

ASX ANNOUNCEMENT
2nd September 2020

CARPENTARIA RESOURCES

Hawsons Iron Project joint venture reset and board appointment

TRANSACTION SUMMARY

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%

Ms Linda Lau to join the Carpentaria Board

HIGHLIGHTS

- Transaction gives Carpentaria more control over the asset and its development path
- New 6% joint venture partner Starlight intends to fund its share of feasibility works
- Transaction is subject to shareholder and FIRB approvals

The Hawsons Project is recognised as one of the world's best undeveloped high-quality iron ore project (see Wood Mackenzie Chart 1). This transaction provides a better commercial foundation to move the Project forward.

Ms Linda Lau to join the Carpentaria Board

Ms Lau has been an Australian resident for over 50 years since studying at Australian National University in the 1970s.

She then had a stellar career as a corporate consultant for over 30 years, primarily with large corporations such as NewsCorp and Mallesons Stephen Jacques. However, it was her experience within the iron and steel industry that was of enormous attraction to the Carpentaria board.

Included amongst her various roles was setting up China's Anshan Iron & Steel's (now the huge Ansteel Group) first joint venture in Australia. (She was the founding director of Angang Australia Pty Ltd.). Ms Lau has since acted as adviser and/or consultant to major resource companies, with a particular focus on the iron and steel industry.

Carpentaria's Chairman, Peter Graham commented, *"Carpentaria has been seeking this consolidation for some time, and importantly, we have been extremely keen to get Ms Lau's involvement in the project. This JV consolidation has led to that outcome. Carpentaria gets Ms Lau's experience derived from many Chinese Australian joint ventures and from the network of contacts she has developed through the iron and steel industry in China and abroad."*

"The Company looks forward to using the newly aligned ownership structure to attract strategic partners and investment to move the Hawsons project forward", he added.

The Company will release a notice of meeting detailing the transaction, inclusive of an independent expert's report, in the coming weeks.

About Starlight

Starlight Investment Company Pty Ltd invested in the project in 2013 through Pure Metals and is owned by interests associated with Mr Wu Jiping. Starlight intend to fund its share of the feasibility studies.

**Release authorised by Peter Graham
Chairman
Carpentaria Resources Limited**

Hawsons Iron Project key points

High forecast returns: outstanding for the commodity and project type. According to Wood Mackenzie, the leading project of its type (chart 1), (refer to the PFS released 28 July 2017, showing an equity rate of return of 30%)*.

Unmatched product demand: the unique 70%Fe pellet feed product supplies a high value niche of high-quality blast and direct reduction furnace iron ore and is ideal for low emission and future decarbonized steel making.

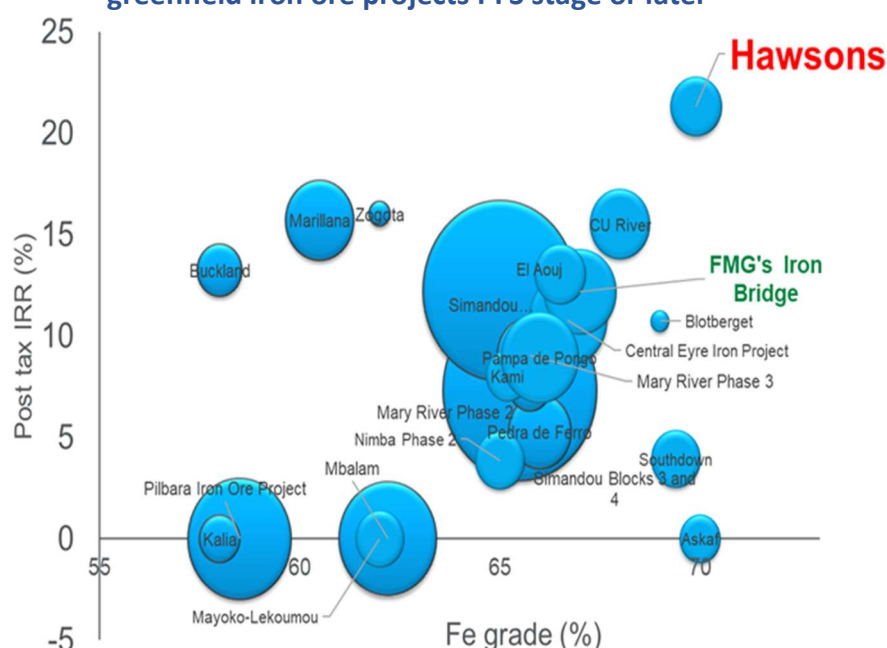
Low risk profile: forecast to be first quartile of the global iron ore cost curve (as per the PFS, Hawsons is cash-flow positive at benchmark 62%Fe price <US\$35/tonne).

Clear technical and permitting pathway: Sound technical platform and access to existing power, rail and port infrastructure available for a 10Mtpa start-up operation.

Unique soft ore: allowing a low power approach to mining and processing with simple liberation of a product of rare quality.

* 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.

Chart 1: IRR and product grades for unfinanced greenfield iron ore projects PFS stage or later



Source: Wood Mackenzie Q3 2020 data

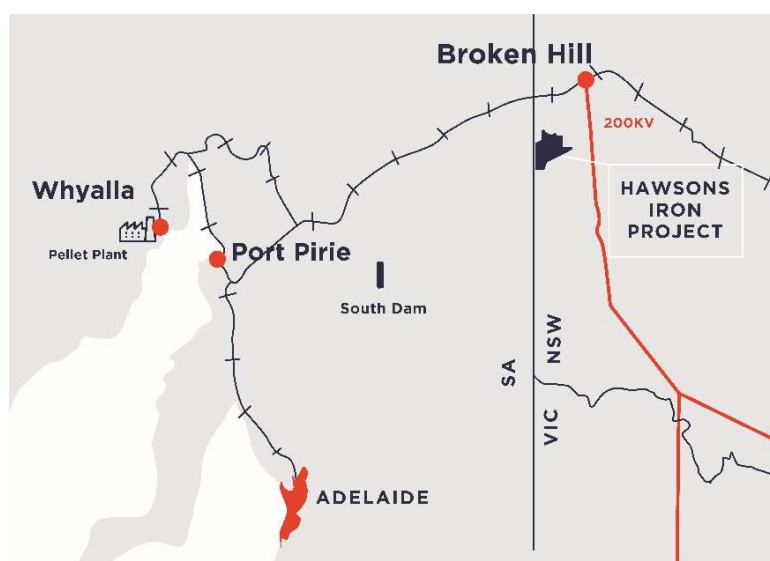
All projects except Hawsons at BFS stage . Hawsons at PFS stage

Assumes that Hawsons is in production and the outcomes are as set out in the prefeasibility study announced 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.

Bubble size represents annual production capacity Excludes replacement or expansion projects owned by established miners RIO, BHP, CSN, FMG, Champion

Source: Wood Mackenzie (developed from company 's stock exchange compliant releases, modified uniformly by Wood Mackenzie by internal long term price and cost forecasts, Wood Mackenzie is not aware of any material omissions in the data)

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Location plan. The Hawsons Iron Project is located 60km south-west of Broken Hill, NSW and ideal location for mining operations with existing power rail and port