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Chairman's AGM Address

A copy of the Carpentaria Resources Chairman's AGM address is appended hereto.

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CHAIRMAN'S ADDRESS
CARPENTARIA RESOURCES LIMITED
ANNUAL GENERAL MEETING 2018

Good morning and welcome to our 2018 Annual General Meeting.

At last year's AGM, I noted that the next challenge facing the Company was securing the strategic investment to undertake a bankable feasibility study (BFS) on our flagship Hawsons Iron Project. We estimated the BFS would require funding of between A\$25 and \$30 million.

Our Managing Director, Quentin Hill, and the team he leads, have been very focussed over the last year on securing this funding. The team has promoted Hawsons to a wide range of potential iron ore investors, on the basis that Hawsons is the world's leading undeveloped pellet feed/concentrate project and Hawsons Supergrade® product the world's best pellet feed.

The fact that investors recognise the quality of our project was shown by our announcement on August 6.

Mitsui & Co, a major Japanese trading house, agreed to provide A\$5.4m to the Hawsons joint venture for BFS works, with the funds becoming available once the balance of BFS funding is secured by the JV.

Mitsui also gained an option to secure 2.0 million tonnes per annum of Hawsons Supergrade® pellet feed off-take for a 20-year period. Furthermore, the option exercise condition is for Mitsui to commit a US\$60m mezzanine debt facility for Hawsons construction following the BFS.

The Mitsui agreement is hugely significant. It validates our strategy and the market's support for our project. It also reduces Hawsons' financing risk and enhances its bankability, bringing the Broken Hill project one step closer to production.

It has also demonstrated the extent of international interest in our project. We now have 140 per cent subscription for Hawsons' initial planned production of 10 million tonnes per annum, from blue-chip trading houses and steelmakers across Asia and the Middle East.

Building upon this momentum, Quentin and his team recently completed a two-week marketing campaign with trading houses and end users to progress and initiate BFS and construction investment negotiations. These negotiations were overwhelmingly positive.

The Board is encouraged by the progress of a number of BFS funding negotiations and by the fact that the counter-parties have agreed to work towards and within certain timeframes.

There are of course no guarantees that transactions will occur. However, Quentin and his team are progressing a mix of various funding methods designed to deliver shareholder value, including non-dilutive investment similar to the Mitsui agreement.

Another highlight I wish to draw attention to is the granting of Major Project Status to the Hawsons project by the Australian Government.

This significant recognition was announced in Broken Hill on April 23rd this year by the local Federal Government Member and Assistant Minister for Trade, Tourism and Investment, the Hon Mark Coulton MP. It was an event I was delighted to attend.

Notably, Hawsons is currently one of only 14 Australian projects to be awarded Major Project Status, a ranking that remains through to December 2020.

Major Project Status is important for two reasons. Firstly, it means that the Federal Government's Major Project Facilitation group will commit its resources to assisting the project's development. This includes the coordination and integration of Federal and State permitting requirements, and where relevant, identification of any eligible government financial assistance.

Secondly, it sends a positive signal to investors, particularly those overseas, as well as to community stakeholders and all our present shareholders, that our project has a clear regulatory pathway.

In other recent developments, it was announced on May 17th this year that one of our Non-executive Directors, Mr Bin Cai, had resigned from the Company's Board to concentrate on other business interests.

I would like to take this opportunity to acknowledge the valuable contribution Mr Cai has made to the Company over the years he served on our Board. This particularly relates to his advice and insights regarding Chinese investment and the Chinese steel industry.

Subsequently, in June 2018 our Board was replenished with the appointment of Mr Jon Parker, who brings to his role as a Non-executive Director a wealth of iron ore and mining industry expertise.

Mr Parker's distinguished career includes 26 years at major miner Rio Tinto, with senior roles including General Manager Commercial for that company's iron ore division.

Later, he served as Managing Director of Felix Resources, where he oversaw the company's transformation from a market capitalisation of around \$17 million to more than \$500 million, later selling for \$3.5 billion.

In the short time Mr Parker has been on our Board, his transactional experience and his development and iron ore industry knowledge have contributed greatly to the Company.

Unfortunately, Mr Parker couldn't be with us today due to a long-term commitment elsewhere, and I would like to formally note his apology.

In drawing this address to a close, I would like to again thank Quentin and everyone else associated with Carpentaria for all their hard work over the last year.

Our team's achievements have been impressive and on behalf of the Board I congratulate everyone for their efforts.

I would also like to thank our shareholders, including those here today, together with our longstanding shareholders and more recent shareholders, including institutional investors. Shareholder support is crucial to our Company and we remain committed to delivering increased value for shareholders.

It is significant that we have continued to receive support from investors, even during recent times of economic and market volatility. As an example, last month the Company successfully placed some 14.6 million new fully paid ordinary shares at an issue price of \$0.085 per share, raising some \$1.2 million before offer expenses.

A significant proportion of the new shares was taken up by institutional investors. This funding has provided a further vote of confidence from the market in the Hawsons project and the quality of the Hawsons Supergrade® product.

Concerning Hawsons Supergrade® product, I would like to conclude this address by noting that the demand for our high-grade product continues to rise. This positive trend has been driven by a structural shift in China, the world's biggest steel producer, which is seeking to reduce overcapacity and also curb emissions.

High-grade raw materials provide considerable benefits in increasing productivity and reducing pollution and therefore attract a higher price. Currently, high quality products from fines to pellets are attracting a US\$27 to US\$75 per tonne premium over the benchmark price.

With both the direct reduction (DR) and pellet feed markets needing new supply, Hawsons is perfectly placed to deliver and we have the right people with the right product and right location to ensure success.

If 2018 was a landmark year for Carpentaria, the year ahead looks even brighter and I trust you will stay with us as we work to achieve even more major milestones.

This concludes my Chairman's address and I thank you for your attention.

I should note at this point that our Managing Director will be addressing this meeting later this morning and that there will also be an opportunity later for shareholders to question the Board on the activities of the Company over the last year.