Carpentaria Resources Limited

A.C.N. 095 117 981

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY STATEMENT
TO SHAREHOLDERS

FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON 21 November 2019 at Room E, Christies Building, 320 Adelaide Street, Brisbane Queensland at 11.00am (Brisbane time)

You are encouraged to attend the meeting but, if you cannot, you are requested to complete and return the enclosed Proxy Form without delay (and no later than 48 hours before the meeting) to Link Market Services Limited at Locked Mail Bag A14, Sydney South New South Wales 1235, Australia, or by facsimile on facsimile number +61 2 9287 0309. Alternatively, you may log in and enter your proxy instructions at https://investorcentre.linkmarketservices.com.au/Login/Login.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of CARPENTARIA RESOURCES LIMITED (**"Carpentaria"** or **"the Company"**) will be held on the date and at the location and time specified below:

DATE: Thursday, 21 November 2019

LOCATION: Room E, Christies Building, 320 Adelaide Street, Brisbane Queensland 4000

TIME: 11.00am (Brisbane time)

BUSINESS: The business to be transacted at the Annual General Meeting is the proposal of the Resolutions set out below.

CARPENTARIA RESOURCES LIMITED

A.C.N. 095 117 981

NOTICE OF MEETING

TIME AND PLACE OF MEETING AND HOW TO VOTE

The Annual General Meeting of Shareholders of Carpentaria Resources Limited will be held at Room E, Christies Building, 320 Adelaide Street, Brisbane Queensland 4000 on Thursday, 21 November 2019 at 11.00am (Brisbane time).

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

Shareholders may attend the Annual General Meeting on the date and at the place set out above and vote in person.

VOTING BY PROXY

Please note that:

a. a Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;

b. a proxy need not be a member of the Company;

c. a Shareholder may appoint a body corporate or an individual as its proxy;

d. a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and

e. a Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the total votes.

The enclosed Proxy Form provides further details on voting entitlement, appointing proxies and lodging Proxy Forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

To vote by proxy,

a. vote on line at https://investorcentre.linkmarketservices.com.au/Login/Login.

or please complete and sign the Proxy Form enclosed and either:

b. deliver the Proxy Form by post to Link Market Services Limited at Locked Mail Bag A14, Sydney South New South Wales 1235, Australia; or

c. fax the form to Link Market Services Limited on facsimile number +61 2 9287 0309, so that it is received not later than **11.00am (Brisbane time) on 19 November 2019**. Proxy Forms received later than this time will be invalid.

CARPENTARIA RESOURCES LIMITED

A.C.N. 095 117 981

NOTICE OF MEETING

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Carpentaria Resources Limited will be held at 11.00am (Brisbane time) on Thursday, 21 November 2019 at Room E, Christies Building, 320 Adelaide Street, Brisbane Queensland 4000.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting and a glossary of defined terms not defined in full in this Notice. The Explanatory Statement and the enclosed Proxy Form form part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 and 7.11.38 of the Corporations Regulations that the persons eligible to vote at the Annual General Meeting are those who are registered shareholders of the Company at **6.00pm (Brisbane time) on Wednesday, 20 November 2019**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

Financial Statements and Directors' Report

The financial statements, Directors' Report and Auditor's Report for the year ended 30 June 2018 are to be tabled.

RESOLUTIONS

1. Adoption of Remuneration Report (Non-binding)

To consider and, if thought fit, to pass, with or without amendment, the following as an **Ordinary Resolution**:

"*That for the purposes of section 250R(2) of the Corporations Act and for all other purposes the remuneration report for the Company for the year ended 30 June 2019 be adopted.*"

The vote on this resolution is advisory only and does not bind the directors or the Company.

Voting Prohibition: In accordance with section 250(R) of the Corporations Act, a vote on this Resolution 1 must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

However, a person described above may cast a vote on this Resolution if the vote is not cast on behalf of a person who is excluded from voting on Resolution 1 (as set out above), and either:

(a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1; or

(b) the person is the Chairman and the appointment of the Chairman as proxy:

(i) does not specify the way the proxy is to vote on Resolution 1; and

(ii) expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Chairman intends to vote all available proxies **IN FAVOUR** of Resolution 1.

2. Re-election of Neil Williams as a director

To consider and, if thought fit, to pass, with or without amendment, the following as an **Ordinary Resolution**:

"That Dr Neil Williams, who retires by rotation in accordance with clause 3.6 of the Constitution and, being eligible, offers himself for election, be re-elected as a director of the Company."

The Chairman intends to vote all available proxies **IN FAVOUR** of Resolution 2.

3. Approval of Additional Placement Capacity under ASX Listing Rule 7.1A

To consider and, if thought fit, to pass, with or without amendment, the following as a **Special Resolution**:

"That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities totalling up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution 9 by a person who may participate in the proposed issue and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if this Resolution is passed, and any associates of those persons.

At the date of this Notice, the proposed allottees of the securities are not as yet known or identified.

However, the Company need not disregard a vote cast on this Resolution 3 by a person described above if:

- the person is appointed as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- the person is the Chairman acting as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form to vote as the proxy decides.

The Chairman intends to vote all available proxies **IN FAVOUR** of Resolution 3.

An explanation of the proposed Resolutions 1 to 3 is set out in the Explanatory Statement, which forms part of this Notice of Meeting.

BY ORDER OF THE BOARD

Bob Hair
Company Secretary

10 October 2019

CARPENTARIA RESOURCES LIMITED

A.C.N. 095 117 981

NOTICE OF MEETING

EXPLANATORY STATEMENT TO SHAREHOLDERS

INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders of Carpentaria in connection with Resolutions to be considered at the Annual General Meeting to be held at Room E, Christies Building, 320 Adelaide Street, Brisbane Queensland 4000 on Thursday, 21 November 2019 at 11.00am (Brisbane time).

This Explanatory Statement should be read in conjunction with the accompanying Notice of Annual General Meeting. Please refer to this Explanatory Statement for the glossary of terms.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice of Meeting.

FINANCIAL STATEMENTS AND DIRECTORS' REPORT

The Corporations Act requires the reports of the Directors and of the auditor of the Company and the annual financial report, including the financial statements, to be put before the Meeting. The Corporations Act does not require a vote of Shareholders at the Meeting on the reports or statements. However, Shareholders will be given an opportunity to raise questions on the reports and statements for the year ended 30 June 2019 at the Meeting.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Remuneration Report is set out in the Directors' Report in the Company's 2019 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

Section 249L(2) of the Corporations Act requires the Company to inform Shareholders that a Resolution on the Remuneration Report will be put at the Meeting. Section 250R(2) of the Corporations Act requires that the Resolution that the Remuneration Report be adopted must be put to the vote. Resolution 1 seeks this approval.

However, in accordance with section 250R(3) of the Corporations Act, Shareholders should note that Resolution 1 is an "advisory only" Resolution which does not bind the Directors or the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report. However, the Board recognises that the Shareholder vote on Resolution 1 is an indication of Shareholder sentiment and will have regard to the outcome of the vote and any discussion when setting the remuneration practices of the Company.

Following consideration of the Remuneration Report, the Chairman, in accordance with section 250SA of the Corporations Act, must give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

A voting exclusion statement and restriction where proxy is member of Key Management Personnel

In accordance with the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of any Key Management Personnel or a Closely Related Party of such a member and either:

(a) the person is appointed by writing that specifies how the proxy is to vote on the proposed resolution; or

(b) the person is the Chairman and the appointment of the Chairman as proxy:

(i) does not specify the way the proxy is to vote on the resolution; and

(ii) expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

If you appoint as your proxy any other director of the Company, any other of its Key Management Personnel or a Closely Related Party of such a member and you do not direct that person to vote, that person will not vote your proxy on that item of business.

Noting that each Director has a personal interest in their own remuneration from Carpentaria as described in the Remuneration Report, the Directors unanimously recommend that you vote IN FAVOUR of Resolution 1.

The Chairman intends to vote all available proxies IN FAVOUR of Resolution 1.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR

Clause 3.6 of the Constitution provides that at the annual general meeting one-third of the Directors for the time being, or, if their number is not three nor a multiple of three, then the number nearest one-third, must retire from office. Clause 3.6 of the Constitution also provides that this does not apply to the Managing Director. Accordingly, Resolution 2 seeks the re-election of the Director who retires by rotation in accordance with the Constitution, Dr Neil Williams.

In the event that Resolution 2 is passed, the Board will consist of Neil Williams (Chairman and non-executive director), Quentin Hill (Managing Director), Jon Parker (Non-executive Director) and Paul Cholakos (Non-executive Director).

A profile of Dr Williams is provided below.

Dr Neil Williams

Chairman, Non-executive Director

Dr Williams has had a long and distinguished minerals-related career and in early 2014 was awarded the Haddon Forrester King Medal from the Australian Academy of Science for his contributions to the discovery, evaluation and exploitation of mineral deposits. His served as Chief Geologist – Exploration for MIM, and later for 15 years as the Chief Executive Office of the Australian Government's geoscience agency, Geoscience Australia, where he led and managed up to 750 staff and was responsible for annual budgets ranging from $72million to $181million. Dr Williams was a member of the Board of Australian Marine Science & Technology Ltd for 15 years and was Chairman of the Board for 13 of those years. He was also a member for 7 years of the Snowy Mountains Council that had oversight of the running of the Snowy Mountains Hydro-electric Authority and he served as Chairman of the Council for the last 5 of those years.

Dr Williams joined the Board on 1 January 2012 and was appointed Chairman on 1 July 2014. He is also a member of the Carpentaria Audit Committee and the chairman of the Carpentaria Remuneration Committee.

The Directors (other than Dr Williams, who abstains from making any recommendation in relation to the Resolution) recommend that Shareholders vote IN FAVOUR of Resolution 2.

The Chairman intends to vote all available proxies IN FAVOUR of Resolution 2.

If you appoint the Chairman as your proxy, and you check the box consenting to the Chairman voting undirected proxies, then unless you include an express voting direction on your proxy form, you will be directing, and expressly consenting to the Chairman to vote in favour of Resolution 2.

RESOLUTION 3 – APPROVAL OF 10% PLACEMENT FACILITY

General

ASX Listing Rule 7.1A enables eligible entities to seek Shareholder approval to issue Equity Securities (as defined in the ASX Listing Rules) up to 10% of its issued share capital through placements over a 12-month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of AU$300 million or less. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a Special Resolution to have the ability, if required, to issue Equity Securities under the 10% Placement Facility. This approval is sought so that the Company may be in a position to raise additional capital for the purposes of progressing the Hawsons Iron Project and feasibility studies in relation to that project, if required

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (please refer to Section (c) below).

The approval of Resolution 3 will provide the Company with flexibility to issue Equity Securities under the 10% Placement Facility during the 10% Placement Period, in addition to the Company's 15% annual placement capacity granted under ASX Listing Rule 7.1, without a further requirement to obtain the prior approval of Shareholders.

Resolution 3 is a Special Resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

ASX Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a Special Resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Shares on issue are fully paid, ordinary shares.

(c) Formula for calculating 10% Placement Facility

ASX Listing Rule 7.1A provides that eligible entities that have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 10% Placement Period, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

A is the number of Shares on issue 12 months before the date of issue or agreement:

(a) plus the number of fully paid Shares issued in the 12 months under an exception in ASX Listing Rule 7.2;

(b) plus the number of partly paid Shares that became fully paid in the 12 months;

(c) plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under ASX Listing Rule 7.1 and 7.4. This does not include an issue of fully paid ordinary Shares under the entity's 15% placement capacity without Shareholder approval;

(d) less the number of fully paid Shares cancelled in the 12 months.

Note that A has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under ASX Listing Rule 7.1 or 7.4.

(d) ASX Listing Rule 7.1 and ASX Listing Rule 7.1A

The ability of an entity to issue Equity Securities under ASX Listing Rule 7.1A is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1.

As at the date of this Notice, the Company has on issue 275,132,537 Shares and therefore has a capacity to issue:

(i) 41,269,881 Equity Securities under ASX Listing Rule 7.1; and

(ii) subject to the approval of Resolution 3, an additional 27,513,253 Equity Securities under ASX Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have the capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to Section (c) above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under ASX Listing Rule 7.1A must not be less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within five (5) Trading Days of the date in subparagraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

(i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or

(ii) the date of the approval by Shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), (**10% Placement Period**).

Specific information required by ASX Listing Rule 7.3A

Pursuant to, and in accordance with, ASX Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

(a) Minimum price

The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within five (5) Trading Days of the date in subparagraph (i) above, the date on which the Equity Securities are issued.

(b) Potential risk of economic and voting dilution

If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in Table 1 below. There is a risk that:

(i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and

(ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date, or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

Table 1 below shows the dilution of existing Shareholders on the basis of the market price of Shares (as at 2 October 2019) and the number of Shares as at the date of this Notice (Table 1) calculated in accordance with the formula in ASX Listing Rule 7.1A(2), representing variable "A".

Table 1 also shows:

(i) two examples where each variable "A" has increased, by 50% and 100%; and

(ii) two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the current market price of AU$0.044 (being the closing price of the Shares on ASX on 2 October 2019).

TABLE 1 – Current number of ordinary securities (as at the date of this Notice)

Variable 'A' in Listing Rule 7.1A.2		**Dilution**		
		$0.022 **50% decrease in Issue Price**	**$0.044** **Issue Price**	**$0.088** **100% increase in Issue Price**
Variable A	**10% Voting**	27,513,254 Shares	27,513,254 Shares	27,513,254 Shares

275,132,537 Shares	**Dilution**			
	Funds raised	$605,291.58	$1,210,583.16	$2,421,166.33
50% increase in current Variable A 412,698,806 Shares	**10% Voting Dilution**	41,269,881 Shares	41,269,881 Shares	41,269,881 Shares
	Funds raised	$907,937.37	$1,815,874.74	$3,631,749.49
100% increase in current Variable A 550,265,074 Shares	**10% Voting Dilution**	55,026,507 Shares	55,026,507 Shares	55,026,507 Shares
	Funds raised	$1,210,583.16	$2,421,166.33	$4,842,332.65

Table 1 has been prepared on the following assumptions:

(i) With respect to the number of ordinary securities, there are currently 275,132,537 Shares on issue.

(ii) The assumed issue price is AU$0.044, being the closing price of the Shares on ASX on 2 October 2019.

(iii) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.

(iv) The Company has not issued any Equity Securities in the 12 months prior to the Annual General Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.

(v) No Options are exercised into Shares before the date of the issue of the Equity Securities.

(vi) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

(vii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.

(viii) The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1.

(ix) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.

(c) Timing of potential issue

The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval provided by Shareholders under Resolution 3 for the issue of Equity Securities pursuant to the 10% Placement Facility will cease to be valid in the event that Shareholders approve a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or ASX Listing Rule 11.2 (disposal of main undertaking).

(d) Purpose of potential issue

The Company may seek to issue the Equity Securities for the following purposes:

(i) non-cash consideration in relation to costs associated with the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3; or

(ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards the completion of a detailed feasibility study in respect of the Hawsons Iron Project, to progress the acquisition of assets that may accelerate the development of that project and for corporate development.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

(e) Allocation policy under the 10% Placement Facility

The Company's allocation policy is dependent upon the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

(i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing holders of Equity Securities can participate;

(ii) the effect of the issue of the Equity Securities on the control of the Company;

(iii) the financial situation and solvency of the Company; and

(iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

(f) Prior Shareholder approval

The Company previously obtained Shareholder approval under ASX Listing Rule 7.1A at its last Annual General Meeting in 2018. For the purposes of ASX Listing Rule 7.3A.6, the following information is supplied:

(i) In the 12 months period preceding the date of this notice, 61,303,596 Shares in total were issued by the Company (Previous Shares);

(ii) The Previous Shares were issued at the price per Share of $0.048 under Exception 15 contained in ASX Listing Rule 7.2 (under a share purchase plan fulfilling the requirements set out in that exception) and hence did not fall within the requirements of ASX Listing Rules 7.1 and 7.1A;

(iii) The Previous Shares represented 29.88% of the Shares on issue at the commencement of the 12 months period preceding the date of this notice;

(iv) The Previous Shares were issued on 17 May 2019 to eligible shareholders at a 14.3% discount to the closing price on ASX for Shares on that date;

(v) The Company received $2,942,572.60 before costs from the issue of the Previous Shares;

(vi) The Company has spent approximately $1,180,000 of the proceeds from the issue of the Previous Shares on Hawsons Iron Project expenditure (to provide further definition to geotechnical parameters, to and to ore processing variability and to refine tailings storage), marketing and business development and corporate and administration costs. The balance of such proceeds will be used to complete the current Hawsons Iron Project technical programs as appropriate, further marketing and business development and corporate and administration costs.

(g) Voting exclusion statement

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. On this basis no existing Shareholders' votes will therefore be excluded under the voting exclusion in the Notice.

Directors' Recommendation

The Directors believe that Resolution 3 is in the best interests of the Company and unanimously recommend that Shareholders vote IN FAVOUR of this Resolution.

The Chairman intends to vote all available proxies IN FAVOUR of Resolution 3.

CARPENTARIA RESOURCES LIMITED

A.C.N. 095 117 981

NOTICE OF MEETING

GLOSSARY

Annual General Meeting or Meeting	means the Annual General Meeting of Shareholders to be held at Room E, Christies Building, 320 Adelaide Street, Brisbane Queensland 4000 on Monday, 15 October at 11.00am (Brisbane time).
Annual Report	means the Directors' Report, the Financial Statements and the Auditor's Report in respect to the financial year ended 30 June 2019.
ASIC	means the Australian Securities and Investments Commission.
ASX	means the Australian Securities Exchange.
ASX Listing Rules	means the official listing rules of ASX.
Board	means the current board of directors of the Company.
Chairman	means the person appointed to chair the meeting of the Company convened by this Notice. Where the context requires, the term means the person who assumes the role of Chairman for the purposes of the conduct of the Meeting one or more specific Resolutions.
Closely Related Party	has the meaning given in the Corporations Act and includes close family members and companies the Key Management Personnel controls.
Company or **Carpentaria**	means Carpentaria Resources Limited A.C.N. 095 117 981.
	means the current constitution of the Company as at the date of this

GLOSSARY

	Meeting.
Constitution	
Corporations Act	means the *Corporations Act 2001* (Cth).
Corporations Regulations	means the *Corporations Regulations 2001* (Cth).
Directors	means the current directors of the Company.
Eligible Persons	means directors and other officers, employees, contractors to and consultants of the Company and its subsidiaries.
Explanatory Statement	means the explanatory statement accompanying the Notice of Meeting.
Key Management Personnel	has the meaning given in the accounting standards and broadly means any person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
Notice of Meeting or **Notice**	means this notice of Annual General Meeting including the Explanatory Statement.
Option	means an option to be issued a Share.
Ordinary Resolution	means a Resolution to be passed by a simple majority of Shareholders entitled to vote on the Resolution (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).
10% Placement Period	means the period during which Shareholder approval under ASX Listing Rule 7.1A is valid.
Proxy	means, for Shareholders, the proxy form enclosed with this Notice.
Remuneration Report	means the remuneration report of the Company for year ended 30 June 2019 contained in the Directors' Report.
Resolution	means a resolution set out in the Notice of Meeting.
Share	means an ordinary share in the Company.
Shareholder or **Member**	means a holder of Shares in the Company.
Special Resolution	means a Resolution to be passed by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).
Trading Day	has the same meaning as under the ASX Listing Rules.
VWAP	means the volume weighted average price.

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Carpentaria RESOURCES | WORLD'S BEST IRON ORE PRODUCT

ACN 095 117 981

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

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X99999999999

PROXY FORM

I/We being a member(s) of Carpentaria Resources Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

☐ **the Chairman of the Meeting (mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am (Brisbane time) on Thursday, 21 November 2019 at Room E, Christies Building, 320 Adelaide Street, Brisbane Queensland 4000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

Important for Resolution 1: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 2

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions	For	Against	Abstain*
1 Adoption of Remuneration Report			
2 Re-election of Neil Williams as a Director			
3 Approval of Additional Placement Capacity under ASX Listing Rule 7.1A			

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and

(b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am (Brisbane time) on Tuesday, 19 November 2019,** being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

ONLINE
www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

BY MAIL

Carpentaria Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

BY FAX

+61 2 9287 0309

BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

or

Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU. THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.

ABN 63 095 117 981 ASX Code CAP

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

CORPORATE DIRECTORY

Board of Directors

Dr Neil Williams	Non-executive Chairman
Quentin Hill	Managing Director
Paul Cholakos	Non-executive Director
Jon Parker	Non-executive Director

Company Secretary

Robert William Hair

Registered Office	Solicitors
Level 6 345 Ann Street Brisbane Qld 4000 PO Box 10919 Adelaide Street Brisbane QLD 4000 Telephone: +61 7 3220 2022 Facsimile: +61 7 3220 1291 Email: info@capres.net.au Website: www.carpentariares.com.au/	CBW Partners Level 1, 159 Dorcas Street South Melbourne VIC 3205
Auditors	**Share Registry**
BDO Audit Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000 Telephone: 07 3237 5999 Fax: 07 3221 9227 Website: www.bdo.com.au	Link Market Services Limited Level 21 10 Eagle Street Brisbane QLD 4000 Telephone: 1300 554 474 Facsimile: 02 9287 0303 Website: www.linkmarketservices.com.au

DIRECTORS' REPORT

Your Directors present their report on Carpentaria Resources Limited for the year ended 30 June 2019.

DIRECTORS

The names and details of the Directors of Carpentaria Resources Limited (Carpentaria) in office at the date of this report or at any time during the financial year are:

Name	Position	Period of directorship
Dr Neil Williams	Non-executive Chairman	Appointed 1 January 2012
Quentin Hill	Managing Director	Appointed 1 September 2013
Paul Cholakos	Non-executive Director	Appointed 2 April 2012
Jon Parker	Non-executive Director	Appointed 12 June 2018

Dr Neil Williams *PSM BSc Hons (ANU) PhD (Yale) FTSE*
Non-executive Chairman

Dr Williams has had a long and distinguished minerals-related career and in early 2014 was awarded the Haddon Forrester King Medal from the Australian Academy of Science for his contributions to the discovery, evaluation and exploitation of mineral deposits. His served as Chief Geologist – Exploration for MIM, and later for 15 years as the Chief Executive Office of the Australian Government's geoscience agency, Geoscience Australia, where he led and managed up to 750 staff and was responsible for annual budgets ranging from $72million to $181million. Dr Williams was a member of the Board of Australian Marine Science & Technology Ltd for 15 years and was Chairman of the Board for 13 of those years. He was also a member for 7 years of the Snowy Mountains Council that had oversight of the running of the Snowy Mountains Hydro-electric Authority and he served as Chairman of the Council for the last 5 of those years.

Dr Williams joined the Board on 1 January 2012 and was appointed Chairman on 1 July 2014. He is also a member of the Carpentaria Audit Committee and the chairman of the Carpentaria Remuneration Committee.

Dr Williams has not been a director of any other listed company in the last three years.

Quentin Hill *BSc (Geology)*
Managing Director

Quentin is a geologist with more than 20 years' experience in exploration and development in Australia. He has wide ranging commodity experience including gold, iron ore, coal and base metals. Quentin was Carpentaria's Senior Geologist when the Company listed and was integral in the discovery of the 1.8Bt Hawsons Iron Project, where he also managed the successful resource drilling.

Prior to his 10 years with Carpentaria, Quentin held technical positions with major miners, including seven years with Delta Gold and with Vale's coal division. He also held a senior role in the Queensland Government, where he implemented several exploration funding initiatives. He is a member of the Australian Institute of Geoscientists and the Society of Economic Geologists and holds a graduate certificate in business administration.

Mr Hill has not been a director of any other listed company in the last three years.

Paul Cholakos *Bachelor of Engineering (Mining), MBA*
Non-executive Director

Paul has more than 32 years of resources industry experience, successfully managing complex development projects and operations for leading oil and gas and diversified mining companies, including through executive roles at major Australian oil and gas company Oil Search Limited (ASX:OSH) and Exeter Resources and a variety of operational and commercial roles at MIM Holdings. He has worked in North America, South America and Asia-Pacific. He holds Master of Business Administration and Bachelor of Engineering degrees. .

He is also chairman of the Carpentaria Audit Committee and a member of the Carpentaria Remuneration Committee.

Paul has not been a director of any other listed company in the last three years.

Jon Parker *BSc (Hons), Grad. Dip Business Management*
Non-executive Director

Mr Parker has more than 40 years' industry experience including 26 years with leading iron ore producer Rio Tinto. He has a distinguished record in executive management and value creation across the resources sector for a range of ASX-listed companies, where he has overseen substantial growth in market capitalisation.

Following a successful career at Rio Tinto, he oversaw as Managing Director the transformation of Felix Resources into a significant resources company. Under his tenure, Felix's market capitalisation expanded from around $17 million to more than $500 million through the successful acquisition, expansion and development of mining projects in Queensland and New South Wales, prior to its ultimate takeover for approximately $3.5 billion.

More recently, Mr Parker has served as Managing Director of Norton Goldfields and as a non-executive director of Sphere Minerals (majority owned by major miner Glencore), owners of Mauritanian magnetite assets.

He is also a member of the Carpentaria Remuneration Committee and of the Carpentaria Audit Committee.

Mr Parker has not been a director of any other listed company in the last three years.

Interests in the shares and options of the Company

As at the date of this report, the interests of the Directors in the shares and options of Carpentaria Resources Limited are shown in the table below:

Director	Ordinary Shares	Non-Recourse Employee Shares	Options
Quentin Hill	2,413,569	1,500,000	3,750,000
Neil Williams	-	-	2,875,000
Paul Cholakos	-	-	2,305,000
Jon Parker	-	-	2,000,000

COMPANY SECRETARY

Bob Hair *BA (Hons)*
Company Secretary

Bob is by background a lawyer (having been admitted as a barrister in Queensland in 1983) with more than 30 years of experience in the resources sector. He was previously an in-house lawyer, director of subsidiary companies and Commercial Manager and General Manager in the MIM group in Australia, Asia, Europe, North America, South America, and GM Commercial for the ASX-listed Highlands Pacific Limited and was Managing Director of Ferrum Crescent Limited (ASX; LSE; JSE/FCR). He has since worked for and consulted to various listed and unlisted companies in the resources industry.

Bob was a non-executive director of Carpentaria from its listing on ASX until his resignation effective 30 September 2015. He has not been a director of a listed company in the last three years.

CORPORATE INFORMATION

Corporate Structure

Carpentaria is a company limited by shares and incorporated and domiciled in Australia. Its shares are publicly traded on the Australian Securities Exchange (ASX). Carpentaria has prepared a consolidated financial report encompassing the entities that it controlled during the financial year.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the course of the financial year was mineral exploration.

Following listing on ASX on 17 November 2007, the Consolidated Entity has continued exploration activity on its projects in Queensland, New South Wales and South Australia. Its principal focus is completion of the bankable feasibility study into the Hawsons Iron Project (**HIP**) and, if economically and technically viable, the financing, construction and operation of that project.

There was no significant change in the nature of the activity of the Consolidated Entity during the year.

CURRENCY

The financial report is presented in Australian dollars and amounts are rounded to the nearest dollar.

OPERATING RESULTS

Commentary and Comparison with Prior Year

For the year ended 30 June 2019, the loss for the Consolidated Entity after providing for income tax was $1,847,961 (2018: $1,183,143). The loss for the 2019 financial year is $664,818 more than the loss of 2018, primarily attributable to increases in the technical product marketing and other business development costs associated with the promotion of the Hawsons Iron Project.

Cash Position

The Consolidated Entity's cash position increased from year end 2018 by $1,971,565 with the Company successfully raising $4,186,823 in new capital through a private placement in September 2018 and a share placement plan in May 2019.

Business Strategies and Prospects For Future Financial Years

Work programmes implemented this year have continued to generate significant interest in HIP's potential product offering from buyers of steel making raw materials. The Company on 28 July 2017 announced the results of the prefeasibility study conducted by independent consultants GHD, with the results showing robust project economics for production of 10 Mtpa of the world-leading Hawsons Supergrade® product for steel makers.

The work programmes for the next twelve months will be directed to bankable feasibility study (BFS) milestones. The programmes will be funded by capital raising and investments by end users of HIP product and others to secure offtake and other rights. The cost of the work programmes will be set to maximise the Company's ability to attract additional investment and to maintain a strong financial position.

The Company will continue to monitor commodity markets and review its strategy periodically and adjust as required. This strategy should result in the Consolidated Entity maintaining a strong financial position in future years.

REVIEW OF FINANCIAL POSITION

Capital structure

At 30 June 2019 the Company had 275,132,537 shares on issue (including 5,500,000 non-recourse employee shares) and 15,080,000 options on issue.

Treasury policy

The Board controls the funds, which are handled on a day to day basis by the Managing Director.

Liquidity and funding

Cash includes cash on hand and at call and term deposits with banks readily convertible to cash and is used in the cash management function on a day to day basis.

Dividends

No dividends were paid during the financial year ended 30 June 2019 (2018: nil), and no dividend is recommended for the current year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There was no matter or circumstance during the financial year that has significantly affected the state of affairs of the Group.

REVIEW OF OPERATIONS

The Company's focus during the financial year remained on development of the Hawsons Iron Project. Achievements during the period included the securing of an option agreement with Japan's Mitsui & Co.,Ltd, whereby Mitsui can earn the right to secure 2Mtpa of Hawsons Supergrade® pellet feed on agreed commercial terms. Mitsui agreed to pay for this option by advancing $5.4 Million towards the completion of the Hawsons bankable feasibility study (BFS) once the balance of the BFS funding is secured. The option exercise price for this 2Mtpa offtake will be the advancing of US$60 Million as mezzanine debt towards the construction of the project. Following the Mitsui transaction, the Company has sought other non-dilutive funding from other tier one offtakers and end users. Extensive negotiations have taken place through the year with these and other potential investors with a view to obtaining the best possible value for shareholders. Though no subsequent non-dilutive transaction was secured in the financial year, those negotiations have continued and a number of site visits has been carried out, and the Company continued to receive unsolicited approaches from credible end users that are attracted by the quality of the Hawsons Supergrade® product. This has particularly been the case following the tragic tailings dam accident in Brazil, and the subsequent shortfall in the supply of direct reduction (DR) grade and other high-quality iron ore pellet feed.

A number of parties has indicated they will be willing to negotiate a role in development at the post-BFS stage and are watching progress closely. The Company remains confident the project can attract strategic investment to unlock value for shareholders, additional to Mitsui's commitment. The steel-making input trends for high quality ore in China, tightness and concentration of DR quality ore supply in Middle East and North Africa (MENA) and long-run decarbonisation of steel-making in Europe continue to support the Hawsons' development case.

Carpentaria is manager of the Hawsons joint venture with Pure Metals Pty Ltd, and Carpentaria's interest in Hawsons stands at 69.8%, with Pure Metals having diluted its interest in the conduct of the annual programme and budget. The project share is now Carpentaria 69.8% and Pure Metals 30.2%.

The Company continues to seek divestment of its remaining projects in the Lachlan Fold Belt, NSW.

Hawsons Iron Project (HIP) Development Summary

The table below sets out the current range of agreements and/or LOIs for Hawsons Supergrade® product, from blue-chip international companies across Asia and the Middle East.

Company	Volume	Market
Mitsui	2.0 Mtpa	pellet feed
Formosa Plastics	2.6 Mtpa	concentrate/pellet feed
Bahrain Steel	3.0 Mtpa	direct reduction (DR) pellet feed
Shagang	2.5 Mtpa	pellet feed
Mitsubishi Corporation RtM	1.0 Mtpa	pellet feed
Gunvor	1.0 Mtpa	concentrate
Kuwait Steel	1.0 Mtpa	DR pellet feed
Emirates Steel	0.9 Mtpa	DR pellets
Total	**14.0 Mtpa**	

Iron ore pellets are now the highest growth section of the iron ore market. The board and management of the Company remain confident that Hawsons is the leading undeveloped pellet feed/concentrate project in the world and that Hawsons Supergrade® product will be the most highly sought after pellet feed because of its high Fe content and overall outstanding quality.

Competent Person Statement: The information in this report that relates to Exploration Results is based on information compiled by Mr Quentin Hill, who is a member of the Australian Institute of Geoscientists and Society of Economic Geologists Mr Hill is a full time employee of Carpentaria Resources Limited and Mr Hill 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hill consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's directors and of the Audit and the Remuneration Committees held during the year ended 30 June 2019 and the number of meetings attended by each director.

	Directors' Meetings		Audit		Remuneration	
	Attended	*Eligible to Attend*	*Attended*	*Eligible to Attend*	*Attended*	*Eligible to Attend*
Neil Williams	5	5	1	1	1	1
Quentin Hill	5	5	-	-	-	-
Paul Cholakos	4	5	1	1	1	1
Jon Parker	5	5	-	-	-	-

INDEMNIFICATION OF OFFICERS OR AUDITOR

Each of the Directors and the Secretary of the Company has entered into a Deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company and certain indemnification to those directors and secretary.

The Company has insured all of the Directors of Carpentaria Resources Limited. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The *Corporations Act 2001* does not require disclosure of the information in these circumstances.

During the financial year, the Company paid insurance premiums to insure the Directors and Officers of the Company against certain risks associated with their activities as officers of the Company. The terms of that policy prohibit disclosure of the nature of liability covered, the limit of such liability and the premium paid.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wrongful act by the officers. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities. The Company has not indemnified the auditor.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's operations are subject to environmental regulations in relation to its exploration activities. The directors are not aware of any significant breaches during the period covered by this report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

SHARE OPTIONS

Issued Options

Details of options issued, exercised and expired during the financial year are set out below:

Tranche	Grant Date	Expiry Date	Exercise Price	1 Jul 2018	Granted in year	Exercised in year	Lapsed	30 June 2019	Vesting Milestone
11	15 Oct 2018	14 Oct 2023	$0.15	-	2,200,000	-	-	2,200,000	1
12	15 Oct 2018	14 Oct 2023	$0.25	-	2,500,000	-	-	2,500,000	2
13	15 Oct 2018	14 Oct 2023	$0.40	-	1,400,000	-	-	1,400,000	3
14	15 Oct 2018	14 Oct 2023	$0.50	-	3,400,000	-	-	3,400,000	4
				-	9,500,000	-	-	9,500,000	

Milestone 1 **Any of the following -**	Securing funding to complete the detailed feasibility study in relation to the Hawsons Iron Project or $25 million, whichever is the lesser; Carpentaria having a 20 day VWAP of not less than 20 cents; Carpentaria having secured binding offtake arrangements with one or more end users of Hawsons product or reputable trading houses, in respect of not less than 2 Mtpa.
Milestone 2 **Any of the following -**	ASX Release to the market of the results of a detailed feasibility study into an agreed production rate at the Hawsons Iron Project; Carpentaria having a 20 day VWAP of not less than 50 cents; Carpentaria market capitalisation of $100 million or more; Carpentaria having secured binding offtake arrangements with one or more end users of Hawsons product or reputable trading houses, in respect of not less than 5 Mtpa.
Milestone 3 **Any of the following -**	Carpentaria market capitalisation of $300 million or more; Completion of financing arrangements to construct the Hawsons Iron Project; Decision to carry out the Hawsons Iron Project.
Milestone 4 **Any of the following -**	Commencement of commercial production at Hawsons; Carpentaria market capitalisation of $500 million or more.
Milestone 5 **Any of the following -**	ASX release of information that qualifies as DFS standard in relation to the Hawsons Iron Project; Carpentaria having a market capitalisation of AUD$30 million or more; Carpentaria having a 20 day VWAP of not less than 30 cents; Carpentaria having secured binding offtake arrangements with one or more end users of the Hawsons Iron Project product or reputable trading houses, in respect of not less than 5 Mtpa.

REMUNERATION REPORT - AUDITED

This report outlines the remuneration arrangements in place for the directors and other key management personnel of Carpentaria Resources Limited (the Company).

Remuneration Policy

The performance of the Company depends upon the quality of its Directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and the executive team. The Remuneration Committee assesses the appropriateness of the nature and value of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash, equity and fringe benefits. It is intended that the manner of payments chosen will be optimal for the recipient without creating undue cost for the Company. Further details on the remuneration of directors and executives are set out in this Remuneration Report.

The Company aims to reward the Executive Director and other key management personnel with a level and mix of remuneration commensurate with their position and responsibilities within the Company. The Board's policy is to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering long-term incentives. With this in mind, a significant part of the remuneration package of executives is based on the performance of the Company, as set out in milestones contained in the relevant contracts, the achievement of which may result in the issue to them of securities in the Company and the payment of cash bonuses.

In accordance with best practice corporate governance, the structure of Non-executive Director and Executive Director and other key management personnel remuneration is separate and distinct except that Non-executive Directors, as well as the Executive Director, participate in incentives involving the issue to them of securities in the Company and a rate of remuneration that rewards the achievement of corporate milestones.

Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cash cost that is acceptable to shareholders. The Company's specific policy for determining the nature and value of emoluments of board members of the Company is as follows:

In accordance with the Constitution, the existing shareholders of the Company have determined in general meeting the maximum Non-executive Director remuneration to be $220,000 per annum. This limit excludes the value of equity instruments provided to Non-executive Directors.

The Directors have resolved that each Non-executive Director is entitled to receive fees of $25,000 per annum plus 9.5% superannuation and the Chairman of Directors is entitled to receive $45,000 per annum plus 9.5% superannuation. Upon the achievement of one or more corporate milestones, the Non-executive Director rate will change to $38,000 per annum plus superannuation, and the Chairman's rate will change to $50,000 per annum plus statutory superannuation. Payments of fees will be in addition to any payments to Directors in any employment capacity. A Director will not be entitled to receive directors' fees if he or she is employed by the Company in a full-time executive capacity.

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

The remuneration of Non-executive Directors for the year ended 30 June 2019 is detailed below.

Executive Director and Other Key Management Personnel Remuneration

The Company aims to reward the Executive Director and other key management personnel with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

The remuneration of the Managing Director and other key management personnel for the period ended 30 June 2019 is detailed below.

REMUNERATION REPORT (continued)

Employment Contracts

Agreement with Managing Director

Mr Quentin Hill is engaged as Managing Director of the Company under the following terms and conditions:

- annual salary of $240,000 plus 9.5% superannuation payments and reimbursement of all reasonable business expenses;
- the base annual salary will retrospectively increase from $240,000 to $340,000, calculated from 1 December 2017, upon the Company achieving one or more of the milestones described in Milestone 1 (see below);
- entitled to cash performance bonuses as outlined in the Milestone table below;
- entitled to receive options to acquire shares as outlined in the Milestone table below, subject to shareholder approval;
- provision for six months' notice for termination;
- the contract is ongoing; and
- standard terms relating to leave, confidentiality, conflicts of interest and representations and warranties.

Milestone #	Milestones	Cash bonus if achieved	Options that vest if achieved
1 **Any of the following:**	Securing funding to complete the detailed feasibility study in relation to the Hawsons Iron Project or $25 million, whichever is the lesser; Carpentaria having a 20 day VWAP of not less than 20 cents; Secured binding offtake arrangements with one or more end users of Hawsons product or reputable trading houses, in respect of not less than 2 Mtpa.	$100,000	1,000,000 options $0.15 exercise price
2 **Any of the following:**	ASX Release to the market of the results of a detailed feasibility study into an agreed production rate at the Hawsons Iron Project; Carpentaria having a 20 day VWAP of not less than 50 cents; Carpentaria market capitalisation of $100 million or more; Secured binding offtake arrangements with one or more end users of Hawsons product or reputable trading houses, in respect of not less than 5 Mtpa.	$150,000	1,300,000 options $0.25 exercise price
3 **Any of the following:**	Carpentaria market capitalisation of $300 million or more; Completion of financing arrangements to construct the Hawsons Iron Project; Decision to carry out the Hawsons Iron Project.	$200,000	300,000 options $0.40 exercise price
4 **Any of the following:**	Commencement of commercial production at Hawsons; Carpentaria market capitalisation of $500 million or more.	$250,000	400,000 options $0.50 exercise price

As none of the above milestones was met during the period, no bonuses have been achieved. No bonuses were forfeited during the period.

The performance conditions detailed above were chosen as the Directors believe this appropriately aligns company performance with shareholder wealth.

Agreement with Company Secretary

A company associated with Mr Robert Hair is engaged to provide company secretarial, legal, risk management and human resource services to the Company under the following terms and conditions:

- annual fee of $90,000 and reimbursement of all reasonable business expenses;
- the base fee will retrospectively increase from $90,000 to $180,000, calculated from 2 January 2018, upon achieving one or more of the milestones described in Milestone 1 (see below);
- entitled to cash performance bonuses as outlined in the Milestone table below;
- entitled to receive options to acquire shares as outlined in the Milestone table below;
- provision for three months' notice for termination;
- the contract is ongoing; and
- standard terms relating to confidentiality, conflicts of interest and representations and warranties.

Milestone #	Milestones	Cash bonus if achieved	Options that vest if achieved
1 **Any of the following:**	Securing funding to complete the detailed feasibility study in relation to the Hawsons Iron Project or $25 million, whichever is the lesser; Carpentaria having a 20 day VWAP of not less than 20 cents; Secured binding offtake arrangements with one or more end users of Hawsons product or reputable trading houses, in respect of not less than 2 Mtpa.	$60,000	500,000 options $0.15 exercise price
2 **Any of the following:**	ASX Release to the market of the results of a detailed feasibility study into an agreed production rate at the Hawsons Iron Project; Carpentaria having a 20 day VWAP of not less than 50 cents; Carpentaria market capitalisation of $100 million or more; Secured binding offtake arrangements with one or more end users of Hawsons product or reputable trading houses, in respect of not less than 5 Mtpa	$90,000	625,000 options $0.25 exercise price
3 **Any of the following:**	Carpentaria market capitalisation of $300 million or more; Completion of financing arrangements to construct the Hawsons Iron Project; Decision to carry out the Hawsons Iron Project	$120,000	150,000 options $0.40 exercise price
4 **Any of the following:**	Commencement of commercial production at Hawsons; Carpentaria market capitalisation of $500 million or more	$150,000	200,000 options $0.50 exercise price

As none of the above milestones was met during the period, no bonuses have been achieved. No bonuses were forfeited during the period.

The performance conditions detailed above were chosen as the Directors believe this appropriately aligns company performance with shareholder wealth.

Details of Directors and Other Key Management Personnel

Directors

Name	Position	Period of directorship
Dr Neil Williams	Non-Executive Chairman	Appointed 1 January 2012
Quentin Hill	Managing Director	Appointed 1 September 2013
Paul Cholakos	Non-Executive Director	Appointed 2 April 2012
Jon Parker	Non-Executive Director	Appointed 12 June 2018

Key Management Personnel

Name	Position	Detail
Robert William Hair	Company Secretary	Appointed 1 October 2015

Key management personnel are those directly accountable and responsible for the operational management and strategic direction of the Company and the consolidated entity.

2019	Short Term				Post-Employment	Share-based Payments			
	Salary & Fees	Consulting Fees	Accrued Salary*	Leave benefits	Superannuation	Options	Total	Performance Related %	% consisting equity
	$	$	$		$	$	$		
Directors									
Quentin Hill	242,269	-	80,000	6,402	20,531	40,363	389,565	-	10.36%
Neil Williams	45,000	-	-	-	4,275	42,171	91,446	-	46.12%
Paul Cholakos	25,000	-	-	-	2,375	30,663	58,038	-	52.83%
Jon Parker	25,000	8,000	-	-	2,375	31,154	66,529	-	46.83%
Key Management Personnel									
Robert Hair	90,000	-	72,000	-	-	33,682	195,682	-	17.21%
	427,269	8,000	152,000	6,402	29,556	178,033	801,260		

***** Payment of accrued salary is conditional upon Milestone 1 being achieved – refer pages 10 and 11 for details. Accrued back pay is calculated from the total commitment accrued at year end and adjusted for the probability that the employee may satisfy vesting requirements.

2018	Short Term				Post-Employment	Share-based Payments			
	Salary & Fees	Cash Bonus	Accrued Salary*	Leave benefits	Superannuation	Options	Total	Performance Related %	% consisting equity
	$	$	$		$	$	$		
Directors									
Quentin Hill	231,667	-	46,247	11,745	22,008	55,272	366,939	-	15.06%
Bin Cai (1)	22,917	-	-	-	2,177	(3,099)	21,995	-	(14.09%)
Neil Williams	45,000	-	-	-	4,275	3,078	52,353	-	5.88%
Paul Cholakos	25,000	-	-	-	2,375	2,477	29,852	-	8.30%
Jon Parker (2)	1,250	-	-	-	119	2,431	3,800	-	63.97%
Key Management Personnel									
Robert Hair	83,000	-	35,507	-	-	26,774	145,281	-	18.43%
	408,834	-	81,754	11,745	30,954	86,933	620,220		

***** Payment of accrued salary is conditional upon Milestone 1 being achieved – refer pages 10 and 11 for details. Accrued back pay is calculated from the total commitment accrued at year end and adjusted for the probability that the employee may satisfy vesting requirements.

(1) Resigned 16 May 2018
(2) Appointed 12 June 2018

REMUNERATION REPORT (continued)

Shares issued on exercise of remuneration options

No ordinary shares of Carpentaria Resources Limited were issued during the year on exercise of options granted.

Equity instruments issued as part of remuneration

Equity instruments are issued to Directors and executives as part of their remuneration. The equity instruments are not issued solely on performance criteria but are also issued to all Directors and executives of Carpentaria Resources Limited to increase executive retention and goal congruence between executives, Directors and shareholders.

Director/Key Management Personnel shareholdings (number of shares, including NRE shares)

2019	Opening Balance	Acquired	On Exercise of Options	Derecognised on resignation	Closing Balance
Directors					
Quentin Hill	3,500,000	413,569	-	-	3,913,569
Neil Williams	-	-	-	-	-
Paul Cholakos	-	-	-	-	-
Jon Parker	-	-	-	-	-
Key Management Personnel					
Robert Hair	2,410,021	312,500	-	-	2,722,521
Total	5,910,021	726,069	-	-	6,636,090

Director/Key Management Personnel option holdings (number of options)

2019	Opening Balance	Granted as remuneration	Options Exercised	Options Expired	Closing Balance	Vested and exercisable
Directors						
Quentin Hill	750,000	3,000,000	-	-	3,750,000	250,000
Neil Williams	375,000	2,500,000	-	-	2,875,000	125,000
Paul Cholakos	305,000	2,000,000	-	-	2,305,000	105,000
Jon Parker	-	2,000,000	-	-	2,000,000	-
Key Management Personnel						
Robert Hair	1,780,000	-	-	-	1,780,000	105,000
Total	3,210,000	9,500,000	-	-	12,710,000	585,000

Performance based remuneration granted and forfeited during the year:

	Long term incentive Options		
	Value granted	Value exercised	Value forfeited
	$	$	$
Directors			
Quentin Hill	115,630	-	-
Neil Williams	83,400	-	-
Paul Cholakos	64,715	-	-
Jon Parker	64,715	-	-

REMUNERATION REPORT (continued)

Fair value of options granted during the year

The assessed fair value at the date of grant of options to be issued is determined using an option pricing model that takes into account the exercise price, the underlying share price at the time of issue, the term of the option, the underlying share's expected volatility, expected dividends and the risk free interest rate for the expected life of the instrument. The value of the options was calculated using the inputs shown below:

Inputs into pricing model	Tranche 11	Tranche 12	Tranche 13	Tranche 14
Grant date	15 October 2018	15 October 2018	15 October 2018	15 October 2018
Exercise price	$0.15	$0.25	$0.40	$0.50
Vesting conditions	Milestone 1	Milestone 2	Milestone 3	Milestone 4
Share price at grant date	$0.088	$0.088	$0.088	$0.088
Life of the options	5 years	5 years	5 years	5 years
Underlying share price volatility	77%	77%	77%	77%
Expected dividends	Nil	Nil	Nil	Nil
Risk free interest rate	2.29%	2.29%	2.29%	2.29%
Pricing model	Binomial	Binomial	Binomial	Binomial
Fair value per option	$0.0463	$0.0384	$0.0299	$0.0261

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Other transactions and loans with key management personnel

There were no other transactions or loans with key management personnel during the year.

Relationship between remuneration and Company performance

The factors that are considered to affect shareholder return during the last 5 years are summarised below:

Measures	2019 $	2018 $	2017 $	2016 $	2015 $
Share price at end of financial year	0.055	0.071	0.061	0.050	0.027
Market capitalisation at end of financial year ($M)	15.13	14.14	10.34	6.19	3.34
Profit/(loss) for the financial year	(1,847,961)	(1,183,143)	(1,053,145)	(1,381,168)	(2,847,740)
Cash spend on exploration programmes	537,485	1,668,544	1,829,869	1,121,821	1,098,993
Director and other Key Management Personnel remuneration	801,260	620,220	424,634	601,234	736,500

Given that the remuneration is commercially reasonable, the link between remuneration, Company performance and shareholder wealth generation is tenuous, particularly in the exploration and development stage of a minerals company. Share prices are subject to the influence of international metal prices and market sentiment towards the sector, and increases or decreases may occur independently of executive performance or remuneration.

The Company may issue options to provide an incentive for key management personnel which, it is believed, is in line with industry standards and practice and is also believed to align the interests of key management personnel with those of the Company's shareholders.

No remuneration consultants were used in the 2019 financial year.

End of Remuneration Report

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. Details of the amounts paid or payable to the auditor (BDO Audit Pty Ltd and its associated entities) for non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermines the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the year, the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

Taxation services – preparation of income tax return and other services	$7,717

AUDITOR'S INDEPENDENCE DECLARATION

The attached Auditor's Independence Declaration forms part of the Directors' Report.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the Company support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in another section of this report.

EVENTS AFTER BALANCE SHEET DATE

There have been no events since 30 June 2019 that impact upon the financial report.

Signed in accordance with a resolution of the Board of Directors

Q S Hill
Director
Dated 25 September 2019

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Carpentaria Resources Limited (Carpentaria) aims to achieve appropriate standards of corporate governance and has established corporate governance policies and procedures, where practicable, consistent with the ASX Corporate Governance Council's *'Corporate Governance Principles and Recommendation – 3rd Edition' (ASX Principles or Recommendation),* which were published on 27 March 2014.

In ensuring appropriate standard of ethical behaviour and accountability, the Board has included in its corporate governance policies those matters contained in the ASX Recommendations where applicable. However, the Board also recognises that full adoption of the above ASX Recommendations may not be practical or provide the optimal result given the particular circumstances and structure of the Company. Nevertheless, the Board is committed to ensuring that appropriate Corporate Governance practices are in place for the proper direction and management of the Company. This statement outlines the main Corporate Governance practices of the Company disclosed under the ASX Recommendations, including those that comply with best practice and which, unless otherwise stated, were in place during the whole of the period to the date of this statement.

Principle 1

Lay solid foundations for management and oversight

1.1 Roles and Responsibilities of the Board – followed

The Board is governed by the Corporations Act 2001, its formal constitution and by the ASX Listing Rules. The Board's primary role is to set policy regarding the affairs of the Company for the protection and enhancement of long-term Shareholder value.

The Board takes responsibility for the overall corporate governance of the Company including its strategic direction, management goal setting and monitoring, internal control, risk management and financial reporting.

1.2 Director appointment – followed

Carpentaria considers the character, experience and skillset as well as interests and associations of potential candidates for appointment to the Board and will conduct appropriate checks to verify the suitability of the candidate, prior to their election. Carpentaria has appropriate procedures in place to ensure that material information relevant to a decision to elect or re-elect a director, is disclosed in the notice of meeting provided to shareholders. During the period, Mr Jon Parker was appointed as a Non-executive Director.

1.3 Written agreements of appointment – followed

The roles and responsibilities of Directors have been formalised in letters of appointment, which each Director has entered into. The letters of appointment specify the term of appointment, time commitment envisaged, expectations in relation to committee work or any other special duties attaching to the position, reporting lines, remuneration arrangements, disclosure obligations in relation to personal interests, confidentiality obligations, and insurance and indemnity entitlements.

Contract details of senior executives who are key management personnel are summarised in the Remuneration Report in the Company's Annual Report.

1.4 Company Secretary – followed

The Company Secretary is accountable to the Board through the Chairman on all matters to do with the proper functioning of the Board. All Directors have access to the Company Secretary.

The appointment or removal of the Company Secretary is a matter for the Board. Details of the Company Secretary's experience and qualifications are set out in the Annual Report.

1.5 Diversity policy – not followed

The Company is committed to creating a diverse working environment and culture.

However, given the size of the Company and scale of its operations, the Board is of the view that a written diversity policy with measurable objectives for achieving gender diversity is not required at this time. Further, as the Company has not established measurable objectives for achieving gender diversity, the Company has not reported on progress towards achieving them.

1.6 Board Reviews – not followed

The Remuneration Committee meets at least annually, and the recommendations are made in line with the Company's present circumstances and goals to ensure maximum shareholder benefits from the attraction and retention of a high-quality Board and senior management team.

The Board recognises that as a result of the Company's size the assessment of the Board's overall performance and its own succession plan is conducted on an informal basis. Whilst this is at variance with the ASX Recommendations, the Directors consider that at the date of this report an appropriate and adequate process for the evaluation of Directors is in place. A more formal process of Board assessment will be considered in the future as the Company develops.

1.7 Management Reviews – followed

The Board evaluates the performance of the Managing Director and Company Secretary on a regular basis and encourages continuing professional development. A review was conducted in association with the annual audit.

Principle 2

Structure Board to add value

2.1 Nominations committee – not followed

The Company does not have a Nominations Committee.

The Company's constitution and the Corporations Act 2001 specify that the number of Directors must be at least three. The Board may at any time appoint a Director to fill a casual vacancy. Directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter Directors (other than the Managing Director) are subject to re-election at least every three years. The tenure for Executive Directors is linked to their holding of executive office.

The Board is of the opinion that the current structure of the Board is appropriate given the size and nature of the Company. The Board considers that all Directors bring an independent judgement to bear on Board decisions and that the Board's expertise and experience add considerable value to the Company.

2.2 Board skills matrix – not followed

The Company does not have a formal Board skills matrix.

The Board Charter provides that the Board will regularly review the appropriate mix of skills and expertise to facilitate successful strategic direction.

In appointing new members to the Board, consideration is given to the ability of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgment, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company.

The Company provides details of each Director, such as their skills, experience and expertise relevant to their position, in the Directors' Report in the Annual Report and also provides these details on its website.

2.3 Details of Independent Directors – followed

The Board consists of four directors, three of whom are independent Non-executive Directors. The names of the Directors of the Company and terms in office at the date of this Statement together with their skills, experience, expertise and financial interests in the Company are set out in the Directors' Report section of the Annual Report.

The Company has no relationships with any of the independent Directors which the Company believes would compromise the independence of these Directors.

2.4 Composition of the Board –followed

The Board consists of four directors, three of whom are independent directors. Mr Cai was not and Mr Hill is not independent.

The Company's constitution and the Corporations Act 2001 specify that the number of Directors must be at least three. The Board may at any time appoint a Director to fill a casual vacancy. Directors appointed by the Board are subject to election by Shareholders at the following annual general meeting and thereafter Directors (other than the Managing Director) are subject to re-election at least every three years. The tenure for Executive Directors is linked to their holding of executive office.

2.5 The Chairman – followed

The Chairman is an independent Director. The role of Chairman of the Board is separate from that of the Managing Director, who is responsible for the day to day management of the Company. This is in compliance with the ASX Recommendation that these roles not be exercised by the same individual.

2.6 Board induction and professional development – followed

An induction process including appointment letters exists to promote early, active and relevant involvement of new members of the Board. All Carpentaria Directors are encouraged to further their knowledge through ongoing professional development through professional industry, governance and government bodies.

Principle 3

Act ethically and responsibly

3.1 Code of conduct – followed

The Company aims for a high standard of corporate governance and ethical conduct by Directors and employees.

All Directors have signed deeds with the Company, which require them to comply with all the obligations of a director under the Corporations Act 2001. Directors are required to disclose to the Board any material contract in which they may have an interest. In accordance with section 195 of the Corporations Act 2001, a Director having a material personal interest in any matter to be dealt with by the Board, will not be present when that matter is considered by the Board and will not vote on that matter, subject to the discretion of the Board.

All Directors are required to provide the Company with details of all securities registered in the Director's name or an entity in which the Director has a relevant interest.

Directors, officers and employees are not permitted to trade in securities of the Company at any time whilst in possession of price sensitive information not readily available to the market. The Corporations Act 2001 also prohibits the acquisition and disposal of securities where a person possesses information that is not generally available and which may reasonably be expected to have a material effect on the price of the securities if the information was generally available.

The Company has a code of conduct with which Directors, senior executives and employees must comply. The code of conduct is published on the Company's website.

Principle 4

Safeguard integrity in financial reporting

4.1 Audit committee – followed

Carpentaria had an Audit Committee during the year. The Audit Committee was established to oversee corporate governance, internal controls, ethical standards, financial reporting, and external accounting and compliance procedures.

The Audit Committee comprises of three independent, non-executive directors, Dr Williams, Mr Parker and Mr Cholakos and is chaired by Mr Cholakos.

The Committee reports to the Board. The Managing Director, Company Secretary and external auditor may, by invitation, attend meetings at the discretion of the Committee.

4.2 CEO and CFO financial statements declaration – followed

The Chief Executive Officer and Chief Financial Officer are required to provide written declarations under section 295A of the Corporations Act 2001 that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true an fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. Both the Managing Director and Chief Financial Officer provide said assurances at the time the section 295A declarations are provided to the Board.

4.3 External Auditor attendance at AGM – followed

The external auditor of the Company is invited to the Annual General Meeting of shareholders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report. Pursuant to section 249K of the Corporations Act 2001, the external auditor is provided with a copy of the notice of meeting and related communications received by shareholders.

Principle 5

Making timely and balanced disclosure

5.1 Continuous disclosure policy – followed

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. In accordance with the ASX Recommendations, information is communicated to shareholders as follows:

- the annual financial report which includes relevant information about the operations of the Company during the year, changes in the state of affairs of the entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001;
- the half yearly financial report lodged with the ASX and ASIC and sent to all shareholders who request it;
- notifications relating to any proposed major changes in the Company which may impact on share ownership rights that are submitted to a vote of shareholders;
- notices of all meetings of shareholders;
- publicly released documents including full text of notices of meetings and explanatory material made available on the Company's website; and
- disclosure of the Company's corporate governance practices and communications strategy on this Company's website.

The Company has a formal continuous disclosure policy, which is published on its website.

Principle 6

Respect the rights of shareholders

6.1 Information on website – followed

The Company operates under the continuous disclosure requirements of the ASX Listing Rules and aims to ensure that all information which may be expected to affect the value of the Company's securities or influence investment decisions is released to the market in order that all investors have equal and timely access to material information concerning the Company. The information is made publicly available on the Company's website following release to the ASX.

6.2 Investor relations programme – not followed

Due to the size of the Company, the Board does not believe that a documented or formalised investor programme is required. The Company actively engages with investors at the Annual General Meeting and responds to enquiries made from time to time.

6.3 Security holder participation at meetings – followed

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions.

6.4 Facilitate security holder communications – followed

The Company provides its investors the option to receive communications from and send communications to the Company and the share registry electronically.

Principle 7

Recognise and manage risks

7.1 Risk committee – not followed

The Board recognises that there are inherent risks associated with the Company's operations including mineral exploration and mining, environmental, title, native title, legal and other operational risks. The Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed.

The Board believes that given the size of the Company and the stage of the entity's life as a publicly listed junior exploration company and the current Board structure, the establishment of a risk committee in line with ASX Recommendation 7.1 cannot at this stage be justified by the perceived benefits of doing so.

7.2 Risk assessment and management – followed

The Board with the assistance of the Audit Committee conducts a formal review of the risk profile of the Company annually and monitors risk informally throughout the year. A review was conducted in association with the annual audit.

7.3 Internal Audit function – followed

The Company does not have an internal audit function and does not believe that the size and nature of the Company warrants establishment of said function at this time. The Board with the assistance of the Audit Committee conducts a formal review of the risk profile of the Company annually and monitors risk informally throughout the year. A review was conducted in association with the annual audit.

7.4 Economic, environmental and social risks – followed

The Board recognises that there are inherent risks associated with the Company's operations including mineral exploration and mining, environmental, heritage and native title, legal and other operational risks. The Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed. No formal report in relation to the Company's management of its material business risks is presented to the Board.

Principle 8

Remunerate fairly and responsibly

8.1 Remuneration committee – followed

The Company has established a Remuneration Committee. The Committee monitors the composition of the Board and reviews the compensation of the Company's Executive Directors and senior management with the overall objective of motivating and appropriately rewarding performance. The Committee makes recommendations to the Board who are ultimately responsible for the Company's remuneration policy.

The Committee comprises of three members, Dr Williams, Mr Cholakos and Mr Parker and is chaired by Dr Williams.

The Committee has a formal charter.

8.2 Executive and Non-executive Director remuneration policy – followed

The Company's Constitution specifies that the total amount of remuneration of Non-executive Directors is to be fixed from time to time by a general meeting. Directors may apportion any amount up to this maximum amount amongst the non-executive Directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as Directors.

The remuneration of the Managing Director is determined by the Board, taking into account the recommendations of the Remuneration Committee, as part of the terms and conditions of his employment, which are subject to review from time to time. The remuneration of employees is determined by the Managing Director, subject to the approval of the Board.

8.3 Equity-based remuneration scheme – not followed

The Company does not have an equity-based remuneration scheme.

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2019

	Note	2019 $	2018 $
Other revenue		3,618	6,197
Fair value movement on financial assets at fair value through profit or loss		-	4,991
Gain on sale of financial assets at fair value through profit or loss		-	18,223
Employment benefit expenses		(643,780)	(509,188)
Depreciation and amortisation expense		(4,524)	(12,055)
Rental and other lease expenses		(59,170)	(66,110)
Project generation and business development expenses		(784,545)	(233,620)
Administration expenses		(359,560)	(391,581)
Loss before income tax		(1,847,961)	(1,183,143)
Income tax expense/(benefit)	9	-	-
Loss after income tax expense		(1,847,961)	(1,183,143)
Other comprehensive income			-
Total comprehensive income		**(1,847,961)**	**(1,183,143)**

		Cents	Cents
Loss per share			
Basic and diluted loss per share	10	(0.8)	(0.6)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

Consolidated Balance Sheet
As at 30 June 2019

	Note	2019 $	2018 $
CURRENT ASSETS			
Cash and cash equivalents	2	3,024,190	1,052,625
Trade and other receivables		29,630	15,363
Financial assets at fair value through profit or loss		-	14,283
Other current assets		17,892	11,261
TOTAL CURRENT ASSETS		3,071,712	1,093,532
NON-CURRENT ASSETS			
Trade and other receivables		58,409	58,409
Plant and equipment		7,178	5,109
Exploration and evaluation assets	3	5,141,234	4,657,289
TOTAL NON-CURRENT ASSETS		5,206,821	4,720,807
TOTAL ASSETS		8,278,533	5,814,339
CURRENT LIABILITIES			
Trade and other payables	4	87,289	57,811
Provisions	5	365,584	195,180
TOTAL CURRENT LIABILITIES		452,873	252,991
TOTAL LIABILITIES		452,873	252,991
NET ASSETS		7,825,660	5,561,348
EQUITY			
Share capital	6	28,166,109	24,253,396
Share based payment reserve	7	2,185,147	1,985,587
Accumulated losses		(22,525,596)	(20,677,635)
TOTAL EQUITY		7,825,660	5,561,348

The Consolidated Balance Sheet should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2019

Consolidated Entity	Share Capital	Share based payment reserve	Accumulated Losses	Total
	$	$	$	$
Balance at 1 July 2017	22,312,595	1,876,059	(19,497,054)	4,691,600
Transactions with owners in their capacity as owners				
Issue of share capital	2,140,355	-	-	2,140,355
Costs of raising capital	(199,554)	-	-	(199,554)
Transfer of expired options	-	(2,562)	2,562	-
Employee share options – value of employee services	-	112,090	-	112,090
	1,940,801	109,528	2,562	2,052,891
Comprehensive income				
Loss after income tax	-	-	(1,183,143)	(1,183,143)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(1,183,143)	(1,183,143)
Balance at 30 June 2018	24,253,396	1,985,587	(20,677,635)	5,561,348
Balance at 1 July 2018	24,253,396	1,985,587	(20,677,635)	5,561,348
Transactions with owners in their capacity as owners				
Issue of share capital	4,186,823	-	-	4,186,823
Costs of raising capital	(274,110)	-	-	(274,110)
Employee share options – value of employee services	-	199,560	-	199,560
	3,912,713	199,560	-	4,112,273
Comprehensive income				
Loss after income tax	-	-	(1,847,961)	(1,847,961)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(1,847,961)	(1,847,961)
Balance at 30 June 2019	28,166,109	2,185,147	(22,525,596)	7,825,660

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Consolidated Cash Flow Statement
For the year ended 30 June 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,414,972)	(877,179)
Interest received		3,618	6,197
Net cash used in operating activities	2	(1,411,354)	(870,982)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(6,592)	-
Proceeds from sale of financial assets at fair value through profit or loss		14,283	55,579
Payments for exploration and evaluation assets		(537,485)	(1,668,544)
Government grants in relation to exploration assets		-	228,213
Net cash used in investing activities		(529,794)	(1,384,752)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	6	4,186,823	2,140,355
Costs associated with the issue of shares	6	(274,110)	(199,554)
Net cash provided by financing activities		3,912,713	1,940,801
Net decrease in cash and cash equivalents		1,971,565	(314,993)
Cash and cash equivalents at the beginning of the financial year		1,052,625	1,367,558
Cash and cash equivalents at the end of the financial year	2	3,024,190	1,052,625

The Consolidated Cash Flow Statement should be read in conjunction with the Notes to the Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

This financial report covers the Consolidated Entity of Carpentaria Resources Limited (the "Company") and its controlled entities (together referred to as the "Consolidated Entity"). Carpentaria Resources Limited is a listed public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the Consolidated Entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

<u>Operations and principal activities</u>
The principal activity of the Consolidated Entity is mineral exploration.

<u>Currency</u>
The financial report is presented in Australian dollars, rounded to the nearest dollar, which is the functional currency of the Parent.

<u>Authorisation of financial report</u>
The financial report was authorised for issue on 30 September 2019.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The consolidated entity is a for-profit entity for the purpose of preparing the financial statements

<u>Compliance with IFRS</u>
The consolidated financial statements of the Carpentaria Resources Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

<u>Historical cost convention</u>
The financial statements have been prepared on an accruals basis and are based on historical costs, modified by the measurement at fair value of selected financial assets.

<u>Critical accounting estimates and judgements</u>
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on historical experiences and the best available current information on current trends and economic data, obtained both externally and within the Consolidated Entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period and future periods if the revision affects both current and future periods. The following estimates and judgements were used for the current financial year:

Share based payments:
The Consolidated Entity initially measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility, dividend yield, milestone achieved and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 11.

Accrued back pay:
The Consolidated Entity has made estimates for the accrued back pay that is to be paid to Directors and staff if certain milestones are met. Estimating the accrued back pay requires determination of the most likely milestone to trigger the back pay, and the probability that the milestone will be achieved. Refer to Note 5 for further details.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounting policies

(a) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(b) Impairment of Non-Financial Assets

At the end of each reporting period, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(c) Financial Instruments – applicable after 1 July 2018

(i) Financial assets

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments
Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. The group has cash and cash equivalents and trade and other receivables as financial assets. Consequently, the measurement category most relevant to the group is as follows:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Impairment
From 1 January 2018, the group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial Liabilities
The group's financial liabilities are measured at amortised cost. The group has trade and other payables as financial liabilities.

Fair Values

The fair values of Consolidated Entity's financial assets and financial liabilities approximate their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

New accounting standards and interpretations

The Consolidated Entity has adopted the new Australian Accounting Standards AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers from 1 July 2018. The adoption of these standards did not have a material impact on the Group's financial position or financial performance.

- AASB 9 – except for change in accounting policy on financial instruments, the adoption of this standard did not have a material impact to the financial statements.
- AASB 15 – the adoption of this standard did not have a material impact to the financial statements as the group is still in exploration stage and does not have revenue from contracts with customers.

New Standards and Interpretations Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods. The Consolidated Entity has decided against early adoption of these standards. The Consolidated Entity's assessment of the impact of these new standards and interpretations is set out below:

AASB 16 Leases
This standard and its consequential amendments are currently applicable to annual reporting periods beginning on or after 1 January 2019. When effective, this standard will replace the current accounting requirements applicable to leases in AASB 117 Leases and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. This means that for most leases, a right-to-use asset and a liability will be recognised, with the right-to-use asset being depreciated and the liability being unwound in principal and interest components over the life of the lease.

The Consolidated Entity has evaluated the impact adoption of this standard. Upon adoption of this standard, it is the Consolidated Entity's intention to transition using the modified retrospective approach, where the right-of-use asset is recognised at the date of initial application at an amount equal to the lease liability, using the entity's current incremental borrowing rate. Comparative figures are not restated. Based on the transition approach and the entity's current leasing arrangements the entity has determined there will be no material impacts in the current or future reporting periods and on foreseeable future transactions.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Going Concern

As at 30 June 2019 the Consolidated Entity had cash reserves of $3,024,190 net current assets of $2,618,839 and net assets of $7,825,660. The Consolidated Entity incurred a loss of $1,847,961 for the year ended 30 June 2019 and had an outflow of $1,411,354 of cash from operating activities. The Consolidated Entity requires further capital to fund future exploration activity and meet other necessary corporate expenditure.

The ability of the Consolidated Entity to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the Company to raise additional capital in the future; and
- the successful exploration and subsequent exploitation of the Consolidated Entity's tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Consolidated Entity's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- To date the Consolidated Entity has funded its activities through issuance of equity securities, and it is expected that the Consolidated Entity will be able to fund its future activities through further issuances of equity securities; and

- The directors believe there is sufficient cash available for the Consolidated Entity to continue operating based on the Company's cash flow forecast.

Should the Consolidated Entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Consolidated Entity be unable to continue as a going concern.

	2019 $	2018 $

NOTE 2 CASH & CASH FLOW INFORMATION

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the balance sheet.

Cash flows are presented in the consolidated cash flow statement on a gross basis, except for the GST component of financing and investing activities, which are disclosed as operating cash flows.

Reconciliation of loss after income tax to net cash outflow from operating activities

	2019 $	2018 $
Loss after income tax	(1,847,961)	(1,183,143)
Depreciation and amortisation	4,524	12,055
Share-based payments	199,560	112,090
Gain on sale of financial assets at fair value through profit or loss	-	(18,223)
Fair value loss on financial assets at fair value through profit or loss	-	(4,991)
Change in operating assets and liabilities		
(Increase)/decrease in receivables	44,142	51,974
(Increase)/decrease in other assets	(65,040)	775
(Decrease)/increase in trade payables and accruals	83,017	50,121
(Decrease)/increase in provisions	170,404	108,360
Net cash outflow from operating activities	(1,411,354)	(870,982)

Non-cash transactions investing & financing activities

2019: 9,500,000 options were issued to Directors in recognition for services provided.

2018: 2,225,000 options were issued to employees in recognition for services provided.

Reconciliation of cash

Cash at the end of the financial period as shown in the consolidated cash flow statement is reconciled to items in the consolidated balance sheet as follows:

	2019 $	2018 $
Cash on hand and at bank	3,008,295	723,632
Cash on deposit	15,895	328,993
	3,024,190	1,052,625

NOTE 3 EXPLORATION AND EVALUATION ASSETS

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest.

Exploration costs are capitalised only when the Consolidated Entity has either a granted tenement in its name or an interest through a joint venture arrangement.

Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or sale of the respective area of interest or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

Government grants relating to exploration and evaluation assets that have been capitalised are recognised by deducting the grant received from the carrying amount of the exploration and evaluation asset recognised on the consolidated balance sheet. Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

	2019 $	2018 $
Opening balance	4,657,289	3,307,296
Capitalised expenditure	483,945	1,578,206
Government grants relating to exploration	-	(228,213)
	5,141,234	4,657,289

NOTE 4 TRADE & OTHER PAYABLES

Trade payables	65,547	24,765
Other payables and accrued expenses	21,742	33,046
	87,289	57,811

Trade payables are amounts due to suppliers for goods purchased or services provided in the ordinary course of business. Trade payables are generally due for settlement within 30 days and therefore are all classified as current.

Other payables and accrued expenses generally arise from normal transactions within the usual operating activities of the group and comprise items such as employee taxes, employee on costs, GST and other recurring items.

NOTE 5 PROVISIONS

Accrued back pay	265,315	93,315
Employee benefits	100,269	101,865
	365,584	195,180

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within 1 year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits expected to be settled later than 1 year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on commercial bonds with terms to maturity that match the expected timing of cash flows.

Provision is made for the Consolidated Entity's liability for accrued back pay arising from services rendered by employees and contractual obligations at the end of the reporting period. Accrued back pay is calculated from the total commitment accrued at year end and adjusted for the probability that the employee may satisfy vesting requirements.

	2019 $	2018 $

NOTE 6 SHARE CAPITAL

	2019 $	2018 $
Fully paid ordinary shares	28,166,109	24,253,396

Ordinary Shares

	2019 $	2018 $	2019 #	2018 #
At the beginning of the year	24,253,396	22,312,595	193,690,706	163,963,560
Shares issued [1]	4,186,823	2,140,355	75,941,831	29,727,146
Share issue costs	(274,110)	(199,554)	-	-
At reporting date	28,166,109	24,253,396	269,632,537	193,690,706
Non-recourse employee shares (NRE)				
At the beginning of the year	-	-	5,500,000	5,500,000
NRE shares issued	-	-	-	-
Transfer to treasury shares	-	-	-	-
At reporting date	-	-	5,500,000	5,500,000
Total Ordinary and NRE Shares	**28,166,109**	**24,253,396**	**275,132,537**	**199,190,706**

[1] 2019: 14,638,235 ordinary shares issued at $0.085 each.
61,303,596 ordinary shares issued at $0.048 each.

2018: 29,727,146 ordinary shares issued at $0.072 each.

Issued and paid up capital is recognised at the fair value of the consideration received by the Consolidated Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

The Company has issued shares to employees and directors under the Company's employee share plan. The shares have been issued in return for an interest free loan from the Consolidated Entity whereby the Consolidated Entity only has recourse to the shares. This issue of shares has been valued as an option grant in accordance with AASB2 "Share Based Payment". The shares are disclosed in the financial statements as non-recourse employee shares (NRE Shares).

Non-recourse employee (NRE) shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. NRE shares will not qualify for participation in any dividend reinvestment plan of the Company until the loan amount in respect of those shares has been repaid. The Company has a lien over the NRE shares in respect of which the loan amount is outstanding. The Company is entitled to sell any unpaid NRE shares in accordance with the CAP share plan.

	2019 $	2018 $

NOTE 7 RESERVES

Share based payment reserve	2,185,147	1,985,587
Share based payment reserve movements during the year		
Opening balance	1,985,587	1,876,059
Transfer to accumulated losses (expired options)	-	(2,562)
Share-based payment expense	199,560	112,090
Closing balance	2,185,147	1,985,587

Share based payment reserve

The share-based payments reserve is used to record the value of share based payments provided to directors, employees and contractors as part of their remuneration.

NOTE 8 DIVIDENDS & FRANKING CREDITS

There were no dividends paid or recommended during the financial year. There are no franking credits available to the shareholders of the Company.

NOTE 9 INCOME TAX

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses. Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The charge for current income tax expense is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, (except for a business combination) where there is no effect on accounting or taxable profit or loss.

NOTE 9 INCOME TAX (cont'd)

	2019 $	2018 $
A reconciliation of income tax expense (benefit) applicable to accounting loss before income tax at the statutory income tax rate to income tax expense (benefit) recognised for the years ended 30 June 2019 and 2018 is as follows:		
Accounting loss before income tax	(1,847,961)	(1,183,143)
Tax at the Australian tax rate of 27.5% (2018: 27.5%)	(508,189)	(325,364)
Non-deductible expenses	56,597	602
Other	-	34,181
Deferred tax assets not bought to account	451,592	290,581
Income tax	-	-
Recognised deferred tax assets		
Unused tax losses	1,495,486	1,395,205
Deductible temporary differences	165,429	138,234
	1,660,915	1,533,439
Recognised deferred tax liabilities		
Assessable temporary differences	1,660,915	1,533,439
	1,660,915	1,533,439
Net deferred tax recognised	-	-
Unrecognised temporary differences and tax losses		
Unused tax losses and temporary differences for which no deferred tax asset has been recognised	3,819,188	3,389,239
Unused capital losses for which no deferred tax asset has been recognised	419,967	419,967

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Consolidated Entity can utilise these benefits.

NOTE 10 LOSS PER SHARE

The Consolidated Entity presents basic and diluted loss per share (LPS) data for its ordinary shares. Basic LPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, excluding NRE shares. Diluted LPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Earnings used to calculate basic and dilutive loss per share	(1,847,961)	(1,183,143)

	2019 #	2018 #
Weighted average number of ordinary shares outstanding during the year	218,820,214	189,519,470
Adjustments for calculation of diluted loss per share - options	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	218,820,214	189,519,470

Options, including in-substance options related to NRE shares, could potentially dilute basic loss per share in the future but were not included in the calculation of diluted earnings per share for 2019 or 2018 as they were anti-dilutive.

NOTE 11 SHARE BASED PAYMENTS

Equity based instruments - Options

The Company has granted options over ordinary shares to directors, employees and consultants in recognition of services provided to the Company. The options were granted for nil consideration and are not quoted on the ASX. Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

Information with respect to the number of options granted is as follows:

2019

Tranche	Grant Date	Expiry Date	Exercise Price	Balance at start of year	Granted in year	Exercised in year	Lapsed during year	Balance at end of year	Vested and exercisable at end of year
1	24 Nov 2016	24 Nov 2019	$0.10	1,155,000	-	-	-	1,155,000	1,155,000
2	24 Nov 2016	24 Nov 2021	$0.20	2,200,000	-	-	-	2,200,000	-
3	1 Dec 2017	30 Nov 2022	$0.15	250,000	-	-	-	250,000	-
4	1 Dec 2017	30 Nov 2022	$0.25	325,000	-	-	-	325,000	-
5	1 Dec 2017	30 Nov 2022	$0.40	75,000	-	-	-	75,000	-
6	1 Dec 2017	30 Nov 2022	$0.50	100,000	-	-	-	100,000	-
7	2 Jan 2018	1 Jan 2023	$0.15	500,000	-	-	-	500,000	-
8	2 Jan 2018	1 Jan 2023	$0.25	625,000	-	-	-	625,000	-
9	2 Jan 2018	1 Jan 2023	$0.40	150,000	-	-	-	150,000	-
10	2 Jan 2018	1 Jan 2023	$0.50	200,000	-	-	-	200,000	-
11	15 Oct 2018	14 Oct 2023	$0.15	-	2,200,000	-	-	2,200,000	-
12	15 Oct 2018	14 Oct 2023	$0.25	-	2,500,000	-	-	2,500,000	-
13	15 Oct 2018	14 Oct 2023	$0.40	-	1,400,000	-	-	1,400,000	-
14	15 Oct 2018	14 Oct 2023	$0.50	-	3,400,000	-	-	3,400,000	-
				5,580,000	9,500,000	-	-	15,080,000	1,155,000
Weighted average exercise price				$0.21	$0.34	-	-	$0.29	$0.10

The weighted average remaining contractual life of share options outstanding at the end of the year was 3.6 years.

2018

Tranche	Grant Date	Expiry Date	Exercise Price	Balance at start of year	Granted in year	Exercised in year	Lapsed during year	Balance at end of year	Vested and exercisable at end of year
1	24 Nov 2016	24 Nov 2019	$0.10	1,260,000	-	-	(105,000)	1,155,000	1,155,000
2	24 Nov 2016	24 Nov 2021	$0.20	2,400,000	-	-	(200,000)	2,200,000	-
3*	1 Dec 2017	30 Nov 2022	$0.15	-	1,000,000	-	-	1,000,000	-
4*	1 Dec 2017	30 Nov 2022	$0.25	-	1,300,000	-	-	1,300,000	-
5*	1 Dec 2017	30 Nov 2022	$0.40	-	300,000	-	-	300,000	-
6*	1 Dec 2017	30 Nov 2022	$0.50	-	400,000	-	-	400,000	-
7	1 Dec 2017	30 Nov 2022	$0.15	-	250,000	-	-	250,000	-
8	1 Dec 2017	30 Nov 2022	$0.25	-	325,000	-	-	325,000	-
9	1 Dec 2017	30 Nov 2022	$0.40	-	75,000	-	-	75,000	-
10	1 Dec 2017	30 Nov 2022	$0.50	-	100,000	-	-	100,000	-
11	2 Jan 2018	1 Jan 2023	$0.15	-	500,000	-	-	500,000	-
12	2 Jan 2018	1 Jan 2023	$0.25	-	625,000	-	-	625,000	-
13	2 Jan 2018	1 Jan 2023	$0.40	-	150,000	-	-	150,000	-
14	2 Jan 2018	1 Jan 2023	$0.50	-	200,000	-	-	200,000	-
15*	7 Jun 2018	6 Jun 2023	$0.15	-	350,000	-	-	350,000	-
16*	7 Jun 2018	6 Jun 2023	$0.25	-	350,000	-	-	350,000	-
17*	7 Jun 2018	6 Jun 2023	$0.40	-	300,000	-	-	300,000	-
18*	7 Jun 2018	6 Jun 2023	$0.50	-	1,000,000	-	-	1,000,000	-
				3,660,000	7,225,000	-	(305,000)	10,580,000	-
Weighted average exercise price				$0.17	$0.30	-	$0.17	$0.26	-

* Grant of options to Directors was subject to shareholder approval at the next shareholder meeting.

The weighted average remaining contractual life of share options outstanding at the end of the year was 4 years.

NOTE 11 SHARE BASED PAYMENTS (cont'd)

<u>Fair value of options granted</u>

The assessed fair value at the date of grant of options issued is determined using an option pricing model that takes into account the exercise price, the underlying share price at the time of issue, the term of the option, the underlying share's expected volatility, expected dividends and the risk free interest rate for the expected life of the instrument. The value of the options was calculated using the inputs shown below:

Inputs into pricing model	Tranche 1	Tranche 2
Grant date	24 November 2016	24 November 2016
Exercise price	$0.10	$0.20
Vesting conditions	ASX release of information that qualifies as PFS standard in relation to an approved production rate at the Hawsons Iron Project	- ASX release of information that qualifies as DFS standard in relation to the Hawsons Iron Project; - Market capitalisation of AUD$30 million or more; - 20-day VWAP of not less than 30 cents; - Secured binding offtake arrangements with one or more end users of the Hawsons Iron Project product or reputable trading houses, in respect of not less than 5 Mtpa.
Share price at grant date	$0.05	$0.05
Life of the options	3 years	5 years
Underlying share price volatility	83%	83%
Expected dividends	Nil	Nil
Risk free interest rate	1.70%	1.70%
Pricing model	Binomial	Trinomial
Fair value per option	$0.0244	$0.0216

Inputs into pricing model	Tranches 3 and 7	Tranche 4 and 8	Tranche 5 and 9	Tranche 6 and 10
Grant date (tranches 3 – 6)	1 December 2017	1 December 2017	1 December 2017	1 December 2017
Grant date (tranches 4 – 7)	2 January 2018	2 January 2018	2 January 2018	2 January 2018
Exercise price	$0.15	$0.25	$0.40	$0.50
Vesting conditions	Milestone 1	Milestone 2	Milestone 3	Milestone 4
Share price at grant date	$0.11	$0.11	$0.11	$0.11
Life of the options	5 years	5 years	5 years	5 years
Underlying share price volatility	78%	78%	78%	78%
Expected dividends	Nil	Nil	Nil	Nil
Risk free interest rate	2.29%	2.29%	2.29%	2.29%
Pricing model	Binomial	Binomial	Binomial	Binomial
Fair value per option	$0.0636	$0.0522	$0.0419	$0.0371

Inputs into pricing model	Tranche 11	Tranche 12	Tranche 13	Tranche 14
Grant date	15 October 2018	15 October 2018	15 October 2018	15 October 2018
Exercise price	$0.15	$0.25	$0.40	$0.50
Vesting conditions	Milestone 1	Milestone 2	Milestone 3	Milestone 4
Share price at grant date	$0.088	$0.088	$0.088	$0.088
Life of the options	5 years	5 years	5 years	5 years
Underlying share price volatility	77%	77%	77%	77%
Expected dividends	Nil	Nil	Nil	Nil
Risk free interest rate	2.29%	2.29%	2.29%	2.29%
Pricing model	Binomial	Binomial	Binomial	Binomial
Fair value per option	$0.0463	$0.0384	$0.0299	$0.0261

NOTE 11 SHARE BASED PAYMENTS (cont'd)

Milestone 1 **Any of the following -**	Securing funding to complete the detailed feasibility study in relation to the Hawsons Iron Project or $25 million, whichever is the lesser; Carpentaria having a 20-day VWAP of not less than 20 cents; Carpentaria having secured binding offtake arrangements with one or more end users of Hawsons product or reputable trading houses, in respect of not less than 2 Mtpa.
Milestone 2 **Any of the following -**	ASX Release to the market of the results of a detailed feasibility study into an agreed production rate at the Hawsons Iron Project; Carpentaria having a 20-day VWAP of not less than 50 cents; Carpentaria market capitalisation of $100 million or more; Carpentaria having secured binding offtake arrangements with one or more end users of Hawsons product or reputable trading houses, in respect of not less than 5 Mtpa.
Milestone 3 **Any of the following -**	Carpentaria market capitalisation of $300 million or more; Completion of financing arrangements to construct the Hawsons Iron Project; Decision to carry out the Hawsons Iron Project.
Milestone 4 **Any of the following -**	Commencement of commercial production at Hawsons; Carpentaria market capitalisation of $500 million or more.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

<u>Equity based instruments – Director and Employee Shares with Non-Recourse Loans</u>

The Company has issued ordinary shares to Directors and employees pursuant to the CAP Employee Share Plan. The shares have been issued in return for an interest free loan from the Consolidated Entity whereby the Consolidated Entity only has recourse to the shares. This issue of shares has been treated as an *option* grant in accordance with AASB2 "Share Based Payment". In line with AASB2 "Share Based Payment", the related expense for the shares is recorded from the date that agreement with the employee is met. Information with respect to the number of director and employee shares with non-recourse loans granted is as follows:

2019

Tranche	Grant Date	Escrow Date	Exercise Price	Balance at start of year	Granted in year	Exercised in year	Lapsed/ transferred during year	Balance at end of year	Exercisable at end of year
Director 1	31 May 2011	31 May 2012	$0.48	750,000	-	-	-	750,000	750,000
Director 2	31 May 2011	31 May 2013	$0.48	750,000	-	-	-	750,000	750,000
Employee 1	1 March 2011	2 March 2013	$0.60	2,100,000	-	-	-	2,100,000	2,100,000
Employee 2	5 July 2013	5 July 2013	$0.30	1,900,000	-	-	-	1,900,000	1,900,000
				5,500,000	-	-	-	5,500,000	5,500,000
Weighted average exercise price				0.47	-	-	-	0.47	0.47

2018

Tranche	Grant Date	Escrow Date	Exercise Price	Balance at start of year	Granted in year	Exercised in year	Lapsed/ transferred during year	Balance at end of year	Exercisable at end of year
Director 1	31 May 2011	31 May 2012	$0.48	750,000	-	-	-	750,000	750,000
Director 2	31 May 2011	31 May 2013	$0.48	750,000	-	-	-	750,000	750,000
Employee 1	1 March 2011	2 March 2013	$0.60	2,100,000	-	-	-	2,100,000	2,100,000
Employee 2	5 July 2013	5 July 2013	$0.30	1,900,000	-	-	-	1,900,000	1,900,000
				5,500,000	-	-	-	5,500,000	5,500,000
Weighted average exercise price				0.47	-	-	-	0.47	0.47

NOTE 11 SHARE BASED PAYMENTS (cont'd)

The value of the Director and Employee Shares with Non-Recourse Loans was calculated by using the Black-Scholes pricing model applying the inputs shown below:

Inputs into pricing model	Director 1	Director 2	Employee 1	Employee 2
Grant date	31 May 2011	31 May 2011	1 March 2011	5 July 2013
Vesting date	31 May 2011	31 May 2011	1 March 2011	5 July 2013
Exercise price	$0.48	$0.48	$0.60	$0.30
Share price at grant date	$0.51	$0.51	$0.66	$0.19
Life of the options	1 year	2 years	2 years	3 years
Underlying share price volatility	54%	54%	54%	88%
Expected dividends	Nil	Nil	Nil	Nil
Risk free interest rate	4.68%	4.68%	4.68%	2.82%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employment benefit expenses and project generation and business development expenses were as follows:

	2019 $	2018 $
Options issues to directors, employees and consultants	199,560	112,090

NOTE 12 RELATED PARTY and KEY MANAGEMENT PERSONNEL

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Key management personnel compensation

Key management personnel comprise directors and other persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity.

Summary	2019 $	2018 $
Short-term employee benefits	593,671	502,333
Post-employment benefits	29,556	30,954
Share-based payments	178,033	86,933
	801,260	620,220

Detailed remuneration disclosures are provided in the remuneration report on pages 9 to 14.

Amounts Owed to Key Management Personnel and Other Related Parties

There were no amounts payable to Directors, key management personnel or other related parties at 30 June 2019 (2018: $1,369).

Transactions with Related Parties

There were no other transactions between the Consolidated Entity and its related parties during the year (2018: nil).

NOTE 13 FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial instruments consist mainly of deposits with banks and accounts receivable and payable and investments in listed securities.

There have been no substantive changes in the Consolidated Entity's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board is responsible for managing the Consolidated Entity's identification and control of financial risks and for evaluating treasury management strategies in the context of the most recent economic conditions and forecasts.

The main risks arising from the Consolidated Entity's financial instruments are interest rate risk, credit risk, liquidity risk and price risk. The Consolidated Entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rate prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

(a) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Consolidated Entity incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Consolidated Entity.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. There is no collateral held as security at 30 June 2019 (2018: nil).

Credit risk is reviewed regularly by the Board. It arises from exposure to customers as well as through deposits with financial institutions. The Consolidated Entity does not have any material credit risk exposure.

Maximum exposure to credit risk

	2019 $	2018 $
Non-trade receivables	88,039	73,772
Cash and cash equivalents	3,024,190	1,052,625
	3,112,229	1,126,397

Ageing of receivables

	2019	2018
Not past due	88,039	73,772
Past due 0-90 days	-	-
Past due >90 days	-	-
Impaired	-	-
	88,039	73,772

Credit risk - Cash and cash equivalents

The counterparty to these financial assets is Macquarie Bank and Westpac, large financial institutions with strong credit ratings.

Credit risk - Receivables

Amounts owed to the Company comprise GST receivables and security bonds for exploration tenements.

NOTE 13 FINANCIAL RISK MANAGEMENT

(b) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity may encounter difficulties raising funds to meet financial obligations as they fall due.

Liquidity risk is reviewed regularly by the Board. The Consolidated Entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are maintained.

The table below reflects the contractual maturity financial liabilities. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2019. The amounts disclosed represent undiscounted cash flows.

The remaining contractual maturities of the financial liabilities are:

	2019 $	2018 $
Less than one year		
Trade and other payables	87,289	57,811

Terms and conditions relating to the above financial instruments:

- Trade creditors are unsecured, non-interest bearing and are normally settled on 30 day terms
- Other creditors are unsecured and non-interest bearing
- Due to the short-term nature of the current payables the carrying value is assumed to approximate their fair value.

(c) Market Risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk

Interest rate risk is managed by constant monitoring of interest rates. The Consolidated Entity does not have any material interest rate exposure.

Price risk

The Consolidated Entity's exposure to securities in the current period arose from an investment in one listed company, TerraCom Limited which was sold during the period.

(d) Capital Risk Management

Management controls the capital of the Consolidated Entity in order to provide capital growth to shareholders and ensure the Consolidated Entity can fund its operations and continue as a going concern. The Consolidated Entity's capital includes ordinary share capital. Further detail on share capital can be found in Note 6. There are no externally imposed capital requirements. Management effectively manages the Consolidated Entity's capital by assessing the Consolidated Entity's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management share issues.

There have been no changes in the strategy adopted by management to control the capital of the Consolidated Entity since the prior year.

(e) Fair Values

The fair values of financial assets and liabilities approximate their carrying value.

NOTE 14 SEGMENT REPORTING

Reportable Segments

The Consolidated Entity has identified its operating segment based on internal reports that are reviewed and used by the executive team in assessing performance and determining the allocation of resources. The Consolidated Entity does not yet have any products or services from which it derives an income.

Accordingly, management currently identifies the Consolidated Entity as having only one reportable segment, being exploration for minerals in Australia. The financial results from this segment are equivalent to the financial statements of the consolidated entity. There have been no changes in the operating segments during the year.

All assets are located in Australia.

	2019	2018
	$	$

NOTE 15 COMMITMENTS

	2019 $	2018 $
Operating leases		
Minimum lease payments:		
Payable within one year	-	60,170
Payable within one year and five years	-	-
Total contracted at balance date	-	60,170

The Consolidated Entity leases office space and office equipment under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Future exploration

The Consolidated Entity has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Consolidated Entity.

	2019 $	2018 $
Exploration obligations to be undertaken:		
Payable within one year	375,041	391,940
Payable between one year and five years	170,830	513,409
	545,871	905,349

To keep tenements in good standing, work programmes should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Company has the option to negotiate new terms or relinquish the tenements or to meet expenditure requirements by joint venture or farm in agreements.

NOTE 16 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In 2013, the Company entered into an agreement with a consultant to provide financial modelling, financing negotiation support and other related services for the Hawsons Iron Project. The consultant has provided these services to the Company at a discounted rate on the basis that a success fee of 5 times the foregone fees would be payable upon the first sale of iron ore/concentrate from the Hawsons Iron Project. The value of the contingent success fee at 30 June 2019 and 30 June 2018 was $1,945,087.

The success fee has been disclosed as a contingent liability due to uncertainty regarding whether the amount will be required to be paid and the expected timing of any payment.

There are no other contingent liabilities or contingent assets at 30 June 2019 and 30 June 2018 that require disclosure in the financial report.

NOTE 17 EVENTS AFTER BALANCE SHEET DATE

There have been no events since 30 June 2019 that impact upon the financial report.

NOTE 18 PARENT ENTITY INFORMATION

The Parent Entity of the Consolidated Entity is Carpentaria Resources Limited.

	2019 $	2018 $
Parent Entity Financial Information		
Current assets	3,071,713	1,093,532
Non-current assets	5,196,820	4,710,807
Total assets	8,268,533	5,804,339
Current liabilities	452,873	252,991
Non-current liabilities	-	-
Total liabilities	452,873	252,991
Net assets	7,815,660	5,551,348
Issued capital	28,166,109	24,253,396
Share based payment reserve	2,185,147	1,985,587
Accumulated losses	(22,535,596)	(20,687,635)
Total equity	7,815,660	5,551,348
Loss after income tax	(1,847,961)	(1,183,143)
Other comprehensive income	-	-
Total comprehensive income	(1,847,961)	(1,183,143)

Controlled Entities of the Parent Entity

	Percentage Owned	
	2019 %	2018 %
Willyama Prospecting Pty Ltd	100%	100%

Principles of Consolidation

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity.

Intercompany transactions, balances and unrealised gains on transactions between Consolidated Entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Commitments, Contingencies and Guarantees of the Parent Entity

The committed expenditure for future periods of the Parent Entity is the same as those for the Consolidated Entity. Refer to Note 16 for details.

The Parent Entity has no contingent assets, contingent liabilities or guarantees at balance date.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements, comprising the statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity, accompanying notes, are in accordance with the *Corporations Act 2001* and:
   a. comply with Accounting Standards and the *Corporations Regulations 2001*; and
   b. give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date.
2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
4. The remuneration disclosures included in pages 9 to 14 of the directors' report (as part of audited Remuneration Report), for the year ended 30 June 2019, comply with section 300A of the *Corporations Act 2001.*
5. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Q S Hill
Director

Brisbane
25 September 2019

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INDEPENDENT AUDITOR'S REPORT

To the members of Carpentaria Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Carpentaria Resources Limited, which comprises the balance sheet as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting *Standard AASB 101 Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which

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has been given to the directors of Carpentaria Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Carpentaria Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 (s) in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements and/or the receipt of funds from a joint venture partner. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 18 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Carpentaria Resources Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd

Kim Colyer

Director

Brisbane, XX September 2013

ADDITIONAL STOCK EXCHANGE INFORMATION

DISTRIBUTION OF NUMBER OF HOLDERS OF EQUITY SECURITIES AS AT 11 SEPTEMBER 2019

Number of Securities Held	Ordinary shares fully paid	No. of holders
1 to 1,000	59,626	158
1,001 to 5,000	1,028,302	355
5,001 to 10,000	2,496,249	308
10,001 to 50,000	17,797,919	716
50,001 to 100,000	16,377,284	221
100,001 and over	233,373,157	482
	275,132,537	2,240
Number of shareholders holding less than a marketable parcel of shares		919

TWENTY LARGEST HOLDERS OF EACH QUOTED SECURITY

Rank	Name	Balance	% Held
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	19,402.857	7.05
2	SILVERGATE CAPITAL PTY LTD	17,990,800	6.54
3	CASADA HOLDINGS PTY LTD	4,084,463	1.48
4	BALMAIN SUPER FUND	4,054,444	1.47
5	BNP PARIBAS NOMINEES PTY LTD	3,827,591	1.39
6	MER PETER TURCOVSKY	3,500,000	1.27
6	MR DAVID WILLIAM NEATE	3,500,000	1.27
7	MR KOK LEONG WONG	3,425,000	1.24
8	MR NEIL ELSON & MRS SANDRA MAUREEN ELSON <ELSON SF A/C>	3,100,000	1.13
9	MR NEIL ELSON & MRS SANDRA MAUREEN ELSON	3,000,000	1.09
10	SILVERGATE CAPITAL PTY LTD	2,953,706	1.07
11	ONE MANAGED INVESTMENT FUNDS LIMITED <TI GROWTH A/C>	2,775,000	1.01
11	ONE MANAGED INVESTMENT FUNDS LIMITED <TI ABSOLUTE RETURN>	2,775,000	1.01
12	CAMCOVE PTY LTD	2,702,521	0.98
13	HOOPER SUPER PTY LTD	2,469,952	0.90
14	CITICORP NOMINEES PTY LTD	2,278,880	0.83
15	MS YING JIN	2,270,130	0.83
16	MR QUENTIN SIMON HILL	2,000,000	0.73
17	MR ROBERT VEITCH AND MRS ELAINE VEITCH	1,972,499	0.72
18	MR QUENTIN SIMON HILL	1,812,500	0.66
19	ONE MANAGED INVESTMENT FUNDS LIMITED <TI HIGH CONVICTION A/C>	1,764,706	0.64
20	BEST EXPAND INVESTMENTS LIMITED	1,550,735	0.56
	TOTAL	**93,210,744**	**33.88**

VOTING RIGHTS

All ordinary shares carry one vote per share without restriction.

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as shown in substantial shareholder notices received by the Company at 11 September 2019 are:

Name of Shareholder	Ordinary Shares
SG HISCOCK & COMPANY LIMITED	15,064,960
SILVERGATE CAPITAL PTY LTD	20,944,506

INTERESTS IN MINING TENEMENTS

Exploration Permits for Minerals. All tenements are held by Carpentaria Resources Limited as the principal and sole holder with 100% unencumbered share, apart from those marked accordingly in the table below:

Licence	Name	Original Grant Date	Expiry Date	Equity	Sub-blocks	Area (km2)
EL 6901	Combaning	8/10/2007	8/10/2020	20%	21	61
EL 6979[1]	Redan	11/12/2007	11/12/2021	69.8%	62	180
EL 7208	Burta	22/09/2008	22/09/2020	69.8%	100	290
EL 7504	Little Peak	8/04/2010	8/04/2020	69.8%	14	41
EL 7896	Barellan	6/02/2012	6/02/2021	20%	25	73
EL 8095	Advene	28/05/2013	28/05/2020	100%	50	145
EL 5561	South Dam	10/12/2014	9/12/2019	100%	15	26
MLA 460	Hawsons Iron	Under application	Under application	68.7%	n/a	187
Totals					**281**	**1,001**

[1] 1.5% NSR royalty to Perilya Broken Hill Pty Ltd.