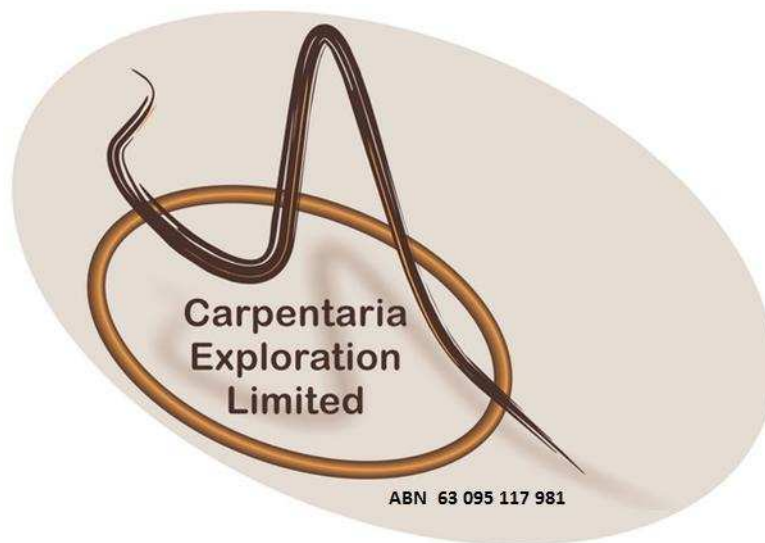




**Consolidated Interim Financial Report
for the Half-year Ended 31 December 2009**

CORPORATE INFORMATION

Corporate Directory	Contents	Page
Principal Place of Business and Registered Office		
55 Little Edward Street	Corporate Information	1
Ground Level, Boundary Court	Report of the Directors	2
Spring Hill Qld 4000	Auditor's Independence Declaration	5
	Consolidated Interim Statement of Comprehensive Income	6
PO Box 1019	Consolidated Interim Balance Sheet	7
Spring Hill QLD 4004	Consolidated Interim Statement of Changes in Equity	8
	Consolidated Interim Statement of Cash flows	9
Telephone: +61 7 3161 3801	Notes To Consolidated Financial Statements	10
Facsimile: +61 7 3161 3786	Director's Declaration	14
Email: info@capex.net.au	Independent Auditor's Review Report	15
Website: www.carpentariaex.com.au		

Directors

Nick Sheard *(Executive Chairman)*
Mike Chester *(Non-Executive Director)*
Bob Hair *(Non-Executive Director)*
Stan Macdonald *(Non-Executive Director)*

Company Secretary

Chris Powell

Solicitors

TressCox Lawyers
Level 39, Central Plaza One
345 Queen Street
Brisbane Qld 4000

Auditor

PKF Chartered Accountants
Level 6, 10 Eagle Street
Brisbane Qld 4000

Share Registry

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

Investor enquires

- Nick Sheard – Executive Chairman; or
- Chris Powell – Company Secretary
e-mail: info@capex.net.au
Telephone: +61 7 3161 3801
Facsimile: +61 7 3161 3786

ASX Code

Shares: CAP
Options: CAPO

Directors' Report for the half year ended 31 December 2009

The Directors of Carpentaria Exploration Limited ("Carpentaria", "CAP" or "the Company") submit herewith the consolidated interim financial report for the half-year ended 31 December 2009. In order to comply with the provisions of the Corporations Act 2001 the Directors report as follows:

Directors

The names of the Directors of the Company during the half-year and up to the date of this report are:

Name		Period of Directorship
Stuart Nicholas Sheard	Executive Chairman	Appointed March 2007
Stanley Alan Macdonald	Non-Executive Director	Appointed April 2007
Robert William Hair	Non-Executive Director	Appointed August 2007
Michael Peter Chester	Non-Executive Director	Appointed January 2008

Background

Carpentaria is a Queensland-based exploration company focused on the discovery and mining of base metal and gold deposits in Queensland and New South Wales.

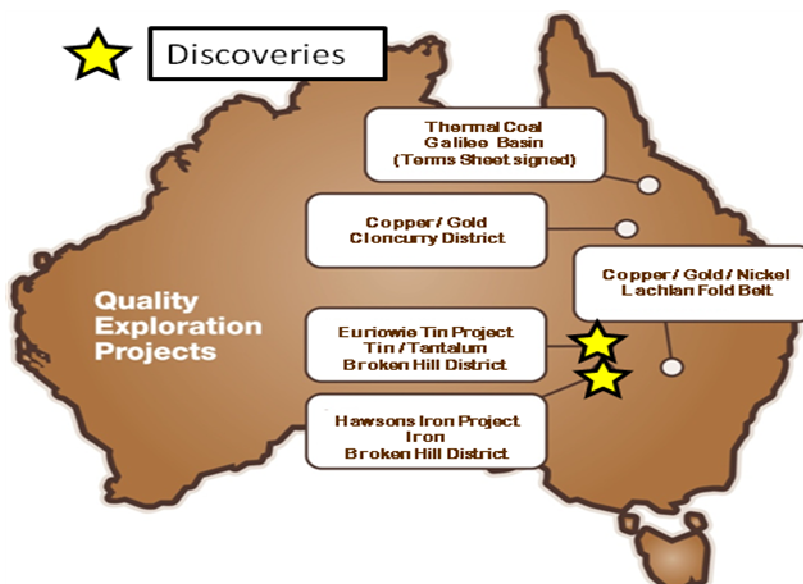


Figure 1: Location of Carpentaria Exploration Limited Projects

Review and Results of Operations

During the half-year Carpentaria Exploration Limited (ASX Code: CAP) maintained an aggressive exploration program. The Company is committed to turning over quality projects and acquiring new projects that can be assessed rapidly. During these six months Carpentaria discovered significant mineralization at the Hawsons Iron Prospect and the Euriowie Tin Prospect.

CAP signed a terms sheet with **The Chairmen 1 Pty Ltd** (Chairmen) to sell 80% of FTB (Qld) Pty. Ltd. (CAP's wholly owned subsidiary) which holds 4 applications and 1 granted coal exploration licence over the northern part of the Galilee Basin. On completion of the agreement Chairmen will add further coal assets, reimburse CAP \$300,000 and commit to spend the first \$2.0m in exploration in the new portfolio. This deal was subsequently signed on February 16th 2010.

Exploration on the **Redan** joint venture (JV) with Perilya Broken Hill Limited (ASX Code: PEM) and the wholly owned **Burra** licence continued south of Broken Hill, NSW. Three reverse circulation holes were drilled to test a magnetic horizon for magnetite bearing rocks. The drill hole fence convincingly showed thick sequences (130m) of magnetite siltstone which, using the airborne magnetic data, CAP modelled an exploration target¹ of 3.5 to 5.8 billion tonnes at 18 - 20% magnetite DTR producing a premium concentrate grade of 69 -71% Fe with very low to insignificant deleterious contaminants.

At **Euriowie**, north of Broken Hill the results from 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 and 6m @ 0.36% Sn including 1m @ 1.60% Sn. Four additional tin bearing pegmatite dykes have been noted in the tenement. The exploration tenement is held by Sunrise Pty Ltd. In late 2009 CAP undertook to purchase the tenement outright to remove the Sunrise royalty rights. This deal is expected to be finalized in early 2010.

In the Lachlan Fold Belt, the **Dirnaseer** EL (7375) adjacent and west of our Combaning EL (6901) was granted during the half-year. Reconnaissance rock chip sampling at Combaning at the Mother Shipton and Hibernia prospects confirmed the gold potential, and petrographic analysis of rocks from Mother Shipton has confirmed the potential for a gold-copper (Au-Cu) porphyry target with copper sulfides and gold identified in samples. Results included 21.3g/t Au from Hibernia and 6.13g/t Au from Mother Shipton

At **Mt Agate** in north west Queensland, two high priority geophysical targets¹ at QMH and Mt Sheila were surveyed by approximately 10 km of induced polarization (IP). A weak chargeability anomaly at QMH warrants further investigation and possible follow up drilling.

The net loss of the Consolidated Entity after income tax for the half-year ended 31 December 2009 was \$774,589 (31 December 2009:\$ 303,004).

Subsequent Events

Sale of FTB (Qld) Pty. Ltd ("FTB")

As noted above in Review and Results of Operations.

Glen Isla Farm in – Ramelius Resources Limited

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

Under the Agreement, Ramelius Resources must spend \$1 million to gain a 51% stake in Glen Isla, with a minimum required expenditure of \$100,000 before it 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.

Apart from these matters there has not arisen in the interval between 31 December 2009 and the date of this Report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future years.

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The auditor's independence declaration, as required under Section 307C of the Corporations Act 2001, for the half-year ended 31 December 2009 has been received and included on page 5 of the interim financial report.

Signed in accordance with a resolution of Directors of Carpentaria Exploration Limited.

On behalf of the Directors



S N Sheard
Executive Chairman

Dated in Brisbane this 15th day of March 2010

¹The 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 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.



Chartered Accountants
& Business Advisers

Auditor's Independence Declaration

As lead auditor for the review of Carpentaria Exploration Limited for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Carpentaria Exploration Limited and the entities it controlled during the half year.

PKF

Albert Loots
Partner

Dated at Brisbane this 15th day of March 2010

Tel: 61 7 3226 3555 | Fax: 61 7 3226 3500 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 6, 10 Eagle Street | Brisbane | Queensland 4000 | Australia
GPO Box 1078 | Brisbane | Queensland 4001

The PKF East Coast Practice is a member of the PKF International Limited network of legally independent member firms. The PKF East Coast Practice is also a member of the PKF Australia Limited national network of legally independent firms each trading as PKF. PKF East Coast Practice has offices in NSW, Victoria and Brisbane. PKF East Coast Practice does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Liability limited by a scheme approved under Professional Standards Legislation.

*Carpentaria Exploration Limited***Consolidated Interim Statement of Comprehensive Income
for the Half-Year Ended 31 December 2009**

	Half-year ended	
	31 Dec 2009	31 Dec 2008
	\$	\$
Revenue	49,452	230,763
Employee benefits expenses	(386,886)	(130,901)
Exploration expenditure written off	(113,838)	(93,095)
Depreciation and amortisation expense	(14,867)	(12,938)
Other operating expenses	(308,450)	(296,833)
Loss before income tax (expense)/benefit	(774,589)	(303,004)
Income tax (expense)/benefit	-	-
Loss after income tax	(774,589)	(303,004)
Other comprehensive income	-	-
Total comprehensive income for the period	(774,589)	(303,004)
Loss per share:		
Basic and diluted (loss) per share (cents)	(1.15)	(0.46)

The accompanying notes form part of the consolidated interim financial statements

Carpentaria Exploration Limited

Consolidated Interim Balance Sheet as at 31 December 2009

	Notes	31 Dec 2009 \$	30 June 2009 \$
Current Assets			
Cash and cash equivalents		2,206,517	3,296,795
Other receivables		104,314	36,236
Non-current assets held for sale	10	196,690	-
Other assets		187,874	191,419
Total Current Assets		2,695,395	3,524,450
Non-Current Assets			
Property, plant & equipment		54,888	45,422
Exploration and evaluation expenditure		3,626,182	3,133,937
Intangible assets		-	204,426
Total Non-Current Assets		3,681,070	3,383,785
Total Assets		6,376,465	6,908,235
Current Liabilities			
Trade and other payables		138,666	87,072
Provisions		47,459	49,074
Total Current Liabilities		186,125	136,146
Total Liabilities		186,125	136,146
Net Assets		6,190,340	6,772,089
Equity			
Issued Capital	4	8,612,949	8,612,949
Reserves	5	667,350	474,510
Accumulated Losses		(3,089,959)	(2,315,370)
Total Equity		6,190,340	6,772,089

The accompanying notes form part of the consolidated interim financial statements

Carpentaria Exploration Limited

Consolidated Interim Statement of Changes in Equity for the Half-Year Ended 31 December 2009

	Note	Share Capital	Accumulated Losses	Share Based Payment Reserve	Total
		\$	\$	\$	\$
Balance at 1 July 2008		8,499,789	(837,934)	490,390	8,152,245
Transactions with owners in their capacity as owners					
Issue of share capital		110,000	-	-	110,000
Share issue costs		-	-	-	-
Issue of options		3,160	-	-	3,160
Share-based payment expense		-	-	(15,880)	(15,880)
Comprehensive income					
Loss after income tax		-	(303,004)	-	(303,004)
Balance at 31 December 2008		8,612,949	(1,140,938)	474,510	7,946,521
Balance at 1 July 2009		8,612,949	(2,315,370)	474,510	6,772,089
Transactions with owners in their capacity as owners					
Issue of share capital		-	-	-	-
Share issue costs		-	-	-	-
Issue of options		-	-	-	-
Share-based payment expense		-	-	192,840	192,840
Comprehensive income					
Loss after income tax		-	(774,589)	-	(774,589)
Balance at 31 December 2009		8,612,949	(3,089,959)	667,350	6,190,340

The accompanying notes form part of the consolidated interim financial statements

Carpentaria Exploration Limited

Consolidated Interim Cash Flow Statement for the Half-Year Ended 31 December 2009

	Half-year ended	
	31 Dec 2009	31 Dec 2008
	\$	\$
Cash flows from operating activities		
Receipts from customers	6,396	-
Payments paid to suppliers and employees	(498,861)	(499,629)
Interest received	24,869	323,709
Net cash provided by/(used in) operating activities	(467,596)	(175,920)
Cash flows from investing activities		
Payments for acquisition of subsidiary, net of cash acquired	-	(86,692)
Payments for exploration and evaluation expenditure	(606,083)	(960,769)
Payments for property, plant & equipment	(16,599)	(22,838)
Net cash provided by/(used in) investing activities	(622,682)	(1,070,299)
Cash flows from financing activities		
Proceeds from issue of shares and options	-	3,160
Net cash provided by/(used in) financing activities	-	3,160
Net increase/(decrease) in cash and cash equivalents held	(1,090,278)	(1,243,059)
Cash and cash equivalents at the beginning of the financial period	3,296,795	5,429,561
Cash and cash equivalents at the end of the financial period	2,206,517	4,186,502

The accompanying notes form part of the consolidated interim financial statements

**Notes to the Consolidated Interim Financial Report
for the Half-Year Ended 31 December 2009**

1. Summary of Accounting Policies

(a) Statement of compliance

Carpentaria Exploration Limited is a company domiciled and incorporated in Australia. The Financial Report for the half-year ended 31 December 2009 consists of the Financial Statements of Carpentaria Exploration Limited ('Company') and its Controlled Entities ('Consolidated Entity'). The Company's shares are traded on the Australian Securities Exchange.

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 134 "Interim Financial Reporting".

The half-year report does not include full disclosures of the type normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the Annual Report 2009 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

(b) Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of financial assets and financial liabilities for which the fair value basis of accounting has been applied.

All amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Annual Report 2009 with the exception of new accounting standards and interpretations adopted below.

(c) New Accounting Standards and Interpretations

When the adoption of the Standard or Interpretation is deemed to have a material impact on the financial statements or performance of the group, its impact is described below:

AASB 3 'Business Combinations (revised 2008)' and AASB 127 'Consolidated and Separate Financial Statements (revised 2008)'

AASB 3 (revised 2008) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interests (previously "minority interests"), the accounting for transaction costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period when an acquisition occurs and future reported results.

AASB 127 (revised 2008) requires that a change in the ownership interest of a subsidiary (without a change in control) is to be accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss in the statement of comprehensive income. Furthermore the revised standard changes the accounting for losses incurred by a partially owned subsidiary as well as the loss of control of a subsidiary. The changes in AASB 3 (revised 2008) and AASB 127 (revised 2008) will affect future acquisitions, changes in, and loss of control of, subsidiaries and transactions with non-controlling interests.

AASB 101 'Presentation of Financial Statements'

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognized income and expense, either in one single statement, or in two linked statements. The Consolidated Entity has elected to present one statement.

AASB 8: 'Operating Segments'

AASB 8: Operating Segments is applicable to annual reporting periods on or after 1 January 2009. The change from the previous standard (AASB 14 Segment Reporting) to this standard has resulted in the changes as outlined in Note 2 to the Financial Statements.

**Notes to the Consolidated Interim Financial Report
for the Half-Year Ended 31 December 2009**

1. Summary of Accounting Policies

(c) *New Accounting Standards and Interpretations (cont.)*

AASB 2008-7 'Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'

The amendments delete the reference to the "cost method" making the distinction between pre and post acquisition profits no longer relevant. All dividends received are now recognized in profit or loss rather than having to be split between a reduction in the investment and profit and loss. However the receipt of such dividends requires an entity to consider whether there is an indicator of impairment of the investment in that subsidiary.

The amendments further clarify cases or reorganisations where a new parent is inserted above an existing parent of the Consolidated Entity. It states that the cost of the subsidiary is the previous carrying amount of its share of equity items in the subsidiary rather than its fair value. The adoption of these amendments did not have any impact on the financial position or the performance of the Consolidated Entity.

Annual Improvements Project

In May 2008 and April 2009 the AASB issued omnibus of amendments to its standards as part of the Annual Improvements Project, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions and application dates for each amendment.

The adoption of these amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Consolidated Entity.

2. Segment Reporting

The Company has identified the operating segments based on internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

Management are currently focussed on the development of the Queensland and New South Wales tenements projects that are mentioned in the Directors report which operate in a single business segment and geographical segment, being non-coal mineral exploration in Australia. The value of the Company's coal mining tenements are less than 10% of the combined assets of all operating segments and have not been separately disclosed. Refer Note 9 Subsequent Events for details of the sale, subsequent to year end of FTB (QLD) Pty Ltd which held the tenement applications for the consolidated entity's coal assets.

No revenue from this activity has been earned to date from the Company's single business segment as the Company is still in the exploration and evaluation stage.

3. Dividends

During the half year, no dividends were paid or provided for.

4. Issued capital

	31-Dec-09	30-Jun-09
	\$	\$
Fully paid ordinary shares	9,134,574	9,134,574
Less: capital raising costs	<u>(521,625)</u>	<u>(521,625)</u>
	<u>8,612,949</u>	<u>8,612,949</u>
	Shares	Shares
	31-Dec-09	30-Jun-09
Shares on issue	67,500,000	67,500,000

**Notes to the Consolidated Interim Financial Report
for the Half-Year Ended 31 December 2009 (cont'd)**

5. Share Based Payment Reserve	31-Dec-09	30-Jun-09
	\$	\$
Opening balance	474,510	490,390
Options issued under Employee Share Option Plan (a)	40,440	30,160
Options issued to CEO under Executive Service Agreement (b)	152,400	(46,040)
Closing balance	667,350	474,510

The options reserve records items recognized as expenses on valuation of options issued. The fair value of share options was valued determined using a Black-Scholes option pricing model incorporating factors such as: number of shares granted, exercise price, expected life, company share price volatility and the risk-free interest rate.

(a) Employee Share Option Plan (ESOP)

The terms and conditions of the grants made during the six months ended 31 December 2009 are as follows:

On 20 July 2009, 1,000,000 share options were issued with an exercisable price of \$0.114 to employees under the ESOP exercisable any time up to 30 June 2012

On 1 October 2009, 100,000 share options were issued with an exercisable price of \$0.114 to employees under the ESOP exercisable any time up to 30 June 2012

- (b)** On 26 November 2009 as a result of shareholder approval in the November 2009 Annual General Meeting of the Company 2,000,000 share options were issued with an exercisable price of \$0.15 to Mr Nick Sheard exercisable any time up to 30 June 2012.

6. Contingent Liabilities and Contingent Assets

The consolidated entity has no known contingent assets or contingent liabilities.

7. Subsidiaries

All companies are incorporated in Australia and have a 30 June balance date.	Principal Activity	Percentage of equity interest		Parent Investment	
		2009	2008	2009	2008
		%	%	\$	\$
Willyama Prospecting Pty Limited	Exploration	100%	0%	1	-
FTB (QLD) Pty Ltd ¹	Exploration	100%	0%	196,692	-
				196,693	

¹ Refer Note 9, Subsequent Events, for details of sale of FTB subsequent to year end.

**Notes to the Consolidated Interim Financial Report
for the Half-Year Ended 31 December 2009 (cont'd)**

8. Expenditure Commitments

The consolidated entity has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the consolidated entity.

	31-Dec-09 \$	30-Jun-09 \$
The commitments to be undertaken are as follows:		
Payables		
- not later than 12 months	637,580	542,758
- between 12 months and 5 years	593,998	418,270
	<u>1,231,578</u>	<u>961,028</u>

To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the consolidated entity has the option to negotiate new terms or relinquish the tenements. The consolidated entity also has the ability to meet expenditure requirements by joint venture or farm in agreements.

9. Subsequent Events

Sale of FTB (Qld) Pty. Ltd

During the half-year ended 31 December 2009, Carpentaria Exploration Limited ("Company") signed a terms sheet with The Chairmen 1 Pty Ltd ("Chairmen") to sell 80% of the Company's wholly owned subsidiary, FTB (Qld) Pty Ltd ("FTB"), which holds 4 applications and 1 granted coal exploration licence over the northern part of the Galilee Basin. The term-sheet materialised into a share sale agreement which was signed by both parties on 16 February 2010. As a result of this agreement the Company received \$300,000. Under the terms of the agreement, The Chairmen 1 Pty Ltd commits to spend the first \$2.0m in exploration in the new portfolio.

The abovementioned disposal by Carpentaria Exploration Limited of an 80% interest in FTB (Qld) Pty Ltd has resulted in a loss of control over this subsidiary and a change in the composition of the Consolidated Group, which will be reflected in the Group's 30 June 2010 financial report.

Glen Isla Farm in – Ramelius Resources Limited

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

Under the Agreement, Ramelius Resources must 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.

Apart from these matters there has not arisen in the interval between 31 December 2009 and the date of this Report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future years.

10. Non-current assets held for sale

Non-current intangible assets of \$196,690 which represent the carrying value to the Consolidated Group of the current exploration license applications held by FTB (Qld) Pty Ltd (FTB) are classified as held-for-sale at 31 December 2009 on the basis of the Group's intention to dispose of its controlling interest in FTB on that date. As described in Note 9 above, this sale was finalised in February 2010.

Directors' Declaration for the half year ended 31 December 2009

The directors of Carpentaria Exploration Limited declare that:

- (a) In the directors' opinion the financial statements and notes set out on pages 6 to 13, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance, for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and Corporations Regulations 2001.
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration has been made in accordance with a resolution of the directors



S N Sheard
Executive Chairman

Dated in Brisbane this 15th day of March 2010



Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Carpentaria Exploration Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Carpentaria Exploration Limited, which comprises the balance sheet as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising Carpentaria Exploration Limited and the entities it controlled at 31 December 2009 or from time to time during the half year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Carpentaria Exploration Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Tel: 61 7 3226 3555 | Fax: 61 7 3226 3500 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 6, 10 Eagle Street | Brisbane | Queensland 4000 | Australia
GPO Box 1078 | Brisbane | Queensland 4001

The PKF East Coast Practice is a member of the PKF International Limited network of legally independent member firms. The PKF East Coast Practice is also a member of the PKF Australia Limited national network of legally independent firms each trading as PKF. PKF East Coast Practice has offices in NSW, Victoria and Brisbane. PKF East Coast Practice does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Liability limited by a scheme approved under Professional Standards Legislation.



Chartered Accountants
& Business Advisers

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Carpentaria Exploration Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

A handwritten signature in black ink that reads 'PKF'.

PKF

A handwritten signature in black ink, appearing to be 'AL' or 'AA'.

Albert Loots
Partner

Dated at Brisbane this 15th day of March 2010