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9 July 2014

Level 6, 345 Ann Street Brisbane
Qld 4000

PO Box 10919, Adelaide St
Brisbane Qld 4000

e-mail: info@capex.net.au

For further information contact:
Quentin Hill
Managing Director
Phone: 07 3220 2022



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ASX ANNOUNCEMENT

Carpentaria takes management, Pure Metals earns 40% of Hawsons

Highlights

- **Carpentaria reappointed manager of Hawsons JV**
- **Pure Metals earns 40% interest in Hawsons JV**
- **Partners progressing with development work**

The Board of Carpentaria Exploration Limited (ASX :CAP) is pleased to announce that on 20 June 2014 it was reappointed manager of the Hawsons Iron Project joint venture following a twelve month period under partner, Pure Metals' management.

In addition on 4 July 2014, Pure Metals earned its 40% share of the joint venture following meeting its expenditure commitment of \$5 million to the project over the past twelve months.

Decisions over programs and budgets for the joint venture rest with the JV's management committee, in which Carpentaria has a majority vote through its 60% JV interest.

Managing Director Quentin Hill said, "Regaining management of our major asset is a very important step as it provides the opportunity to progress Hawsons through development and build Carpentaria into a long lasting, low cost, premium iron producer.

"The successful earn-in by Pure Metals has put the joint venture on a very stable footing and I look forward to progressing the project with Pure Metals into the future," he added.

Under the joint venture agreement, to earn 40%, Pure Metals had to pay \$3.8 million cash and spend \$5 million on project development over 12 months. Pure Metals has met its commitment by spending \$4.4million and depositing the shortfall of \$0.6million into the manager's joint venture account as required under the agreement.

The parties will now contribute to the joint venture pro-rata or dilution applies under a standard formula.

Pure Metals' Director, Edward McCormack said, "this marks a significant milestone for Pure Metals' investors and we are pleased to have contributed to the progress of the Hawsons project over the last 12 months. We look forward to working closely with Carpentaria to increase the value of the project in the future."

During the past 12 months, Pure Metals has overseen \$4.4million of expenditure and significant progress of the project including:

- establishment of a very promising 10Mtpa concentrate production case;
- confirmation of a viable project water source; and
- significant progress in the environmental impact statement and submission of a mining lease application.

Carpentaria will maintain the same project development leadership, including Ray Koenig as Technical Director, and may strengthen this team as required. This will ensure continuity of management and that a high level of expertise and experience is utilised.

Development work is continuing with a focus on increasing infrastructure certainty, product market development and project approvals.

The Hawsons Iron Project joint venture is currently undertaking a bankable feasibility study based on production of a premium, low cost iron concentrate product.

The project is located 60km southwest of Broken Hill, an ideal position for mining operations with existing power, rail and port infrastructure available for a conceptual 10 Mtpa start-up operation. A mining lease application has also been lodged.

The Hawsons Iron Project's soft rock is different from traditional hard rock magnetite and allows a fundamentally different approach from typical magnetite mining and processing challenges (both technical and cost-related). The soft rock enables simple liberation of a premium magnetite product without complex and expensive processing methods.

The project is underpinned by Inferred and Indicated Resources totalling 1.8 billion tonnes at 15% mass recovery for 263 million tonnes of concentrate grading at 69.7%Fe. The resource has not materially changed since last reported (ASX Announcement 26 March 2014 and table below).

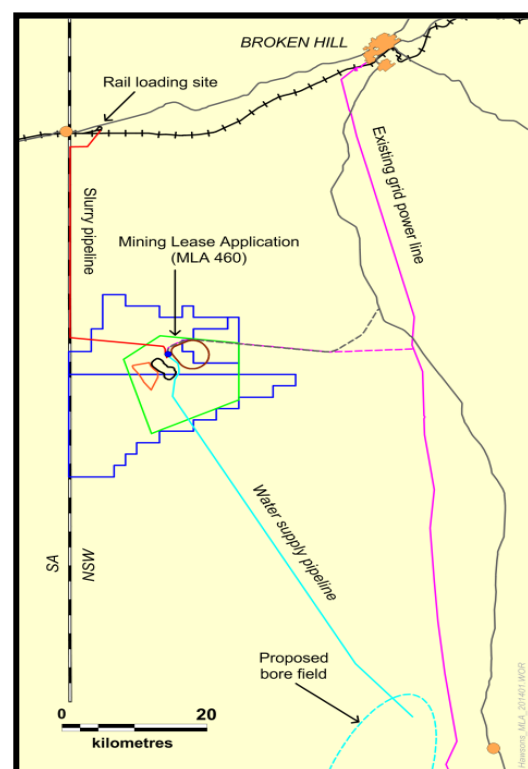


Figure 1. Hawsons location plan and proposed and existing site infrastructure

Category	Billion Tonnes (cut off 12% mass recovery)	Magnetite mass recovery(%)	concentrate grades					Contained Concentrate million tonnes
			Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%	
Inferred	1.55	14.7	69.6	2.9	0.20	0.004	-3.0	228
Indicated	0.22	16.2	69.8	2.8	0.20	0.005	-3.0	35
Total	1.77	14.9	69.7	2.9	0.20	0.004	-3.0	263

Table 1 JORC compliant resources- Hawsons Iron Project

For further information please contact:



Quentin Hill
Managing Director
+61 7 3022 2022

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The information in this report that relates to Exploration Results, Exploration Targets and Resources is based on information evaluated by Mr Q.S. Hill who is a member of the Australian Institute of Geoscientists (MAIG) and who has sufficient experience 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Hill is a Director of Carpentaria Exploration Ltd and he consents to the inclusion in the report of the Exploration Results in the form and context in which they appear.