2 and 3).

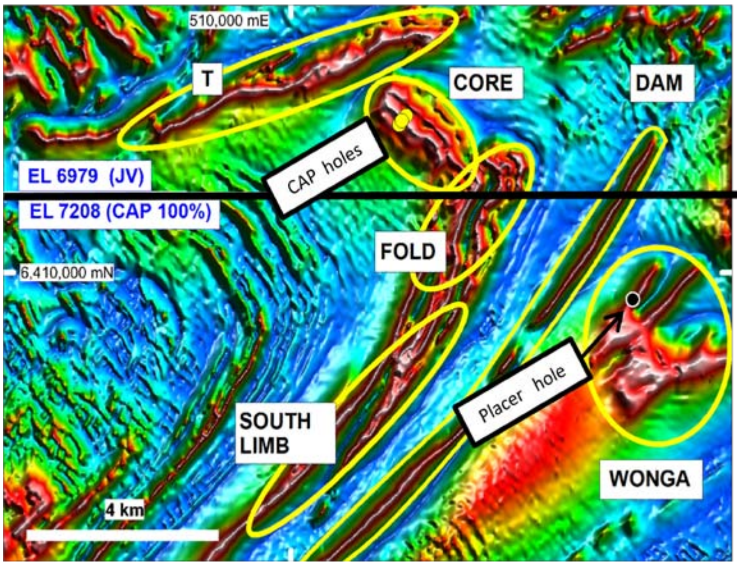

Figure 2. Regional (tilt) processed airborne magnetics showing anomalies

The hole targeted the margins of the Wonga anomaly for iron oxide copper gold mineralization. However, it finished in magnetite ironstone at 147.2 m below the collar (mbc), although core was only recovered to 143.7 mbc.

Quarter NQ core was sampled and returned a Davis Tube Recovery (DTR) analysis of 17.43% weight recovery and a concentrate grade of 68.6% iron and 4.3% SiO_2 with negligible deleterious elements for the last 2.2 m interval of core from 141.5 mbc.

This result is very similar to results obtained by the Carpentaria reverse circulation drilling located at the Core Anomaly completed in mid 2009. (See Figure 2 and ASX release 26th August 2009).

The analysis of the historical core is clear evidence that the magnetic source of the Wonga Anomaly is the same highly prospective Neoproterozoic Braemar Facies of the Yundamutana Sub-Group as drilled by Carpentaria in mid 2009 at the adjacent Hawsons Core Anomaly.

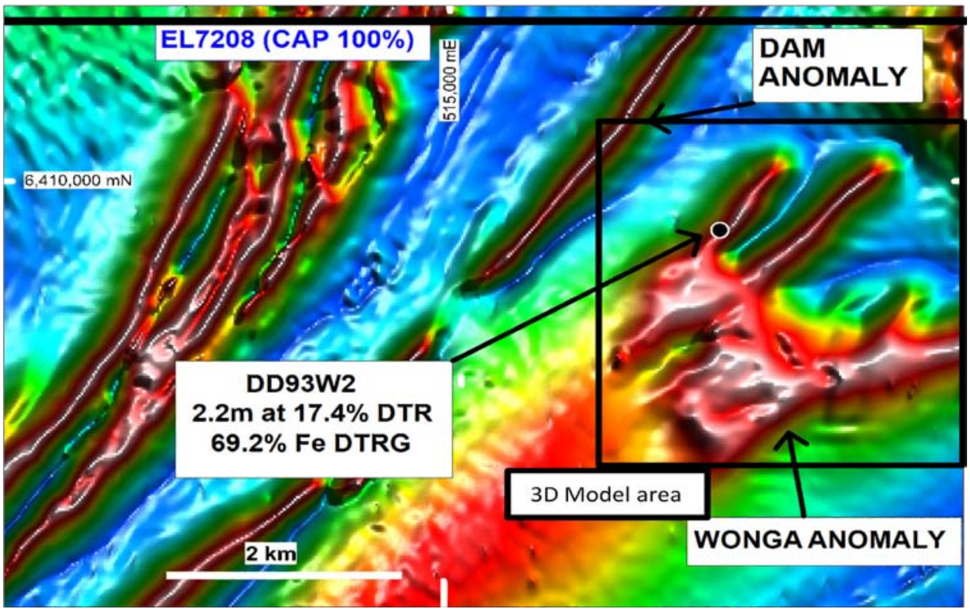

Figure 3. Detailed (tilt) processed airborne magnetics showing area of 3D magnetic modeling

Modelling of the Wonga magnetic anomaly (refer Figure 4) indicates the magnetic source is a large mass of magnetite ironstone approximately 3.0 km by 2.0 km with a thickness of 150 m and a density of 3.2 t/m^3 and confirms the Placer hole only clipped the edge of the main source of the Anomaly.

Based upon this new information, Carpentaria estimates an Exploration Target[1] within the Wonga Anomaly of *1.0 billion tonnes to 1.5 billion tonnes with a DTR average grade of 18% and concentrate grading of 68 - 70% Fe*.

Further, this positive drill result indicates that another magnetic feature immediately west of the Wonga anomaly, the Dam Anomaly, is now confidently interpreted as another magnetite ironstone with a conservative 6 km strike length within the 100%-owned Carpentaria tenement (Figures 2 and 3).

The Dam Anomaly represents a further exploration Target[1] of 400 - 600 million tonnes using a target unit thickness of 80 - 120 m, an average 18% DTR magnetite with a concentrate grade of 69 - 71 % Fe, to a vertical depth of 250 m and density of 3.2 t/m^3.

This increases the Project Exploration Target[1] to 3.5 to 5.8 billion tonnes at an average 18% DTR magnetite with a concentrate grade of 69 - 71 % Fe, to a vertical depth of 250 m using a density of 3.2 t/m^3.

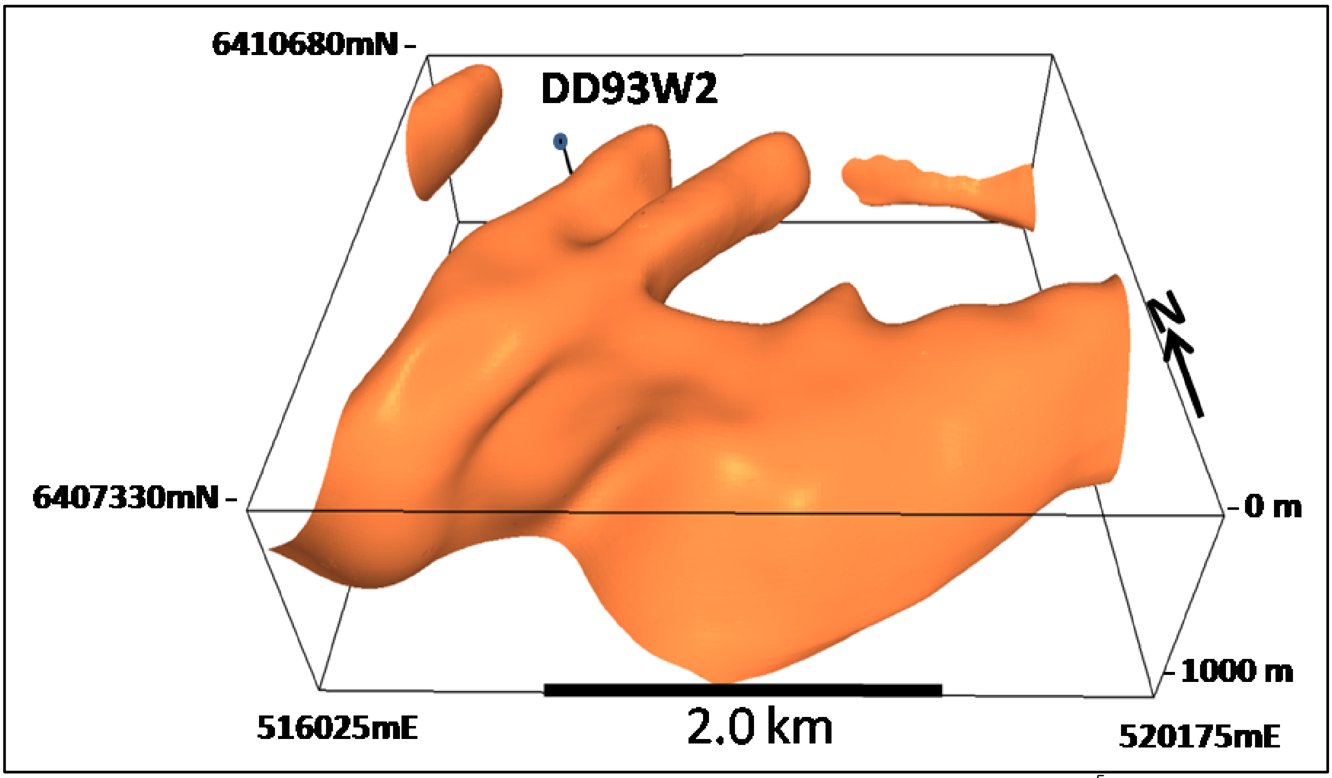

Figure 4. Wonga 3D magnetic model showing iso-surface of magnetic susceptibility (5000 x 10^{-5} SI units)

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During the December quarter a comprehensive analysis of all the available data has been undertaken to establish an exploration program for the next two quarters which will include a ground magnetic survey and extensive drilling.

EURIOWIE

EL 6936 - Carpentaria purchasing 100%

The results from recent geological mapping and rock sampling at the Mt Euriowie Tin Prospect were very encouraging. The prospect lies 60 km north of Broken Hill, NSW (Figure 5).

A strike extensive cassiterite (tin oxide) bearing pegmatite dyke was mapped and four other dykes containing cassiterite were also located. Carpentaria was in a joint venture (JV) on this tenement and had rights to all metals other than lithium. The JV partner, however, held a 1% net smelter royalty (NSR) on any metal mined and owned the tenement. Carpentaria recently offered the JV partner 500,000 shares and $50,000 cash to purchase the tenement and remove all royalties. This proposal has been accepted and Carpentaria is currently finalizing the transaction.

Over 75 rock chip samples from the Mt Euriowie Prospect were assayed for tin (Sn) following the discovery of large grains of cassiterite (an oxide mineral containing 79% tin metal) at surface along the entire 1,400 metre strike length of pegmatite. Ten traverses consisting of several one metre continuous rock chip samples were taken across the exposed pegmatite. Figure 6 shows the very encouraging results in detail. Highlight results included:

8m @ 0.44% Sn (tin) including 1m @ 1.21% Sn from traverse E (Figure 6), and

6m @ 0.36% Sn including 1m @ 1.60% Sn from traverse H **(**Figure 6**)**

The mineralization consists of very coarse grained cassiterite crystals (1 - 5 cm) set in a quartz-alkali feldspar pegmatite dyke that is up to 8 metres wide in places, and averages between 2 to 4 metres wide with a sub-vertical dip. The anomalous tin results are remarkably consistent and widespread, despite the potential for coarse grained mineralization to cause a sampling bias. All 50 rock chip samples taken from the Mt Euriowie pegmatite averaged *0.25% Sn.*

Three 30 kilogram bulk samples taken adjacent to traverses A, D, and E, returned respectively ***0.36% Sn, 0.23% Sn and 0.47% Sn***, giving further confidence about the average tin grades potentially present within the entire Mt Euriowe pegmatite. Further geological reconnaissance and in-situ analysis using the hand held Niton XRF analyzer has identified four other similar pegmatites containing coarse grained cassiterite confirming the potential for further discoveries within EL 6936 (figure 5). Rock chip samples from these occurrences have been submitted for tin and multi-element analysis and results are awaited.

Further exploration including drill testing the down dip continuity of the tin mineralization at Mt Euriowie is planned.

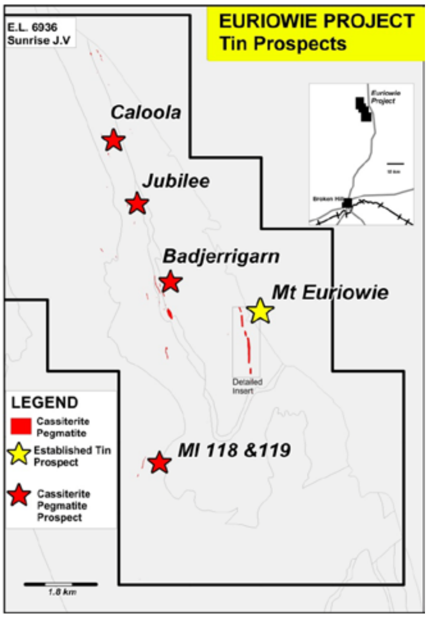
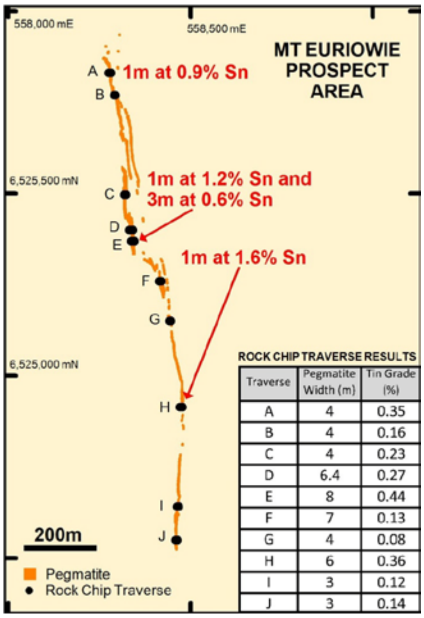


Figure 5 Tenement and Tin Prospect Location



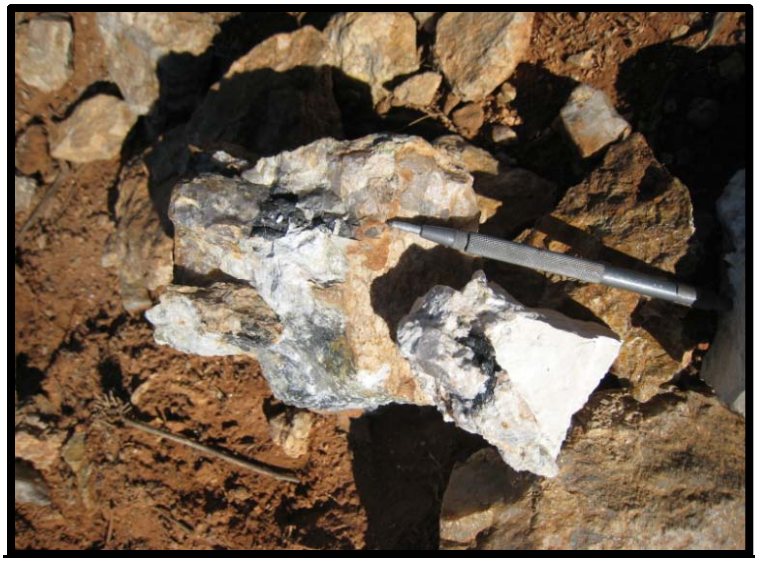
Traverse	Pegmatite Width (m)	Tin Grade (%)
A	4	0.35
B	4	0.16
C	4	0.23
D	6.4	0.27
E	8	0.44
F	7	0.13
G	4	0.08
H	6	0.36
I	3	0.12
J	3	0.14

Figure 6 Mt Euriowie Tin Prospect Results

**Chip traverse results are an average of nominal 1m samples*
**Assays method – Metaborate Fusion – Wavelength Dispersive XRF (ALSChemex XRF15b)*
**Datum: GDA94 Zone54*

Euriowie - Photos

Coarse grained cassiteritie collected from pegmatite dyke.



Cassiterite in pegmatite.

HUGHENDEN COAL PROJECT (CAP 100%)

The Chairmen1 Pty Ltd is expected to complete due diligence in the March quarter. Carpentaria will sell 80% of FTB (Qld) Pty Ltd to ResCo, who will manage and finance ongoing exploration.

In December, Carpentaria held successful discussions with two groups, the Ngawun Mibara People and the Yirendali People, who have Native Title rights to the FTB tenements. Agreement was reached that will allow exploration to be undertaken once the tenements are granted which is now expected in early 2010.

The Chairmen1 Pty Ltd intends to undertake a drilling program to fully assess the potential for thermal coal as soon as the tenements are granted and weather conditions allow.

BUISINESS DEVELOPMENT

During this quarter, Carpentaria has been in negotiation with other parties with a view to farming out various projects. This will allow Carpentaria to focus on the Broken Hill iron and tin discoveries and its Combaning (Lachlan Fold Belt) gold project. Incoming parties will be undertaking substantial work to enhance the projects and providing Carpentaria exposure to future exploration success with a retained interest. It is expected that these arrangements will be finalized this coming quarter.

Board of Directors:

Nick Sheard	Executive Chairman
Stan MacDonald	Non-Executive Director
Bob Hair	Non-Executive Director
Mike Chester	Non-Executive Director

Stock Exchange Listing
Australian Stock Exchange
ASX Codes: CAP
CAPO

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Spring Hill, Qld. 4004

Share Registry:
Link Market Services Limited
Level 12, 300 Queen Street
Brisbane Qld 4000

For further information contact:

Nick Sheard
Executive Chairman
Phone: 07 3161 3801

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Nick Sheard , who is a Fellow of the Australian Institute of Geoscientists and is a Registered Professional Geoscientist - Mineral Exploration and Geophysics. Mr Sheard is a full time employee of Carpentaria Exploration Limited and Mr Sheard has sufficient expertise 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'. Mr Sheard consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

For further information please contact:

NICK SHEARD
Executive Chairman
07 3161 3801

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

Carpentaria Exploration Limited

ACN or ABN	Quarter ended ("current quarter")
63 095 117 981	**31-Dec-09**

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (12 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	- 408	- 650
	(b) development		
	(c) production		
	(d) administration	- 214	- 451
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	18	29
1.5	Interest and other costs of finance paid	-	
1.6	Income taxes paid		
1.7	Other		
	Net Operating Cash Flows	- 604	- 1,072
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a)prospects		
	(b)equity investments		
	(c) other fixed assets	- 6	- 18
1.9	Proceeds from sale of: (a)prospects		
	(b)equity investments		
	(c)other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other		
	Net investing cash flows	- 6	- 18
1.13	Total operating and investing cash flows (carried forward)	- 611	- 1,090

1.13	Total operating and investing cash flows (brought forward)	- 611	- 1,090
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid		
1.19	Other – capital raising costs	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	- 611	- 1,090
1.20	Cash at beginning of quarter/year to date	2,817	3,296
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	**2,206**	**2,206**

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	51
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 relates to Directors Remuneration, Fees and Superannuation Contributions.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	194
4.2	Development	0
	Total	194

Reconciliation of cash

	Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	3	71
5.2	Deposits at call	2,203	2746
5.3	Bank overdraft	.	
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	2,206	2,817

Changes in interests in mining tenements

		Nature of interest (note (2))	Interest at beginning of quarter
	Interests in mining tenements relinquished, reduced or lapsed		
6.2	Interests in mining tenements acquired or increased		

Carpentaria Exploration Limited
ABN 63 095 117 981 ASX Code CAP

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Number quoted	Issue price per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions		
7.3	**+Ordinary securities Quoted**	67,500,000	
	Options Quoted (Exercisable on 30 June 2010)	21,447,415	
	+Ordinary securities Un-Quoted *(restricted)*		
7.4	Changes during quarter		
	(a) Increases through issues		
	(b) Decreases through returns of capital, buy-backs		
7.5	**+Convertible debt securities** (*description)*		
7.6	Changes during quarter (a) Increases through issues (b) Exercise of Options		
7.7	**Options** *(description and conversion factor)*	Number	Exercise price Expiry date
		3,700,000	*0.30* *30-Jun-10*
		500,000	*0.27* *30-Jun-10*
		800,000	*0.15* *30-Jun-10*
7.8	Issued during quarter	1,000,000	*0.114* *30-Jul-12*
7.9	Exercised during quarter		
		-	-
7.10	Expired during quarter	-	-
7.11	**Debentures** *(totals only)*	-	
7.12	**Unsecured notes** *(totals only)*	-	

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Company Secretary
Chris Powell

12/01/2010

1 This quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2

The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.