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21 March 2012

ABN: 63 095 117 981 | ASX: CAP

CARPENTARIA EXPLORATION LIMITED

www.capex.net.au

FINANCIAL

Cash and deposits on hand as at 21/03/12
A\$8,122,534.30

Level 6,
345 Ann Street, Brisbane
Queensland 4000

PO Box 10919
Adelaide Street, Brisbane
Queensland 4000

e-mail:
info@capex.net.au

For further information
contact:

Nick Sheard
Executive Chairman
Phone: 07 3220 2022



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ASX ANNOUNCEMENT

Flinders Ports agreement puts Hawsons ahead of the queue

Highlights

- Memorandum of Understanding (MOU) signed with Flinders Ports Pty Ltd to determine long-term handling, storage and loading solution at Port Pirie, South Australia
- Common user facility for potential export of 20 million tonnes per annum (mtpa) of iron ore, helping facilitate the Braemar Iron Formation including Hawsons Iron Project
- Minimises potential traffic disruptions on Port Pirie community
- Opportunity to ramp up production beyond initial 5 mtpa planned for Hawsons, boosting project feasibility

Carpentaria Exploration Limited (ASX:CAP) today announced the signing of an MOU with Flinders Ports Pty Ltd, providing a potential long-term handling, storage and loading solution for iron ore exports via Port Pirie.

The MOU allows for the establishment of a common user facility at the South Australian port, capable of exporting 20 mtpa of iron ore via a barge-style operation.

Carpentaria's Executive Chairman, Nick Sheard, said the agreement put the Company's Hawsons Iron Project (CAP 60% interest) ahead of the queue of other similar proposed iron ore projects in Australia, boosting the viability of the \$3.2 billion project.

"This MOU opens the door to Carpentaria's Braemar Iron Formation operations, including our flagship Hawsons Iron Project," Mr Sheard said.

"The initiative by Flinders Ports provides the opportunity to export Hawsons' expected initial output of 5 mtpa direct to Cape-class vessels of up to 180,000 tonnes capacity, giving Carpentaria the opportunity to ramp up production more rapidly than previously forecast."

The agreement benefits the local community by minimising any impact on city infrastructure, through reduced reliance on long and disruptive iron ore trains.

Importantly for eastern Australia's biggest new magnetite project, the MOU also improves the prospects of a new iron ore mine near Broken Hill, which would generate significant jobs, exports and other economic benefits both in NSW and regional South Australia.

"This MOU hastens the development of Hawsons and improves its feasibility. A large export facility at Port Pirie, serviced by the existing rail line, allows export opportunities at start-up as well as providing options for increased tonnages," Mr Sheard said.

"Not having access to an existing port is a major impediment that other potential iron producers are currently facing in Australia. This certainly puts Hawsons ahead of the pack."

Commenting on the MOU, Flinders Ports' CEO, Vincent Tremaine said this agreement represents a great opportunity to expand the role of Port Pirie and to consolidate its future as a major export centre.

"Carpentaria's projects have the potential to generate significant iron ore exports, and we are determined to ensure this wealth benefits the local region," Tremaine said.

"We are excited by the potential in this agreement, and welcome Carpentaria's commitment at this stage to using the facilities of South Australia's second-largest port."

Carpentaria has previously announced a positive pre-feasibility study (PFS) for Hawsons, which benefits from established infrastructure being only 60 kilometres south-west of the mining community of Broken Hill and 40 km from the east-west railway line (Fig 1).

The PFS indicated the potential for a highly profitable mine producing up to 20 mtpa of high grade iron concentrate, with a three-year, 5 mtpa start-up option. It has an Inferred Magnetite Resource of 1.4 billion tonnes (Bt) at a Davis Tube Recovery (DTR) of 15.5% (12.% cut-off) and an Exploration Target¹ of 6-11 Bt at 14-17% DTR, including up to 1.9 Bt of high-grade magnetite concentrate.

This large exploration target¹ provides for a potential mine life of in excess of 50 years. Hawsons also benefits from 13 mtpa of rail and port capacity available from Broken Hill, as well as its proximity to water and other infrastructure (refer ASX announcement dated 21 November, 2011).

In January 2012, Carpentaria signed a joint venture agreement with Maosen Australia Pty Ltd covering over 20km of the highly prospective Braemar Iron Formation (EL3998). The JV together with Hawsons, the South Dam JV and the Torrowangee EL in NSW gave Carpentaria a combined 1,182 square kilometres of tenement holdings and more than 81km collective strike of magnetite siltstone.

"With the Port Pirie solution potentially upgrading its port facilities to meet the needs of the state's new iron ore producers the potential of the Braemar will be unlocked," Mr Sheard said.

"Carpentaria is focused on delivering this important project for the benefit of all stakeholders. We are rapidly moving from exploration to becoming a mid-tier mining house, with a strong and diversified project pipeline capable of generating sustained growth in shareholder value."

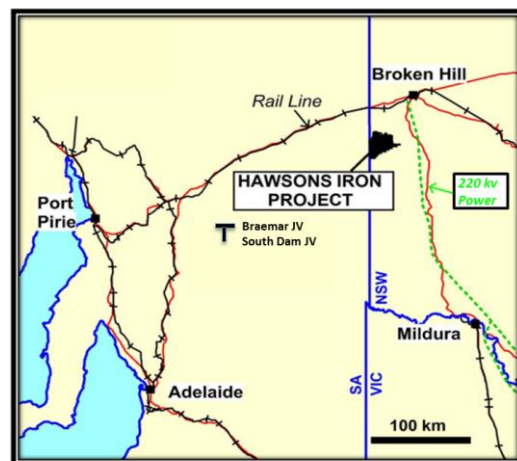


Figure 1. Location of Hawsons Project

Nick Sheard
Executive Chairman

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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 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 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.

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.