

CARPENTARIA EXPLORATION

EXPLORER KEEN TO EXPAND PORTFOLIO

At a time when some juniors are closing exploration departments, Carpentaria Exploration is continuing with aggressive exploration of Australia's east coast.

BROKERS RATE Carpentaria Exploration (ASX: CAP) as a lean, highly technical company with an aggressive exploration program. With working capital of \$A4.25 million, Carpentaria is using positive cash flow to fund new exploration and pick up additional projects.

The Queensland-based company listed on the Australian Securities Exchange in November 2007, raising \$7.5 million to pursue multi-element projects in areas of known mineralisation.

The active explorer has tenements in Queensland and New South Wales, but is willing to cast its net wider to other Australian states and abroad to capture high-quality projects.

Executive chairman Nick Sheard told *RESOURCESTOCKS* current market conditions presented Carpentaria with an opportunity to acquire new projects, whether through joint ventures or takeovers.

"We're a highly technical, motivated exploration group focused on finding base metal, precious metal

and bulk commodities in eastern Australia," he said.

The company selects tenements in known mineralised systems and, in particular, it chooses tenements in areas that have been underexplored in modern times, such as the highly prospective Galilee Basin.

Late last year Carpentaria completed a takeover of FTB (Queensland), picking up the Hughenden coal project, and now has applications over an area of about 12,000 square kilometres, including the under-explored Galilee and Eromanga basins.

Water bore logs held by the Queensland Department of Natural Resources and Water show tenements to be prospective, with documented coal intersections in at least 11 of Carpentaria's 15 coal exploration permit applications.

The project has the potential for bulk open cut thermal coal mining and underground coal gasification (UCG) projects.

Also located in the Galilee Basin are Waratah Coal (ASX/TSX: WCI), recently snapped up by private company Mineralogy, and clean-coal focused Linc Energy (ASX: LNC), with recent announcements of substantial coal resources from both companies and Linc successfully demonstrating a pilot UCG plant at Chinchilla in central Queensland that produced "syngas".

Carpentaria is also investigating projects in central New South Wales, namely Glen Isla and Combaning, where it has prospects in areas of known gold mineralisation.

"In our central NSW projects we believe the area is highly prospective and we're in a good position of having tenement over prospects that haven't had modern exploration," Sheard said.

"If these tenements were in Western Australia, for example, they'd have been gone – long gone."

At Glen Isla last year, Carpentaria completed four diamond and six reverse circulation holes totalling around 1600m. A best result of 6m at 1.91 grams per tonne from 4m was returned from a prospect located in oxidised silica-sinter.

A north-striking belt of structural complexity extends from that prospect and may host a high-grade gold-feeder structure to a known, large-scale gold and silver anomaly at the prospect.

Near the rail-centre town of Temora, Carpentaria is defining targets in its Combaning project area. The project area includes the old Mother Shipton mine, which produced close to 30,000 ounces of gold in the late 1800s.

Sheard said there was a considerable amount of old workings in the Combaning tenements and Carpentaria would follow up on old areas where there was known gold.

A review of previous data revealed a best intersection at Mother Shipton of 2m at 6.80gpt gold from 38m and 2m at 3.95gpt from 4m.

Carpentaria is looking for joint venture partners for this and its other 100%-owned projects as it continues with an ambitious exploration program.

Also in NSW are the company's tenements near Broken Hill, Australia's oldest surviving mining city known for its silver, lead and zinc mineral deposits, with the world's largest mining company BHP Billiton (ASX/LSE/NYSE/JSE) having its origins there.

"Our aim in the district is not necessarily lead-zinc Broken Hill-style mineralisation, which has been extensively explored, but for other

Senior geophysicist John Donohue, left, and Charlie Foster, technical services, at the Williams prospect



styles of mineralisation such as copper, gold, tin and tantalum.”

At its Panama Hat JV with Stellar Resources (ASX: SRZ), about 30 kilometres south of Broken Hill, Carpentaria is exploring around gold areas historically worked by the old timers, Sheard said.

“We are currently concentrating on the Williams prospect in the Panama Hat exploration licence where we’ve just been doing auger soil sampling along strike from the known mineralisation to define the extent of the Williams prospect, undercover to the northeast.

“Our aim there is to get mineable widths adjacent to the quartz vein that’s running the high gold values.”

These results from the gold-quartz vein include 30gpt gold, 19.05gpt, 7.06gpt and 3.68gpt. The company will use further auger samples to define drill targets as it tests this vein system.

Fifty kilometres northeast of Broken Hill at its Euriowie joint venture, Carpentaria is investigating the old Eurowie tin fields, which were worked at the turn of the 20th century. Its joint venture with the unlisted Sunrise Group gives Carpentaria the right to mine all metals except lithium.

“Our initial work and our sampling has produced some excellent results indicating that we’ve got elevated tin, tantalum, gold, lead and silver as well as elevated lithium.

“The elevated tantalum results, up to 1480 parts per million in the north of the field, are well above typical tantalum ore grades of 500-600 parts per million and the tin values including 0.24 per cent and 0.22 per cent in pegmatites were very encouraging,” Sheard said.

Mineralogical studies suggest the tin-tantalum would be amenable to conventional processing technology if sufficient grade and quantity were discovered.

Other mineralogical studies on the very high lead and silver results at the Horrie Hores prospect (0.75m at 11.45% lead, and 191gpt silver and 0.7gpt gold) suggest the mineralisation is primarily of Proterozoic age and could be more similar to the Century mineralisation currently being mined in Queensland by OZ Minerals (ASX: OZL).

The exploration team, which includes four on-staff geoscientists, intend to use the Niton XRF in situ analyser at Euriowie to assist with defining high-grade lead and tin-tantalum at the site.

The company is churning through its current line-up of projects, using strict economic criteria and strong



technical knowledge to evaluate tenements. Sheard said the company did not hold on to projects if they did not come up with results and was therefore looking to pick up additional projects.

“We are turning over resource projects rapidly and we’re always looking to fill our pipeline, which goes from grassroots through to resource projects,” Sheard said.

Carpentaria put out a call for new projects at the Mining 2008 Resources Convention in Brisbane last year. As word gets out, projects and corporate plays of a higher quality are beginning to be presented to Carpentaria by brokers and other parties.

“What we need is plays that are going to get into resource drilling reasonably quickly and they’re only just starting to come through,” Sheard said.

Carpentaria’s positive cash flow and history of working with joint venture partners makes it an attractive partner for companies needing assistance to complete the drilling necessary to deliver a JORC-compliant resource statement.

“We’re willing to look at anything, from joint ventures through to corporate plays.”

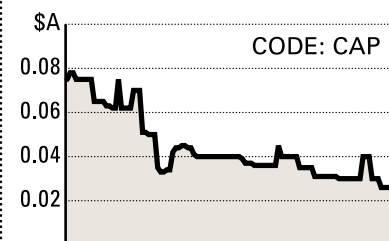
Sheard added that Carpentaria was willing to look at entry into projects or entry into the companies, with current market conditions providing an opportunity to do so at the bottom end of the market.

The explorer is also open to joint ventures for its existing 100%-owned projects as it progresses them through to production.

“We’ve got some pretty good targets to follow up and hopefully by the time this crisis is over we’ll be sitting with some very good projects,” he said. **RS**

Nick Sheard, left, with senior geologist Quentin Hill at Glen Isla

CARPENTARIA EXPLORATION AT A GLANCE



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MARKET CAPITALISATION

\$A2 million (at press time)

MAJOR SHAREHOLDERS

Giralia Resources NL 10.44%
Yandal Investments 5.30%
HSBC Custody Nominees 3.41%
Breamlea 2.92%
Equity Trustees 2.03%