

QUARTERLY REPORT

For the period ended 30 June 2021

- + Carpentaria Resources is answering the world's call for high grade iron ore.
- + The Company has a 94% interest in the Hawsons Iron Project, source of Hawsons Supergrade® product



HIGHLIGHTS

Hawsons Iron Project

- + Steelmaking is experiencing a revolution, with an unprecedented focus on increased productivity and decreased pollution, which has stoked demand for higher grade iron ore products.
- + End users and traders have long recognised the quality of Hawsons Supergrade® product that the Company will look to produce.
- + Impediments to unlocking the value of this project (CAP Board instability and Hawsons Joint Venture ownership issues) have now been removed:
- + During the quarter, the Company finalised purchase of the approximately 24% of Hawsons held by Pure Metals
- + Hawsons Joint Venture is now held by CAP approximately 94% and Starlight Investment approximately 6%
- + Stable CAP Board, with Non-executive Directors Jon Parker and Paul Cholakos to support Bryan Granzien and Management through the Hawsons bankable feasibility study (BFS) and development.
- + The best value for shareholders will be generated by moving the project up the development curve through the BFS and take advantage of the current and projected favourable iron ore market.

Corporate

- + During the quarter:
- + The Company raised approximately \$2.5 million before costs for working capital; and
- + Mr Greg Khan joined the Company as Chief Financial Officer.
- + Following the end of the quarter, the Company announced that through fully underwritten private placements and an entitlements issue to shareholders on the register on the record date, the Company will raise \$35.6 million (before costs) to carry out the Hawsons BFS.



HAWSONS IRON PROJECT

70%

Iron percentage of Hawsons Supergrade® product.

14.0

Offtake demand for Hawsons Supergrade® product (Mtpa).

201

Total production of Hawsons Iron Project (million tonnes).
As per the PFS release on 28 July 2017.

The Company confirms that all assumptions and technical parameters underpinning the Resource and Reserve estimates and all material assumptions underpinning the production target or the forecast financial information derived therefrom continue to apply and have not materially changed since first reported on 28 July 2017.

Carpentaria Resources Limited (ASX:CAP) announced today its quarterly activities and cashflow report for the period ending 30 June 2021.

The Company is committed to developing the Hawsons Iron Project near Broken Hill, NSW. Major milestones were achieved during the quarter, including the resolution of the Hawsons ownership structure and the coming into effect of the new Hawsons Joint Venture Agreement between Carpentaria and its approximately 6% joint venture partner, Starlight Investment Company Pty Ltd.

During the period, achievements included completing the share sale agreement and other documents that led to the new Hawsons ownership position. As part of the process, the Company issued 90.8 million shares to Pure Metals Pty Ltd, its former co-joint venturer, in return for its 24% of Hawsons, and those shares were subsequently sold to an institutional investor and others.

Corporate

During the quarter, Mr Greg Khan joined the Company as CFO. He brings a wealth of financial and other experience to help the Company transition from explorer to developer.

The Company during the quarter developed a strategic relationship with well-known stockbroking firm, Shaw and Partners Pty Ltd, and this firm assisted in the process of the sale of the 90.8 million CAP shares that were issued to Pure Metals following the Hawsons reconstruction.

Following the end of the quarter, the Company entered into an underwriting agreement whereby two private placements (one conditional upon shareholder approval) and a 1 for 2.6 shares entitlements offer to raise in total \$35.6 million will be fully underwritten. These funds will be used to carry out the Hawsons BFS.

An extraordinary general meeting of shareholders will be held on 10 August 2021. The agenda for this meeting includes resolutions to change the Company's name to Hawsons Iron Limited and to approve the Hawsons Iron Option Plan, as well as to approve the second placement to institutional shareholders (\$6.15 million) as part of the \$35.6 million capital raising.

Commenting on the progress for Carpentaria over the quarter and the securing of the Hawsons BFS funding, Executive Chairman Bryan Granzien said, "It is extremely encouraging that the Company has received such strong institutional support to carry out the Hawsons BFS and we are now in the position of not requiring funding from potential offtakers. This enhances the Company's position with regard to putting in place any future offtake arrangements. Following the raising of this \$35.6 million, the Company has a clear path to complete the BFS, which we are confident will further demonstrate that the Hawsons Iron Project is one of the world's best undeveloped iron ore projects because it will be a low cost operation that can produce premium quality iron ore products".

Carpentaria Resources Ltd tenement schedule 30 June 2021

Licence	Notes	Name	Grant date	Expiry date	Equity	Units	Area – km2	Renewal
EL6979	1,2	Redan	11/12/2007	11/12/2021	93.963%	62	180	
EL7208	2	Burta	22/09/2008	22/09/2025	93.963%	100	290	
EL7504	2	Little Peak	08/04/2010	08/04/2023	93.963%	14	41	
MLA460	3,4	Hawsons Iron	Under application	Under application	93.963%	n/a	187	
EL6901	5	Combaning	08/10/2007	08/20/2020	See note 5			02/10/2020 pending
EL7896	5	Barellan	06/02/2012	06/02/2021	See note 5			05/02/2021 pending

1. 1.5% NSR royalty to Perilya Broken Hill Pty Ltd.
2. JV Starlight Investment Company Pty Ltd. EL7504 renewal lodged.
3. MLA made on 18 October 2013.; tenement application subject to unspecified grant date and conditions.
4. Subject to the Hawsons Joint Venture with Starlight Investment Company Pty Ltd.
5. CAP's interest to convert to 1% net smelter return. Cape Clear to assume ownership, transfers lodged awaiting approval.

Release authorised by the Board

DISCLOSURE

The information in this report that relates to Exploration Results, Exploration Targets, Resources and Reserves is based on information evaluated by Mr Q.S. Hill who is a member of the Australian Institute of Geoscientists (MAIG) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a

Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Hill consents to the inclusion in the report of the Exploration Results in the form and context in which they appear.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

CARPENTARIA RESOURCES LIMITED

ABN

63 095 117 981

Quarter ended ("current quarter")

30 JUNE 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(140)	(712)
	(e) administration and corporate costs	(115)	(507)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Joint venture transaction costs	(124)	(476)
1.9	Net cash from / (used in) operating activities	(378)	(1,694)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(1)	(2)
	(d) exploration & evaluation	(20)	(129)
	(e) investments	-	-
	(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	
	(c) property, plant and equipment	-	16
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(21)	(115)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,502	3,692
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(108)	(250)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,394	3,442

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	354	716
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(378)	(1,694)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(21)	(115)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,394	3,442

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,349	2,349

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,333	338
5.2	Call deposits	16	16
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,349	354

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
83
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments:

Director wages and fees: \$83,437.50 (2 x Non-Executive Directors and Executive Chairman).

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>			
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities		
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	378
8.2	Payments for exploration & evaluation classified as investing activities (item 2.1(d))	20
8.3	Total relevant outgoings (item 8.1 + item 8.2)	398
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,349
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,349
8.7	Estimated quarters of funding available (Item 8.6 divided by item 8.3)	5.90
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
There is a fully underwritten placement and shareholder entitlements offer for \$35.6million which will be settled in August 2021.		
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Yes		
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 19 July 2021

Authorised by: The Board.

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.