Carpentaria Exploration Limited

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16 July 2013

CARPENTARIA EXPLORATION LIMITED

ASX ANNOUNCEMENT

Hawsons Iron Project Update

Highlights

- **Pure Metals assumes management of Hawsons Iron Project**
  - **Project team is retained providing continuity**
- **Pure Metals to pay CAP $2.8 million within 60 days**
- **Positive testwork results demonstrate further potential to reduce estimated capital and operating costs**
  - **Potential to reduce water requirement by over 30%**
  - **Hydro-separation removes additional silica from concentrate**
- **Project work continues**
  - **Significant aquifer test drilling planned**
  - **EIS continues**
  - **Preparation of Mining Lease Application**

Project Management and Future Program

Pure Metals has assumed management of the Hawsons Iron Project to implement a $5.0m program agreed by the joint venturers and sole funded by Pure Metals.

Key project personnel, including Project Director Ray Koenig have been retained by Pure Metals, ensuring continuity. The program is now overseen by a Management Committee chaired by Carpentaria.

The program is designed to maintain bankable feasibility study critical paths, and priority work includes:

- Significant test drilling of the proposed saline aquifer to confirm estimated flow rates and water quality
- Expand the scope of stakeholder consultation
- Continue detailed studies and monitoring for the Environmental Impact Statement including consideration of water and transport corridors in NSW
- Preparation of a Mining Lease Application

Pure Metals has been funding the project since May 2013. Under the terms sheet Pure Metals is required to pay Carpentaria a further $2.8 million. It has been agreed by the joint venturers that this payment will be made within the next 60 days.

Executive Chairman Nick Sheard said “the retention of the Project team and the continuation of the BFS is great for the project. The program in place characterising the aquifer, in particular, should add great value to the project. A water supply 80km from site is a significant potential positive for the Hawsons Project.”

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Processing Test work

Testwork completed by Outotec has demonstrated that the project water requirement can be reduced by over 30% to that assumed in the prefeasibility study (refer announcement 21st November 2011). If realised, this saving will also significantly reduce the footprint of the large tailings and water reclamation facility and stop the need to construct a tailings embankment leading to very significant reduction in capital costs and operating costs. This very encouraging result has been achieved by investigating conventional paste thickening of tailings.

Carpentaria has previously stated that sufficient project water is available with acceptable drawdown for the life of the project, based on existing bore hole data.

Indicative hydro-separation test work, also carried out by Outotec, has confirmed the potential to upgrade the concentrate significantly with results showing significant rejection of waste and very low loss of magnetic iron. Hydro-separators are designed to remove additional silica and other impurities from the concentrate stream.

Hydro-separation is low cost and included in the current flowsheet. The results were better than expected. These results combined with small scale ball mill results reported last quarter indicate there is potential to produce a high grade quality concentrate without the need of Isa Milling, potentially removing one stage of grinding and further reducing capital and operating costs. This will be tested in future pilot plant testwork.

About Hawsons Iron Project

Located 60 kilometres south-west of Broken Hill, the Hawsons Iron Project includes an Inferred magnetite Resource of 1.4 billion tonnes (Bt) at a Davis Tube Recovery (DTR) of 15.5% (12% cut-off) for 220 million tonnes of high grade (69.9% Fe) iron concentrate and an Exploration Target[2] of 6-11 Bt at 14-17% DTR for over 1,000 million tonnes of concentrate (refer ASX Announcement 23rd May, 2011).

Results of a Pre-Feasibility Study (PFS) were updated following a mining optimisation study and were released to the ASX on 21st November 2011. The results were very positive and, as such, Carpentaria has continued to develop the project, increasing its value.

The project is favourably located with existing power, water, rail and port infrastructure available for a 5-10 mtpa start-up operation. In November 2012, the New South Wales Government declared Hawsons a 'State Significant Development' project, also providing the Director General's Requirements for an Environmental Impact Statement.

For further information please contact:

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.

[2] *The 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.*