



ASX ANNOUNCEMENT

20 April 2010

ABOUT CARPENTARIA:

Carpentaria is an exploration company focused on discovering base, 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 mineralised systems and are being explored using modern, efficient technologies. The company currently has interests in iron ore, tin, gold, copper and coal exploration projects

CARPENTARIA'S AIM:

With a strong geo-scientific team discover or acquire a mining operation that will develop a strong cash flow.

DISCOVERIES TO DATE:

Hawsons Iron Project - NSW
Euriowie Tin Project - NSW

Capital Structure:

Ordinary Shares 68,000,000
Total Options 21,447,415

Major Shareholder:

Giralia Resources 10%

Financial

Cash and deposits
A\$2.9 million as at 20 April 2010

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\$81M Deal Secured for Carpentaria's 100% Owned Hawsons Iron Project

HIGHLIGHTS

- **Bonython Metals Group Pty Ltd (BMG) to farm-in to Carpentaria's 100% owned tenements at the Hawsons Iron Project, Broken Hill, New South Wales**
- **This \$81M deal represents a staged injection of cash to Carpentaria of \$53M plus \$28M for exploration costs**
- **Australian and Asian investor-backed BMG to make an initial \$5m cash payment and a further \$8.0m to fund exploration and resource definition staged over 3 months with future staged cash and other payments of up to \$68 million to Carpentaria**
- **Carpentaria to retain a 20% free carried interest to the targeted production of 20 million tonnes per annum (tpa) iron ore concentrate**
- **Total Carpentaria exploration budget on this and other Carpentaria projects boosted to around \$10 million for 2010, largely on drilling**
- **This transaction has the potential to transform Carpentaria into an iron ore mining company in the medium term, that has additional exposure to tin, gold, nickel and coal projects across eastern Australia**

Carpentaria Exploration Limited (ASX:CAP) announced today an agreement with privately owned BMG to farm-in on Carpentaria's 100% owned Burra EL7208 and Little Peak ELA3848 tenements at its Hawsons Iron Project in NSW. This deal has the potential to transform Carpentaria from a minerals explorer to mining house. (See figure 1)

Carpentaria's Executive Chairman, Nick Sheard said, "The new agreement with BMG will boost plans for the development of a new magnetite iron province near Broken Hill, with considerable potential economic benefits for the region".

"Carpentaria welcomes BMG's participation in our project, following their earlier agreement to farm-in on our South Dam Iron Project in South Australia (announced 4th February 2010). This latest agreement will enable Carpentaria to retain a major equity interest in the Hawsons Iron Project with the objective of fast-tracking production of up to 20 million tonnes per annum of concentrate," Mr Sheard added.



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“Such a large project requires considerable funding and requires a partner with sufficient financial backing to fast track its potential. By retaining a 20 per cent free carried interest means that Carpentaria shareholders will benefit from having a 20 per cent stake in any potential future production and subsequent cash flows from iron ore production in the medium term at no further outlay. This is a very good outcome for Carpentaria.”

Located approximately 60 kilometres south of Broken Hill, the tenements subject to this agreement are only 40 kilometers from a main rail line and have ready access to skilled labour and other infrastructure.

Farm-In Transaction Details:

The agreement may be summarised as follows:

- Stage 1:
 - o A non refundable payment of \$1.0m to Carpentaria on signing of this deal.
 - o BMG to pay Carpentaria a further \$4.0m in cash payments and a further \$8.0m for exploration and prefeasibility work, these payments will be staged over the next three months, to define up to 1 billion tonnes of inferred resource within two years and vest 40% in the project.
- Stage 2:
 - o On completion of Stage 1, BMG is to pay Carpentaria \$25.0m and will vest 51% in the Joint Venture.
- Stage 3:
 - o BMG funds a bankable feasibility study (estimated cost \$20.0m) to be completed within two years of Stage 2.
 - o On completion of this study BMG vests 80% when a further \$23.0m is paid to Carpentaria.
- Stage 4:
 - o When a decision is made to mine, Carpentaria retains a 20% free carried interest up to the targeted production of 20 mtpa of iron ore concentrate.

Under the agreement, Carpentaria will initially manage the exploration and pre-feasibility work, providing continuity to the ongoing program. Drilling approvals for the initial exploratory work have been received, and drilling is expected to resume in mid-May.

The Burra Exploration Licence covers a large portion of the Braemar Iron Formation, which is highly prospective for bulk magnetite iron deposits. The magnetite is shown as magnetic highs in Figure 2. The exploration target¹ is estimated to be 2.2 to 4.8 billion tonnes at 18 % magnetite DTR with a concentrate grade of 69 -71% Fe with a relatively low level of impurities, to a depth of 250m over an estimated strike length of 34 to 51 km. This is considered to be one of the largest magnetite exploration targets in Australia. Importantly the magnetite occurs in a siltstone and is very soft, enabling low cost mining and crushing.

¹ The potential quantity and grade of the exploration targets is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.



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About Bonython Metal Group Pty Ltd:

BMG is a privately funded group based in Sydney and is led by John Hillam, the company's CEO. Mr Hillam is a qualified geologist and has considerable expertise in the Olary area from his previous involvement with Razorback Ridge and surrounding area, and gold projects in the Olary Province of South Australia.

BMG has secured a number of iron projects in SA and NSW, and with an aggressive farm-in strategy that has consolidated control over a large portion of the Braemar Iron Formation.

Mr Hillam said, "BMG's strategy is to consolidate existing tenements that cover a very large area of known and out-cropping Braemar Iron Formation horizons including near surface strong magnetic anomalies also interpreted to be the Braemar Iron Formation. BMG intends to develop these new iron ore deposits in this emerging iron province and establish a major iron ore producing company."

In terms of project funding, BMG has secured an agreement with an Asia-based investor to provide significant funding to facilitate the success of its iron ore strategy.

Mr Sheard said he was pleased to have secured another partnership agreement with BMG, following the success of BMG's farm-in to the Company's South Dam Iron Project. This transaction follows Carpentaria's earlier farm-out of its Glen Isla Gold Project, the joint venture with the Hughenden Coal Project in the Galilee Basin, the sale of the Waterford Uranium Project, and also the recent farm-out of the Mt Agate copper/gold project.

"This agreement continues Carpentaria's successful strategy of farm-outs across a range of projects to provide the necessary funding for development, while retaining an equity stake to ensure our shareholders' exposure to the future upside benefits. Carpentaria still has 100% equity in gold, copper, nickel and tin projects and through our project generation we are staking more ground for testing this year," Mr Sheard said.

"Since our listing just over two years ago, Carpentaria has made two significant discoveries, Hawsons Iron Project and the Euriowie Tin Project. We will continue to aggressively explore on our own tenements and within our joint ventures with quality partners. This year we will manage an exploration program estimated at around \$10 million. This will be across our tenements with a significant proportion of this being drilling."

"This will comprise of exploration and potentially resource drilling at the Euriowie Tin Project, drill testing for gold in the Panama Hat JV, and drilling for gold/nickel at the Combaning Project. In our other JV's, our partners will be exploring for gold at Glen Isla and drilling for coal in the Galilee Basin in Queensland and now iron in the Burta area."

"Carpentaria is focused on near-term production projects in a period of rising commodity prices. Our strategy is to become a leading Australian midsize mining company with a pipeline of projects based on exploration success and diversified by commodity, delivering consistent growth in shareholder value."

For further information please contact:

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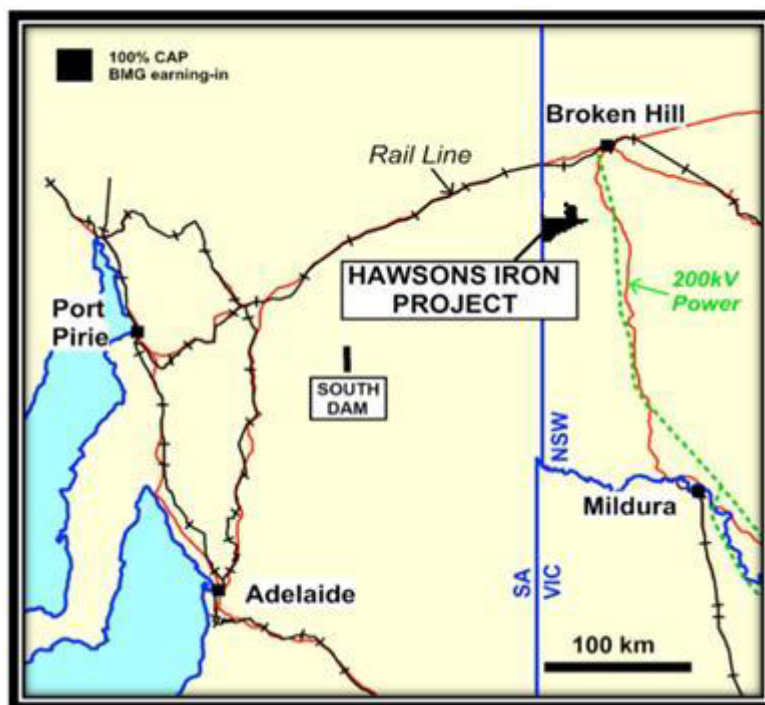


Figure 1: Location of Hawsons Iron Project with reference to infrastructure

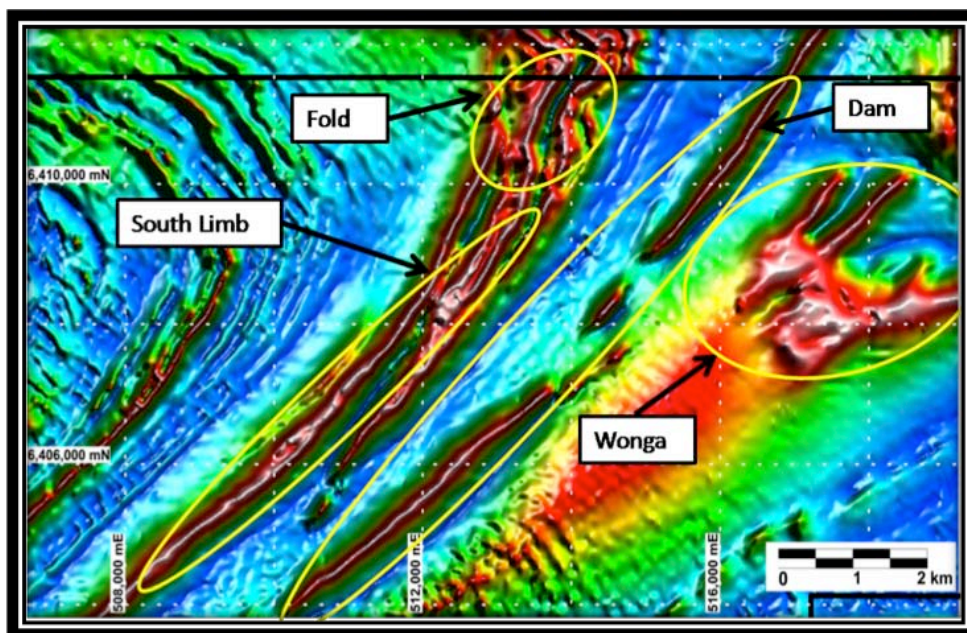


Figure 2: Airborne magnetic data indicating magnetite formations in the Burra EL

The information in this announcement that relates to Exploration Results and Resources is based on information compiled by S.N.Sheard, who is a Fellow of the Australian Institute of Geoscientists 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 is an employee of Carpentaria and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.