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CARPENTARIA EXPLORATION LIMITED

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

CAP *unearthed*

'Win-win outcome'

Carpentaria's Executive Chairman, Nick Sheard, said the new joint venture agreement was a "win-win" outcome, having followed extensive discussions on the best way forward for all shareholders.

"The new joint venture with Pure Metals and through them, Silvergate offers benefits to all parties. For Carpentaria shareholders it gives access to additional funding in the short term and allows critical project momentum to be maintained.

"It also allows both parties to commit maximum efforts to securing the significant development partner that a project of Hawsons' scale needs," he said.

"With this agreement, Carpentaria and Pure Metals/Silvergate can work cooperatively on the common goal of moving Hawsons from the study phase into becoming a profitable mine for the benefit of Broken Hill, our shareholders and the nation."

Recent processing test results have confirmed Hawsons' potential to become a major producer of high quality iron concentrate, at a cost competitive with current Australian hematite exporters but with potentially higher margins.

NEW JOINT VENTURE SIGNED FOR HAWSONS

Broken Hill and Carpentaria Exploration's future have received a major boost, with a new agreement set to speed development of the largest new magnetite mine in eastern Australia.

On May 6, Carpentaria announced the signing of a new joint venture with Pure Metals, an associate of major shareholder Silvergate Capital, regarding the Company's flagship Hawsons Iron Project.

The agreement followed the signing of an initial terms sheet on March 27.

Under the deal, Pure Metals has agreed to contribute \$5 million towards a Bankable Feasibility Study (BFS) for Hawsons – an excellent result in the current investment climate, and the funding allows the project schedules to be maintained.

An additional \$3.8 million is payable to Carpentaria, with Pure Metals gaining the

40% stake in the project previously held by Bonython Metals Group.

Both Carpentaria and Pure Metals have committed to developing a work program by June for the BFS.

Under its project timeline, Carpentaria aims to conclude the Environmental Impact Statement and secure a mining licence next year, with the launch of production anticipated in 2016.



Nick Sheard speaks at RES Broken Hill 2012

COMPETITION: JOIN US AT BROKEN HILL!

It's on again! Join Carpentaria at the May 19-22 Resources & Energy Investment Symposium (REIS) Broken Hill, which will again put the spotlight on the birthplace of Australia's mining industry.

Win a delegate ticket for entry from May 20 by emailing us at info@capex.net.au, stating in 25 words or less how Broken Hill can become Australia's top mining town.

Please include "newsletter competition" in the subject line and your name and contact details (email/telephone) in the body.

Entries close midnight (AEST) on Monday, May 13, with the winner to be contacted directly on May 14.

See you at the conference!

NB: Conditions apply on delegate tickets entry to REIS Broken Hill. Carpentaria reserves all rights concerning entry to the conference.

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19-22 MAY 2013
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See the latest updates at
reis2013.symposium.net.au

2 NICK'S NOTES



Nick Sheard
Executive Chairman

Carpentaria Exploration remains steadfast in our growth strategy and I am pleased to report we are on track to achieve our goals.

In my last newsletter column, I wrote of the need to ignore the hype and consider the facts objectively, and that remains more important than ever.

Consider some recent economic events of interest to shareholders:

- The US sharemarket has hit new record highs, with investors confident in the outlook for the world's biggest economy. An improved housing market and growing consumer spending have boosted growth forecasts for 2013.
- China is predicted to grow its economy another 8% this year and 8.2% in 2014, according to the International Monetary Fund.
- India will expand by around 6% a year for the next two years, while Japan and South Korea will grow by around 2%, adding to the continued strength of Asia's economy, according to the IMF.
- Iron ore prices remain above US\$130 a tonne, with major miners such as Vale indicating prices above US\$110 a tonne are sustainable. In this regard, our forecast of approximately US\$50 a tonne free on board costs for Hawsons concentrate make the project very profitable, being similarly priced to Australian hematite producers.

Over the past six months, Carpentaria has made significant progress towards the launch of a Bankable Feasibility Study (BFS) for the Hawsons project. Pilot plant tests have demonstrated that high-quality iron concentrate can be produced from the project at low cost, with potential to further reduce capital and operating costs.

In November, the New South Wales Government declared it a 'State Significant Development' project, paving the way for environmental studies as we work to secure a mining licence by 2014 and production in 2016.

The signing of a new joint venture with Pure Metals has further boosted the project, giving access to the funding required for the BFS. Both parties are committed to securing a major development partner to advance Hawsons in the shortest possible timeframe.

Importantly, the agreement has given Carpentaria additional funds for other exploration across our portfolio, including the Broken Hill Tin-Tungsten Project and our growing gold and iron ore interests.

I look forward to this month's conference in Broken Hill, where we will outline our vision for bringing jobs and investment to the region, and wealth for our loyal shareholders.

PROFILE

Paul Cholakos
Non-Executive Director

Paul Cholakos joined Carpentaria as a Non-Executive Director in April 2012. A mining engineer with more than 25 years experience, Paul has been involved with major oil and gas and mining projects worth billions of dollars around the world.

Having worked at projects in Australia, Central, North and South America and Papua New Guinea, Paul's international experience has given Carpentaria's Board an extra dimension in its push towards moving the Hawsons Iron Project into production.



Why did you join Carpentaria?

The key elements to success as an exploration company are having a great team of people and good projects, as well as achieving success early.

Carpentaria has done that at Hawsons, a project which will become a mine. I want to help Carpentaria move from a purely exploration business into a reasonable-sized production and exploration business.

You've been involved with some big projects in the past. What makes Carpentaria different?

It's principally the scale involved. Exploration is where you can make a big difference in value – get good people and resources and everything else flows from it.

What's been your biggest career achievement?

The highlight is always what I'm going to do next, whatever it may be. What gives me the greatest buzz though is having a positive impact on people – helping groups of people come together to form high performing project teams. Whether it's a big project or small, it's always a thrill when it happens.

What inspires you?

The goal is to always leave everything in a better state than when you found it, whether that's at work or play. It's great when I'm able to do that, and seeing other people who do it.

What do you do in your spare time?

I like to get out for some exercise, whether it's a run, swim or bicycle ride, as well as spending time with my family and friends.

What's the outlook for Carpentaria?

Fundamentally, Carpentaria has excellent people and good ground, and that's a proven combination. A strong asset like Hawsons is a key plank towards building CAP's future.

We have some good skills within the Company and on the Board in terms of joint venture development experience which will prove invaluable in this process. No one has a monopoly on good ideas and it's important to consider different perspectives.

Carpentaria in the community

Solar weather station helps landholders

Broken Hill landholders have been given a valuable source of local weather data, following Carpentaria's installation of a solar-powered weather station for the Hawsons Iron Project.

Since last year, the local Wonga and Burta stations have been given access to the information, which includes valuable rainfall figures.

The weather station was installed in March 2012 at Wonga station, around 60 kilometres south of Broken Hill, to obtain

essential environmental information for the project's Environmental Impact Study.

Data on local temperatures, wind speeds, wind direction and total rainfall is collected and uploaded via the internet directly to Carpentaria's head office.

For Carpentaria, helping local landholders is an essential part in building a strong relationship with the community.

"Being a weather broadcaster probably isn't what people would expect of a mining company! But for Carpentaria, we saw it as an opportunity to further support the local landholders, who are key to the success of the Hawsons project," said Project Director Ray Koenig.

"It's all part of our commitment to the region, which has included being a Gold Sponsor of the REIS Broken Hill event and helping restore the historic Mannahill Railway Station in South Australia."



Carpentaria's Project Geologist, Mick Tschaban at the Hawsons Iron Project weather station

+ EXPLORATION UPDATE

Finding the next Hawsons

After two discoveries in three years, Carpentaria has quickly established a record of successful exploration but the Company is not resting on its laurels. The search continues to find the next Hawsons - another "company making" project which would further boost Carpentaria's project pipeline.

The Company's position as the dominant tenement holder and first mover in the Braemar Iron Province was given a boost in February 2013, when Carpentaria resumed full ownership of the **South Dam Iron Project** in South Australia. Located 200 kilometres north of Adelaide, the project is contiguous with the **Braemar JV**, where similar magnetite-bearing siltstones to those of the Hawsons project have been identified.

Together with South Dam and the Braemar JV, Carpentaria has gained control of 32 strike kilometres of the south-western portion of the province. The South Australian Government has included the Braemar region in its planning for an estimated \$60 billion worth of minerals and energy projects under development over the next decade.

In October 2012, Carpentaria announced the doubling of the tungsten Inferred Resource at the Yanco Glen prospect, comprising **3.4 Mt at 0.11% WO₃ (tungsten trioxide) at a 0.05% WO₃ cut-off, containing 3,950 tonnes of WO₃.**

Carpentaria aims to establish a cluster of tin/tungsten deposits with coarse-grained mineralisation near Broken Hill which can be easily mined at low cost and processed at a central plant.

Tin is one of the most valuable metals on the London Metal Exchange, currently priced at around US\$21,000 a tonne. According to industry body ITRI, supply

constraints and demand growth for non-toxic, lead-free solders will boost prices towards US\$25,000 per tonne.

Elsewhere in the project area at Corona, recent results from a soil survey included **35 parts per billion (ppb) gold, 228 ppm copper and 42 ppm nickel**, with further investigations planned.

Meanwhile, Carpentaria has assembled a number of gold projects across New South Wales, including the **Barellan, Glen Isla, Temora** and **Toolom** projects.

Carpentaria continues to pursue a strategy of low-cost project acquisition, with the new **Advene Gold Project** in the central Lachlan Fold Belt the latest such example. Pending its grant, the project contains the Advene or Mt Wilga Prospect which was explored for gold during the 1980s, with historical results including **16m at 6.95 ppm gold**.



Exploration drilling at the Hawsons Iron Project

Down Under on top of the world

Carpentaria's domestic focus has been supported by a new US report, which has rated Australia as the best place in the world for mining investment.

According to the report by mining industry advisory group Behre Dolbear, Australia scored 56.3 out of a possible 70 points, ahead of rival mining nations such as Canada, Chile, Brazil and Mexico. The ranking was based on seven criteria, comprising currency stability, economic and political system, corruption risk, social issues, permitting delays and tax policy.

"The supply and demand fundamentals for key minerals remain strong, in particular, due to various supply constraints highlighted by declining resource quality and falling rates of new productive capacity. The competition for mineral resources will make those countries perceived to have the lowest political risk, all other things being equal, able to attract a significant portion of the global mineral investment as well as receive a premium for their resources over countries where perceived instability exists," the report said.

While noting that market forces in 2013 will be "unpredictable," the US-based advisers said the industry's long-term fundamentals remained unchanged.

"As economies rebound, we will revisit the rapid ramp-up of commodity prices. It is probable that resolution on the direction prices take will occur before this year's end," the report concluded.

400 million Chinese on the move

As the world's biggest consumer of resources, China has attracted much attention, but fears of its slowdown have been overblown, according to AMP Capital chief economist Shane Oliver.

"[The Chinese government's] official target for a doubling in real GDP by 2020 implies annual growth of 7.5% per annum, which is still very strong. In order to achieve this the new government leadership, amongst other things, is focusing on reducing the size of government and opening the economy more to market forces and continuing the urbanisation process," he wrote in his April 5 "Oliver's Insights" report.

"China's urban population has increased from around 20% of the population in 1980 to just over 50% today, but if [South] Korea is any guide it's likely on its way to 80% over the next 30 years. This means an extra 400 million people moving into cities. To achieve this will require massive ongoing investment in housing [and] urban infrastructure."

For companies such as Carpentaria, that can only mean one thing: sustained demand for its resources such as iron ore.



Carpentaria's booth at RES Broken Hill 2012

+ ASIA AWARD

Carpentaria has attracted international attention, with the company nominated for a top Asia-Pacific communication award as well as participating in the region's leading mining event.

Last November, Carpentaria was named a finalist in PublicAffairsAsia's Gold Standard Awards 2012, in the category of corporate financial communications. The award nomination followed Carpentaria's winning of the top national investor relations awards

in 2011 from the Public Relations Institute of Australia.

In March this year, Carpentaria's Principal Geologist – New Business, Quentin Hill, attended the Mines and Money Hong Kong conference, which again brought together more than 3,000 investors and miners for five days of high-value networking.

With upcoming conferences in Broken Hill, Sydney and Brisbane (see Investor calendar), don't miss the chance to meet the team.

Carpentaria in the news

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

ABC Broken Hill (Outback Outlook)

Interview with Nick Sheard
(March 28, 2013)

Barrier Daily Truth

"Company's confidence in new mine grows"
(March 16, 2013)

Gold & Minerals Gazette

"Low costs, high margins expected from NSW iron ore mine"
(January 2013)

Mining Chronicle

"The discoverer's gold adventures"
(March 2013)

Resourcestocks

"Resourcestocks Top 100: Miners seeing green and gold"
(October 2012)

Investor calendar

Key upcoming dates for shareholders, including the opportunity to meet the Carpentaria team:

May 19-22

Resources & Energy Investment Symposium Broken Hill (conference booth and presentation)

July

NSW Mineral Exploration and Investment, Sydney (July 17-18) (presentation)

June quarterly report (due July 31)

September

Annual Financial Report due (September 30)

October

Mining 2013, Brisbane (October 23-25) (conference booth and presentation)

September quarterly report due (October 31)
Annual Report

Company updates

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