

QUARTERLY REPORT

For the period ended 31 December 2020

- + Carpentaria Resources is answering the world's call for high grade iron ore.
- + The Company has a majority interest in the Hawsons Iron Project, source of Hawsons Supergrade® product



HIGHLIGHTS

Hawsons Iron Project

- + Hawsons ownership consolidation advanced during the quarter with shareholder approval at the annual general meeting for the agreement with Pure Metals Pty Ltd to acquire 24.149% from Pure Metals through the issue of 90.8 Million Carpentaria shares.

The agreement remains subject to FIRB approval.

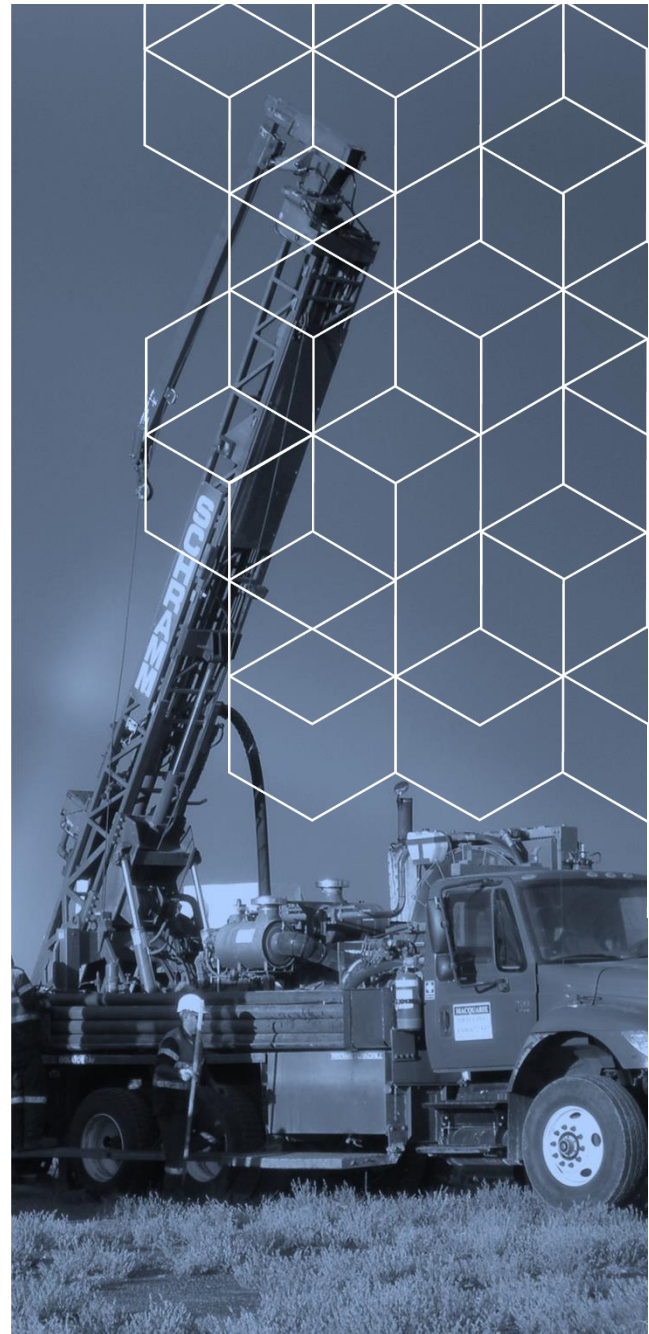
Upon completion of the agreement, the Company will hold 93.963% of the Project, with the remaining 6.037% of Hawsons ownership being held by Starlight Investment Company Pty Ltd in joint venture with the Company.

This transaction will allow a review of development options and widen the pool of potential investors.

- + Mitsui opted to cancel its offtake option (ASX Announcement 6 August 2018) but reaffirmed its interest in the Hawsons Iron Project and indicated that it intends to re-open negotiations with the Company once stability is restored to the Carpentaria Board.

Corporate

- + Share purchase plan to raise up to \$1.19 Million before costs closed over-subscribed.
- + Annual general meeting of shareholders was held on 2 November 2020, and all resolutions are passed.
- + After requisitions under section 249D of the *Corporations Act 2001 (Commonwealth)*, an extraordinary general meeting of shareholders was held on 30 December 2020. Mr Peter Graham resigned as a director, and Mr Bryan Granzien joined the Board as Non-executive Chairman.
- + An outcome of the strategic review held in January 2021 was confirmation that the project is in a good technical and commercial position to attract investors and that the best value for shareholders will be generated by moving the project up the development curve through the bankable feasibility study (BFS) and take best advantage of the current and expected future iron ore market boom.



HAWSONS IRON PROJECT

70%

Iron percentage of Hawsons Supergrade® product.

14.0

Offtake demand for Hawsons Supergrade® product (Mtpa).

201

Total production of Hawsons Iron Project (million tonnes).
As per the PFS release on 28 July 2017.

The Company confirms that all assumptions and technical parameters underpinning the Resource and Reserve estimates and all material assumptions underpinning the production target or the forecast financial information derived therefrom continue to apply and have not materially changed since first reported on 28 July 2017.

Carpentaria Resources Limited (ASX:CAP) announced today its quarterly activities and cashflow report for the period ending 31 December 2020.

The Company is focussed on developing the Hawsons Iron Project near Broken Hill, NSW for the benefit of all shareholders and other stakeholders.

Shareholder approval obtained for the purchase of Pure Metals' interest in the Hawsons Iron Project

Carpentaria's Hawsons joint venture partner, Pure Metals Pty Ltd, entered into a restructure deed with its shareholders whereby a 6.037% interest in Hawsons will be transferred by Pure Metals to one of those shareholders, Starlight Investment Company Pty Ltd in return for Starlight's shares in Pure Metals.

The Company in turn entered into a sale and purchase agreement with Pure Metals to acquire the remaining 24.149% of Hawsons in consideration of the issue to Pure Metals of 90.8 Million Carpentaria shares. Shareholder approval for the transaction was obtained at the Company's AGM on 2 November 2020. The transaction remains subject to FIRB approval.

This reorganisation will improve the commercial offering to investors and provide the best platform to move the project forward.

Current Hawsons joint venture

Carpentaria Resources Ltd 69.8% Pure Metals 30.2%

Proposed Transaction

Carpentaria Resources issues 90.8m shares to Pure Metals Pty Ltd and increases stake in Hawsons project to 94%

New Hawsons Joint Venture

Carpentaria Resources 94.0% Starlight Investment Company 6.0%

Mitsui & Co., Ltd. In December 2020 opted to cancel its offtake option (ASX Announcement 6 August 2018) but reaffirmed its interest in the Hawsons Iron Project and indicates that it intends to re-open negotiations with the Company once stability is restored to the Carpentaria Board.

Corporate

Following the AGM on 2 November 2020, shareholder requisitions were issued under section 249D of the *Corporations Act 201 (Commonwealth)* for the removal of two directors, namely Mr Peter Graham and Mr Paul Cholakos and an EGM was held on 30 December 2020. Mr Graham resigned before the EGM, and the resolution to remove Mr Cholakos was not passed. Mr Bryan Granzien was invited to join the Board, and his appointment was confirmed by shareholders at the EGM.

Speaking after the EGM on 30 December 2020, Mr Granzien expressed his gratitude to the Company's shareholders for their support and stated, "It is now the Board and Management's clear task to use this strong mandate to refocus on working as a cohesive Management and Board to realise the value promised by the world-class Hawsons Iron Project".

The share purchase plan (SPP) announced on 8 October 2020 to raise up to \$1.19 Million before costs closed on 22 October 2020 and was over-subscribed. Applications were scaled back in accordance with the SPP terms. The funds will be used by the Company for working capital.

The registered office of the Company was relocated during the quarter and is now at Level 7, 333 Adelaide Street, Brisbane Qld 4000.

Strategic review and Board and Management commitment

In January 2021, the Board conducted a thorough review of its strategic options and how best to realise value for the benefit of all shareholders from its interest in the Hawsons Iron Project.

It concluded the project is in a good technical and commercial position to attract investors and that the best value for shareholders will be generated by moving the project up the development curve through the bankable feasibility study (BFS) and take best advantage of the current and expected future iron ore market boom.

The Board is committed to that end and will ensure that the organisation meets or exceeds the expectations of shareholders and other stakeholders and will provide more information in coming weeks.

Release authorised by:

Quentin Hill
Managing Director
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Carpentaria Resources Ltd tenement schedule 31 December 2020

Licence	Notes	Name	Grant date	Expiry date	Equity	Units	Area — km2	Renewal
EL6979	1,2	Redan	11/12/2007	11/12/2021	69.8%	62	180	
EL7208	2	Burta	22/09/2008	22/09/2025	69.8%	100	290	
EL7504	2	Little Peak	08/04/2010	08/04/2023	69.8%	14	41	
MLA460	3,4	Hawsons Iron	Under application	Under application	69.8%	n/a	187	
EL6901	5	Combaning	08/10/2007	08/20/2020	See note 5			02/10/2020 pending
EL7896	5	Barellan	06/02/2012	06/02/2021	See note 5			

1. 1.5% NSR royalty to Perilya Broken Hill Pty Ltd.
2. JV Pure Metals Pty Ltd. E L7504 renewal lodged.
3. MLA made on 18 October 2013.; tenement application subject to unspecified grant date and conditions.
4. Subject to the Hawsons Joint Venture with Pure Metals Pty Ltd.
5. CAP's interest to convert to 1% net smelter return. Cape Clear to assume ownership, Transfers lodged awaiting approval.

DISCLOSURE

The information in this report that relates to Exploration Results, Exploration Targets, Resources and Reserves is based on information evaluated by Mr Q.S. Hill who is a member of the Australian Institute of Geoscientists (MAIG) and who has sufficient experience 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Hill is a Director of Carpentaria Resources Ltd and he consents to the inclusion in the report of the Exploration Results in the form and context in which they appear.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

CARPENTARIA RESOURCES LIMITED

ABN

63 095 117 981

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(113)	(190)
	(e) administration and corporate costs	(180)	(272)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Joint venture transaction costs	(124)	(232)
1.9	Net cash from / (used in) operating activities	(417)	(694)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(51)	(84)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(51)	(84)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,190	1,190
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(116)	(116)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,074	1,074

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	406	716
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(418)	(694)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(51)	(84)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,074	1,074

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,012	1,012

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	996	390
5.2	Call deposits	16	16
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,012	406

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments:

Director wages and fees: \$95,700

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities		
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	417
8.2	Capitalised exploration & evaluation (Item 2.1(d))	51
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	468
8.4	Cash and cash equivalents at quarter end (Item 4.6)	1,012
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	1,012
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	2.16
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1.	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
2.	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
3.	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 January 2021

Authorised by: The Board.
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.