



9 December 2020

The Manager
ASX Market Announcements Platform
ASX Limited
Sydney NSW 2000

Members' Statement

Carpentaria Resources Limited (ASX: CAP) announced to the market on 23 November 2020 that it received a notice under section 249D of the *Corporations Act 2001 (Commonwealth)* requesting that the Company call and arrange a meeting of the Company to consider resolutions to elect Mr Bryan Granzien and remove Mr Peter Graham as a director of the Company (the **Requisition**).

In accordance with the requirements of section 249P of the *Corporations Act 2001 (Commonwealth)*, attached is the members' statement that has been prepared for the shareholders who signed the Requisition. This statement is being distributed to shareholders by the Company in accordance with that section in the same way as the notice of meeting. (The notice of meeting relating to the Requisition and the previous requisition served on the Company to remove Mr Paul Chloakos was sent to shareholders via email or post on 30 November 2020).

The Company's extraordinary general meeting will be held this year online at 11.00am on Wednesday, 30 December 2020. The Company is pleased to provide Shareholders with the opportunity to participate in the meeting virtually through an online platform at <https://agmlive.link/CAP2020>.

To view the notice of meeting setting out the business to be considered at the meeting and for information on how to join our EGM virtually is provided in the Virtual Meeting Online Guide on <https://carpentariaresources.investorportal.com.au/share-price-and-announcements/#>.

Released by authority of the Managing Director
Carpentaria Resources Ltd
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Statement

8 December 2020

I am one of the concerned shareholders who seek shareholder support at the 30 December CAP EGM to vote:

1. **AGAINST** resolution 1 to remove Paul Cholakos;
2. **IN FAVOUR** of resolution 2, to appoint Bryan Granzien as a director; and
3. **IN FAVOUR** of resolution 3, to remove Peter Graham as director.

Background

On 6 November, a s249D notice was lodged by shareholders seeking to remove CAP's only independent director, Mr Paul Cholakos. The requisition was received 4 days after Mr Cholakos' re-election at the AGM.

In response, concerned shareholders (**Requisitioning Shareholders**) issued a s249D notice seeking to remove Mr Peter Graham as a director and to appoint Mr Bryan Granzien as a director.

This statement is in support of the Requisitioning Shareholders.

The push for control of CAP

CAP Chair Peter Graham arranged the notice supporting the removal of Mr Cholakos. He has provided no reasons for the action. Director Ms Linda Lau has not spoken out against his action.

He stated the intention to arrange the notice in an email to Mr Cholakos the week before the AGM in direct conflict with his recommendation supporting Mr Cholakos' re-election.

Mr Graham is seeking to remove the only independent director, and if successful Mr Graham and Ms Lau would gain control of the Board and significant levels of control of your Company.

Independence and expertise on boards leads to better decision-making and long-term value for all shareholders.

Mr Graham's attempts to gain control of the Board have us deeply concerned about the value of our investment. His objectives are unclear to us and to joint venture partner Starlight (ASX announcement 25 November).

Mr Graham's conduct demonstrates complete disregard for the shareholders' recent AGM vote and is part of a pattern.

Peter Graham has caused instability at a time CAP should be building value.

He has not presented a coherent plan to build value for all shareholders.

Since late 2019, Mr Graham has threatened to, or issued, a succession of s249D notices:

- Q4 2019 to remove Dr Neil Williams as Chair and install Mr John Anderson;
- Q2 2020 to remove Mr John Anderson and install himself
- Q2 2020 to remove Mr Paul Cholakos as a director
- Q4 2020 to remove Mr Paul Cholakos as a director

He has sought to terminate the contracts of the Managing Director and the Company Secretary and will likely again.

Immediately after joining the Board, Mr Graham proposed an aggressive legal approach on Hawsons' consolidation. Mr Cholakos' intervention was key to ensuring the Company was not exposed to significant legal risks.

Mr Graham claims to have "done the (Hawsons) deal" himself. Starlight's letter makes plain that Paul Cholakos played the key role in the successful negotiation of the joint venture agreement, demonstrating the international development experience that earns the confidence of investors. Mr Graham was not involved in that negotiation. We are concerned Starlight's commitment to fund work programmes could be jeopardised if Mr Cholakos is removed.

Mr Graham attempted to renegotiate the terms of the Mitsui offtake agreement through webcasts and media, having never spoken with its team. These actions are disrespectful to Mitsui and risky.

As Chair, Peter Graham has engaged with one potential offtaker. He spoke in contravention of positions endorsed by the Board immediately prior to the meeting. Since Mr Graham's performance, the counterparty has not re-engaged.

During CAP's recent capital raising, Mr Graham stated in relation to moving Hawsons forward "in the next six months something (major) will happen". At the AGM a few weeks later, he said the intent was to "talk with interested parties over the next 12 months".

He has failed to present a coherent plan to support either scenario or explained why his view changed so quickly after the capital raising.

CAP has historically "run lean", typically sourcing expertise through contractors and consultants. Mr Graham has sought to claim credit for cost cutting at CAP despite the clear evidence that it was initiated before he became Chair. The current cost base at CAP is needed to manage through the pandemic but will not allow the Company to move forward materially.

The real agenda

Since 2019, Mr Graham has worked with Ms Lau to negotiate the key terms of a transaction between CAP and Pure Metals. Ms Lau is now Pure Metals' nominee director on the CAP Board. CAP's August 2020 accounts, approved by Mr Graham, noted he is not independent.

Peter Graham's central role creating Board instability, his lack of performance as Chair, absence of a coherent plan, efforts to remove CAP's only independent director should be of great concern to shareholders and value of their investment.

Peter Graham is actively seeking to remove the only independent director, one who brings significant development experience.

CAP needs suitably experienced leadership to maximise shareholder value from Hawsons. Peter Graham's time as CAP Chair has clearly demonstrated he does not have this experience.

Bryan Granzien to work for all shareholders

We urge shareholders to support the appointment of a second independent director with requisite skills and expertise.

Bryan Granzien can lead a united, effective Board and restore and promote stakeholder confidence. He has held leadership roles in the mining and steel industries, successfully negotiated major contracts across many commodities and has been instrumental in the evaluation and execution of investment opportunities in those sectors, including iron ore.

Bryan Granzien brings the requisite skill-set to the Board, promises transparency and to serve all shareholders.

A CAP Board with Messrs Granzien and Cholakos places the Company in a very strong position to gain the trust of investors and progress Hawsons.

The consolidation of Hawsons' ownership and strong iron ore markets forecast for 2021 make it imperative to create a stable, capable and united Board to capture the opportunity.

Independence and expertise leads to good decisions and long-term value for all shareholders.

Questions : call **1300 362 398**; chat online **chat3.shareholdersfirst.com.au**, weekdays, 9am – 5pm (AEST).

Bob Hair
Requisitioning Shareholder