



21 December 2020

The Manager
ASX Market Announcements Platform
ASX Limited
Sydney NSW 2000

Director's Statement

Carpentaria Resources Limited (ASX: CAP) announced to the market on 22 November 2020 that it received a notice under section 249D of the *Corporations Act 2001 (Commonwealth)* requesting that the Company call and arrange a meeting of the Company to consider a resolution to remove Mr Peter Graham as a director of the Company (the **Requisition**).

In accordance with the requirements of section 203D(5) of the *Corporations Act 2001 (Commonwealth)*, attached is the statement that has been prepared by Mr Graham. This statement is being distributed to shareholders by the Company in accordance with that section in the same way as the notice of meeting. (The notice of meeting relating to the Requisition and the previous requisition served on the Company to remove Mr Graham was sent to shareholders via email or post on 30 November 2020).

The Company's extraordinary general meeting will be held this year online at 11.00am on Wednesday, 30 December 2020. The Company is pleased to provide Shareholders with the opportunity to participate in the meeting virtually through an online platform at <https://agmlive.link/CAP2020>.

To view the notice of meeting setting out the business to be considered at the meeting and for information on how to join our EGM virtually is provided in the Virtual Meeting Online Guide on <https://carpentariaresources.investorportal.com.au/share-price-and-announcements/#>.

Released by authority of the Managing Director
Carpentaria Resources Ltd
+61 7 3220 2022

Peter Graham

Chairman

Carpentaria Resources limited

Vote IN FAVOUR of resolution 1 – the removal of Paul Cholakos.

Vote AGAINST resolution 2 to appoint of Bryan Granzian to the board.

Vote AGAINST resolution 3, the removal of Peter Graham as Chairman.

The institutional investors (approximately 7.24% of the register) introduced by me over the past 5 years all thought the project had merit, based upon the industry wanting to reduce carbon emissions, steel mills showing interest in the product, and the constant price premium for high grade over lower fines.

However, the company has failed to advance the project.
The share price has been weakening for years.

These reputable, professional institutions have been in financial market for a long time.
Pure Metals/Silvergate (approximately 7.28% of the register now but moves to near 28.3% post FIRB approval) have substantive experience in iron ore.

These large shareholder groups were frustrated with the lack of performance of their investment.

Their independent analysis of the situation came to the same conclusion, the company needed to strengthen management's capabilities.

MY APPOINTMENT AS CHAIRMAN

I have the backing of ASI/Pure Metals/Silvergate and I have the backing of the only institutional investors on the share register, Technical Investing and S.G.Hiscock.

I am not trying to de-stabilise. Carpentaria Resources is well and truly STALLED, as indicated by the weak share price performance in recent years. I am trying to implement what these highly qualified investors have suggested is required to get the company moving forward.

The Hawsons project had not gone anywhere, despite the best efforts of management and numerous consultants. These consultants were predominantly retired, semi-retired or ex-industry.

The management group was blindly focused on funding a Bank Feasibility Study as the way forward. Yet after 7 years and with all the numerous consultants, they have NOT been able to raise the finance.

The Hawsons project and hence, Carpentaria Resources, was STALLED and the current business plan was bleeding funds raised from shareholders.

At the end of 2018, the company was forced to listen to these investors as they needed a capital raising.

The company was pressured to cutting costs with the termination of these consultants.

The Share Price performance

The company had a market capitalisation of greater than \$22m in 2013 when Quentin Hill (the company's geologist) became Managing Director. Well over \$10m has been raised since.

In March this year it had a market capitalisation of circa \$6m (2.7cents per share March 2020), prior to announcing the Pure Metals transaction.

If the Pure Metals transaction had not been done, then the recent capital raise would NOT have been at 3.5 cents, but given the share price prior to the transaction being announced, it may have been done at 2 cents or less.

It is an enormous capital requirement (\$1.4bn) to get the Hawsons project up and the market is already sceptical

If the incumbent management remains, then I expect the trend of recent years to continue. If the recent share price rally subsides, and no development of any significance in the next 18 months – what share price for the next capital raise? 1 cent?

Shareholders would incur a substantial dilution, through a capital raise just to keep the company afloat?

As stated previously, the common consensus between the large shareholder groups, was that new management was required to broaden the company's approach. Perhaps to seek innovative financing, or as I have suggested previously, to find a "whale investor".

That requires a management team capable of identifying alternative development paths and making the respective approaches to interested parties.

A broader based management team with financing/corporate M & A, structuring skills; with extensive private equity, capital markets and Institutional/Family Office connections; and above all, an iron ore network from the international iron ore/steel industry. The right team is out there and ASI/Pure Metals have the capabilities to find those people.

The right team will analyse business plans and alternatives, and then have the right to choose their own way forward. The board will scrutinise implementation and the achievement of key performance indicators.

I feel in the past the board of Carpentaria Resources just floated along with expenditure out of alignment with any achievements being made.

Projects of such an enormous capital expenditure (approx. \$1.4bn) require a management team with a sense of urgency.

If you want an analogy, Andrew "Twiggy" Forrest got Fortescue developed, and he was not the geologist that found the deposit. Forrest was the entrepreneur that had energy, creativity and urgency.

This super cycle in iron ore may not last.

If the company is to have any chance of success then it needs to be progressing Hawsons now, in this current environment. The company now has a low cost base and all the focus can be on development partnerships or alternatives.

The message of underperformance and the suggestion of a new management team was NOT received well by the incumbent board of Carpentaria Resources. Hence, the state of affairs with this requisitioned EGM for shareholders to vote on the resolutions before them.

Shareholders need to support us in making the required changes to get Carpentaria Resources, and the Hawsons project, moving forward.

No more wasted expenditure and delays

Vote IN FAVOUR of resolution 1 – the removal of Paul Cholakos.

Vote AGAINST resolution 2 to appoint of Bryan Granzian to the board.

Vote AGAINST resolution 3, the removal of Peter Graham as Chairman.