



Company Update

Carpentaria Resources Limited (ASX:CAP) is implementing cost-cutting measures in response to dislocation in capital markets from the COVID-19 pandemic and associated uncertainties. This will provide a breathing space for these uncertainties to be resolved and for the development platform for the Hawsons Iron Project to be strengthened.

The cost cutting measures will reduce monthly expenditure to around 80,000 dollars. A detailed assessment of further strengthening actions will be made over coming weeks. Executives have agreed to defer 20-50 per cent of remuneration until conditions improve. The Managing Director's remuneration will reduce by 30 per cent and the Chairman's fees by 33%, with the other Non-executive Directors' fees reducing by approximately 20%. (Cash at hand as at 18 April 2020 was approximately \$1.0m).

All discretionary expenditure has ceased. Cost savings include a resetting of arrangements with service providers and advisers on a one on one basis. The Carpentaria Chairman, John Anderson, expressed the Board's appreciation for their understanding and support to see the Hawsons Project move into development.

Interest in the Hawsons Iron Project remains high from various Middle Eastern and Asian counterparties, notwithstanding uncertainties regarding the pandemic. Investment in Hawsons continues to be seen as a rare opportunity for competitive long-term equity supply of the highest quality product. It is clear that Hawsons Supergrade® pellet feed will meet their requirements.

At the same time, the current Hawsons joint venture structure is an impediment to interested parties' participation through equity and funding arrangements. Discussions with our JV partner, Pure Metals Pty Ltd, to resolve this, ongoing since late 2019, have not as yet resulted in agreement.

Commenting on the discussions about Hawsons ownership consolidation, the Chairman John Anderson said, "It is clear that improving the Hawsons commercial offering by unwinding the JV structure would provide the best platform to move the Project forward and create value for Carpentaria and Pure Metals shareholders, and we shall continue to explore ways of doing this. We shall, of course, keep the market informed as matters develop."

Release authorised by:

Quentin Hill
Managing Director
20 April 2020