COMPETITION:
JOIN US IN BROKEN HILL!

Broken Hill’s premier event is back again this month and Carpentaria would like you to join us!

Win two delegate tickets for entry to the Resources Investment Symposium (RIS), being held from May 26-28 at the Broken Hill Civic Centre.

To enter the competition, email us at info@capex.net.au, stating in 25 words or less what mining means to Broken Hill.

Don’t miss the opportunity to hear Managing Director Quentin Hill’s presentation at 11.45am on the 26th. While you are there, drop in for a chat with the Carpentaria team at Booth 25.

Please include “newsletter competition” in the subject line and your name and contact details (email and telephone) in the body. Entries close 5pm Friday, May 16, with the winner to be notified on May 19.

Don’t forget to join the conversation on Twitter at #RIS2014.

See you in Broken Hill!

NB: Conditions apply on delegate tickets entry to RIS 2014 Broken Hill. Carpentaria reserves all rights concerning entry to the conference.

FULL SPEED AHEAD FOR HAWSONS IRON PROJECT

Broken Hill’s biggest new mining project is on track for development, with the Hawsons Iron Project partners ticking all the right boxes for investors.

A joint venture between Carpentaria Exploration (60%) and Pure Metals (40%), the project partners have moved to slash projected costs and boost returns.

The Hawsons joint venture is now targeting initial production of 10 million tonnes per annum (mtpa) as the bankable feasibility study’s base case.

By matching the project’s size to available port, rail and road capacity, Hawkins can benefit from faster development and permitting timeframes compared to rival projects, both in Australia and overseas.

Carpentaria reported in March an Indicated Resource of 215 million tonnes, with 35 million tonnes of premium magnetite concentrate. Hawkins has a total of 263 million tonnes of contained iron concentrate, up 20% on the maiden Inferred Resource.

Or put simply, Carpentaria is even more confident of the prospects for eastern Australia’s largest new magnetite project, located just 60 kilometres from the silver city.

An independent review released in April found that the transport plan from Hawsons to Port Pirie is the lowest cost option. Victoria’s plans to extend a freight rail link to Mildura could even allow access to Portland, giving a future expansion option.

A separate review of the concentrate showed its potential for a premium price around 20% higher than current market prices. Importantly, tests conducted for the environmental impact statement have revealed the availability of sufficient water.

“Hawsons is in the right area, with the right infrastructure and the right product,” Carpentaria’s Managing Director Quentin Hill said. “We’re now in concrete talks with infrastructure providers as we push ahead with this project, which could deliver low emission and superior quality iron to Asia.”

ROCK STAR

Carpentaria’s Non-Executive Director, Dr Neil Williams has been recognised for his contribution to geoscience with the award of the Australian Academy of Science’s Haddon Forrester King Medal.

The medal is awarded every two years to acknowledge original and sustained contributions to the earth sciences.

“Dr Williams has made an outstanding contribution to the geosciences during a distinguished career that has encompassed academia, industry and the public service,” Geoscience Australia chief executive Dr Chris Pigram said.

“His outstanding achievement has helped Australia reach a position of world leadership in the use of geoscience as an essential underpinning capability for natural resources management, particularly in the fields of minerals and petroleum exploration.”

Dr Williams told Paydirt magazine that the award was “a great honour for Geoscience Australia and all the staff there, as much as it is for me”.

Since exploring for gold around Albury as a boy, Dr Williams has maintained his passion for exploration – and his next target is more new discoveries for Carpentaria.
Investors who have experienced the ups and downs of the resources cycle will be familiar with the current stage of Australia’s mining industry.

The cycle often switches from a period of boom, with capital plentiful but labour in short supply, to a downturn where the situation is reversed.

Is the resources “super cycle” over? According to Westpac economist Justin Smirk, the cycle may have peaked but it certainly is far from finished.

“China is not going away, India is on the rise…other parts of the world are also developing and urbanising. If you believe like we do that the Western world is in a phase of saving and deleveraging, and the developing world’s going through a growth phase, then you can see strong demand for raw materials to urbanise,” Smirk said at the Mining 2013 conference.

CRU Strategies’ Allan Trench also sees continued growth from China, the world’s biggest consumer of resources, as its central and western regions industrialise.

On April 16, China announced an annualised expansion in gross domestic product (GDP) of 7.4% for the first quarter 2014, above market expectations for 7.3% growth. According to ANZ, the Chinese government’s plans to expand tax rebates to small enterprises, accelerate urban renewal and railway investment will help ensure an economic upturn.

CITIC Pacific president Zhang Jijing has declared his confidence in the outlook for magnetite, stating that energy-saving premium magnetite could help Chinese steel mills curb energy use and emissions.

Significantly, the head of the Chinese resources powerhouse said Australian magnetite had a major role to play in this process.

From past experience, the current situation is a perfect opportunity for companies like Carpentaria to conduct exploration, given reduced activity by the big miners.

Carpentaria kept exploring throughout the global financial crisis, resulting in the discovery of our flagship Hawsons Iron Project, and we are committed to maintaining an active exploration program.

Carpentaria offers investors benefits that are not easily found in Australia, including being located near infrastructure and labour, having a supportive community, and the potential for high margins.

But Carpentaria has another string to our bow in a strategic portfolio of gold projects in the Lachlan Fold Belt of New South Wales.

Warren Buffett believes patience can reward investors, and having endured varying economic and stockmarket cycles I wholeheartedly agree.

Bob Hair is a founding Director of Carpentaria Exploration.

He is a lawyer with more than 25 years experience in the resources sector, including previous in-house roles at MIM Holdings and Highlands Pacific.

Bob also serves as an Executive Director of Perth-based Ferrum Crescent Limited (ASX:FCR), having until recently held the role of Managing Director.

Why did you first become involved with Carpentaria Exploration?

Nick Sheard invited me to become a director before the company floated. I worked with Nick and John Donohue (Carpentaria geophysicist) at MIM Exploration, and we had a lot of fun there.

What makes Carpentaria different compared to other mining companies?

CAP is in my view what a junior exploration company should be. There is no misunderstanding within the group as to what we are there for – to make mineral discoveries and add shareholder wealth.

The culture is one of honesty and technical excellence. I doubt there are too many other explorers with the collective technical expertise of CAP, and the balance of geoscientists to administrative staff is excellent.

What are your personal goals for the company?

To take it to the next step – translate a major discovery to major shareholder wealth, whether by bringing it into production or selling it, for example. Hawsons looks like the one, being a case of grassroots exploration leading to a major mineral discovery, and there aren’t too many of them!

What do you do in your spare time?

My life has been so hectic in recent years that I simply enjoy being at home with my wife and our menagerie in the Brisbane Valley.

What’s the outlook for Carpentaria?

Excellent. We have a good board and management, and a world-class asset at Hawsons. We also have a lot of supportive shareholders.

You’ve been in the resources sector for a long time, how are you seeing the outlook for explorers?

To be honest, it’s always been a tough game. There are of course easier times, but explorers are competing for risk capital with each other and with many other players.

Australia is a fairly tough place to boot with increasing regulatory hurdles - we have never had the understanding of risk/reward or sheer willingness to have a punt that you see in London and, more so, Canada, and it’s also an expensive place to do business.

Having said that, I still believe that the market values honest professionals who are doing the right thing. I put CAP in that category.
All that glitters

Carpentaria’s successful exploration strategy of focusing on outcropping mineralisation in areas hosting world-class ore bodies continues to bear fruit.

The company has committed significant funds to exploration across its strategic, wholly owned gold portfolio in the Lachlan Fold Belt of New South Wales, spanning 1,800 square kilometres across the Advene, Barellan, Grong Grong and Temora projects.

In February, Carpentaria announced a significant new gold anomaly had been identified at the Josephine Moulder prospect, in the 100% owned Advene Gold Project, located 220km north-west of Wagga Wagga.

The new gold zone showed peak results of 1.5 grams per tonne (g/t) gold and 2.5 g/t silver, with the best results covering a width of 150m. A further geochemical survey extended the soil anomaly 200m to the north-east and 200m east.

The results provide great potential for discovery of significant gold mineralisation, with Carpentaria planning further drill testing during the June quarter.

At the Barellan Gold Project, 70km north-west of Wagga Wagga, results are expected in the June quarter of recent rock chip and power auger sampling. Carpentaria has confirmed the presence of a zone containing high gold grades, with historical results including 10m at 4.5 g/t gold.

At the Temora Gold-Copper Project, also near Wagga Wagga, Carpentaria aims to explore the Mother Shipton gold prospect, having recently gained approval to undertake initial exploration.

The Grong Grong licence near Narrandra was granted in December 2013, with historical results at the Harry Smith prospect including 21m at 2.5 g/t gold. An auger survey is planned for the June quarter to test this area, which abuts what was once Australia’s largest hard rock tin deposit, among other historical workings.

Meanwhile in South Australia, Carpentaria is considering processing options for the Braemar South Project.

Like Hawsons, the project is near rail and road infrastructure, being 200km north-east of Adelaide and within the magnetite-bearing Braemar Iron Formation.

“All that glitters” Carpenteria’s successful exploration strategy of focusing on outcropping mineralisation in areas hosting world-class ore bodies continues to bear fruit.

Fostering young artists

The power of art to inspire and enrich has been displayed in Broken Hill with the running of a number of school workshops for young Indigenous artists.

Conducted by the Children’s Charity Network, the workshops focused on Indigenous children ranging from prep to year 12, with leading Australian authors and illustrators passing on their expertise.

Carpentaria sponsored the Young Indigenous Art & Writers Awards Program, ensuring Broken Hill was included among 560 workshops conducted nationwide.

“Kids in rural and remote schools get a poor deal in relation to accessing these sorts of experiences, as cost can be prohibitive. However, it is often these kids who have the ‘real life’ experiential background that lends itself to fantastic story telling,” said a school literary coordinator.

“As a company with a strong commitment to the community, we recognise the importance of such programs for Indigenous and other children in remote areas such as Broken Hill,” Carpenteria’s Quentin Hill said.

“It’s wonderful to have the opportunity to support the program, which according to all involved was a truly memorable experience.”

All Broken Hill schools involved received a selection of books and other publications to upgrade their libraries, ensuring the participants have access to long-lasting knowledge.

Meanwhile in South Australia, Carpentaria is considering processing options for the Braemar South Project.

Like Hawsons, the project is near rail and road infrastructure, being 200km north-east of Adelaide and within the magnetite-bearing Braemar Iron Formation.

“Carpentaria believes eastern Australia is underexplored and offers huge potential. It’s rare to find greenfields areas in NSW with such promising targets as at Advene, and we see great potential for more discoveries,” Carpentaria’s Quentin Hill said.
Carpentaria rated a ‘buy’

Investor confidence in Carpentaria has been boosted by the release of a positive research report on the company, rating it a ‘speculative buy’.

Analysts at Sydney-based Breakaway Research said the company’s two-pronged approach concerning its flagship Hawsons Iron Project and NSW gold projects offered significant potential for growth in shareholder value.

The analysts described Hawsons as a large, long-term project with “potential for significant value-add in the longer term, with ongoing project advancement”.

“A key to the project is that it is well served by infrastructure, with potential available capacity for production of up to 8-10 mtpa, thus minimising capex and lead times.

“In this, Carpentaria is unique when compared to its peers. There are also potential infrastructure synergies with other projects and companies in the region,” they said.

Share prize sizzle

However, the analysts also noted the potential of Carpentaria’s portfolio of wholly owned NSW gold projects, where the company is targeting areas of known mineralisation but with little modern exploration.

“Our view is that exploration success on any of these [gold] projects should provide the shorter term ‘sizzle’ in the [share] price,” the analysts said.

Noting the proven track record of Carpentaria’s board and management team in managing infrastructure with little modern exploration.

“We see short-term price appreciation on the back of obtaining a partner to fund the Hawsons DFS [detailed feasibility study] and any exploration success on the gold projects, with medium to long term appreciation to be driven by ongoing advancement of all projects. Accordingly, we rate Carpentaria as a Speculative Buy.”

Gold, iron outlook brightens

A stronger outlook for gold prices has also boosted the potential value of Carpentaria’s NSW gold portfolio. According to the World Gold Council, China is now the largest gold user and its demand for gold could rise by another 25% in the next four years.

Meanwhile, iron ore prices have firmed, helped by better than expected economic growth in China. Analysts at UBS expect prices to average US$126 per tonne this year amid an improved global economic outlook, while Morgan Stanley has tipped an average price of US$118.

Chinese steel mills are increasingly favouring premium magnetite concentrate which can be used in more sophisticated, higher value steelmaking, curbing energy use and emissions. The country expects to boost magnetite concentrate imports from 8-9 to 50 mtpa.

India also aims to triple steel capacity to 300 mtpa by 2025, requiring vastly more iron ore.

With Carpentaria aiming to land premium magnetite concentrate in China at around US$60 per tonne (normalised to 62% iron), the Hawsons product remains highly competitive.

There was plenty of interest from Asian investors at Mines & Money Hong Kong 2014 in March, where Carpentaria was among the 270 exhibitors.

“Attending Hong Kong’s premier mining conference has revealed the strong Asian demand for quality Australian mining projects. We’re confident of attracting the right partner for the Hawsons project and unlocking its potential for our shareholders,” Mr Hill said.

Carpentaria continues to attract media interest in its activities. Here’s some of the latest coverage:

ABC Broken Hill (Outback Outlook)
Interview with Quentin Hill
(February 20, 2014)

Barrier Daily Truth
“Iron ore prospect ‘richer’”
(March 28, 2014)

Courier Mail
“Earth Science Oscar”
(City Beat, February 12, 2014)

Mining Chronicle
“Bullish outlook for iron hopeful”
(March 2014)

Paydirt
“Explorer at heart receives top honour”
(March 2014)

Investor calendar

Key upcoming dates for shareholders, including the opportunity to meet the Carpentaria team:

May 26-28
Resources Investment Symposium Broken Hill (conference booth and presentation)

July
June quarterly report (due July 31)

September
Annual Financial Report due (September 30)

October
Mining 2014, Brisbane (October 29-30) (conference booth and presentation)
September quarterly report due (October 31) Annual Report

Company updates

Keep updated on Carpentaria’s activities by joining the mailing list.

To subscribe, visit the website, www.carpentariaex.com.au and click on the link “Subscribe” on the homepage.

Don’t forget to follow us on Facebook, Twitter (@CARPEXPLORE) and YouTube!

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