

CHAIRMAN'S AGM ADDRESS

25 October 2017

Attached is a copy of the Chairman's address as delivered at today's annual general meeting.

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CHAIRMAN'S ADDRESS
CARPENTARIA EXPLORATION LIMITED
ANNUAL GENERAL MEETING 2017

On behalf of the Board of Carpentaria Exploration Limited, it is a pleasure to welcome you all to the 2017 Annual General Meeting of the Company.

Since our last AGM held on November 24th 2016, the Board has continued with its strategy of focusing on our flagship Hawsons Iron Project located near Broken Hill, New South Wales. We have aimed to ensure that the Company is favourably positioned to take advantage of any new opportunities in the iron ore market.

Our Managing Director, Quentin Hill, and the team he leads, have been very busy over the last year continuing to deliver on this strategy. Importantly, they have passed two critical milestones that I foreshadowed in my Chairman's Address at last year's AGM.

The first of these was the completion of a drilling programme designed to upgrade confidence in the quality of the magnetite resource at Hawsons.

It is pleasing to note that the drilling programme initiated in October 2016 was completed in late December 2016 and achieved its stated objective. On 27th February this year the Company was able to announce a threefold increase in Indicated Resources at Hawsons to 119 million tonnes (Mt) of contained concentrate at 69.9% iron (Fe), based on a cut-off of 10% Davis Tube Recovery or DTR.

Importantly, the conversion rate from Inferred to Indicated Resources was an outstanding 96%, which gives us confidence that further drilling will result in similar conversion rates. The drilling programme also demonstrated that our earlier high value concentrate grade and recovery results are robust.

The second critical milestone was passed on 28th July this year when the company released the Hawsons Iron Project Prefeasibility Study (PFS) for a 10 million tonne per annum operation at Hawsons. The PFS, completed by independent consultants GHD, paints a very positive picture for the economic viability of Hawsons, and later in the AGM Quentin Hill will be presenting an overview of the PFS and its highlights, along with a review of the company's operations over the last year.

The one PFS highlight I want to draw attention to in today's Chairman's address is the Maiden Probable Reserve Statement which is the foundation of the PFS. This statement shows a Probable Reserve of 755 Mt at a 14.7% Davis Tube Recovery rate, which translates to 111 Mt of high quality magnetite concentrate.

The statement was based on a lower cut-off grade of 9.5% DTR that was determined by GHD using optimisation techniques, with key assumptions of a 65% Fe iron ore price of US\$75/t (currently ~US\$83.65/t) and processing and logistics estimates based on earlier project engineering studies.

The milestones achieved this year have increased investor confidence in Hawsons. It is pleasing to note that the project's initial planned production of 10 million tonnes per annum (Mtpa) has been oversubscribed by blue-chip buyers across Asia and the Middle East.

Currently, some 12 Mtpa, or 120% of initial planned production, has been subscribed to buyers comprising Bahrain Steel, Emirates Steel and Kuwait Steel from the Middle East; China's Shagang International; Taiwan's Formosa Plastics; and trading houses Gunvor Group and Japan's Mitsubishi Corporation RtM.

Letters of Intent from these buyers demonstrate the strong international interest in Hawsons and the project's potential to form the basis of a premium long-term, low cost iron business.

The next challenge facing the Company is securing strategic investment to undertake a bankable feasibility study on Hawsons, which we estimate will require funding of between A\$25 and \$30m.

Company officers have engaged with multiple third parties capable of substantially funding the BFS, and these parties are presently undertaking pre-transaction due diligence work on Hawsons. Initial feedback has also been encouraging from leading project finance banks.

In the meantime, the Company is continuing to maintain momentum by adding value to Hawsons. On October 6th we announced the successful placement of 10,800,000 new shares at \$0.072 for \$777,600, including a significant proportion to new and existing institutional investors.

In conjunction with the placement, the current Rights Offer to existing shareholders of 1 new share for every 10 existing shares at \$0.072 aims to raise another \$1.3m. The Rights Offer also has a shortfall facility which may allow shareholders to apply for shares in excess of their entitlements.

Some \$1 million of these funds will be used to continue necessary environmental assessment activities, an important aspect of any BFS, including final spring-time ecology work and water bore drilling. The remainder will be used for essential working capital and for ongoing joint venture commitments.

In closing this Chairman's address, I noted at last year's AGM that Carpentaria's share price was 5.5 cents per share – an increase of some 72% over the previous year's price. Yesterday our share price was 7.6c/share, which is an increase of some 38% since our 2016 AGM, which is pleasing to see.

The increase reflects growing investor confidence in Hawsons, which I can assure you your Board is very much focussed on further increasing.

All of our recent achievements would not have been realised without the hard work of everyone associated with Carpentaria, and I would like to thank Quentin and all the team for their efforts over the last year.

Shareholder support is also crucial to our future and I would like to thank both our longstanding shareholders and recent investors for their commitment to our Company.

Carpentaria has the right project, in the right place and at the right time, and I am very confident we have all the ingredients for success.

Thank you.