

29 July 2010

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 coal 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 93,821,301  
Unlisted Options 7,700,000

Major Shareholders:

Conglin In't Invest' Group 11.17%  
Giralia Resources 9.13%  
Mr. Conglin Yue 3.91%

Financial

Cash and deposits on hand  
A\$19.4 million

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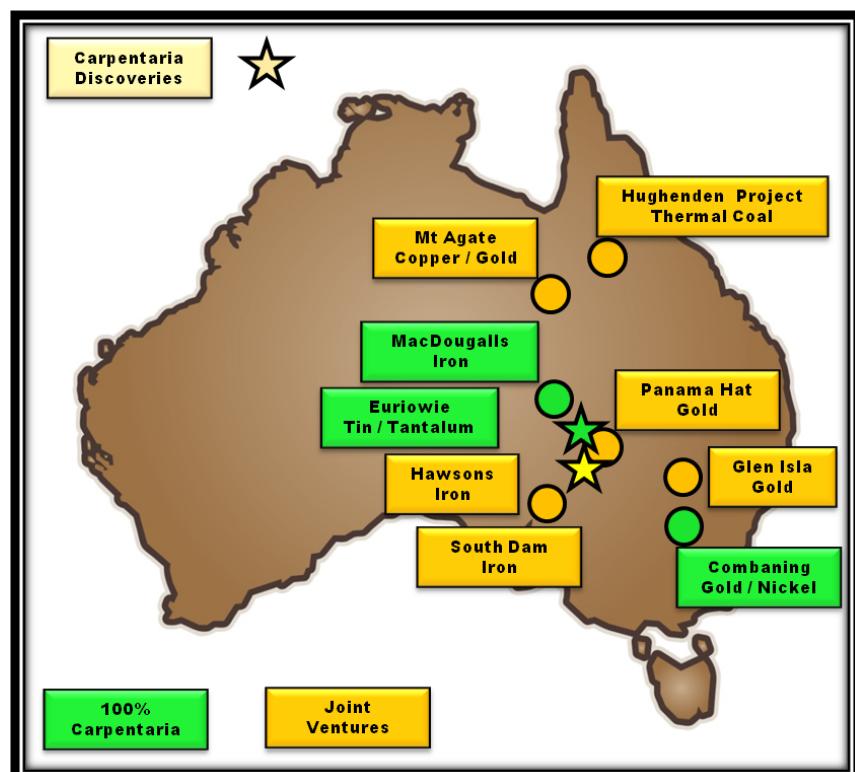
## QUARTERLY REPORT

FOR THE 3 MONTHS ENDED 30<sup>TH</sup> JUNE 2010

## HIGHLIGHTS

- **HAWSONS IRON PROJECT:** Ongoing confirmation of the geophysical/geological model with significant magnetite intersections returned from 5 new target areas drilled during the quarter. Assay results are awaited.
  - **REDAN JV:** Drilling undertaken to test magnetic anomalies - all targets returned encouraging magnetite ironstone.
  - **BURTA JV:** An \$81m agreement signed, with \$11.0m cash received in the June Quarter. Initial drilling during the quarter returned encouraging magnetite intersections at all targets.
- **HUGHENDEN COAL:** Exploration drilling program commenced with coal intersected shallower than anticipated.
- **EURIOWIE TIN:** Drilling program scheduled to commence in the September Quarter.
- **GLEN ISLA GOLD:** Geophysics program defines 2 drill targets and drilling to commence in August.

## PROJECT LOCATION MAP



## EXPLORATION – SUMMARY

A significant joint venture agreement with Bonython Metals Group Pty Ltd (BMG), the Burta JV, was signed in the June Quarter, which provided Carpentaria with \$5.0m cash and a further \$8.0m in funding for resource drilling and a pre-feasibility study. Further payments of \$48.0m cash to Carpentaria and \$20.0m into the project may be made if specified milestones are reached. Following consummation of this transaction, exploration activities intensified with a major drilling program commencing in May on the joint venture area.

Carpentaria vested 51% in the Redan Joint Venture with Perilya Broken Hill Pty Ltd (Perilya), during the Quarter. Drilling by Carpentaria also commenced on this JV.

Approvals were sought and granted for drilling programs at the Panama Hat gold JV and the Euriowie tin project, both located in the Broken Hill region, NSW.

A 3D IP geophysical survey was completed at the Glen Isla gold project and identified two drill targets.

An exploration drilling program began at the end of June at the Hughenden Coal Project in the Galilee Basin in Queensland where Carpentaria retains a 20% interest. Results from the first hole provided proof of concept with the coal intersected at 300m interpreted as part of the Betts Creek Formation.

A farm-out of the Mt Agate copper/gold tenement south of Cloncurry in Queensland was completed.

## PLANNED SEPTEMBER QUARTER EXPLORATION ACTIVITIES

### Redan JV

The exploration and orientation drilling phases at the 'Core', 'T' and 'Fold' magnetic anomalies will be completed and focussed resource drilling will be designed and commenced. Engineering, scoping and mineral processing test work will also commence.

### Burta EL

The exploration and orientation drilling phases at the large 'Wonga', "Dam" and 'SE Limb' magnetic anomalies will be completed, and identification of areas for focussed resource drilling will be completed. Engineering, scoping and mineral processing test work will also be commenced.

### Panama Hat JV

A nominal 7 hole, 750m RC drilling program to test gossanous-quartz veins with high-grade surface gold geochemistry at Panama Hat and Williams East prospects.

### Euriowie

A nominal 12 hole, 1,000m RC drilling program to test the 1,400m strike and down-dip extent of the coarse grained cassiterite bearing Euriowie tin pegmatite.

### Hughenden

Ongoing drilling to test the extent and continuity of recent encouraging intersections of thermal coal.

### Glen Isla

A 3 hole, 600m RC drilling program to test two buried three-dimensional Induced Polarisation (3D IP) anomalies detected by the recently completed survey for epithermal gold mineralisation.

## Other Projects

Completion of data compilation and preliminary target identification at recently granted exploration licences or applications at Hillston, Apollyon and McDougall's Well in the Broken Hill area.

Drill program design and advancement of access arrangements for the Mother Shipton prospect, within the Combaning-Dirnaseer Tenement block located in the Lachlan Fold Belt in central NSW, near Temora.

Carpentaria's partners will conduct a detailed airborne magnetic and radiometric survey over the South Dam JV iron project in South Australia and in the Mt Agate copper gold JV further soil sampling will be undertaken.

## **EXPLORATION**

### Hawsons Iron Project

#### General

The Hawsons Iron Project covers the entire known outcrop in NSW of the Neoproterozoic Braemar Iron Formation, which is highly prospective for bulk magnetite iron mineralisation and contains the Hawsons Iron Prospect discovered in 2009. An exploration target<sup>1</sup> of 3.5 to 5.8 billion tonnes at 18% magnetite DTR with a concentrate grade of 69 - 71% Fe with a low level of impurities has been estimated for the Hawsons Project. This calculation is to a depth of 250m over a prospective strike length of 34 to 51km, which rates as one of the largest magnetite exploration targets in Australia.

The project comprises the Redan JV (EL 6979) with Perilya and the Burta JV (ELs 7208 and 7504) with Bonython Metals Group Pty Ltd (BMG). Under the Burta JV agreement, Carpentaria manages exploration and pre-feasibility work.

<sup>1</sup> *The potential quantity and grade of the exploration targets is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.*

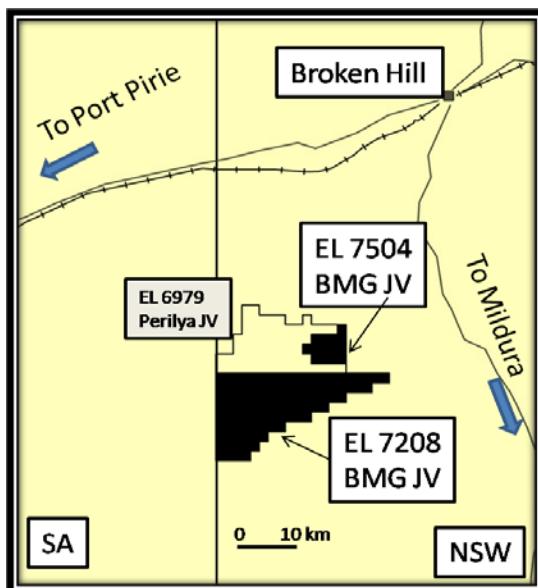
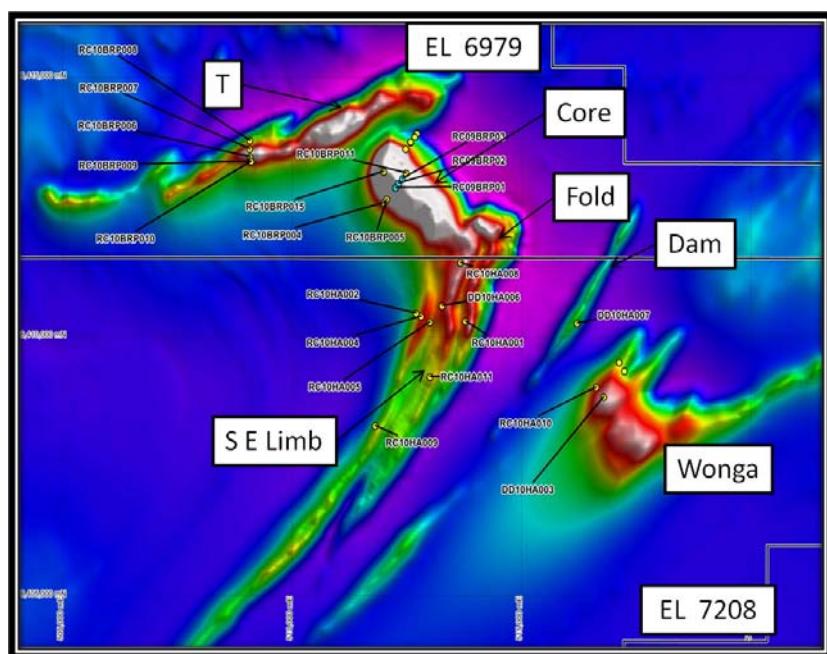


Figure 2. Location of Hawsons Iron Project

## Redan JV – EL 6979 (CAP vested 51% earning 75%)

The Redan JV on EL 6979 is located immediately north of the Burta JV tenement EL 7208 (refer Figure 2). Drilling commenced during the quarter, with Carpentaria completing initial drilling at two areas in the Redan JV area, at the 'Core' and 'T' anomalies. This drilling is designed to test the thickness, depth of cover and extent of magnetite mineralisation (refer Figure 3).

Eight reverse circulation (RC) holes have been completed for 1,673m during the quarter. At the end of the quarter, laboratory analyses of all drill-hole samples was in progress and results were awaited. Figure 3 shows drill-hole locations plotted on a reduced to pole total intensity magnetic image.



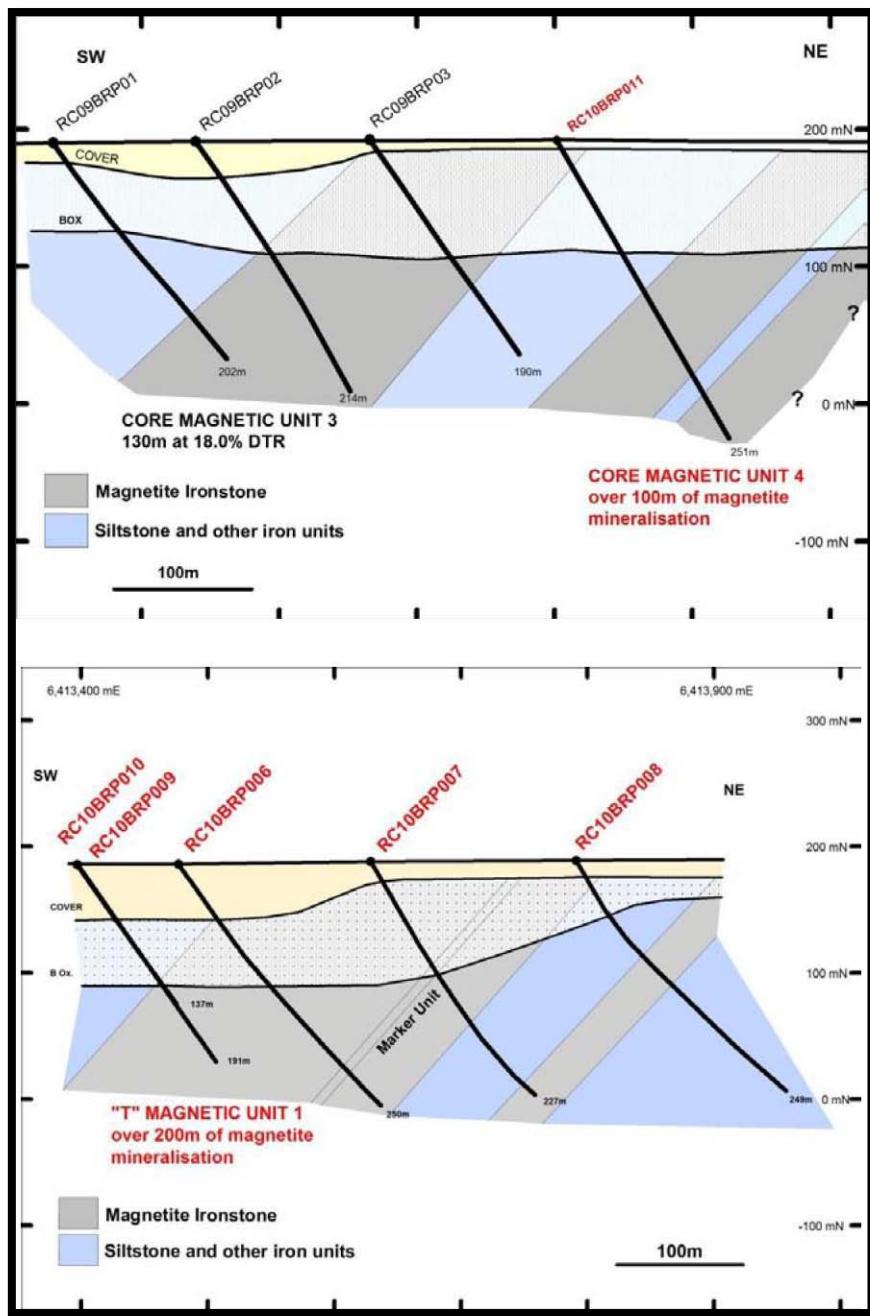
*Figure 3: Location of current drill program holes over a magnetic image.  
Note holes shown in blue are from 2009 drilling*

Drilling was successful and all holes intersected magnetite mineralisation consistent with the magnetic data. Importantly, these results are further confirming the interpretation of the Company's technical team regarding the exploration target size of the Project area.

At the Core Anomaly, significant thickness of magnetite mineralisation was identified. Field measurements of magnetic susceptibility, which relates directly to magnetite content, taken from RC10BRP011 confirms that another magnetic unit (Core Magnetic Unit 4) consists of over 100m combined thickness of magnetite mineralisation to the end of hole.

At the 9km long "T" Anomaly, initial drilling on its western end was also successful in confirming the geophysical interpretation and discovered a new zone of magnetite mineralisation with a combined intersection width of 200m (Figures 3 and 4). Assay results are awaited.

Further exploration planned for EL 6979 includes drilling of higher amplitude areas of the "T" Anomaly, testing of the Core Anomaly along and across strike and drill testing of the Fold Anomaly.



*Figure 4: Geological sections drilled over the 'Core' and 'T' anomalies.  
Note holes with red numbering were drilled in the June Quarter*

### Burta JV (BMG earning in)

The Burta JV on EL 7208 is located immediately south of EL 6979.

The joint venture agreement was signed with BMG in April. The key elements are:

- Stage 1: BMG to pay Carpentaria \$5.0m cash and a further \$8.0m to fund exploration and pre feasibility work to define up to 1 billion tonnes of inferred resource within two years and thereby earn 40% of the project. These payments were to be staged over 3 months.

- Stage 2: On completion of Stage 1 and a positive Pre Feasibility Study outcome, BMG to pay Carpentaria \$25.0m and thereby to earn 51% in the Joint Venture.
- Stage 3: BMG to fund a Bankable Feasibility Study (estimated cost \$20.0m) to be completed within two years of Stage 2. On completion of this study, BMG's JV interest to reach 80% when a further \$23.0m is paid to Carpentaria.
- Stage 4: When a decision is made to develop the Project, Carpentaria retains a 20% free carried interest up to the targeted production of 20 mtpa of iron ore concentrate.

Under the agreement, Carpentaria will manage the exploration and pre-feasibility work, providing continuity to the program.

Carpentaria received payments due in the June Quarter totaling \$11.0m, with the remaining \$2.0m out of the total of \$13m, due on 15 July.

Drilling commenced during the Quarter at three areas in the Burta JV, the 'Wonga', 'Dam' and 'Fold' anomalies, and was designed to test the thickness, depth of cover and extent of magnetite mineralisation.

Ten reverse circulation (RC) and one diamond-drill core (DD) holes have been completed for 2,155m during the June Quarter. At the end of the quarter, technical results were still being collated and laboratory analyses of all drill-hole samples commenced. Assay results are awaited. Figure 3 shows drill-hole locations plotted on a reduced to pole total intensity magnetic image.

At the 'Wonga' anomaly, visual observation and field susceptibility measurements of drill core from the first hole (DD10HA003) show a 163m thick down-hole intersection from 137m to bottom of hole, of magnetite siltstone with an oxidation base at 120m below surface. This is a very positive outcome as these observations confirm the very large concealed Wonga magnetic anomaly is sourced by magnetite mineralisation essentially identical to that known from previously drilled holes at the Core anomaly in June 2009.

At the 'SE Limb' anomaly, six RC holes were completed with all holes intersecting magnetite mineralised siltstone units with a generally shallower oxidation base (40-70m below surface). No laboratory analytical data was available at the end of the quarter but field observations and magnetic susceptibility measurements indicate magnetite mineralised intervals of 165m down-hole from 60m in RC10HA001 and a 101m intersection from 112m in RC10HA008.

At the 'Dam' anomaly, drilling was in progress and the hole had encountered a 42m down-hole mineralised interval below an oxidation base of 70m below surface at the end of the quarter. This is the first hole ever drilled to test this anomaly and confirmed its source is magnetite mineralisation similar to that known elsewhere in the Hawsons Project area.

## **Euriowie – EL 6936 (Carpentaria 100%)**

The Euriowie, tin and rare metal project lies 60km north of Broken Hill, NSW (refer Figure 5).

During the quarter, approval to complete 12 drill holes at the Mt. Euriowie Pegmatite Tin Prospect was obtained from the NSW Department of Industry and Investment and the program is scheduled to be completed in the September Quarter.

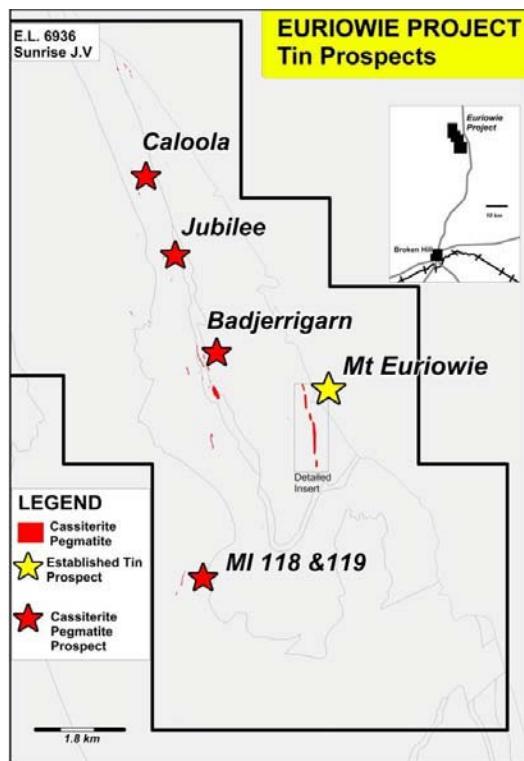


Figure 5 Location of Euriowie Tenement (top right) and tin prospects

### Glen Isla Gold Project (100% CAP with RMS earning an initial 51%)

Carpentaria is currently managing exploration at the Glen Isla epithermal Au Prospect (EL 6246) under the terms of a farm-out agreement with Ramelius Resources Limited (RMS), whereby RMS funds all work for the Project.

During the quarter, a 3D IP survey was completed at the prospect designed to search for buried high-grade, bonanza style feeder zones or bulk tonnage lower-grade gold mineralisation. Interpretation of IP data has identified two low amplitude IP anomalies estimated to be 110m below surface within an area of low resistivity.

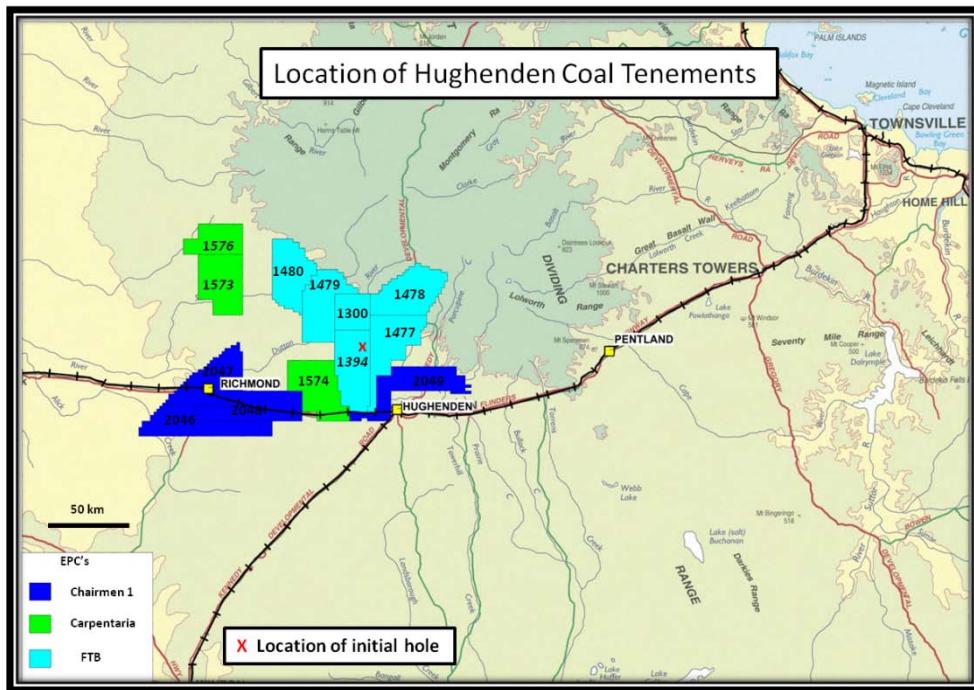
A three hole RC drill program of approximately 660m has been designed to test the IP anomalies and is scheduled for completion in the September Quarter.

### Hughenden Coal Project (CAP 20%, Guildford Coal 80%)

Under an agreement announced on 22 February 2010, Guildford Coal Ltd (Guildford) (formerly Chairmen 1) is providing the initial exploration funding for this project to a total of \$2.0m, targeting export thermal coal contained within the Galilee and Eromanga Basins. Guildford also contributed additional properties into the Project as shown in Figure 6. The Project now has eight granted tenements spanning an estimated 6,333 square kilometres, EPC1394; EPC1477; EPC1300; EPC1576; EPC1574; EPC2046; EPC2048; and EPC 2049.

An initial hole, located in the centre of the Hughenden Project (see Figure 6), was designed to confirm the stratigraphic and structural interpretation and was drilled to a total depth of 500m in early July.

The recent granting of adjacent tenements to the north and north east of EPC1394 will allow the drilling pattern to progress in a north-easterly direction towards the basin edge, targeting shallower coal intersections.



*Figure 6: Map of FTB Tenements in Hughenden Project.  
Note X marks the proposed drill hole location*

#### **South Dam Iron Project (100% CAP with BMG earning an initial 49%)**

This tenement is located over the Braemar Iron Formation and has a 6km airborne magnetic anomaly that is interpreted to represent similar magnetite bearing rocks to those encountered in the Hawsons Iron Project. BMG has designed a detailed airborne magnetic and radiometric survey that will be flown in the September Quarter.

#### **Mt Agate (ActivEX Ltd. earning 75%)**

This tenement was farmed out to ActivEX this quarter. ActivEX must spend a minimum of \$100,000, in the first stage of the farm-in, ActivEX may earn a 75% interest in the tenement by spending \$750,000 over a five year period. At that stage, Carpentaria may elect to contribute on a pro-rata basis but if Carpentaria elects not to contribute, ActivEX may increase its interest in the tenement to 100% by spending a further \$500,000. At this stage Carpentaria will retain a 1.5% net smelter return royalty interest in respect of any production from the area.

On 25th June, ActivEX announced to the ASX that it had identified and extended a copper-gold target zone and reported new high molybdenum values at the Company's Mt Agate Project near Cloncurry. Soil sampling of this and other targets will be undertaken in the September Quarter.

**Competent Person Statement** The information in this report that relates to Exploration Results is based on information compiled by Mr Nick Sheard, who is a Fellow of the Australian Institute of Geoscientists and is a Registered Professional Geoscientist -Mineral Exploration and Geophysics. Mr Sheard is a full time employee of Carpentaria Exploration Limited and Mr Sheard has sufficient expertise 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'. Mr Sheard consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.