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CARPENTARIA EXPLORATION LIMITED

We find it. We prove it. We make it possible.

CAP *unearthed*

Iron ore a winner

Respected industry analyst, Professor Allan Trench has crunched the numbers and once again determined Carpentaria Exploration is one of Australia's "Top 100 Resource Stocks".

In a recent issue of *Resourcestocks*, Dr Trench picked CAP as showing "demonstrably greater potential than [its] peers," placing the company in the iron ore category of miners.

Writing in *International Longwall News* in March 2012, he noted that the latest 2015 CRU commodity price rankings had placed iron ore among the bulls in terms of average forecast price performance.

Tin and nickel also made the list, giving Carpentaria three expected winners among its range of projects.

SILVER CITY ON THE MOVE

Known as the birthplace of Australia's mining industry and the world's biggest mining company, Broken Hill is an address that Carpentaria Exploration (CAP) is proud to share.

Famous for its silver, lead and zinc mines, the "silver city" is now becoming the centre of a new iron ore province, with Carpentaria's projects in the Braemar Iron Formation right at the heart of it.

After the success of last year's inaugural event, Carpentaria is returning for the Resources & Energy Symposium (RES) Broken Hill 2012. Carpentaria is proud to be a Gold Sponsor of this important local conference which runs from May 20-23 at the Civic Centre Broken Hill.

Featuring key industry players, investors, analysts and world-class international speakers, the event has put Broken Hill and its mining industry back on the map and is rapidly becoming a mainstay of the resource industry's calendar.

Together with Carpentaria, the event features presentations by Chris Hartcher MP, NSW Resources and Energy Minister; former Deputy Prime Minister John Anderson; Flinders University Chancellor Emeritus Sir Eric Neal; and event patron, Professor Ian Plimer of Adelaide University.

Don't miss the May 21 presentation (11.30 – 11.40 am) by Carpentaria's Business Development Manager, Quentin Hill.

The presentation will provide an update on Carpentaria's activities in Broken Hill, including its flagship \$3.2 billion Hawsons Iron Project. Carpentaria also has a booth at the event with more information available.

Along with the speeches and exhibits, the event offers attendees a taste of Broken Hill, with the RES Gold Cup Camel Race and the Australian Outback Golf Challenge. Both competitions were won by CAP teams last year and Carpentaria is keen to defend its trophies.

Welcoming the inaugural event, Broken Hill Mayor Wincen Cuy wrote in the *Barrier Daily Truth*: "Companies are once again starting to explore the region and now we are hearing about gold, cobalt, copper, tin, tungsten, silver, uranium and iron ore, just to name a few...Of course, all the numbers have to stack up so each venture can get a start, but how great would it be for the city and its future if even one could make a start."

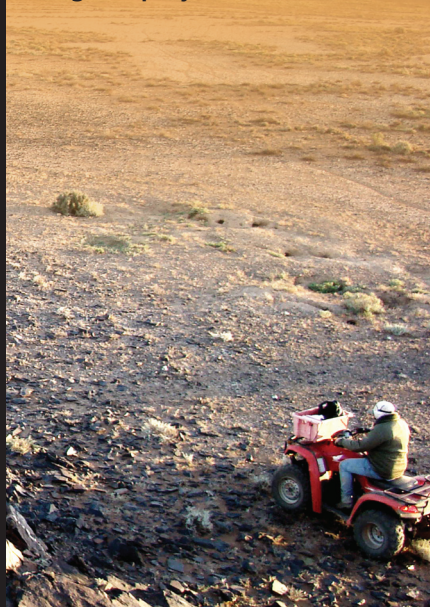
Your Investment Property magazine has rated Broken Hill as one of the country's most sustainable mining towns, due to its industry diversity and project pipeline.

It promises to be another informative and entertaining week and we hope to see you there. Note students and locals can attend at a discounted delegate rate of \$110.

For more information on the event, refer to <http://res2012.symposium.net.au/>

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Nick Sheard
Executive Chairman

Shareholders are as impatient as I am to deliver increased value from our Hawsons Iron Project.

Over the past few months, the board and management have been working hard to realise a successful outcome concerning the joint venture agreement, and we are confident of delivering this company-making project for the benefit of all.

Carpentaria has also been active in strengthening its board, in preparation for our evolution from a successful explorer to a cash-flow generating mining company.

I am very pleased by the calibre of our recent appointments, comprising former Geoscience Australia CEO Dr Neil Williams and experienced industry executive Paul Cholakos.

These new non-executive directors have added great experience, with our board now encompassing skill sets ranging from exploration and geology to project management, legal and business expertise, and a network of contacts extending from China to Canberra.

The current president of the 34th International Geological Congress, Dr Williams has won numerous Australian and international awards in his field, with a track record of success in both the public and private sectors.

Like myself, Dr Williams is a strong believer in the use of geophysical methods to identify new mineral discoveries, and his experience leading Australia's national geoscience agency is a major asset to the company.

Paul Cholakos has important project management, team building and business skills, having led multiple project teams on the construction and evaluation of oil and gas and mining projects worth billions of dollars.

Carpentaria continues to be active in new project generation, as part of our strategy of acquisitions and divestments to grow shareholder value.

Dr Williams says he joined Carpentaria because it's a "can do" company, and we have no intention of disappointing him or our loyal shareholders.



+ PROJECT UPDATE **HAWSONS IRON PROJECT**

Exploration drilling at the Hawsons Iron Project

Decision time for Hawsons

Carpentaria is set to launch the Bankable Feasibility Study (BFS) for the Hawsons Iron Project within months, which could lead to the development of a new magnetite mine just 60 kilometres from Broken Hill by 2015.

The largest new magnetite resource in New South Wales, Hawsons has a forecast mine life that could extend for more than 50 years based on the exploration target, providing new jobs, exports, royalties and other economic benefits to the region.

This month is shaping up as being key to the future of the company's flagship project, which has been valued at \$3.2 billion based on a positive pre-feasibility study (PFS).

Under a joint venture agreement (JVA) with Bonython Metals Group (BMG), the company's 40% project partner can elect to contribute \$25 million to Carpentaria by the close of business on May 15 and commit to the BFS to earn 51%.

BMG is now under the control of a liquidator. The JVA stipulates that if BMG elects not to continue with the JV farm-in, and Carpentaria is approached by a third party with a bona fide offer to acquire all of BMG's percentage share, then BMG must sell its percentage share in the JV to that party for consideration which is at least equal to the amount of the total cash contributions made by BMG to the Hawsons project at that time, totalling \$13 million.

In the event BMG does not continue in the JV, then a subsidiary of Carpentaria may elect to acquire BMG's percentage share also under these terms.

Due to the continued growth in demand for magnetite, the project's favourable economics and access to infrastructure, Carpentaria is confident of achieving a good outcome for shareholders.

"We anticipate launching the BFS in the next couple of months and completing it within two years," Carpentaria's Executive Chairman, Nick Sheard said.

"Other planned activities include obtaining the necessary regulatory approvals, continuing the environmental studies, upgrading the resource and defining the mining and processing options for the BFS."

Importantly, Hawsons is located close to rail, road, power and water infrastructure, in addition to having access to skilled labour from a traditional mining centre.

In March, the project got another jump ahead of the queue with the signing of a Memorandum of Understanding (MOU) with Flinders Ports for the use of Port Pirie in South Australia as a long-term handling, storage and loading solution for the company's iron ore exports.

"The initiative by Flinders Ports provides the opportunity to export Hawsons' expected initial output of 5 million tonnes per annum 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," 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."

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

Port Pirie has shown strong support for the agreement, with Mayor Brenton Vanstone telling the *Port Pirie Recorder* he was excited by its potential to boost the state's second-largest port.

Meanwhile, Carpentaria is continuing to progress work with the CSIRO on further optimising the processing stream for Hawsons, potentially reducing costs due to its soft ore and excellent magnetite liberation.

Foothold on Braemar Iron expands

Carpentaria's position as a leading tenement holder in the highly prospective Braemar Iron Province has been boosted by a recent joint venture (JV) agreement.

In January, Carpentaria signed a JV with Maosen Australia Pty Ltd covering over 20km of the highly prospective **Braemar Iron Formation** in South Australia (EL3998).

This agreement together with the **Hawsons Iron Project**, the **South Dam JV** and the new **Torrowangee EL** in NSW, have given the company a combined 1,182 square kilometres of tenement holdings and more than 81km collective strike of magnetite siltstone.

At the **Braemar JV**, the company is already conducting a ground magnetic survey on the tenement, which will be followed by ground sampling and drilling later this year. Only limited magnetite exploration has occurred at EL3998.

The JV agreement provides for Carpentaria earning a 60% interest by defining a 200 million tonne magnetite resource within three years of initial access.



Nick Sheard, right, signs a joint venture with Maosen Australia over the Braemar Iron Formation

Carpentaria continues to be an aggressive explorer, having committed a \$3.5 million budget for greenfields exploration in fiscal 2012.

Recent exploration activity has included the **Broken Hill Tin and Tungsten/Base Metal Project** (CAP 100%) located near Broken Hill.

Spanning 932 sq km, the project includes the Yanco Glen Inferred tungsten Resource and two historical tin fields at Euriowie and Waukeroo.

Carpentaria aims to establish a cluster of tin and tungsten deposits near Broken Hill that can be easily mined at low cost and processed at a centrally located plant.

The company is continuing drilling at Yanco Glen and is part way through a 2000-2500m, 20 hole reverse circulation (RC) program, aimed at confirming and extending the existing resource.

Should the drilling prove successful, financial modelling shows that Yanco Glen could become a profitable small mine.

Also near Broken Hill, a 10 hole, 1322m RC drilling program was completed at the **Koonenberry Nickel/PGE Project** (CAP 100%) during the March quarter.

Other projects include the **Temora Gold/Copper Project** (CAP 100%), located in the Lachlan Fold Belt near Wagga Wagga, NSW, where drill testing is due to commence following approvals.

At the **McDougalls/Torrowangee Iron Ore Project**, drilling should be completed in the June quarter at historical drill hole PD81YA2, which has shown potential for magnetite mineralisation.

Carpentaria is also seeking land access at the **Barellan** licence (CAP 100%) located in the western Lachlan Fold Belt, which was granted during the March quarter.

The company continues to generate new projects, having applied for an area within the southern New England Fold Belt near Tenterfield, NSW seen prospective for gold.

Carpentaria in the community

Mannahill Railway Station restoration

Carpentaria is committed to supporting the communities in which it operates, having contributed to last year's Queensland Premier's Flood Relief Appeal as well as supporting the Resources & Energy Symposium Broken Hill as a Gold Sponsor.

Recently, the company has assisted the restoration of the historic Mannahill Railway Station by the Mannahill War Memorial Inc, a community-based association.

One of the easternmost settlements in South Australia, the railway station was first built in 1886 to support gold mining and pastoral activity. Although no longer in use, the station is situated on the same line planned to transport Carpentaria's iron to Port Pirie.

Recent work has involved cleaning up the interior of the landmark railway station, with future plans including repairing and painting the station's roof and painting the gutters.

On completion, the project will ensure an invaluable cultural heritage icon for South Australia is restored for the benefit of all, including potential tourism-related activities.

The company has also demonstrated its concern for the needs of the community through the Port Pirie agreement with Flinders Ports, which minimises the potential impact on city infrastructure and traffic.

Carpentaria has continued to inform the community of its plans, including a recent presentation at the invitation of the Rotary Club of Broken Hill South.



Small caps post record gains

Australian small-cap stocks have enjoyed their best start to a year on record, and the miners could be set to join them.

According to the *Australian Financial Review*, the S&P/ASX Small Ordinaries Index surged 13.9% in the March quarter, its biggest gain since records began in 1990, with the Small Resources Index posting a respectable 8.7% rise.

In a report dated April 3, reporter Brendon Lau forecast that mining stocks would likely play "catch up" for the next few quarters as market sentiment improved.

"Commodities do not even have to rally to spark a re-rating – they just have to stabilise. Most analysts rate the probability of that happening as high," he wrote.

The prospects for iron ore prices remain strong, with Rio Tinto saying 100 million tonnes of new iron ore supply is required every year for the next eight years due to demand from emerging markets.

A predicted supply bottleneck provides a strong impetus for new sources of iron ore.

"Carpentaria's Hawsons project is set to come into production at a time of strong – and rising – iron ore prices," Carpentaria's Exploration Manager, Doug Brewster said.

"Should the project delays forecast for Africa and other regions eventuate, there will be considerable opportunities for producers in lower sovereign risk jurisdictions such as Australia."

Importantly, global hematite iron ore grades are declining, making high-grade magnetite even more valuable.

As of April 29, the price for 55% hematite was averaging US\$128.98 per tonne (t), compared to US\$161.81/t for a 69% magnetite concentrate as expected to be produced at Hawsons.

This premium of US\$32.83/t for the Hawsons product would offset processing costs, giving Carpentaria an advantage over lower-cost hematite producers.

"With the growth of arc furnaces, cleaner-burning magnetite is going to become a highly sought after product," Carpentaria's Executive Chairman, Nick Sheard said.

At an estimated cost to land in China of US\$63/t, the Hawsons product compares favourably with Western Australian hematite, while having superior access to infrastructure compared to many proposed projects.

ON THE CONFERENCE TRAIL

From Hong Kong to Broken Hill, Sydney and Adelaide, Carpentaria has continued to attract international attention at a range of mining industry conferences.

In March, Carpentaria exhibited at the Mines and Money Hong Kong conference, which brought together nearly 3,000 institutional investors, mining entrepreneurs, brokers and investment analysts for five days of networking, investment analysis and deal making.

Carpentaria's delegates to the Hong Kong event were impressed by its scale and global audience.

"Carpentaria has participated in Mines and Money Hong Kong for the past two years, and each year it continues to get bigger and better," Carpentaria's Business Development Manager, Quentin Hill said.

"The interest from Chinese, Hong Kong and other overseas investors was extraordinary and we saw it as an excellent opportunity to promote our company to an informed international market."

With the upcoming RES Broken Hill 2012 and other conferences in Perth and Brisbane, Carpentaria is set to gain even more followers as it showcases its range of attractive projects.

Carpentaria in the news

Carpentaria continues to attract media interest in its activities. Here is some of the latest coverage:

ABC Rural

"Ports deal helps proposed Broken Hill iron ore project"
(March 22, 2012)

Advertiser

"Iron ore boost in sight for Port Pirie"
(March 22, 2012)

Barrier Daily Truth

"A miner with the Midas touch"
(February 3, 2012)

Paydirt

"New look for Hawsons on the horizon"
(April 2012)

Port Pirie Recorder

"Welcome, Carpentaria"
(March 27, 2012)

Investor calendar

Key upcoming dates for Carpentaria shareholders:

May 20-23

RES Broken Hill 2012

June 26-27

Iron Ore Project Development & Logistics Conference, Perth

July 31

June quarterly report due

August 5-10

International Geological Congress, Brisbane

September 28

Annual Financial Report due

October

September quarterly report due (October 31)

Annual Report

Mining 2012 Resources Convention, Brisbane (October 31 – November 2)

November

Annual General Meeting (Brisbane)

Company updates

Keep updated on Carpentaria's activities by joining the mailing list.

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Carpentaria at RES Broken Hill 2011