



23 December 2020

Letter from Mitsui & Co., Ltd.

In accordance with its continuous disclosure obligations under ASX Listing Rule 3.1, Carpentaria Resources Limited (ASX: CAP) advises that it has received a letter from Mitsui & Co., Ltd. (**Mitsui**) relating to the bankable feasibility study funding deed (**BFS Funding Deed**) whereby it committed in certain circumstances to contribute funds towards the bankable feasibility study relating to the Hawsons Iron Project and thereby acquire an option to secure 2Mtpa offtake of the Hawsons Supergrade® product. (Refer to announcement of 6 August 2018 and subsequent announcements of 31 March 2020 and 31 July 2020 referring to the extension of the arrangement until 31 December 2020).

Whilst Mitsui intends to re-open negotiations with Carpentaria once stability is restored to the board, in the meantime it has chosen not to extend the BFS Funding Deed past 31 December 2020.

Commenting on the change in circumstances surrounding CAP and Hawsons, Mitsui reaffirmed its interest in the Project and Hawsons Supergrade® product and Mitsui's preference for seeing that the Project gets underway as soon as practically possible. Mitsui flags that a clear plan, tight community connection and appropriate development and operational experience are fundamental to move the Project forward.

Mitsui states that it wishes its good relationship with CAP management to continue and that it trusts its capability. Mitsui had planned to discuss and negotiate the terms of extending the BFS Funding Deed beyond 31 December 2020 prior to its expiry on that date. However, the recent instability in the CAP board has led Mitsui to conclude that the current circumstances are not appropriate for the conduct of such negotiations. The BFS Funding Deed will therefore lapse on 31 December 2020. Importantly, however, Mitsui states very clearly that it wishes to re-engage with CAP and its management team to re-open negotiations over commercial terms of the new Hawsons funding agreement once CAP regains its stability.

Carpentaria MD Quentin Hill said, "Mitsui's intention to re-open negotiations once stability is restored is welcome and underscores the demand for Hawsons Supergrade® product and the project's outstanding global position." Mr Hill added that he understands Mitsui's decision to defer discussions.

Released by authority of the Managing Director and the Company Secretary

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