

**We find it. We prove it.
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ABN : 63 095 117 981 ASX : CAP

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Drilling update and rights shortfall placement

Highlights

- A ~5,500m infill drilling programme at Hawsons magnetite deposit designed to upgrade the existing resource is meeting expectations so far, based on geology and magnetic surveys
- Lab results to be received in coming weeks and the Company may be able to deliver a resource upgrade before end calendar year 2016.
- Programme aiming to support a prefeasibility study next year and is 75% complete
- Company places \$400,000 of rights issue shortfall

Carpentaria Exploration Limited (ACN 095 117 981) (ASX: CAP) (CAP or the Company) is pleased to advise that the Hawsons Iron drilling programme that commenced in October 2016 has completed 14 of 19 holes for 4,100m of a planned 5,500m. Observed geology and mineralisation are meeting expectations so far.

The programme aims to convert a significant portion of JORC Inferred Resources to Indicated Resources through an infill drilling programme. It is planned to complete the new resource estimate before the end of calendar year 2016, unless this is delayed because further drilling is warranted in the meantime (Figure 1).

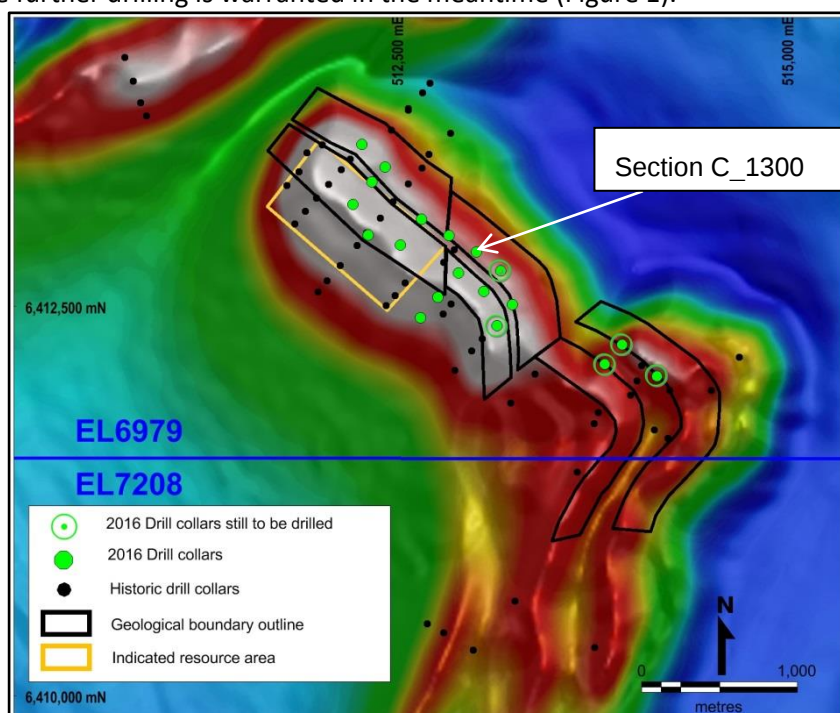


Figure 1 Hawsons drill collar plan

Figure 1 shows all drilled and planned drill holes. Figure 2 shows a cross section of the drilling and demonstrates the interpreted position of the geological units has been validated by new drilling, giving the Company confidence that the programme will be successful.

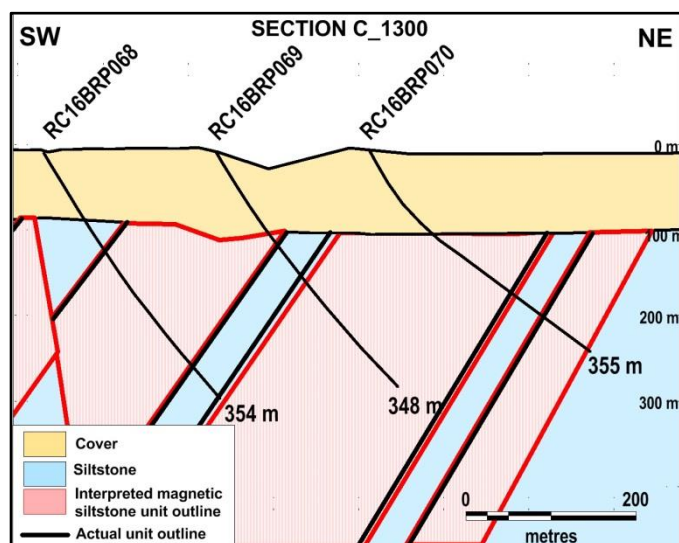


Figure 2 Cross section C_1300

It is planned that the resource upgrade be the basis of a prefeasibility study scheduled for completion in Q2 CY2017. Indicated Resources represent higher level of confidence than Inferred Resources and are required to be the dominant resource in the early mine plan of any prefeasibility study under the JORC code.

At Hawsons, iron distribution is largely controlled by sedimentary processes resulting in thick, widespread sequences of magnetite mineralisation. Being magnetite, magnetic surveys are reliable predictors of iron ore distribution. These deposit characteristics mean that drill spacing to achieve the confidence level of Indicated Resources is wider than a typical metals deposit and closer in character to that of a coal resource.

month. Preliminary results from field magnetic susceptibility measurements, a good indicator of magnetite content, have so far been in line with expectations.

Davis tube mass recovery test results, the measure of recoverable magnetite iron ore, will be available over the next

Placement of Part of Rights Issue Shortfall

Further to previous announcements concerning the Company's recent rights issue, the Company has successfully placed approximately \$400,000 of the rights issue shortfall to sophisticated investors at \$0.049 per share. This brings the total raised in the recent capital raising activities to approximately \$2,000,000. The funds are being directed to resource drilling and resulting prefeasibility studies.

About Hawsons Iron Project

The Hawsons Iron Project joint venture (Carpentaria 64%, Pure Metals P/L 36%) is currently undertaking development studies based on the low cost, long term supply of a high grade, ultra-low impurity iron concentrate to a growing premium iron 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 Supergrade magnetite product without complex and expensive processing methods.

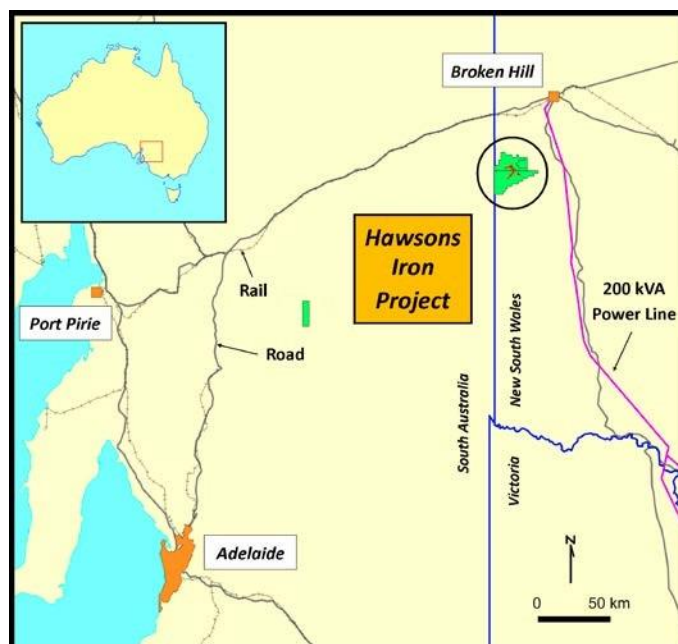


Figure 3 Location of Hawsons Iron Project and Port Pirie

The Company is targeting the growing premium high grade product market, which is separate to the bulk fines market, and believes its targeted cost structure is very competitive and profitable at consensus long-term price forecasts for this sector.

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 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 2 JORC compliant resources- Hawsons Iron Project

For further information please contact:



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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.