

QUARTERLY REPORT

For the period ended 31 December 2017

- + Carpentaria Resources is answering the world's call for high grade iron ore.
- + The Company has a majority interest in the Hawsons Iron Project, source of Hawsons Supergrade[®], the world's best iron ore product.



HIGHLIGHTS

Hawsons Iron Project

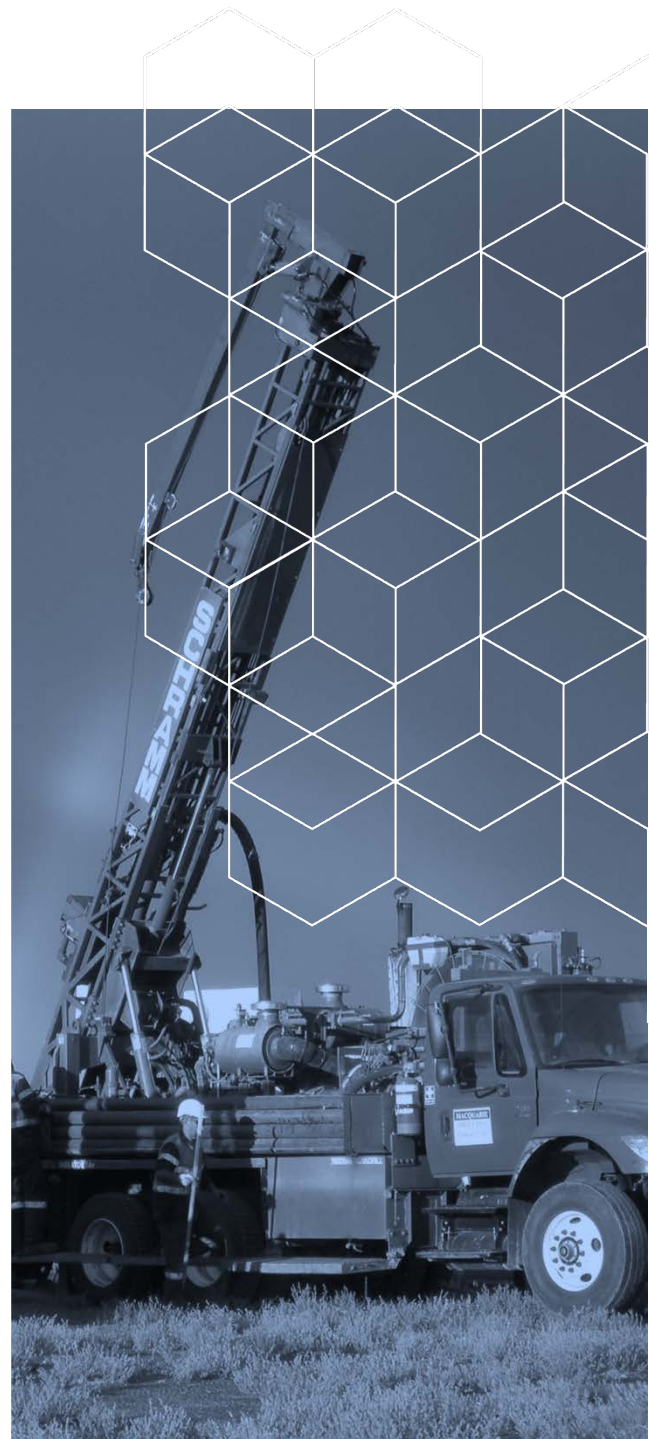
- + Prefeasibility study (PFS) completed end of July, shows Hawsons as the world's leading high quality iron ore concentrate/pellet feed project with costs in the 1st quartile of CRU's global iron ore supply cost curve (adjusted to 62%Fe).
- + Base case 10mtpa Hawsons Supergrade® concentrate production with export through Port Pirie has excellent development prospects.
- + Positive equity returns (post tax, geared) with net present value (NPV) of US\$1.1bn (A\$1.46bn) and 30% internal rate of return.
- + Maiden Probable Reserve Statement of 755Mt at 14.7% Davis tube mass recovery (DTR) for 111Mt of high quality concentrate¹.
- + Following international promotion of the PFS results in the December quarter, additional market participants, seeking to secure offtake and support project development are reviewing project data with a view to a potential involvement in the project².
- + International promotion and discussions continuing during this quarter².
- + The Company continues to progress critical path items of the project's environmental assessment.

Other

- + The Company's name changed to Carpentaria Resources Limited.
- + Successful rights issue and private placements.

¹ The Company confirms that all assumptions and technical parameters underpinning the resource and reserve estimates continue to apply and have not materially changed since first reported on 28 July 2017.

² The nature of any transaction is uncertain



HAWSONS IRON PROJECT

70%

Iron percent of Hawsons Supergrade[®] iron ore product.

12.0

Offtake demand for Hawsons Supergrade[®] product (mtpa).

201

Total product of Hawsons Iron Project (million tonnes).

Carpentaria Exploration Limited (ASX:CAP) announced today its quarterly activities and cashflow report for the period ending 31 December 2017.

The results of the prefeasibility study conducted by independent consultants GHD show Hawsons as a clear world leading high quality iron ore concentrate/pellet feed project and are summarised in the following tables (refer ASX Announcement 28 July 2017).

Hawsons PFS Key economic results

	Base case
Equity IRR (post tax, geared)	29.9%
Equity NPV (10%) (post tax, geared)	US\$1,091m
Project IRR (post tax, ungeared)	17.8%
Project NPV (10%) (post tax, ungeared)	US\$867m
Life of mine ave. annual revenue	US\$881m
Life of mine ave. annual all in costs	US\$480m
Life of mine annual margin (EBITDA)	US\$401m

Hawsons PFS preproduction costs (year 1-2)

	USD (m)
Preproduction mining costs including pre-strip	194
Mining	242
Processing	398
Infrastructure and administration	359
Rail and port	208
Total^{1,2,3}	1401

¹ Including EPCM 12.5% / contract management 3% of \$US\$127m

² Including contingency and design growth (ave 16.5%)

³ Excludes finance costs

The Hawsons Iron Project, (held in joint venture by CAP - 66.5% - and Pure Metals Pty Ltd - 33.5%) continues to attract interest from several of the world's leading steel mills and trading houses.

The Company is seeking to raise the funding required to complete the bankable feasibility study (BFS) into the development of Hawsons and producing 10 Mtpa of Hawsons Supergrade® product (estimated to cost A\$25-\$30 million).

Following visits by Company representatives during the quarter to China and the Middle East, additional market participants, also seeking to secure offtake for Hawsons Supergrade® product and support project development are reviewing project data with a view to potential involvement in the project. (There can be no guarantee that any transaction will eventuate).

International promotion and discussions have been undertaken and will continue during this quarter.

In the meantime, the Company continues to progress critical path items in the environmental approval process. During the quarter, several water monitoring bores were installed and ecology surveys completed.



Placement and Rights Issue

The Company on 6 October 2017 announced the placement to sophisticated and institutional investors of approximately 10,800,000 new fully paid ordinary shares at an issue price of \$0.072 per share to raise \$777,600 and the intention to carry out a 1:10 pro-rata, non-renounceable rights offer (Rights Offer) at the same price to raise up to \$1,297,898. The Rights Offer was successful and, together with the placement of the shortfall, the previous placement and a subsequent minor placement, the Company raised a total of \$2,140,355 (excluding costs).

This funding is being used primarily to progress critical path items of the project's environmental assessment, as well as essential working capital while the Company achieves the right DFS funding option.

Name Change

Further to the 25 October 2017 announcement that shareholders at the Annual General Meeting had approved changing the Company's name, on 31 October 2017 the Company said the name change to Carpentaria Resources Limited had been registered by the Australian Securities and Investments Commission.

Commenting on the Company's activities during the quarter, CAP's Managing Director Mr Quentin Hill said the release of the Hawsons PFS has significantly bolstered interest from offtakers and traders in securing Hawsons Supergrade® product. "There is no doubt that the PFS conducted by independent engineers GHD, the upgraded Resource estimate and the release of the Hawsons maiden Reserve statement have demonstrated that Hawsons is the world's leading undeveloped iron ore deposit. The project is generating great interest at a time when pellet feed and high quality iron ore is attracting high premiums, with a solid long-term demand outlook," he said.

"Carpentaria has the right product at the right time and is in the right place for development. We are focused on advancing Hawsons towards production, generating economic benefits for all stakeholders."

About Hawsons Iron Project


The Hawsons Iron Project joint venture 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, including the direct reduction (DR) market.

The project has a clear technical and permitting pathway. It is located 60km south-west of Broken Hill, an ideal position for mining operations with existing power, rail and port infrastructure available for a 10 Mtpa start-up operation. A mining lease application has been lodged.

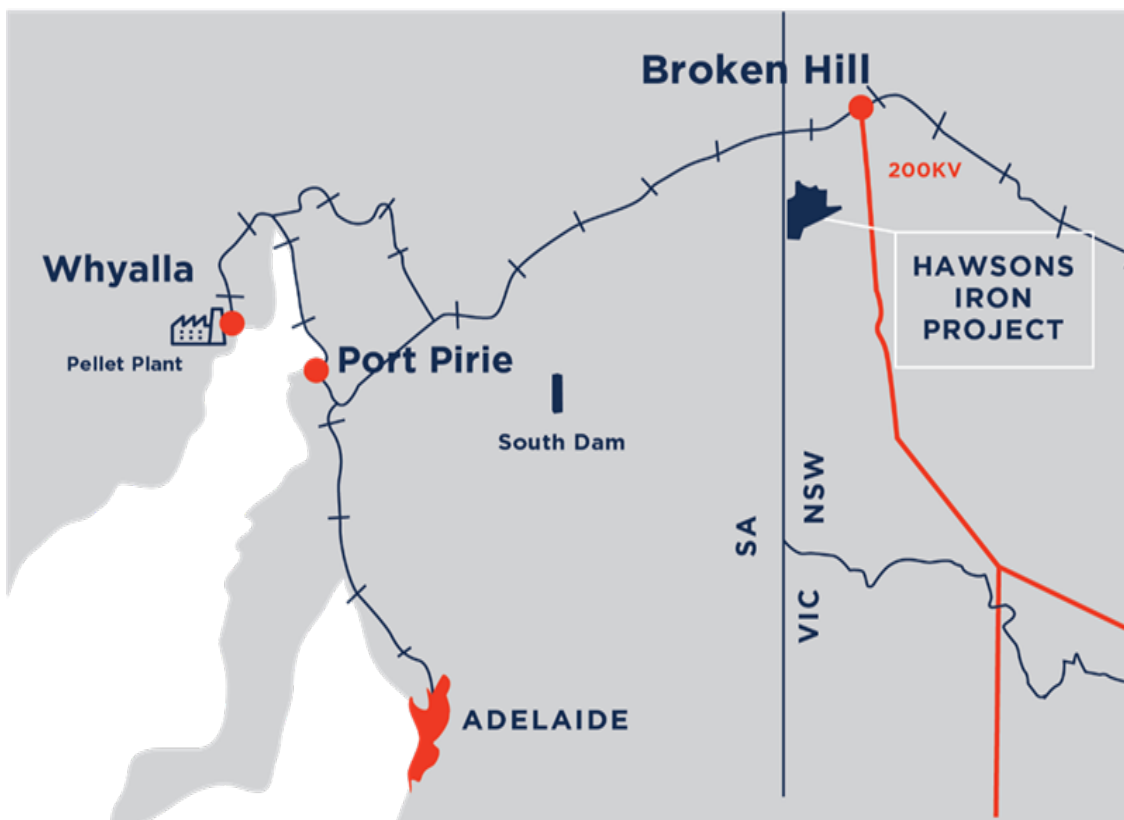
The project's soft rock is different from traditional hard rock magnetite and allows a very different approach to the typical magnetite mining and processing challenges (both technical and cost-related). The soft rock enables simple liberation of a product of rare quality without complex and expensive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

The Company is targeting the growing premium high-grade product market, both pellets and pellet feed, which is separate to the bulk fines market and its prefeasibility study has shown its targeted cost structure is very profitable at consensus long-term price forecasts for this sector. It has secured offtake intent from blue chip companies Formosa Plastics, Bahrain Steel, Shagang Steel, Emirates Steel, Kuwait Steel, Mitsubishi Corporation RtM Japan and trading house Gunvor Group.

For further information please contact:



Quentin Hill
Managing Director
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The Hawsons Iron Project is located 60km south-west of Broken Hill, an ideal position for mining operations with existing power, rail and port infrastructure available for a 10 Mtpa start-up operation.

Carpentaria Exploration Tenement Schedule Resources
at end of 2017 December Quarter

8 licences and applications

Licence	Notes	Name	Original Grant Date	Expiry Date	Equity %	Sub Blocks	Area (km ²)
EL 6901	5	Combaning	8/10/2007	08/10/2020	20	21	61
EL 6979	1,2	Redan	11/12/2007	11/12/2021	66.5	62	180
EL 7208	2	Burta	22/09/2008	22/09/2020	66.5	100	290
EL 7504	2	Little Peak	08/04/2010	08/04/2020	66.5	14	41
EL 7896	5	Barellan	06/02/2012	06/02/2018	20	25	73
EL 8095		Advene	28/05/2013	28/05/2020	100	50	145
EL 5561		South Dam	10/12/2014	09/12/2018	100	15	44
MLA 460	3,4	Hawsons Iron	Under application	Under application	66.5	n/a	187
TOTALS						287	1,019

1. 1.5% NSR royalty to Perilya Broken Hill Pty Ltd.
2. JV; Pure Metals Pty Ltd.
3. MLA made on 18 October 2013; tenement application subject to unspecified grant date and conditions.
4. Subject to the Hawsons Joint Venture with Pure Metals Pty Ltd.
5. JV; Cape Clear Minerals Pty Ltd.



DISCLOSURE

The information in this report that relates to Exploration Results, Exploration Targets, Resources and Reserves 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 Resources Ltd and he consents to the inclusion in the report of the Exploration Results in the form and context in which they appear.

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Carpentaria
RESOURCES

WORLD'S
BEST IRON
ORE PRODUCT

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity:

CARPENTARIA EXPLORATION LIMITED

ABN

63 095 117 981

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(656)	(1,129)
(b) development	-	-
(c) production	-	-
(d) staff costs	(47)	(107)
(e) administration and corporate costs	(89)	(177)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refund	-	-
1.7 Refunds	-	-
1.8 Business development costs	(91)	(194)
1.9 Net cash from / (used in) operating activities	(881)	(1,605)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	2,140	2,140
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(192)	(192)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	1,948	1,948

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	642	1,368
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(881)	(1,607)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,948	1,948
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	1,709	1,709

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,382	315
5.2 Call deposits	327	327
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,709	642

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

88

-

Director fees

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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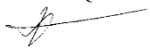
9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	150
9.2 Development	-
9.3 Production	-
9.4 Staff costs	70
9.5 Administration and corporate costs	75
9.6 Business development	50
9.7 Total estimated cash outflows	345

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


Company secretary

Date: 29 January 2018

Print name: Robert Hair

Notes

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.