Carpentaria EXPLORATION LIMITED

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

ABN : 63 095 117 981 ASX : CAP

27 OCT. 2015

ABOUT CARPENTARIA:
Carpentaria is an emerging producer of iron ore in eastern Australia. The company currently has a majority share in the Hawsons Iron project, in addition to other magnetite interests in the developing Braemar Iron Province.

CARPENTARIA'S AIM:
Build a long lasting, low cost premium iron business

CAPITAL STRUCTURE:
Ordinary Shares 123,987,777

MAJOR SHAREHOLDERS:

Silvergate Capital	18.2%
Conglin In't Invest' Group	11.4%

FINANCIAL
Cash on hand as at 30/9/2015
A$2,525,000

Level 6, 345 Ann Street
Brisbane Queensland 4000

PO Box 10919
Adelaide Street, Brisbane
Queensland 4000

e-mail: info@capex.net.au

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

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CARPENTARIA EXPLORATION LIMITED

www.carpentariaex.net.au

Quarterly Report

For the Quarter ended 30 September 2015

Highlights

- **Bulk test work returns world leading product grades allowing targeting of a global range of customers**
- **Product quality receives very good feedback from potential customers during product marketing visits**
- **Term sheet signed to farm-out two gold projects**
- **Board and Management changes streamline Company structure**

September Quarter Hawsons Iron Project Development Summary

Product Test Work

Once again the product test work returned superb results from the ALS Iron Ore Technical Centre in Perth.

Lab scale upgrade results reported last quarter were replicated in bulk this quarter, producing over 500kg of highest quality pellet feed. The "Supergrade" product contains 70.3% iron, 1.99% silica and 0.3% alumina and would be the highest grade of seaborne traded ore in the world.

The upgrade results were achieved, using simple, low cost elutriation, which means simply using upwelling water to separate lighter particles from heavier, clumping magnetite particles. This upgrade method is another significant processing advantage of the Hawsons ore over other ores that rely on the chemical process of flotation to achieve very high grades (refer ASX Announcement 14 October 2015).

A 250kg sample has been sent to the China Iron and Steel Research Institute (CISRI) for pelletising and steel making performance tests, including product performance when blended with current Chinese ores.

Product Marketing

Phase two of the product marketing programme began with visits by the marketing team to a number of Asian market participants. The product quality received very positive feedback, and the Company will maintain dialogue with a number of potential customers throughout the project development.

The Company also delivered product samples requested by interested parties.

The "Supergrade" results achieved direct reduction quality, and the marketing programme will include targeting this market next quarter in addition to the high quality blast furnace market.

The very high quality of the product separates Hawsons from other iron ore projects and allows access to a global range of markets. The Company, through its continued marketing programme, plans, over time, to secure the off-take support required for project development.

A China market survey conducted by Shanghai Metals Market (SMM) last quarter highlighted the significant reduction in magnetite pellet feed supply and a rising demand for magnetite pellet feed. SMM concluded an extra 50mt of additional pellet feed will be required in China over the next five years, as pelletisers seek high quality and aim to improve environmental outcomes.

Corporate Activity

Gold Projects

Carpentaria signed a conditional Terms Sheet with Faraday Resources Pty Ltd concerning the Barellan (EL 7896) and Combaning (EL 6901) projects. Under the agreement, Faraday, a private exploration company, has the right to earn a 90% interest in the projects.

Board and Management

Board and management changes announced on 8 September 2015 were implemented on 30 September. The changes provide a streamlined and cost effective structure that is best placed to preserve and promote value during this period of challenging market conditions.

About Hawsons Iron Project

The Hawsons Iron Project joint venture (Carpentaria 62%, Pure Metals P/L 38%) is currently undertaking a bankable feasibility study based on the low cost, long term supply of a high grade, ultra-low impurity iron concentrate to a growing premium blast furnace market and the direct reduction (DR) market.

The project has a clear technical and permitting pathway. It 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 been lodged.

The project's soft rock is different from traditional hard rock magnetite and allows a very different approach to the typical magnetite mining and processing challenges (both technical and cost-related). The soft rock enables simple liberation of a product of rare quality without complex and expensive processing methods.

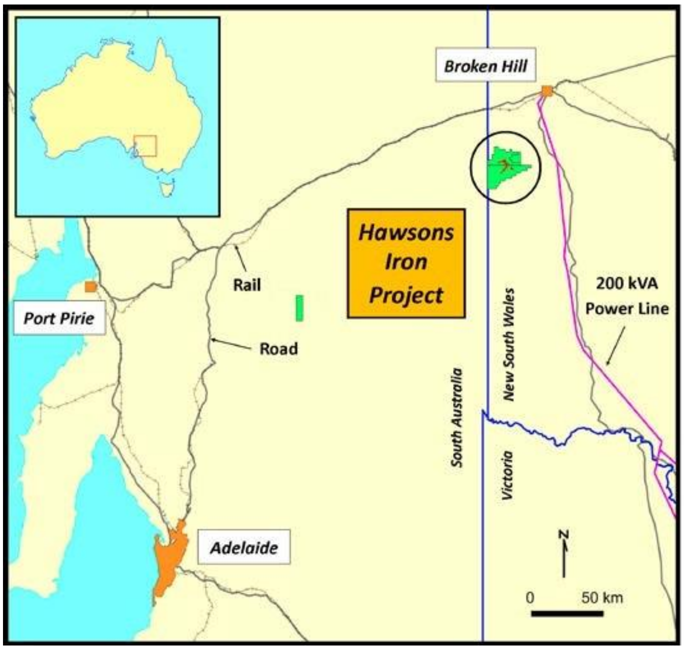

Figure 2 Location of Hawsons Iron Project and Port Pirie

The Company is targeting two markets, the DR market, which requires super high grade ores to meet the exacting requirements of electric arc furnaces, and the growing premium high grade blast furnace market. The targeted cost structure is very competitive and profitable at consensus long-term price forecasts for these sectors, and DR pellets have attracted approximately $50/t premium over the 62% iron fines prices.

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 Company confirms that it is not aware of any new data that materially affects this resource statement since the first public announcement and that all material assumptions and technical parameters underpinning the resource estimates continue to apply and have not materially changed since first reported (ASX Announcement 26 March 2014 and Table 2).

Category	Billion Tonnes (cut off 12% mass recovery)	Magnetite mass recovery (%)	concentrate grades					Contained Concentrate million tonnes
			Fe%	SiO_2%	Al_2O_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 2 JORC compliant resources- Hawsons Iron Project

For further information please contact:

Quentin Hill
Managing Director
+61 7 3220 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.

Carpentaria Exploration Tenement Schedule at end of 2015 September Quarter

Licence		Name	Original Grant Date	Expiry Date	Equity	Sub-blocks	Area (km2)
EL 6901		Combaning	8/10/2007	8/10/2020	100%	21	58.8
EL 6936	1	Euriowie	7/11/2007	7/11/2015	100%	16	46.9
EL 6979	2, 3	Redan	11/12/2007	11/12/2016	62%	62	179.8
EL 7208	3, 4	Burta	22/09/2008	22/09/2020	62%	100	289.7
EL 7504	3	Little Peak	8/04/2010	8/04/2017	62%	14	40.6
EL 7829		Yanco Glen	2/09/2011	2/09/2016	100%	50	146.2
EL 7896		Barellan	6/02/2012	6/02/2016	100%	50	141.7
EL 8082		Tooloom	1/05/2013	1/05/2016	100%	100	297.4
EL 8095	4	Advene	28/05/2013	28/05/2017	100%	100	287.1
EL 8189		Grong Grong	29/10/2013	29/10/2016	100%	148	418.7
EL 5561	5	South Dam	10/12/2014	9/12/2016	100%	27	77.9
EPC 1641	6	Hughenden	27/03/2015	26/03/2017	100%	11	35.5
MLA 460	7, 8	Hawsons Iron	Under application	Under application	62%	n/a	187
Totals			**13 licences and applications**			**699**	**2,209.40**

1. 100% Willyama Prospecting Pty Ltd (wholly owned subsidiary of Carpentaria).
2. 1.5% NSR royalty to Perilya Broken Hill Pty Ltd.
3. JV farm-out; Pure Metals Pty Ltd.
4. Under renewal.
5. Subsequent renewal of EL 4395.
6. Under transfer to Guildford Coal Ltd.
7. MLA made on 18 October 2013; tenement application subject to unspecified grant date and conditions.
8. Subject to the Hawsons Joint Venture with Pure Metals Pty Ltd.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001 ,01/06/2010.

Name of entity

Carpentaria Exploration Limited

ACN or ABN	Quarter ended ("current quarter")
63 095 117 981	**30-Sep-15**

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (3 months) $A'000
	Cash flows related to operating activities		
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	(320)	(320)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(133)	(133)
	(e) business development	(59)	(59)
	(f) redundancies	(139)	(139)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	33	33
1.5	Interest and other costs of finance paid	-	-
1.6	R&D concession received (net of tax advisory costs)	916	916
1.7	Refund of previous development costs	-	-
	Net Operating Cash Flows	298	298
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other - Exploration Advance	-	-
	Net investing cash flows	-	-
1.13	Total operating and investing cash flows (carried forward)	298	298

1.13	Total operating and investing cash flows (brought forward)	298	298
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Share issue costs	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	298	298
1.20	Cash at beginning of quarter/year to date	2,227	2,227
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	**2,525**	**2,525**

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	103
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 relates to Directors Remuneration, Fees and Superannuation Contributions.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	0	0
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation *	400
4.2	Development	0
4.3	Production	0
4.4	Administration	290
	Total	690

Reconciliation of cash

	Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	727	66
5.2	Deposits at call	1,500	2,905
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	2,525	2,971

Changes in interests in mining tenements

		Tenement Reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Number quoted	Issue price per security (see note 3)
7.1	**Preference +securities** *(description)*		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions		
7.3	**+Ordinary securities Quoted**	123,887,777	
	Options Quoted		
	+Ordinary securities Un-Quoted *(restricted)*		
7.4	Changes during quarter		
	(a) Increases through issues		
	(b) Decreases through returns of capital, buy-backs		
7.5	**+Convertible debt securities** *(description)*		
7.6	Changes during quarter (a) Increases through issues (b) Exercise of Options		
7.7	**Options** *(description and conversion factor)*	Number	Exercise price Expiry date
	Unlisted Options CAPAO	1,500,000	*0.440* *29-Nov-15*
7.8	Issued during quarter		
7.9	Exercised during quarter		
7.10	Expired during quarter		
7.11	**Debentures** *(totals only)*	-	
7.12	**Unsecured notes** *(totals only)*	-	

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

27/10/2015

Company Secretary
Robert Hair

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.