

21st November 2019

'The Right Product at the Right Time'

2019 Carpentaria Resources
Annual General Meeting, Review of Operations

Quentin Hill, Managing Director

Carpentaria
RESOURCES

WORLD'S
BEST IRON
ORE PRODUCT

Cautionary Statement

This presentation has been prepared by the management of Carpentaria Resources Limited (CAP) for the benefit of customers, analysts, brokers and investors and not as specific advice to any particular party or persons. The information is based on publicly available information, internally developed data and other sources. Where an opinion is expressed in this presentation, it is based on the assumptions and limitations mentioned herein and is an expression of present opinion only. No warranties or representations can be made as to origin, validity, accuracy, completeness, currency or reliability of the information. CAP disclaims and excludes all liability (to the extent permitted by law) for losses, claims, damages, demands, costs and expenses of whatever nature arising in any way out of or in connection with the information, its accuracy, completeness or by reason of reliance by any person on any of it. Where CAP expresses or implies an expectation or belief as to the success of future exploration and the economic viability of future project evaluations, such expectation or belief is expressed in good faith and is believed to have a reasonable basis. However, such expected outcomes are subject to risks, uncertainties and other factors which could cause actual results to differ materially from expected future results. Such risks include, but are not limited to, exploration success, metal price volatility, changes to current mineral resource estimates or targets, changes to assumptions for capital and operating costs as well as political and operational risks and governmental regulation outcomes. CAP does not have any obligation to advise any person if it becomes aware of any inaccuracy in or omission from any forecast or to update such forecast. The Company confirms that all assumptions and technical parameters underpinning the Resource and Reserve estimates and all material assumptions underpinning the production target or the forecast financial information derived therefrom continue to apply and have not materially changed since first reported on 28 July 2017.

Taking the right steps

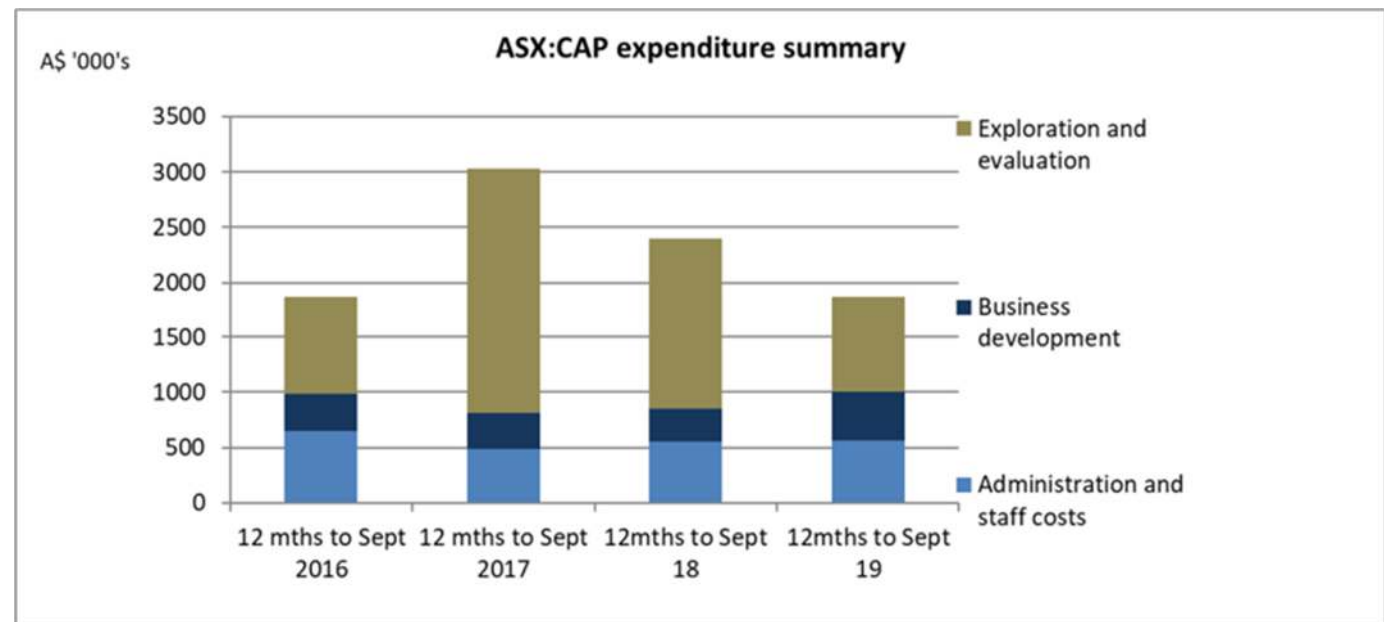
- + Important development steps taken this year
 - + Established key support post-bankable feasibility study
 - + Project work increased definition and confirmed assumptions
- + Continue to take the necessary steps
- + Market conditions support the case for value and development



1. Expenditure summary
2. Achievements
3. Strategy
4. Iron and steel market outlook
5. Company outlook

Expenditure summary shows focussed lean operations

- Administration and staff costs are lean and stable
- Increased costs reflect BFS funding efforts
 - market research
 - site visits
 - negotiations



Important development steps taken this year

- Key strategics intend to negotiate a role at the end of the BFS
 - critical to gain project finance
- Project is well scoped and ready for the next phase
 - 10Mtpa maximises existing infrastructure
 - Fixed components of capital cost require scale for attractive financial returns



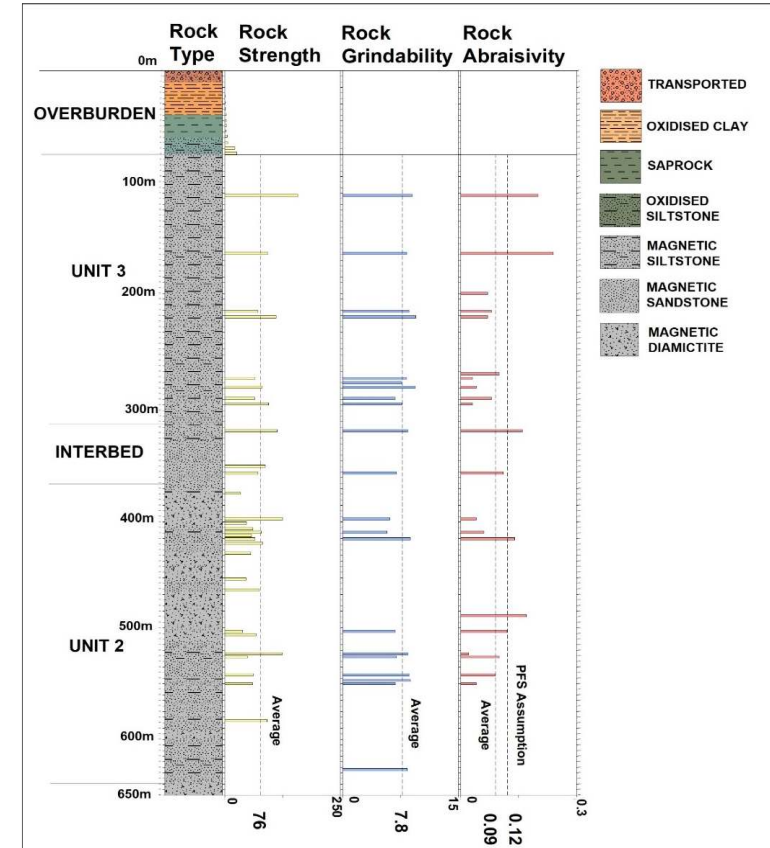
Important development steps taken this year

Project work increased definition, confirming

- operational advantages of low variability ore
- PFS assumptions are appropriate
- Highlights opportunities for cost reduction in BFS

Work completed

- Ore body variability test work
- Detailed pit slope geotechnical assessments
- Tails storage design options



¹Uniaxial Compression Strength mPa – AS 4133.4.3.2 – 2013 Rock Testing methods

²Bond Ball Mill Work Index kWh/t – Standard Bond test with closing screen of 53µm

³Abrasion Index – Standard Allis Chalmers test

Offtake-led development strategy continues....other improvements to offering underway

Offtake-led development strategy continues

- focus on the Middle East and Asia
- negotiations with a number parties continue

At the same time we are:

- Addressing items raised in due diligence
- Improving the offering to investors and offtakers, seeking to strengthen the Company skills base
- Exploring other development pathways

High grade iron ores which improve efficiency are increasingly favoured and harder to find

“In the context of the new environmental policy introduced by China, even if the consumption of steel was to fall, **the need for high-quality iron ore will increase** in order to improve environmental footprint, and that’s what we have experienced already in the last few years.”

- Rio CEO, Jean-Sebastien Jacques.

Technology shift and environmental costs support increased demand for higher quality ore and pellets in China

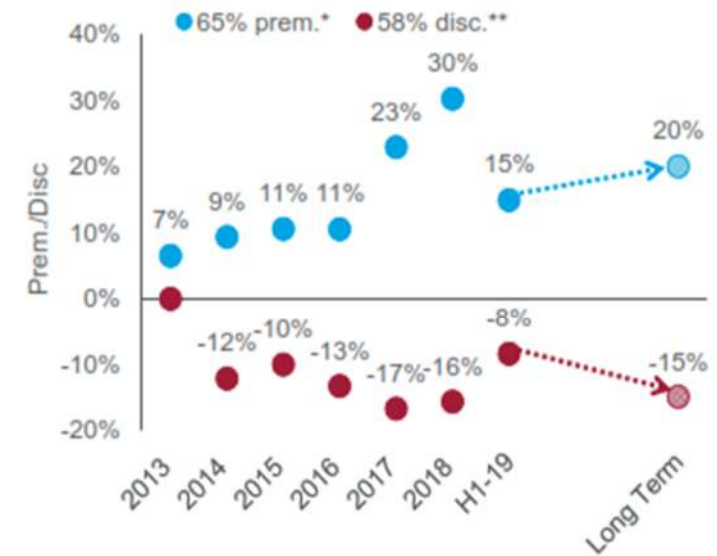
Pellets will out-perform (relative to sinter fines).



- Forecast rising pellet rates in BF burden (at the expense of sinter) – especially in China.
- Constraints on pelletising capacity (and supply of pellet feed) = pellet relative outperformance.

Source: Wood Mackenzie

Quality price spread set to widen over time

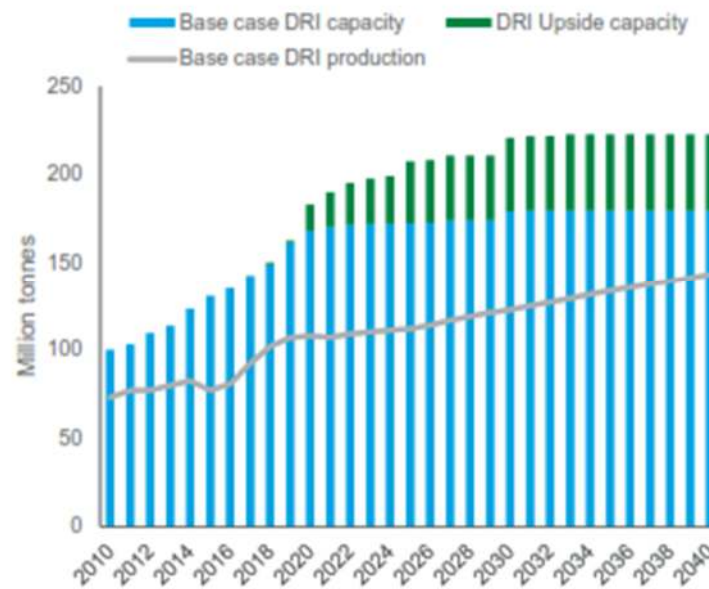


* spread between IODEX 62% and Platts 65% fines index.
** spread between IODEX 62% and Platts 58% (low alumina) index.

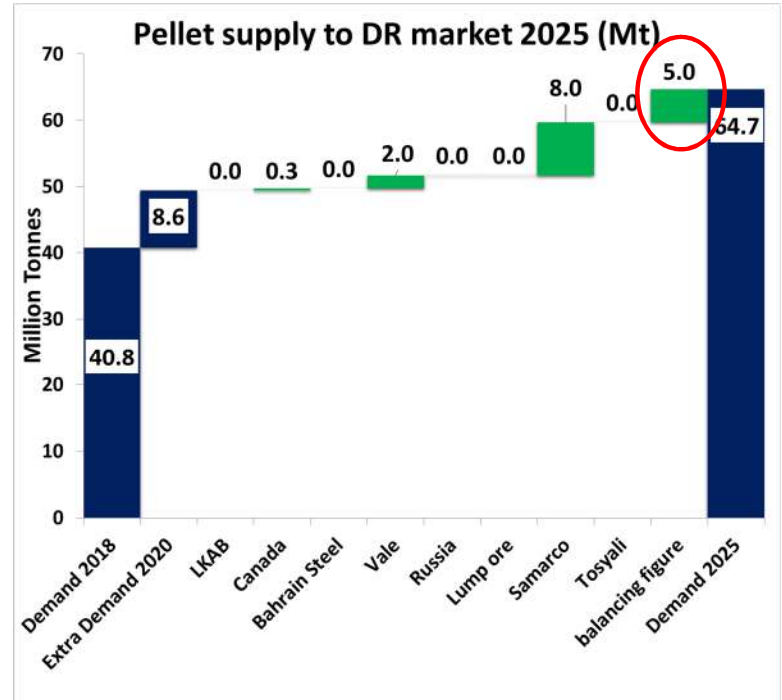
DRI producers are supply constrained.....several proposals for new pellet plants, options for feed are limited

- DRI expansions are supply constrained
- 24Mtpa increase in demand out to 2025
- Supply options are very limited
- Hawsons is leading new project
- CAP taking the steps you would expect

DRI capacity and production



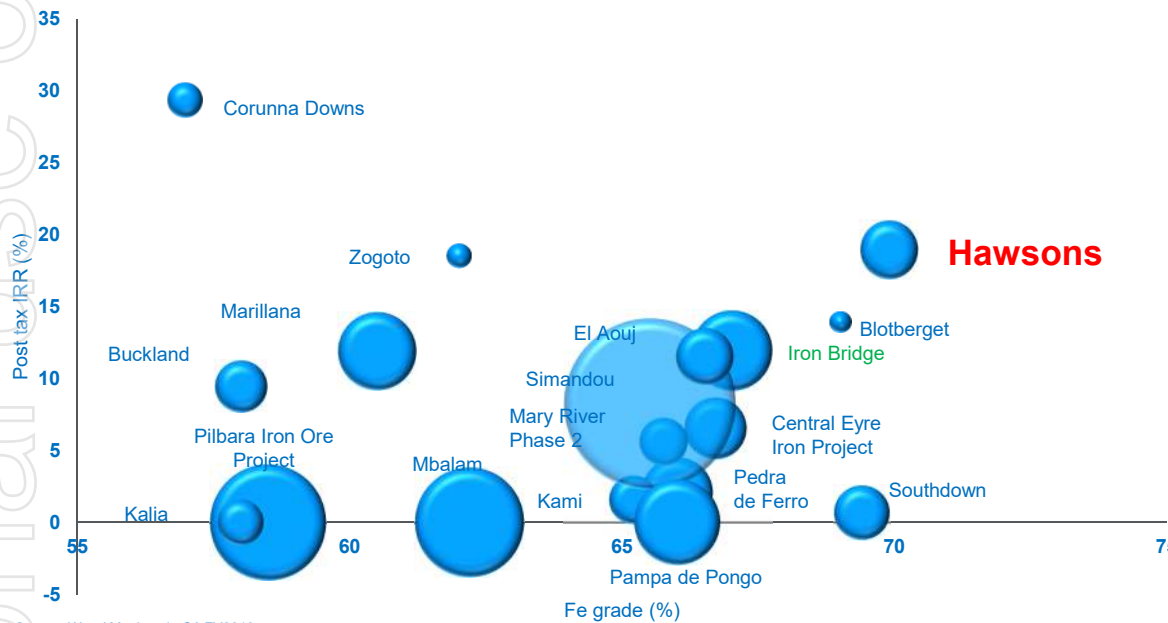
Source: Wood Mackenzie



After IIMA, July 2019, updated for company data on Samarco

Hawsons is a standout as a higher quality and DR grade mine, where opportunities are very limited

IRR and product grades for unfinanced projects PFS stage or later



Source: Wood Mackenzie Q3 FY2019

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

*Assumes that Hawsons is in production and the outcomes are as set out in the prefeasibility study announced on 28 July 2017. The Company confirms that all assumptions and technical parameters underpinning the Resource and Reserve estimates and all material assumptions underpinning the production target or the forecast financial information derived therefrom continue to apply and have not materially changed since first reported on 28 July 2017.

*Bubble size represents annual production capacity

*Excludes replacement or expansion projects owned by established miners RIO, BHP, CSN, FMG

*Based on Wood Mackenzie long term price forecasts

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

Hawsons and DRI production, offers ~5Mtpa of CO2 abatement each year, that's one million cars off the road

Direct-reduction (DR) steel production route produces half the emissions of typical blast furnace route

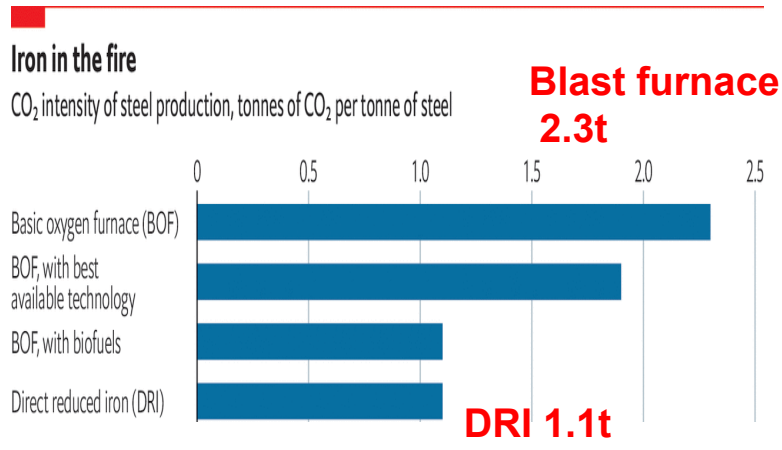
Replacing blast furnace steel with DRI steel from Hawsons will be equivalent to removing one million cars off the road*

Zero carbon steel

- Leading technology is direct reduction
- hydrogen from renewable electricity
- DR grade iron ore

Hawsons Supergrade® product is meeting current and future trends

*After ore processing is accounted for, Hawsons Supergrade through DRI steel making, displacing steel from blast furnaces, is set to reduce CO2 emissions by ~5Mtpa, equivalent to taking one million cars off the road.



Source: Material Economics, 2018, The Circular Economy
The Economist

Taking the right steps

- + we have taken some very important steps this year
- + the offtake strategy is sound and prospective
- + at the same time we are improving the offering to investors
- + Progress will unlock project value



For personal use only

Carpentaria

RESOURCES

WORLD'S
BEST IRON
ORE PRODUCT

www.carpentariares.com

For personal use only

Carpentaria
RESOURCES

WORLD'S
BEST IRON
ORE PRODUCT

APPENDIX



Project Prefeasibility Study Results

Hawsons PFS preproduction costs (yr 1-2)	USD (m)	Hawsons operating and sustaining costs (after prestrip, ~YR 3-22)	USD/dmt product
Preproduction mining costs including pre-strip	194	Mining	12.14
Mining	242	Processing	8.23
Processing	398	Infrastructure and admin.	1.48
Infrastructure and administration	359	rail and port	11.23
Rail and port	208	Total C1 FOB	33.08
Total^{1,2,3}	1401	sustaining capital ^{4,5}	3.48
¹ incl EPCM 12.5% / contract management 3% of US\$127m		royalties	3.18
² incl. contingency and design growth (av. 16.5%)		Total all in FOB	39.74
³ excludes finance costs		sea freight	8.29
		Total CFR China	48.03
⁴ excludes new in-pit conveyor in yr 5 of US\$120m		less Supergrade premium	25.00
⁵ net of salvage		62%Fe equivalent total CFR	23.03

Base case 10 Mtpa Hawsons Supergrade® production exported through Port Pirie

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

Project Prefeasibility Study Results

Hawsons PFS key economic results	Base case	at August 20, 2018 prices 65%Fe fines	
		US\$94.55/t	62%Fe price US\$67.95
Equity IRR (post tax, geared)	29.90%	43.04%	
Equity NPV (10%) (post tax, geared)	US\$1,091m	US\$1,973m	
Project IRR (post tax, ungeared)	17.80%	25.63%	
Project NPV (10%) (post tax, ungeared)	US\$867m	US\$1,793m	
Life of mine ave. annual revenue	US\$881m	US\$1059m	
Life of mine ave. annual all in costs	US\$480m	US\$490m	
Life of mine annual margin (EBITDA)	US\$401m	US\$569m	

Key Hawsons PFS assumptions

total ore mined	1423mt	62% Fe fines benchmark*	US\$63/t	AUD:USD	0.75
total waste mine	717mt	65%Fe fines benchmark*	US\$75/t	debt:equity	65:35
total product	201mt	plus 5 x Fe 1% US\$1.10	US\$5.50/t	corporate tax	30%
product specification	70%Fe	plus magnetite premium	US\$7.50/t	loan term	10.5 yrs
annual production	10mt	product revenue (dmt)	US\$88.00/t	delivered rebated diesel price	A\$0.89/L
moisture	8%	*ave. (mean) price forecast for 2020-2030 (real 2016)		delivered power price	A\$95/MWhr

Base case 10 Mtpa
Hawsons Supergrade®
production exported
through Port Pirie

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

Project Resource and Reserve

- + Resource increase, 30+ year mine life
- + Conversion rate from Inferred to Indicated Resources at 96%
- + Total resources >330mt concentrate
- + High value concentrate grade and recovery unchanged after ~40% more data point

Category	Mt	DTR %	DTR Mt	Fe Head %	Concentrate Grades						
					Fe %	Al2O3 %	P %	S %	SiO2 %	TiO2 %	LOI %
Probable Reserves	755	14.7	111	17.5	69.9	0.19	0.003	0.002	2.60	0.03	-3.03
Indicated (incl. Reserves)	840	14.5	121	17.4	69.9	0.19	0.004	0.002	2.61	0.03	-3.04
Inferred	1,660	13.6	227	16.8	69.7	0.20	0.004	0.003	2.91	0.03	-3.04
Total	2,500	13.9	348	17.0	69.7	0.20	0.004	0.002	2.81	0.03	-3.04

The Company confirms that all assumptions and technical parameters underpinning the resource estimates continue to apply and have not materially changed since first reported on 28 July 2017. Reported at a 9.5%DTR cut off grade, and 38micron grind.

Hawsons Supergrade® and DRI production, offers 5mtpa* of CO₂ abatement each year, that's more than one million cars of the road

- Direct reduction (DR) steel production route produces half the emissions of typical blast furnace
- After ore processing is accounted for Hawsons Supergrade® through DRI, displacing steel from blast furnaces is set to reduce CO₂ emissions by ~5mtpa*, equivalent to more than one million cars

Assumptions

*10Mt Hawsons Supergrade® = 6.6Mt DRI steel = 7.3Mt CO₂ (-2.4Mt CO₂ Supergrade® processing) = 4.9Mt CO₂ = >1 million cars

Standards (United States EPA) ¹	
Activity	kg CO ₂
1 litre of diesel fuel	2.68
Rail/t/km	0.02
Road/t/km	0.06
MWh coal	1150 ²
Shipping/t/km	0.01
blast furnace/t steel	2250 ³
DRI / t steel	1100 ³
Car	4600pa

¹ <https://www.epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references>

² 50% renewable energy

³ Material Economics, 2018, The Circular Economy

