

## 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

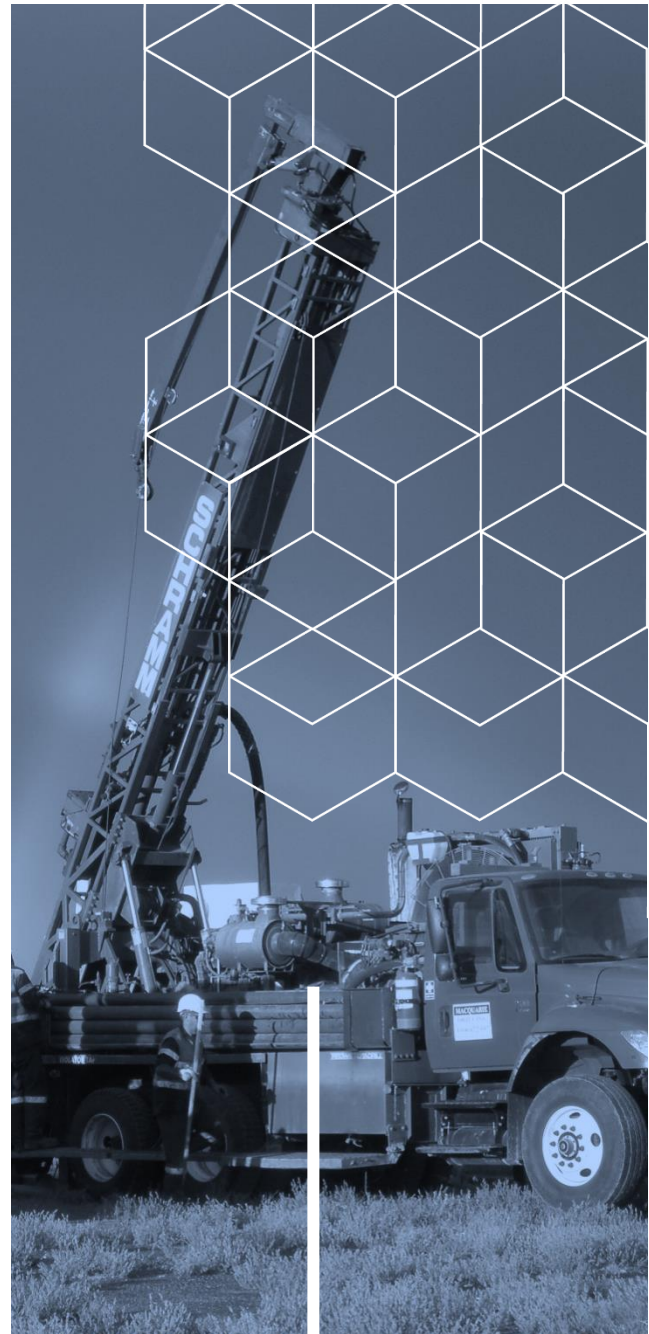
### Hawsons Iron Project

- + 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.

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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.

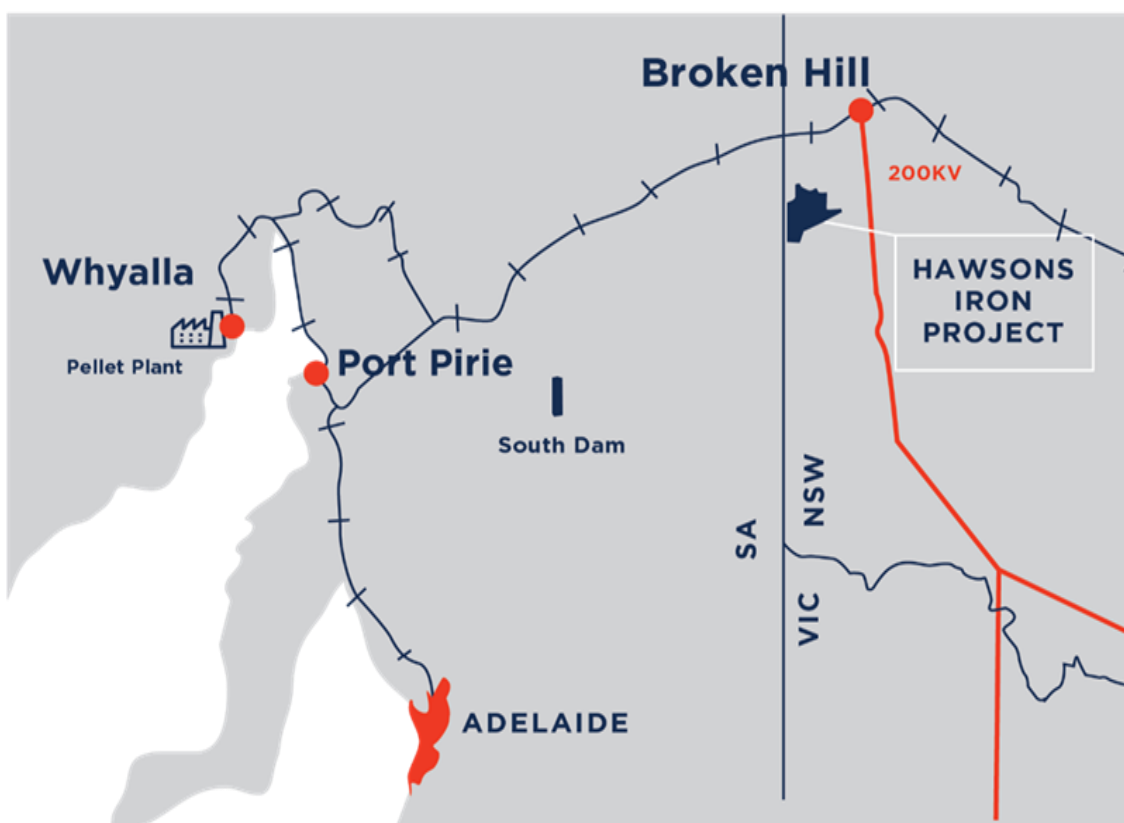
The project's soft rock is different from traditional hard rock magnetite and allows a very different approach to the typical magnetite mining and processing challenges (both technical and cost-related). The soft rock enables simple liberation of a product of rare quality without complex and expensive 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
<b>Total</b>	<b>14.0 Mtpa</b>

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 <sup>2</sup> )
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
<b>TOTALS</b>						<b>281</b>	<b>1,001</b>

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](http://www.carpentariares.com)

**Carpentaria**  
RESOURCES

WORLD'S  
BEST IRON  
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