

Carpentaria Resources Ltd

Annual General Meeting November 2nd 2020

Chairman's Address

Good Morning to all Attendees,

Carpentaria was introduced to me around the end of 2016 when the company was conducting a capital raising. I introduced wholesale investors to the story. The uniqueness of the asset, and potentially, what could be produced, was appealing.

These wholesale clients then participated in further capital raisings over following years. In total, over \$10m has been raised between September 2016 and the recent Share Purchase Plan that has just concluded.

In recent years some shareholders had concerns over the company's performance. The market capitalisation of the company (\$15m down to \$5m) had fallen in alignment with the share price. (5.5 cents down to 2 cents)

Measures	2020 \$	2019 \$
Share price at end of financial year	0.020	0.055
Market capitalisation at end of financial year (\$M)	5.50	15.13
Profit/(loss) for the financial year	(4,043,722)	(1,847,961)
Cash spend on exploration programmes	522,873	537,485
Director and other Key Management Personnel remuneration	721,320	801,260

Significant steps have been taken to address shareholder concerns.

The first step was converting Pure Metal's interest in the Hawsons Project, or as much of their share in the Joint Venture as possible, into equity in Carpentaria Resources.

This step has taken nearly 12 months and has cost the company over \$500,000 in costs. The time taken and cost involved were disappointing.

The next step in the process was to slash costs.

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Other revenue		2,245	3,618
Employment benefit expenses		(750,089)	(643,780)
Depreciation and amortisation expense		(2,973)	(4,524)
Project generation and business development expenses		(763,224)	(784,545)
Administration expenses		(542,526)	(418,730)
Impairment of exploration expenditure	4	(1,226,509)	-
Consultants expenses	3	(760,646)	-
Loss before income tax		(4,043,722)	(1,847,961)

As you can see from the excerpt above “Wages, Administration and Business Development” expenses were circa \$1.8m in 2019 and over \$2m in 2020.

Shareholders have suggested to me that there was a lack of transparency over these costs and have question “the grouping of costs” under such a broad based category.

This expense was primarily consultants retained by the company. Shareholders have subsequently questioned what the company derived from this substantial cost, as there is no evidence of advancement over the past few years?

These costs have all been cut. There are other onerous agreements that certainly need to be curtailed, so as to remove future liabilities.

The company will provide more transparency going forward.

This cost cutting was the most important step. This will allow the company to have discussions with “interested counterparties” over the next 12 months whilst maintaining a low cost base (now forecast at \$500k to \$700k per annum). This will avoid unpalatable capital raisings and any further, undesirable dilution, without any obvious advancement of the project.

Hopefully the changes being made, and the consolidation transaction approved by shareholders, will continue to see the share price and the company’s performance, improve to the satisfaction of shareholders.

Yours sincerely



Chairman, Carpentaria Resources