

QUARTERLY REPORT

For the period ended 31 December 2018

- + 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® product



HIGHLIGHTS

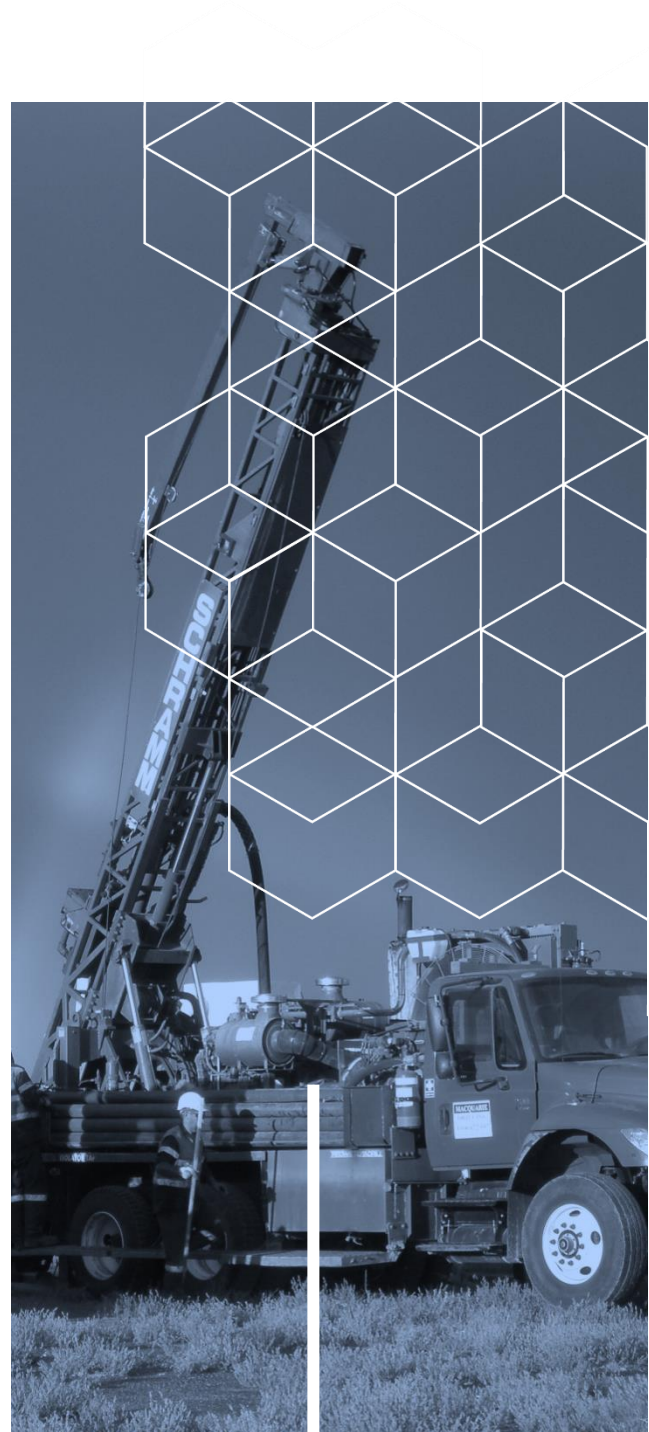
Hawsons Iron Project

- + The Hawsons Iron Project (held in joint venture by Carpentaria as to 68.7% and Pure Metals Pty Ltd as to 31.3%) continues to attract new interest from potential funding parties following the funding commitment from Mitsui & Co.
- + The Company continues to negotiate BFS funding with multiple parties and is considering a mix of funding methods focussed on delivering value for shareholders.
- + Additional parties have opened BFS funding negotiations, and existing counterparties continue to negotiate within extended timeframes. The Company's confidence to secure BFS funding is undiminished, based on market feedback.
- + Hawsons Iron Project is well placed to attract development support because:
 - + High forecast returns – Outstanding for the commodity and project type (refer to the prefeasibility study (PFS) released 28 July 2017, showing an equity rate of return of 30%)*
 - + Low risk profile – Forecast costs in the first quartile of the global cost curve (as per the PFS, Hawsons is cash-flow positive at a benchmark 62% Fe price <US\$30/tonne)
 - + Customer support – The unique product (70%Fe) meets the global long term demand for high quality inputs providing a unique and positive development incentive for end users.
- + Meeting with the Federal Government Major Projects Facilitation Agency (MPFA) reaffirmed that there are no current regulatory 'show stoppers' at Hawsons.
- + Ecology surveys and other environmental impact study and stakeholder engagement activity continued at Hawsons.

Corporate

- + The Company's AGM was held on 15 October 2018 and all resolutions were passed with strong support.

** The Company confirms that all assumptions and technical parameters underpinning the Resource and Reserve estimates and all material assumptions underpinning the production target or the forecast financial information derived therefrom continue to apply and have not materially changed since first reported on 28 July 2017.*



HAWSONS IRON PROJECT

70%

Iron percentage of Hawsons Supergrade® product.

14.0

Offtake demand for Hawsons Supergrade® product (Mtpa).
See list of offtakers in appendix 1

201

Total product of Hawsons Iron Project (million tonnes).
As per the PFS release on 28 July 2017.

The Company confirms that all assumptions and technical parameters underpinning the Resource and Reserve estimates and all material assumptions underpinning the production target or the forecast financial information derived therefrom continue to apply and have not materially changed since first reported on 28 July 2017.

Carpentaria Resources Limited (ASX:CAP) announced today its quarterly activities and cashflow report for the period ending 31 December 2018.

The Company continues to be focussed on developing its flagship Hawsons Iron Project near Broken Hill, NSW.

Hawsons attracts additional interest from potential funding parties

The Company is focussed on customers for additional funding. Product marketing efforts seek to exploit an emerging structural gap in the magnetite pellet feed market and a structural need to expand and diversify supply in the direct reduction pellet feed market. Feedback from potential customers supports this market analysis.

Significantly, unsolicited interest in Hawsons has resulted in an increasing number of parties reviewing Hawsons, with a view potentially to provide funding for a bankable feasibility study (BFS) or other support.

Additional parties have opened BFS funding negotiations, and existing counterparties continue to negotiate within extended timeframes. The Company's confidence to secure BFS funding is undiminished based on market feedback.

As highlighted at the Company's Annual General Meeting held during the quarter, Carpentaria is committed to realising the US\$1 billion value of Hawsons. The next major milestone is securing the remaining 80% of BFS funding required (approximately A\$22 million), following the agreement last quarter with blue-chip Japanese trading house Mitsui & Co., Ltd.

The Company has demonstrated a credible path to construction finance, which has given potential funders the confidence to invest. This plan is based on recent successful iron ore project financing in Australia and Carpentaria's consultation with leading project finance banks.

Analysts Wood Mackenzie stated in August "we expect high grade concentrate and pellet feed projects to be the focus of project finance in the near term".

The Company's annual general meeting was held on Monday 15 October 2018, and all resolutions were passed with strong support.

About Hawsons Iron Project

The Hawsons Iron Project joint venture (CAP 68.7%, Pure Metals P/L 31.3%) 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.

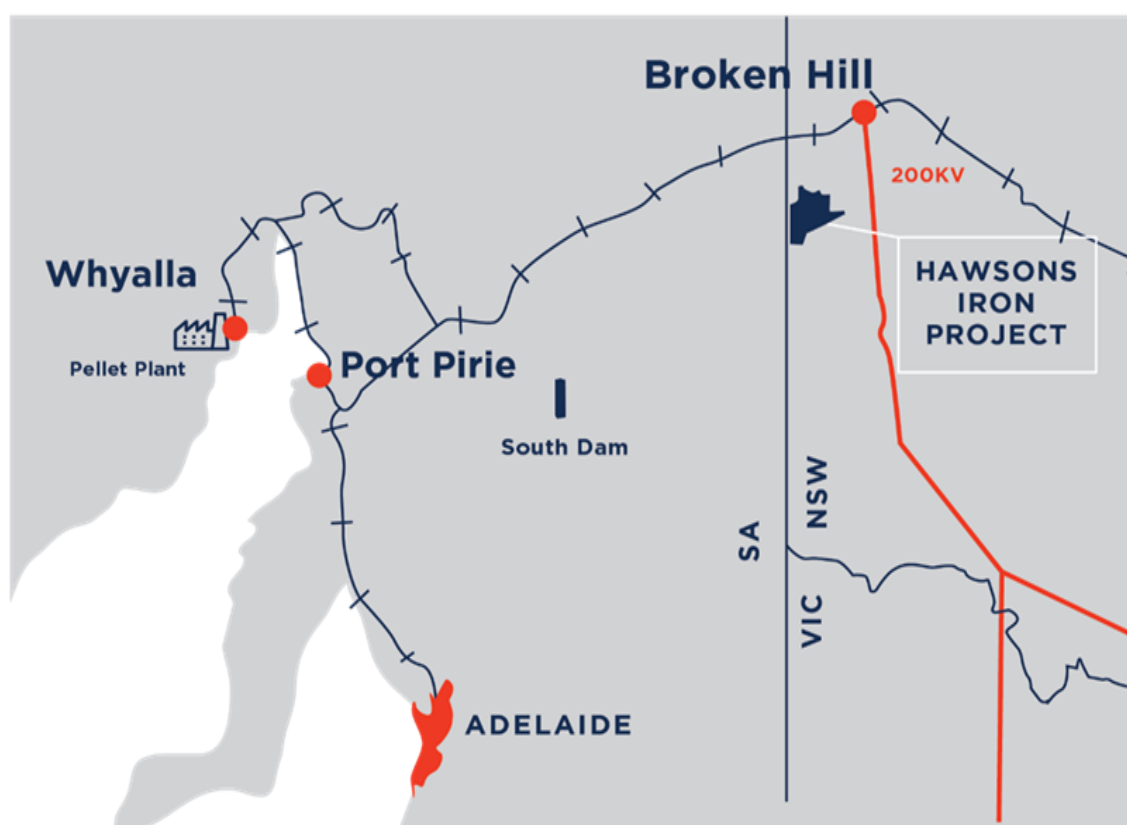
The project's soft rock is different from traditional hard rock magnetite and allows a very different approach to the typical magnetite mining and processing challenges (both technical and cost-related). The soft rock enables simple liberation of a product of rare quality without complex and expensive 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 off-take related funding from Mitsui and off-take intent from blue chip companies Formosa Plastics, Bahrain Steel, Shagang Steel, Emirates Steel, Kuwait Steel, Mitsubishi Corporation RtM Japan and trading house Gunvor Group. See list of offtakers in appendix 1

For further information please contact:



Quentin Hill
Managing Director



The Hawsons Iron Project is located 60km south-west of Broken Hill, NSW, an ideal position for mining operations with existing power, rail and port infrastructure available.

Appendix 1 Letters of Intent signed with ASX:CAP

COMPANY	VOLUME
Mitsui & Co (committed A\$5.4m)	2.0 Mtpa*
Formosa Plastics	2.6 Mtpa
Bahrain Steel	3.0 Mtpa
Shagang	2.5 Mtpa
Mitsubishi Corp. RtM	1.0 Mtpa
Gunvor	1.0 Mtpa
Kuwait Steel	1.0 Mtpa
Emirates Steel	0.9 Mtpa
Total	14.0 Mtpa

Carpentaria Resources Tenement Schedule
at end of 2018 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	68.7	62	180
EL 7208	2	Burta	22/09/2008	22/09/2020	68.7	100	290
EL 7504	2	Little Peak	08/04/2010	08/04/2020	68.7	14	41
EL 7896	5	Barellan	06/02/2012	06/02/2021	20	25	73
EL 8095		Advene	28/05/2013	28/05/2020	100	50	145
EL 5561		South Dam	10/12/2014	09/12/2019	100	9	26
MLA 460	3,4	Hawsons Iron	Under application	Under application	68.7	n/a	187
TOTALS						281	1,001

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.

www.carpentariares.com

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 RESOURCES LIMITED

ABN

63 095 117 981

Quarter ended ("current quarter")

31 December 2018

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	(149)	(506)
(b) development	-	-
(c) production	-	-
(d) staff costs	(113)	(164)
(e) administration and corporate costs	(86)	(183)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refund	-	-
1.7 Refunds	-	-
1.8 Business development costs	(106)	(181)
1.9 Net cash from / (used in) operating activities	(453)	(1,032)

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	-	14
	(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	-	14

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	1,244
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	-	(84)
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	-	1,160

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,648	1,053
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(453)	(1,032)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	14
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,160
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,195	1,195

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	1,179	1,632
5.2	Call deposits	16	16
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)	1,195	1,648

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
93
-

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
-
-

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.		

--

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	240
9.2 Development	-
9.3 Production	-
9.4 Staff costs	60
9.5 Administration and corporate costs	70
9.6 Business development	120
9.7 Total estimated cash outflows	490

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: 23 January 2019

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.