

CARPENTARIA EXPLORATION

JOINT VENTURES INCREASE DIVERSITY

With only \$3 million in the bank in January 2009, Carpentaria Exploration decided to continue exploring. Today it has \$20 million and three rapidly developing diversified commodity projects.

CARPENTARIA Exploration took a hard look at itself and recognised it was an exploration company and, as such, needed to get its crop of projects up and running.

To do so it embarked on a deliberate strategy to bring joint venture partners in to assist with exploration work.

"A lot of people don't like joint ventures but we adopted the view that it's better to have 25 per cent of something than 100 per cent of nothing," Carpentaria Exploration executive chairman Nick Sheard told *RESOURCESTOCKS*.

The project now emerging as Carpentaria's flagship is the Hawsons iron project located about 60 kilometres south of Broken Hill.

The Hawsons project covers the entire known outcrop of the Neoproterozoic Braemar Iron Formation in New South Wales, which is highly prospective for bulk magnetite iron mineralisation.

The project comprises two joint ventures. The first is the Redan JV with Perilya and the second being the Burta JV with Bonython Metals Group (BMG).

"The Hawsons iron ore project is

starting to come of age," Sheard said.

"The deal we have with BMG entails them pumping around \$81 million into this project over the next couple of years.

"Through the deal, BMG has already placed \$5 million cash into our coffers and has put \$8 million towards funding the exploration in the joint venture.

"We're drilling as we speak. We have three rigs in the area at the moment, and we're undertaking exploration on the joint venture's behalf.

"We are also undertaking scoping and pre-feasibility work with the aim of defining up to about one billion tonnes of inferred resource.

"We hope to be getting to that stage by the end of the year."

Carpentaria is not the only company operating within the Braemar Formation but, at this stage, it is probably the most advanced.

The company is achieving excellent results from current programs, obtaining clean iron ore concentrate of 69-71% iron with low deleterious elements.

"It's not particularly high grade but our DTRs are coming in around about 18 per cent to 20 per cent, but it is so

huge," Sheard said.

"We have an exploration target there down to 250 metres of 3.5 billion tonnes to 5.8 billion tonnes.

"That's only down to 250 metres. The work we are doing at present would suggest the iron formations really go down a lot deeper – so it is, hopefully, going to be much larger than that."

When compared to some of the Western Australian iron ore projects, the grade at Hawsons isn't as high and the DTR results are lower. However, the potential tonnage is immense.

"The other thing is that it is a magnetite siltstone, which means it is really soft," Sheard continued.

"We know our bond working index is low, hence our crushing costs are going to be very low.

"The ease of processing is really going to reduce our costs for the separation. We believe it will be at least half, maybe less, than the conventional hard rock ones.

"That's what is happening with the pre-feasibility study. We are getting samples to do these tests as we speak."

The other JV completed by Carpentaria was the Hughenden coal project with Guilford Coal. Hughenden is a thermal coal play located within the Galilee and Eromanga basins of north Queensland.

The company had taken up a suite of tenements in the northern Galilee at a time when there was nobody else looking around there.

"We originally did this with another company called FTB and we bought them out," Sheard explained.

"We proceeded to build the tenements up through diligent work,

"We have an exploration target there down to 250 metres of 3.5 billion tonnes to 5.8 billion tonnes. The work we are doing at present would suggest the iron formations really go down a lot deeper – so it is, hopefully, going to be much larger than that."

NICK SHEARD
CARPENTARIA EXPLORATION



looking back at what other people had done. They were all still in application stages at that point.”

As a small company with about 7000 square kilometres of the Galilee, Carpentaria soon came to the realisation that once the tenements became granted costs were going to be prohibitive to it on a \$3 million bank account.

The deal with Guilford Coal, formerly known as Chairmen 1 until changing its name on listing on the Australian Securities Exchange, meant it would spend the first \$2 million on drilling. It also brought with it more tenements, which increased the JV's total landholding to around 12,000sq.km.

“We owned 20 per cent, they owned 80 per cent and we would start paying after their \$2 million was spent.

“That was a deliberate strategy on our part as \$2 million worth of work up there is going to obtain a lot of information.

“It was a very good deal for us.”

A good deal indeed with Guilford having only drilled three holes to date yet hitting coal in each one.

The hits are at depth, at 300m in the first hole but become shallower progressing to the northeast where Carpentaria expects to find sub outcrops.

“Already our partners have put a value on this tenement block of close to \$40 million,” Sheard said.

“It gets better because we don't have to worry about it until they have spent \$2 million and they are now claiming they may be able to get an inferred resource out by Christmas time.”

Carpentaria's third notable project is the Euriowie tin project where it

has identified interesting surface tin over a vein of varying widths of 2-8m over a strike length of 1400m.

Euriowie has been subjected to some speculative work previously but there has never been any drilling recorded there.

Carpentaria intends drilling a series of holes underneath and through this vein at a spacing of 50m to decide whether it extends at depth

“My guess is if it is 1400 metres long it is not just going to be a couple of metres at surface,” Sheard said.

“We're pretty confident we will be able to begin resource drilling there later this year.”

In order to be a serious exploration play it is necessary to have a good pipeline of projects, and after 2.5 years Carpentaria is convinced it now has a seriously good pipeline.

“These are not tenements; these are reasonable sized projects within tenements,” Sheard said.

“Hawsons and Euriowie will be hitting the JORC resource category pretty soon. Hughenden, according to our partners, could also be heading that way very soon.

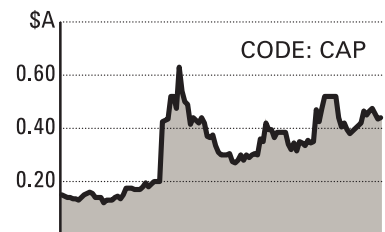
“With the money we now have in the bank we don't have to do so many joint ventures. That's where Euriowie is interesting as we can fund that by ourselves with no worries.

Between now and Christmas, some \$10 million will be spent on Carpentaria projects, most of which will be on drilling. Of that, about \$1 million will be Carpentaria money; the rest will be spent by its JV partners.

“The fantastic thing is we have around \$20 million in the bank. Eight million dollars of that is committed to the Hawsons project, but the rest of it is ours.” – **Wally Graham**

Carpentaria projects will be subjected to a great deal of drilling between now and Christmas

CARPENTARIA EXPLORATION AT A GLANCE



5 months ending August 6, 2010

HEAD OFFICE

Ground Level, Boundary Court
55 Little Edward Street
Spring Hill Qld 4000
Australia
Ph: +61 7 3161 3801
Fax: +61 7 3161 3786
Email: info@capex.net.au
Web: www.carpentariaex.com.au

DIRECTORS

Nick Sheard, Stan Macdonald, Bob Hair, Mike Chester

MARKET CAPITALISATION

\$41.3 million (at press time)

QUOTED SHARES ON ISSUE

93,821,301

MAJOR SHAREHOLDERS

Australia Conglin International
Investment Group 11.7%
Giralia Resources 9.13%
Mr Conglin Yue 3.91%
HSBC Custody Nominees 3.12%