

25 November 2020

Letter from Joint Venture Partner

Carpentaria Resources Limited (ASX: CAP) advises that it has received the appended letter from Starlight Investment Company Pty Ltd relating to its commitment to fund its proportionate share of the bankable feasibility study relating to the Hawsons Iron Project. (Refer to announcement of 2 September 2020).

Released by authority of the Managing Director and the Company Secretary

Carpentaria Resources Ltd

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Starlight Investment Company Pty Ltd
ACN 166 007 674

18 November 2020

The Directors
Carpentaria Resources Limited
ACN 095 117 981
Level 7, 333 Adelaide Street
Brisbane QLD 4000

Dear Directors,

Uncertainty of intention for Hawsons Iron Project
- Review of Funding Commitment

We refer to our recent discussions concerning the announcement of the requisition dated 10 November 2020 of certain shareholders of Carpentaria for the removal of Paul Cholakos as a director.

Although the composition of the board of Carpentaria is of course a matter for the shareholders of Carpentaria, as Carpentaria's joint venture partner in the Hawsons Iron Project we have a strong interest in the strength and stability of the management and board of Carpentaria, such that the project is capable of proceeding on the basis represented to us at the time the joint venture was agreed to earlier this year.

Since the announcement, we have sought to ascertain from both management and directors the reasoning for the move to remove Paul Cholakos as a director, and whether it represents a change in Carpentaria's intention for Hawsons and the joint venture.

In our view, Paul Cholakos has played an instrumental role in both the negotiations of the joint venture and in oversight of the operation of the project. During the negotiations, Paul Cholakos demonstrated to us his experience and understanding in the development of large scale resources projects globally, and at the same time (working closely with Quentin Hill (Managing Director) and Bob Hair (Company Secretary)) instilled into our relationship trust, integrity and confidence, which cumulated in the signing of the joint venture.

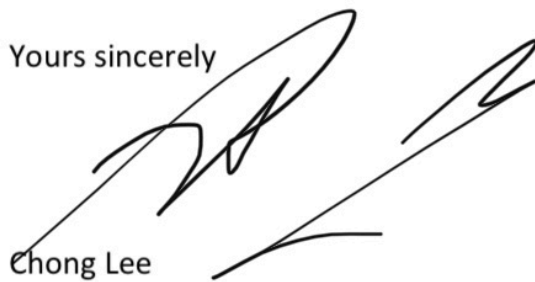
As at no time during (or after) the negotiations did we meet the other current members of the board, we are unable to comment on what impact they would have had on the negotiations if Paul Cholakos was not involved. Having said that, if not for Paul Cholakos' involvement we very much suspect that there would not have been an agreement.

Accordingly, if Paul Cholakos were to be no longer involved in Carpentaria and the project, in our view, it would represent a significant change in circumstances. Importantly, the manner in which he is proposed to be removed suggests that there might be significant uncertainty in relation to Carpentaria's intention with respect to the joint venture (despite the recent shareholder approvals in relation to the project and its ownership).

We therefore urge that certainty be restored as soon as possible, and that Carpentaria continues with its efforts to strengthen the project at all levels (operational, management and governance).

Until the matters above are satisfactorily resolved and confidence is restored in both Carpentaria and its capabilities with respect to the project, we are reviewing our commitment described in our letter of 1 September 2020 to fund our proportionate interest in any bankable feasibility study and reserve the right to reverse that commitment.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Chong Lee', written over a horizontal line.

Chong Lee