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17 September 2014

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ASX ANNOUNCEMENT

Hawsons rail-port-marine prefeasibility commences; site power study underway

Highlights

- Rail-port-marine prefeasibility study jointly funded by the joint venture and Flinders Ports has commenced
- A network capability study by TransGrid to determine reinforcement works required on the existing power infrastructure has commenced
- Targeted project development and value adding continues at Hawsons

The Board of Carpentaria Exploration Limited (ASX:CAP) is pleased to announce that a prefeasibility study into the rail, port and marine export solution through Port Pirie for the Hawsons Iron Project has commenced. The project is a joint venture (JV) between Carpentaria Exploration (60%) and Pure Metals (40%).

The study, to be done by GHD, is jointly funded by the port operator, Flinders Ports and the JV and will provide options to export magnetite concentrate using the port at Port Pirie. The options will be assessed based on what is best for the community, the project and the environment.

Carpentaria has also engaged TransGrid to conduct a network capability study into the anticipated reinforcement works needed to existing infrastructure to provide power to the Hawsons site.

Preliminary investigations by the JV have indicated these works will not be extensive and will not include costly additional poles and wires.



Aerial view of the port at Port Pirie

Managing Director, Quentin Hill said, “The two studies, once completed, will further demonstrate that the benefits of existing infrastructure to the Hawsons project are real and are key points of difference for the project. They enhance the project’s development prospects by reducing the development capital required by up to \$1 billion and reducing the approvals and development timeframes.

“The two studies will add a great deal of certainty to the project, we have had independent consultants suggest that Port Pirie can provide an efficient and viable export solution and we expect to demonstrate this. A sustainable supply chain that is environmentally sound and supports the Port Pirie community is our goal,” he said.

The completion of the TransGrid network capability study will also provide a significant boost for the project, demonstrating that an efficient connection to the comparatively low cost energy from the National Electricity Market (NEM) is feasible.

Carpentaria is pleased to have a high quality project partner in Flinders Ports and an experienced corporation such as TransGrid assisting the studies. Importantly, Flinders Ports is contributing half the cost of the rail-port-marine study providing good value for Carpentaria shareholders.

Rail-port-marine study

The rail-port-marine prefeasibility study will investigate all supply chain options using rail, port storage and marine transport at Port Pirie and then focus on chosen viable options for more detailed study that will include estimates of capital and operating costs.

The study will investigate a 10 million tonne per annum (Mtpa) concentrate export solution that is expandable up to 30Mtpa with multi user capability. The study will build on the review by Balance Resources that found a Port Pirie solution efficient and viable. It concluded that the estimated operating costs of \$21 per tonne to transport concentrate 360km from a rail head near Broken Hill to a loaded ship in the Spencer Gulf are reasonable (refer ASX announcement 28 April 2014).

It is estimated the study will be completed in 4 months.

Network capability study

The Hawsons project is located 35km west of the main power line servicing the city of Broken Hill (Figure 1). This power line gives the project access to the National Electricity Market (NEM).

NEM power prices in NSW are currently materially lower than those available for competing grid connected projects located in South Australia and Western Australia.

Wholesale electricity prices in NSW are approximately \$36/MWh, and the real price in the futures market remains fairly stable. The price paid for power at Hawsons will be the wholesale price plus locational factors and will be subject to negotiation.

Carpentaria has estimated an installed power requirement at the site of 120MW, with usage at 90MW for 10Mtpa concentrate production, well below similar projects with hard banded iron formation ore and key to its low estimated costs.

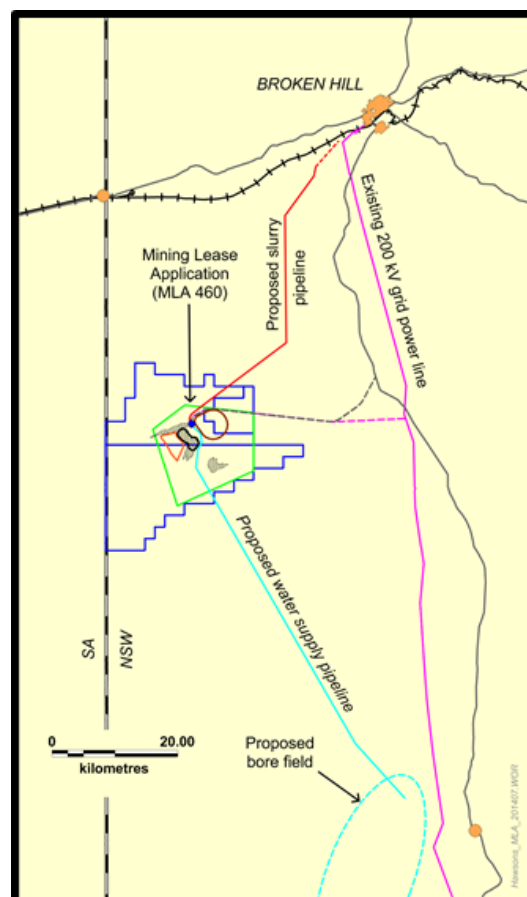


Figure 1. Hawsons location plan and proposed and existing site infrastructure

The network capability study will focus primarily on addressing the existing network limitations to allow the full power requirement to be delivered to the project. The study is expected to be completed in approximately four weeks.

Mr Hill added that the commissioning of these two studies demonstrates the continuing commitment to development of the Hawsons project in a targeted and measured way by the Company that best utilises shareholders' funds and attracts additional participants in the project.

Development work is proceeding, using the \$588,000 cash shortfall from Pure Metals \$5.0m commitment made last year.

The Company will continue to make targeted investments designed to optimise the project economics, add to shareholder value by project de-risking and enhance development prospects.

About Hawsons

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 to 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 (ASX Announcement 26 March 2014 and table below). There has been no material change to the data since the original announcement.

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



Chairman Dr Neil Williams (right) viewing Hawsons drill core with Managing Director Quentin Hill (left)



Project Technical Director Ray Koenig (left) on site with Managing Director Quentin Hill

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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.