



# ASX ANNOUNCEMENT

*We find it. We prove it.  
We make it possible*

19 October 2011

## ABOUT CARPENTARIA:

Carpentaria is an exploration company focused on discovering base, precious metals and bulk commodities in eastern Australia. The company currently has interests in iron ore, tin, gold, copper and nickel exploration projects.

## CARPENTARIA'S AIM:

With a strong geo-scientific team discover and build a strong cash flow generating mining operation.

## DISCOVERIES TO DATE:

Hawsons Iron Project - NSW  
Euriowie Tin Project - NSW

## Capital Structure:

Ordinary Shares 98,991,301

## Major Shareholders:

Conglin In't Invest' Group	10.6%
Atlas Iron Limited	8.7%
Mr. Conglin Yue	3.7%
Management, Including	
Unlisted Options	12.3%

## Financial

Cash and deposits on hand as at 18/10/11  
A\$9,452,601

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Executive Chairman

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## Quarterly Report

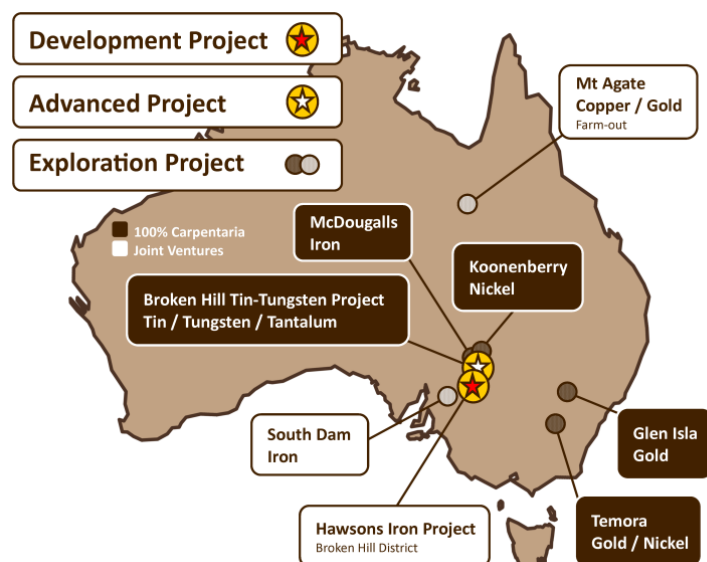
For the Quarter Ended 30<sup>th</sup> September 2011

## Highlights

- **HAWSONS IRON PROJECT:**
  - Metallurgical test work continues to demonstrate very soft ore with potential to improve base case Pre-Feasibility Study results
  - Pelletising tests confirm highly marketable concentrate
  - Abrasion testing confirms one-third wear on equipment compared with conventional magnetite ores
  - Test work program developed with CSIRO to maximise benefits of very soft ore
  - Further Mining studies commissioned
- **HUGHENDEN COAL:** Carpentaria gains \$4.0m plus potential \$100m in royalties from FTB sale.
- **KOONENBERRY NICKEL/PGE:** All access and compliance approvals in place, drilling to commence in November

**PLANNED EXPLORATION:** CAP has interests in approx. 4,800 km<sup>2</sup> of tenements in NSW across a number of commodities. Drill programmes planned to commence at Koonenberry, Temora (copper/gold), and Yanco Glen (tungsten/tin) when approvals granted anticipated, in the December quarter 2011.

## Project Locations





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## PLANNED SEPTEMBER QUARTER EXPLORATION ACTIVITIES

### Hawsons Iron Project

Detailed technical work to optimise parameters for the Detailed Feasibility Study (DFS) is ongoing. The project is awaiting funding from Carpentaria's joint venture partner prior to commencement of the DFS.

### Koonenberry Nickel Project

A 1,500m RC drilling program designed to test three nickel-copper sulfide targets is planned to commence this quarter.

### Broken Hill Tin/Tungsten Project

Initial field investigations including surface rock sampling at the Yanco Glen EL, targeting the Waukeroo Tin Field and along strike from the existing resource, will be carried out. In addition drill core and surface geology at the Yanco Glen tungsten Prospect, which hosts the tungsten resource, will be reviewed to identify drill sites with the potential to significantly increase the existing tungsten mineral resource. A concept study to evaluate the mining and processing possibilities of the project has commenced.

### Temora Gold/Copper Project

Diamond drilling will commence at the Mother Shipton gold-copper prospect after completion of compliance approvals expected early in the December quarter 2011.

### Mt Agate Copper/Gold Project

Soil sampling extending the area of a previous soil survey is planned at the Sterling Prospect.

### Project Generation

Two new exploration licence applications (ELAs) have been made in NSW.

- Barellan, in central NSW where a previous explorer in the 1980s identified a rock traverse returning **60m (across strike) at 1.5 g/t Au, including 10m at 4.2 g/t Au** within an open RAB gold anomaly.
- Kantappa, in the Broken Hill region, which contains an historical tin mine which will add to Carpentaria's tin portfolio in this region

## EXPLORATION UPDATE

### **Hawsons Iron Project JV – (60% with BMG earning in)**

The Hawsons Iron Project is located 60km SW of Broken Hill (Figure 1) and includes an **Inferred magnetite Resource of 1.4Bt at a Davis Tube Recovery (DTR) of 15.5% (12% cut off)** and an **exploration target<sup>1</sup> of 6-11Bt at 14-17% DTR**. The results of a Pre-feasibility Study (PFS) were released to the ASX on 23<sup>rd</sup> May 2011 with an NPV<sub>9%</sub> of \$2.7 billion on a base case of 20 million tonne per annum concentrate.

An independent due diligence review of the Pre-feasibility study (PFS) was completed this quarter and concluded that the PFS has been conducted based on data and cost estimates that are reasonable and appropriate for a PFS and that mining and process methods are conventional and consistent with modern practice. The review identified issues to be

<sup>1</sup> The term "Target" should not be misunderstood or misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2004), and therefore the terms have not been used in this context. It is uncertain if further exploration or feasibility study will result in the determination of a Mineral Resource or Mining Reserve



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prioritised during the early phases of the Detailed Feasibility Study (DFS) including increasing the resource base and further optimising the production schedule.

Carpentaria has commissioned GHD to further optimise the mining schedule to minimise haulage by decreasing the use of stockpiles and utilising in-pit crushing methods. The results of this work are expected in the December quarter 2011.

## *Metallurgical Test Work*

Results from exploratory metallurgical test work completed this quarter further confirmed the very soft unconventional nature of the ore, and provides significant opportunity to improve the PFS base case processing plant design. As an example of its unusual crushing characteristics, screening of a bulk sample of reverse circulation (RC) drill cuttings showed that 72% was crushed to less than 53 microns by the simple hammer drilling process, and that this fraction returned a concentrate of 68.6% Fe and 3.27% SiO<sub>2</sub> from a Low Intensity Magnetic Separator (LIMS). The LIMS closely simulates plant operation. This work suggests that a simple low cost crushing process could be used to partially liberate the magnetite and eliminate the need to crush all the ore and reduce the grinding circuit requirements.

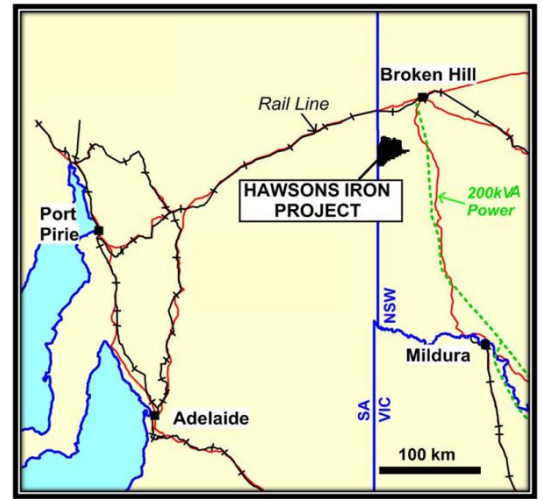


Figure 1. Location of Hawsons Project

Concentrate pelletising test work by the CSIRO produced a product with low abrasion losses and high strength that are ideally suited for blast furnace feed. This characteristic, along with high concentrate grades and low silica, increases the saleability of the Hawsons concentrate in a competitive market and the concentrate has the potential to be used as direct reduction (DR) feed material which reduces the products carbon footprint further.

Abrasion index testing showed that the mineralised rock is 0.09, compared to 0.26 for typical magnetite ores. This also demonstrates the soft nature of the Hawsons rock and the potential for very large savings in operating costs (maintenance) due to the comparatively low level of wear and tear on equipment.

Carpentaria has initiated a test work program with the CSIRO to maximise the advantages of the material. The work aims to identify if innovative use of conventional crushing and grinding techniques can improve the PFS base case, first with crushing circuit design and then with grinding circuit design. The results of this work will be used to direct pilot scale testing leading into the Detailed Feasibility Study (DFS).

## *Joint Venture*

Under the terms of the JV, at completion of the PFS, BMG can elect to pay A\$25m cash to Carpentaria and undertake sole funding of the DFS, in order to immediately increase its equity from 40% to 51% of the project. The DFS is expected to cost approximately A\$20m. Should BMG not progress to 51% by 15 May 2012, BMG's share of the project can be acquired for \$13 million.

## **Koonenberry (100% CAP) – Nickel/PGE ( ELs 7735, 7736, 7737, 7738, 7739 & 7740)**

The Koonenberry Nickel/PGE Project consists of six exploration licences for 1,800km<sup>2</sup> and is located 160km north of Broken Hill. The ELs cover a 180km belt of Neoproterozoic to Cambrian geology prospective for the occurrence Ni-Cu mineralised ultramafic rocks. See Figure 2.



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During the quarter, access and government approvals were secured and drilling contractors identified. A 1,500m reverse circulation drill program will begin early in the December quarter, weather permitting.

Drilling is scheduled for Mt Arrowsmith East, where a past sulfide bearing drill intersection of **16m at 0.24% Ni and 0.20% Cu from 19m** was recorded in a deformed ultramafic intrusion, and is part of a 7km geological belt containing similar intrusions. Other drill targets include Wyuna Tank and Bald Hill where historical drilling returned **10m at 0.35% Ni from 2m** and **12m at 0.34% Ni from 37m** respectively. These near surface nickel with associated copper drill intersections are considered very encouraging.

The Koonenberry Belt was subject to a recent decade long study by the NSW Geological Survey and previous explorers, including Inco Ltd and Vale, also spent over \$5 million within CAP's existing project area in the same period. This work highlighted the potential for ultramafic intrusion related nickel-copper sulfide and ultramafic intrusion hosted platinoid deposits in the belt. Carpentaria has used this large amount of drilling, geophysical and geochemical data to rapidly identify drill ready Ni-Cu targets.

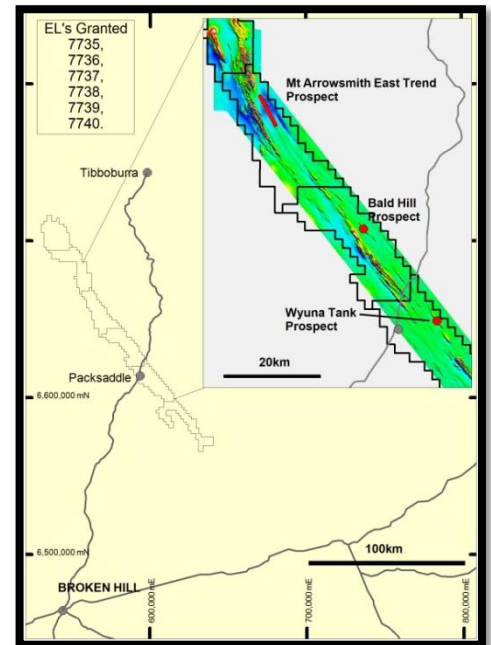


Figure 2: Koonenberry location plan inset over TMI airborne magnetics

## Broken Hill Tin and Tungsten/Base Metal Project (100% CAP) (EL's 7475, 6936 and 7829)

This project covers 265km<sup>2</sup> and is located between 25km and 60km north of Broken Hill proximal to the Silver City Highway. The project comprises the Euriowie, Apollyon and Yanco Glen ELs.

In addition to the Yanco Glen tungsten resource, two historic tin fields, the Euriowie and Waukeroo fields, occur within the Project, which gives Carpentaria control of most of the known tin and tungsten potential in the Broken Hill area, Figure 3.

During the quarter Yanco Glen EL 7829 was granted (formerly ELA 4105). Land access negotiations have been initiated and historical drill core from the existing tungsten resource (**0.83Mt at 0.21% WO<sub>3</sub>**) has been located for further analysis.

Carpentaria's strategic objective is to establish a cluster of tin and tungsten deposits with coarse grained shallow mineralisation close to Broken Hill that can be easily mined by low cost methods and processed with a single, centrally located operation. Investigation of the economic and geological parameters for this style of operation is ongoing.

The project area is also prospective for high grade Broken Hill style silver-lead-zinc deposits. On the Apollyon licence a number of gossanous outcrops with potential for vein style lead-zinc-silver and gold mineralization were rock chip sampled. Results are awaited.

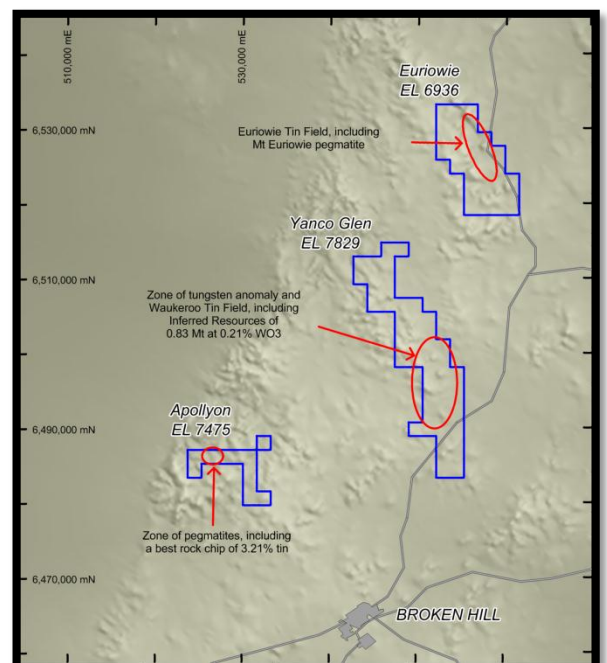


Figure 3. Broken Hill tin/tungsten project summary plan over digital elevation model



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## Temora Project (100% CAP) – Gold – Copper - ELs 6901, 7256, 7375 & 7680

This 940 km<sup>2</sup> project is located within the Lachlan Fold Belt approximately 80km north of Wagga Wagga.

Ministerial consent under the Native Title Act was granted to allow access to Crown Land at the Mother Shipton Prospect last quarter. In this quarter Carpentaria has sought to finalise approvals for access with the appropriate government authorities in respect to this category of exempt lands. However procedural delays are continuing. Upon receipt of approvals, detailed work will commence with drill testing of porphyry or related Au-Cu mineralisation beneath an historic gold field and anomalous weathered bedrock geochemistry defined by previous explorers.

## Hughenden Coal Project

The Hughenden Coal Project located in the northern Galilee Basin, Queensland, and centred on the town of Hughenden includes 11,000 km<sup>2</sup> of granted tenure. The project consists of tenements owned by FTB (Figure 4) which form part of a bigger project owned and managed by Guildford Coal Ltd in the area. During the quarter Carpentaria realised the value by selling its 20% stake in FTB to majority owner Guildford Coal Ltd. Carpentaria had been contributing pro-rata funding to exploration activities.

Total consideration for the sale comprised \$1.5 million cash, 2.2 million shares (approx. \$2.5 million) and retention of a \$0.50 per tonne royalty on coal production from the tenements, capped at 10 million tonnes per year for 20 years with a potential royalty value of up to \$100m.

The 20% stake in FTB sale has several benefits allowing Carpentaria to :

- focus on its core activity of iron, gold and base metal exploration in NSW
- focus on the development of the Hawsons Iron Project.
- stop pro-rata payments,
- expose our shareholders to any future successes by Guildford, and if indeed coal mining was to occur in the FTB leases, Carpentaria would receive the royalty.

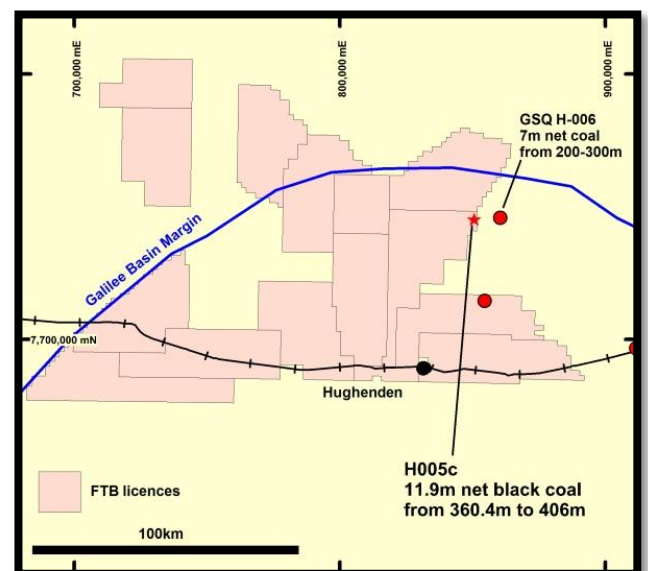


Figure 4. Hughenden Project summary plan

## McDougalls/Torrowangee - (100% CAP) – Iron Ore Project – ELs 7655, 7656, 7657, 7741, 7823

The McDougalls Iron Project is located 100km north of Broken Hill. The Project consists of 5 granted exploration licences (EL). During the quarter Torrowangee licence EL 7823 (formally ELA 4148) was granted (Figure 5).

The Torrowangee licence covers similar Neo-Proterozoic sediments to the rest of the McDougalls project that correlate to the strata hosting the Hawsons Magnetite Project. A high amplitude magnetic anomaly and historic drilling indicated potential for magnetite mineralisation in this EL. Land access negotiations have been initiated.



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Final results for reconnaissance surface sampling for the remainder of the McDougalls project were returned this quarter. The results were disappointing and consistent with poor results received previously. In keeping with Carpentaria's rapid low-cost exploration strategy, poor results will lead to relinquishment of large parts of this project.

## Glen Isla (100% CAP) – ELs 6246 & 7574 – Gold

This epithermal gold project is located in the Lachlan Fold Belt approximately 40km south-west of the regional centre of Dubbo. The licences cover 136km<sup>2</sup> and cover mineralised Devonian volcanic rocks.

During the quarter Ramelius Resources Ltd formally withdrew from the Joint Venture following the disappointing drill results. The licence has now reverted to 100% Carpentaria, and divestment is being actively pursued.

## Mount Agate EPM 14955 – Copper, Gold (ActivEX earning 75%)

The Mt Agate tenement south of Cloncurry was farmed out to ActivEX Ltd in April 2010.

During the quarter, a SAM (sub-audio magnetic) survey at the Sterling Prospect identified three conductivity anomalies coincident with the targeted copper in soil anomalies and best developed and highly anomalous iron oxide breccias mapped at surface. See Figure 6. Rock chip samples coincident with the conductivity anomalies include up to 3.87% copper and 0.32ppm gold.

Further termite sampling is planned to extend the soil anomaly and this may be followed by drilling.

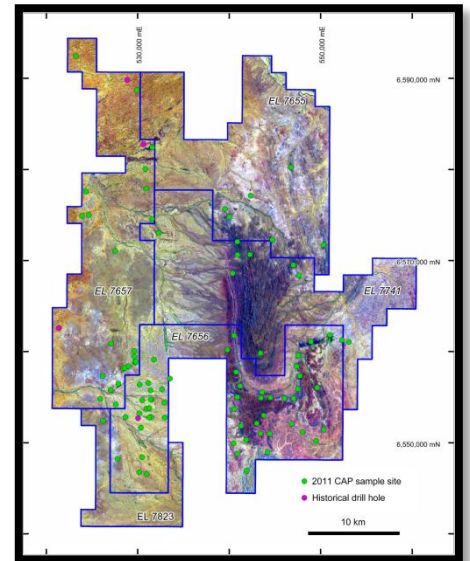


Figure 5. McDougalls Iron Project summary plan over LANDSAT 741 image

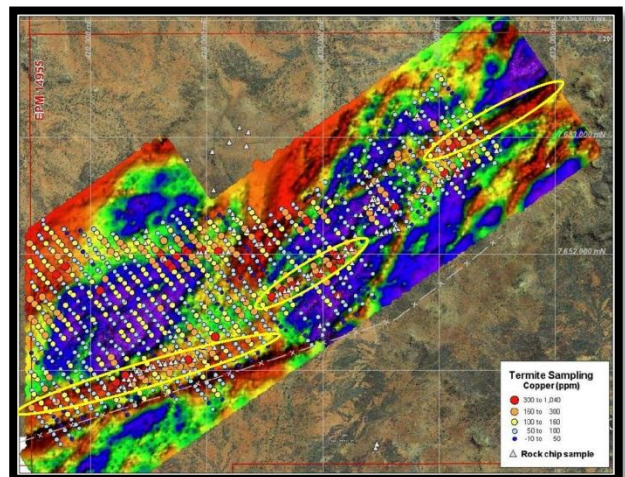
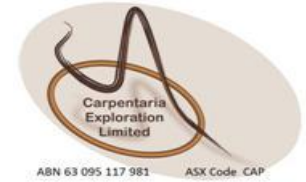


Figure 6. Sterling Prospect – SAM survey and Copper in soil results – coincident soil / conductivity anomalies highlighted in yellow

Nick Sheard  
Executive Chairman

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The information in this announcement that relates to Exploration Results and Resources is based on information compiled by S.N.Sheard, who is a Fellow of the Australian Institute of Geoscientists and has had sufficient experience which is 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. S.N.Sheard is an employee of Carpentaria and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/2010.

Name of entity

**Carpentaria Exploration Limited**

ACN or ABN

**63 095 117 981**

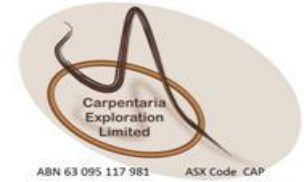
Quarter ended ("current quarter")

**30-Sep-11**

#### Consolidated statement of cash flows

	Current quarter	Year to date
	\$A'000	(3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	959	959
1.2 Payments for		
(a) exploration and evaluation	(947)	(947)
(b) development	-	-
(c) production	-	-
(d) administration	(865)	(865)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	149	149
1.5 Interest and other costs of finance paid	(5)	(5)
1.6 Income taxes paid	-	-
1.7 Other (provide detail if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(709)</b>	<b>(709)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(19)	(19)
1.9 Proceeds from sale of:		
(a)prospects	47	47
(b)equity investments	456	456
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	726	726
1.12 Other - Exploration Advance	-	-
<b>Net investing cash flows</b>	<b>1,210</b>	<b>1,210</b>
1.13 Total operating and investing cash flows (carried forward)	501	501

+See chapter 19 for defined terms



1.13	Total operating and investing cash flows (brought forward)	501	501
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(31)	(31)
1.18	Dividends paid	-	-
1.19	Other (provide detail if material)	-	-
	<b>Net financing cash flows</b>	<b>(31)</b>	<b>(31)</b>
	<b>Net increase (decrease) in cash held</b>	<b>470</b>	<b>470</b>
1.20	Cash at beginning of quarter/year to date	9,198	9,198
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>9,668</b>	<b>9,668</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	71
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 relates to Directors Remuneration, Fees and Superannuation Contributions.

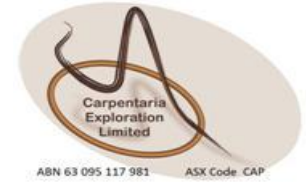
**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Acquired \$2.5M of Guilford Coal Ltd shares in part consideration for sale of Carpentaria's 20% interest in FTB (QLD) Pty Ltd

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+See chapter 19 for defined terms



**Financing facilities available**

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	263	263
3.2 Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

\$A'000

4.1	Exploration and evaluation *	982
4.2	Development	0
4.3	Production	0
4.4	Administration	503
	<b>Total</b>	<b>1,485</b>

**Reconciliation of cash**

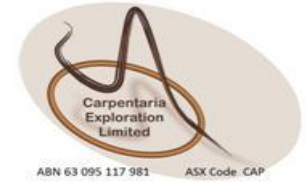
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,455	3,280
5.2 Deposits at call	7,213	5,918
5.3 Bank overdraft	-	-
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>9,668</b>	<b>9,198</b>

**Changes in interests in mining tenements**

Tenement Reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed		
6.2	Interests in mining tenements acquired or increased		

+See chapter 19 for defined terms

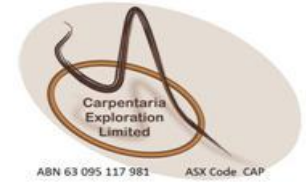


**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Number quoted	Issue price per security (see note 3)
7.1 <b>Preference +securities</b> <i>(description)</i>		
7.2 Changes during quarter		
(a) Increases through issues		
(b) Decreases through returns of capital, buy-backs, redemptions		
7.3 <b>+Ordinary securities Quoted</b>	98,991,301	
<b>Options Quoted</b>		
<b>+Ordinary securities Un-Quoted</b> <i>(restricted)</i>		
7.4 Changes during quarter		
(a) Increases through issues		
(b) Decreases through returns of capital, buy-backs		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>		
7.6 Changes during quarter		
(a) Increases through issues		
(b) Exercise of Options		
7.7 <b>Options</b> <i>(description and conversion factor)</i>	Number	Exercise price Expiry date
Unlisted Options CAPAI	1,850,000	0.413 27-May-12
Unlisted Options CAPAK	2,000,000	0.150 26-Nov-12
Unlisted Options CAPAY	700,000	0.114 31-Jul-12
Unlisted Options CAPAW	600,000	0.250 16-Feb-13
7.8 Issued during quarter	1,300,000	0.850 30-Mar-13
7.9 Exercised during quarter	-	-
7.10 Expired during quarter	-	-
7.11 <b>Debentures</b>	-	
<i>(totals only)</i>		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	-	

+See chapter 19 for defined terms



### Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

17/10/2011

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Company Secretary  
Chris Powell

- 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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.