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Deal gives Carpentaria \$81M injection

Tuesday, 20 April 2010

TWO months after farming into its iron ore property in South Australia, Bonython Metals Group has expanded its relationship with Carpentaria Exploration into New South Wales via an \$A81 million farm-in deal on the Hawsons iron project.

The deal, according to Carpentaria executive chairman Nick Sheard, has the potential to transform the company into a mining house and boosts Bonython's plans to develop a magnetite iron province near Broken Hill.

It seems investors also liked the news with the company's share price up 32.5% in morning trade.

The privately funded and Sydney-based Bonython, led by chief executive John Hiram, has secured a number of iron projects in SA and NSW after securing funding from an Asia-based investor.

Bonython will make an initial \$A5 million cash payment and a further \$8 million to fund exploration and resource definition drilling, staged over three months with future staged cash and other payments of up to \$68 million to Carpentaria.

The Australian junior will retain a 20% free carried interest in the targeted production rate of 20 million tonnes per annum iron ore concentrate.

Located about 60 kilometres south of Broken Hill, the Hawsons iron ore property, which comprises the Burta and Little Peak tenements, covers a large portion of the Braemar Iron Formation, which is prospective for bulk magnetite iron deposits.

Under the deal, Carpentaria will initially manage the exploration and prefeasibility work, providing continuity to the ongoing program.

Drilling approvals for the initial exploratory work have been received, and drilling is expected to resume by the middle of next month.

The exploration target is estimated to be between 2.2-4.8 billion tonnes at 18% magnetite Davis Tube Recovery, returning a concentrate grade of between 69-71% iron.

The ore also is expected to have a relatively low level of impurities and occurs to a depth of 250m and over an estimated 34 to 51km strike length.

Importantly, the magnetite occurs in a siltstone and is very soft, pointing to low cost mining and crushing.

"The agreement continues Carpentaria's successful strategy of farm-outs across a range of projects to provide the necessary funding for development, while retaining an equity stake," Sheard said.

This already has led to it farming out its Glen Isla gold project, forming a joint venture on the Hughenden coal project in the Galilee Basin, selling its Waterford uranium property and farming out the Mt Agate copper/gold play.

"Since our listing two years ago we have made two significant discoveries - Hawsons and the Euriovie tin projects," he said.

"This year we will manage an exploration program estimated at around \$10 million which will comprise exploration and potentially resource drilling at Euriovie, drill testing for gold in the Panama Hat JV, and drilling for gold/nickel at the Combaning project.

"In our other JV's, our partners will be exploring for gold at Glen Isla and drilling for coal in the Galilee Basin in Queensland and now iron in the Burta area."



Carpentaria's Hawsons Iron Project

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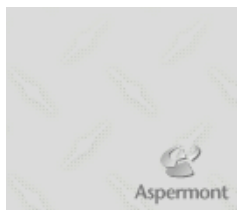


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