



16 December 2020

The Manager
ASX Market Announcements Platform
ASX Limited
Sydney NSW 2000

Director's Statement

Carpentaria Resources Limited (ASX: CAP) announced to the market on 10 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 a resolution to remove Mr Paul Cholakos as a director of the Company (the **Requisition**).

In accordance with the requirements of section 203D(5) of the *Corporations Act 2001 (Commonwealth)*, attached is the statement that has been prepared by Mr Cholakos. 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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Independent Director's Statement

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Shareholders have been presented with divergent views since 4 days after the AGM when the Chair chose to take his pitch for Board control public. The choice we face is clear - either a strengthened, independent Board with relevant technical and commercial experience and a clear commitment to progress Hawsons Iron project, or a Board controlled by vested interests who have not presented a way forward.

Peter Graham's tenure as Chair has resulted in a period of instability and division. His recurring modus operandi is to critique yet offer no alternative and to seek credit at the expense of others. Shareholders should not accept such conduct any longer. Mr Graham is seemingly incapable of progressing Hawsons in a timely way.

Building relationships with key stakeholders including off-takers to progress to a bankable feasibility study ("BFS") has floundered during his tenure. He has failed to build the necessary relationships or shown any cohesive intent.

The Members' statement released by Exelmont last week confirms that the Chair is happy to criticise, often without substance, but has not offered a coherent plan of his own. The quotes in that statement are not sentiments that he has addressed with the Board. He continues to show neither the expertise nor the temperament to develop such a project and he has certainly not displayed the required leadership.

The Chair apparently does not believe experience in project development or operations is needed on your Board, despite the Company holding a world-scale development project. Starlight, CAP's joint venture partner at Hawsons, clearly does not support his view. It appears Mr Graham wants a Board that unquestioningly accepts his view, whatever it may be, or that of Pure Metals.

I am aware that Mr Graham has sent a letter to some shareholders. Some of his claims are so outlandish they cannot go unchallenged. I reject his commentary regards my ability and that of my CAP colleagues, or his suggestion that they have acted improperly. Records clearly show that he knows his claims of unauthorised announcements are not true. If Mr Graham has substantive concerns, he should address them through proper internal processes. His (partly) public approach is reflective of his broader approach to governance.

Mr Graham's letter confirms that he is proposing a Board controlled by Pure Metals and himself. By his own admission, he is a close associate of Pure Metals and of two institutions. His path forward would allow those interests to control the Board. He appears to be supporting Pure Metals' associates' previous attempts to gain control of your Board, and to stir up emotions from that attempt to align with Pure Metals in the current drive for Board control. In 2014 Pure Metals offered no plan, and in 2020 Mr Graham has no plan.

A Board controlled by two non-independent directors is not in the interests of all shareholders. His reasons to push for this are not clear to me; however, his allegiance

with Pure Metals raises significant questions. I will continue to seek to act in the interests of all shareholders.

He has made clear he would remove the current Managing Director and Company Secretary. Indeed, his private letter to some shareholders appears to be targeted at them, rather than addressing the resolutions which shareholders are being asked to vote on. Nobody should be fooled by his diversionary tactics.

He has claimed that your Company has made no progress and has nothing to show following several years of effort. This is plainly inaccurate. He would be well aware of that if he had sought to properly understand the status of the project.

In 2014, your Company made a decision to focus on Hawsons and to stop the majority of exploration in other areas. Subsequent work was focused on getting Hawsons' development concept and throughput properly defined. The successful pre-feasibility study ("PFS"), released in 2017, resulted. This quality "front end loading" is a key success factor for large scale projects such as Hawsons. I have seen no evidence that Mr Graham understands this, or wants to. The PFS provided the solid technical base upon which further progress could be built.

Following the release of the PFS, Hawsons was given "Major Project Status" by the Federal Government, a key milestone required to position the project for success.

The PFS also underwrote meaningful engagement with off-takers. The off-take arrangement with Mitsui was signed in 2018. Mr Graham has not sought to engage with Mitsui, and the disruption he has caused has prevented CAP management from having any meaningful engagement with Mitsui.

To my knowledge, Mr Graham has never requested a copy of the PFS or a briefing on its content. He has reacted to, and continues to seek to use for his own benefit, comments from people he privately describes in uncomplimentary terms.

Mr Graham did support the Hawsons ownership consolidation discussions; however, his claims to have completed that deal are knowingly untrue, as is his suggestion that the time taken to conclude the deal was due to obstruction from me or others at CAP. Again, this speaks to his character.

Your Company has a world-class asset at Hawsons. Your Board should be focused on progressing Hawsons for the benefit of all shareholders rather than dealing with efforts to gain Board control without offering a plan to progress the project.

Change is certainly needed. Bryan Granzien can lead a Board, build relationships and implement change that will be for the benefit of Hawsons and all shareholders. Mr Graham cannot.

I urge you 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.

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