



ABN 63 095 117 981 ASX Code: CAP

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

21 November 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 104,991,301
(fully diluted)

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 21/11/11
A\$10,035,322

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Lower costs boost Hawsons value to \$3.2Bn

HIGHLIGHTS

- **In pit crushing and conveying slashes mining costs**
- **Project NPV up 14% to \$3.2 billion and IRR rises to 23%**
- **Operating costs to mine gate down to \$33.97/t concentrate after royalties**
- **Estimated long term FOB cost of \$49/t concentrate**
- **Potential for further cost reductions**

Carpentaria Exploration Limited (ASX:CAP) announced today a significant rise in the estimated net present value (NPV) of its flagship Hawsons Iron Project to \$3.2 billion, based on lower projected operating costs used in a recent mining option study.

The increased NPV is a rise of 14% from the pre-feasibility study (PFS), and is based on modelling of in-pit crushing and conveying by GHD with significantly reduced mining cost estimates compared to conventional truck haulage.

Mining cost estimates of \$15.04 per tonne (t) concentrate in the recent study is down 23% over the PFS, contributing to a 5% fall in operating costs to \$33.97/t concentrate at the mine gate and an improvement in the Internal Rate of Return (IRR) to 23%.

Carpentaria's Executive Chairman, Mr Nick Sheard, said the new study's results were very pleasing and boosted the prospects of a new mine being established at eastern Australia's biggest new magnetite discovery.

"This builds on an already robust financial model and development concept and shows the benefits of a very large and simple deposit," Mr Sheard said.



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“In-pit crushing and conveying is an established mining method and well suited to the Hawsons deposit, importantly it has not yet been optimised and further cost reductions are possible” he said.

In addition to this mining cost saving, Carpentaria is working on processing cost savings, including capital costs, to maximise the benefits of the very soft ore and excellent magnetite liberation.

Financial Modelling and Costs

The improvements to the PFS base case (CAP ASX announcement 23rd May 2011) with the inclusion of in pit crushing and conveying and a revised production schedule are shown in Table 1. The PFS evaluated a 20 million tonne per annum (mtpa) concentrate production option with a three year, 5 mtpa start-up period. A slurry pipeline replaced trucking for initial product transport to Broken Hill, other than this all material assumptions were unchanged from May 2011.

	NPV 9%	IRR	Development Capital Costs	Annual ave. Gross Profit	Payback
Nov 2011 Update	\$3.2 Bn	23%	\$2.9Bn	\$735 m	6.3yrs
May 2011 PFS Base Case	\$2.8 Bn	21%	\$2.8Bn	\$688 m	6.5yrs

Assumptions - exchange rate AUD:USD 1.00:0.85, Iron Ore Prices are based on Macquarie Commodities Research dated 18 May 2011.

Table 1. November 2011 revision of Hawsons Financial model compared with May 2011 PFS results

Carpentaria has used conservative iron ore price forecasts and other assumptions. However if an average 62% Fe fines spot price of US\$150/t was used for the life of mine (i.e. October 2011 average 62% fines price), the model returns an NPV of \$11 Bn, an IRR of 36% and a payback of 5.5 years.

The improvement in the financial modelling is in part a result of lower operating costs. A summary of the revised operating and capital cost estimates to the mine gate are shown in Tables 2 and 3. When transport estimates are included, the costs free on board (FOB) are \$59/t concentrate for start-up and then a very low \$49/t concentrate.

Operating Costs	Costs A\$/conc Tonne
Mining	\$15.04
Processing	\$11.03
Infrastructure	\$1.84
Admin. and Royalties	\$6.06
Total	\$33.97

Table 2. November 2011 Operating costs to mine gate

Development Capital Expenditure	Costs A\$ million
Mining	\$430
Plant	\$1,139
Infrastructure	\$1,294
Other*	\$80
Total	\$2,943

* Contingency included at an average of 15.5%

Table 3. November 2011 Development Capital Expenditure to Mine Gate

In Pit Crushing and Conveying

In Pit Crushing and Conveying is conventional and established technology and is the preferred option for large open pit mines with high outputs. The systems offer many advantages over traditional truck haulage including drastically reduced haulage distances and truck hours, lower maintenance costs, reduced road preparation, fewer movements during operations, less energy consumption and longer life span.

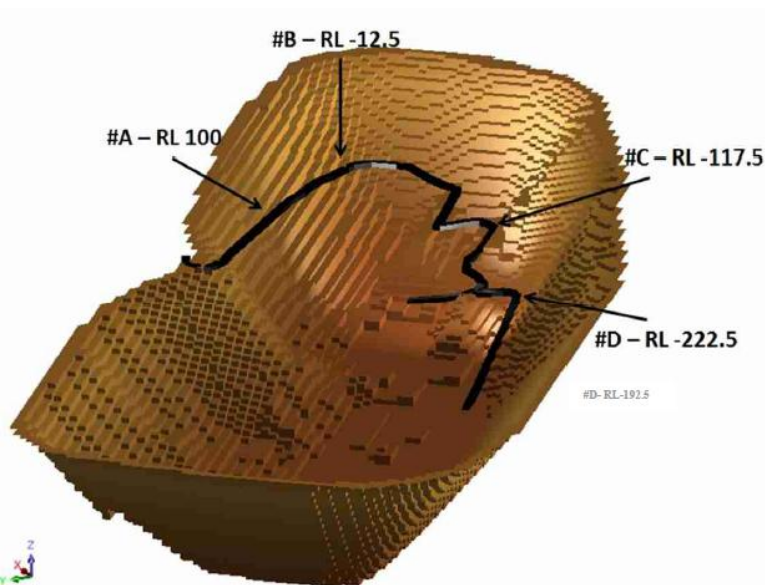


Figure 1 Hawsons conceptual pit with in pit crushing locations (A-D) and conveyor path

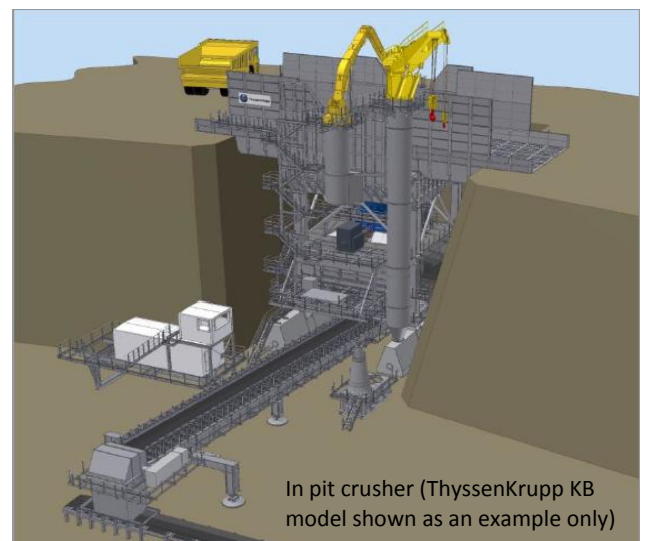


Figure 2 Diagram of an in pit crusher

In operation the blasted material is dug by a shovel, loaded onto trucks and hauled a short distance downhill to feed the crushing plant. The crushed material is then conveyed to the ROM pad (Figures 1 and 2.)

Mr Sheard said: "These ongoing improved project results show the potential of Hawsons to become a company-making project for Carpentaria and an ongoing source of wealth for shareholders. Carpentaria will continue to work to reduce costs and strive to produce magnetite at a comparable cost to West Australian hematite producers."

Hawsons Iron Project Background

The Hawsons Iron Project is located 60km SW of Broken Hill (Figure 3) and includes an **Inferred Magnetite Resource of 1.4 billion tonnes (Bt) at a Davis Tube Recovery (DTR) of 15.5%** (12% cut off) and an **Exploration Target¹ of 6 - 11 Bt at 14-17% DTR**. This includes up to 1.9Bt of high grade magnetite concentrate.

¹ 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

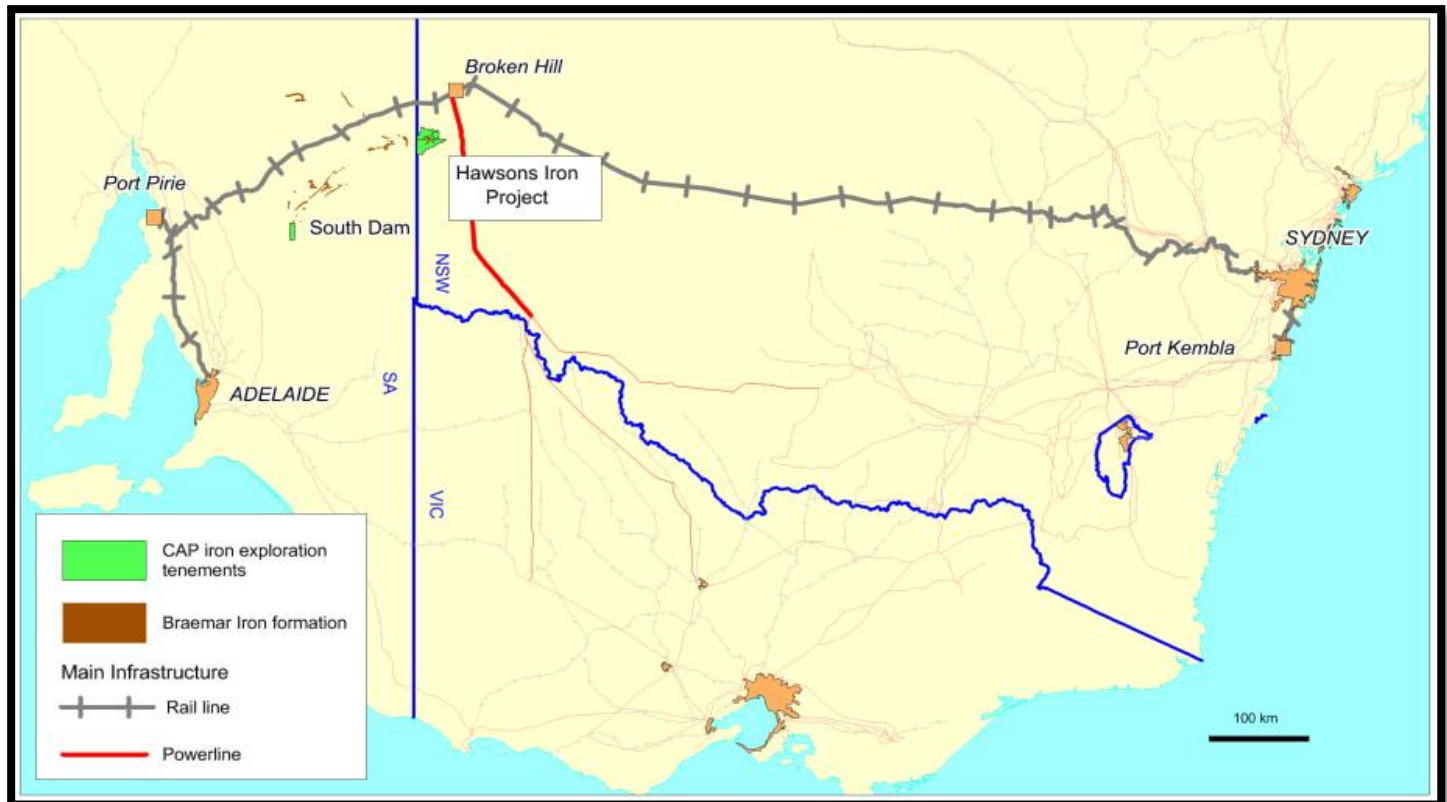


Figure 3 Hawsons Location Plan

A PFS evaluating a 20Mtpa concentrate production option with a three year, 5 mtpa start-up option was completed in May 2011. The results demonstrated that the project could be very profitable long life mine using conservative engineering and financial assumptions.

The project advantages include:

- ✓ Very large resource and exploration target¹ - giving the potential for a long life mine. The PFS allows for 24 years however the exploration target suggests a life of over 50 years could be achieved.
- ✓ Proximity to existing rail, port, power, water and workforce infrastructure that allows for accelerated development. Carpentaria has identified 9mtpa of rail and port capacity available from Broken Hill both east and west. It is located 30km from grid power with only minor upgrade required for mine development. Sufficient water has been identified nearby and Broken Hill has an established mining culture.

The mineralised rock is very soft when compared to other magnetite iron ores providing huge cost savings in processing and the mineralisation is homogeneous which means low mining risk and high predictability in production and processing schedules.

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The project is a joint venture (JV) with Bonython Metals Group (BMG). Under the joint venture Carpentaria is not required to contribute any expenditure during the proposed mine life, but will receive 20% of total output. On full production of 20mtpa shareholders profits from 4mtpa of high-grade concentrate production at zero cost.

For BMG to continue in the JV, BMG must, before 15th May 2012, contribute \$25m cash to Carpentaria and commence a definitive feasibility study. If BMG decides not to continue, the JV agreement states that if Carpentaria is approached by a third party with a bona fide offer to acquire all of BMG's percentage share, then BMG must sell its percentage share to that party for consideration which is at least equal to the amount of the total cash contributions made by BMG to the project at that time.

This is very positive for our shareholders as given we now have a resource and a positive PFS such a deal would be attractive to third parties.

Nick Sheard
Executive Chairman

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

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.