Annual Report
2021

RESOURCES

Corporate Directory

Directors

Oliver Kleinhempel
Non-executive Director
Non-executive Chairman

Stephen Layton
Non-executive Director

Richard Morrow
Non-executive Director (Appointed 16 March 2021)

Zhui Pei Yeo
Non-executive Director

Company Secretaries

Melanie Leydin
(Appointed 15 February 2021)

Patricia Vanni de Oliveira
(Appointed 15 February 2021)

Suzanne Irwin
(Resigned 1 March 2021)

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Share Register

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Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX)

ASX Code: EQR

ACN: 115 009 106
ABN: 77 115 009 106

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Chairman's Address

EQ Resources aims for a leadership role in the sustainable development of critical mineral projects.

Dear Shareholders

Welcome to the 2021 Annual Report for EQ Resources Limited. In the past 12 months we have seen with great pleasure how the Company has further progressed towards being a responsible and industry-recognised producer of tungsten – a critical metal for industrialised nations and with emerging importance in the New Economy.

I applaud the Leadership Team for its tireless work and for continuously strengthening the operational team with the required competencies to ensure that development milestones are being met. Throughout the last year the COVID-19 pandemic has still resulted in tremendous disruptions to everyday life and required the Company to be agile, creative and enduring along the way. Despite all these challenges the Company's transformation continued.

Mineral and metal consumption correlates with economic growth and urbanisation. Improved resource efficiency along value chains will reduce negative environmental and social impact and therefore plays an important role in building sustainable societies. Through the Company's Purpose Statement, EQ Resources articulated concrete commitments to managing the economic, social and environmental challenges related to mineral resources development. ESG related matters are not hidden in a single department or being outsourced to an external advisor, they actually build the core of the Company's DNA.

The Leadership Team continues to work on initiatives around energy efficiency and possible integration of renewable energy around the Mt Carbine site, assessing participation in critical minerals traceability initiatives and coordinating with other Australian tungsten developers on what are suitable routes for down-streaming and value-adding in the critical minerals sector. These activities will become more visible as the Company progresses with its Mt Carbine project.

EQ Resources aims for a leadership role in the sustainable development of critical mineral projects. The Company's flagship project at Mt Carbine - as a blueprint for a potential corporate expansion - has the following very strong value proposition:

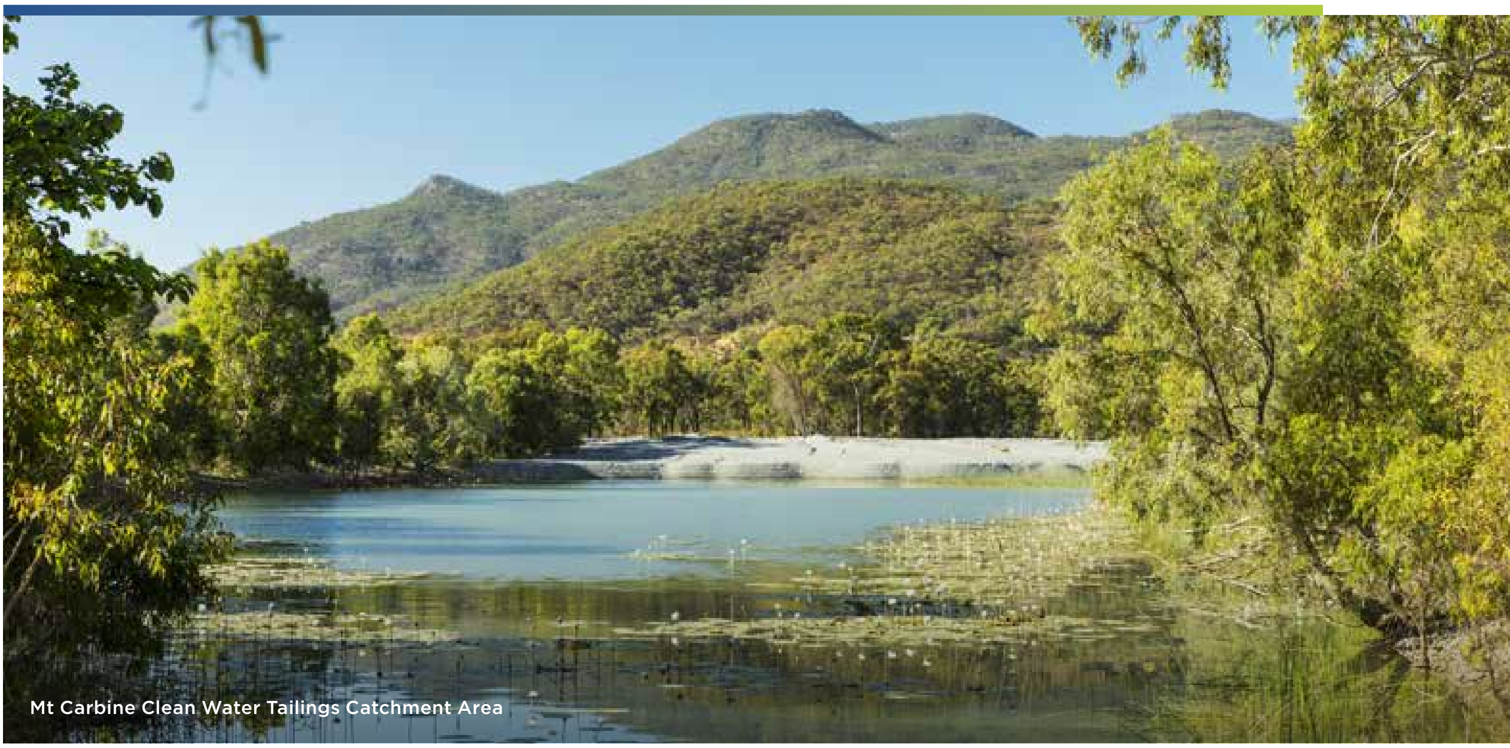
Mt Carbine Value Proposition

Critical Mineral Focus	Set For Cost Leadership	First Class Infrastructure
By-Product Revenue	World Class Resource	Strong ESG Credentials

We are on the finish line in getting the once prestigious Mt Carbine tungsten mine back into operation. We invite you to continue to support us in our journey to realise the full potential of EQ Resources.

Oliver Kleinhempel
Non-Executive Chairman

Chief Executive Officer's Letter

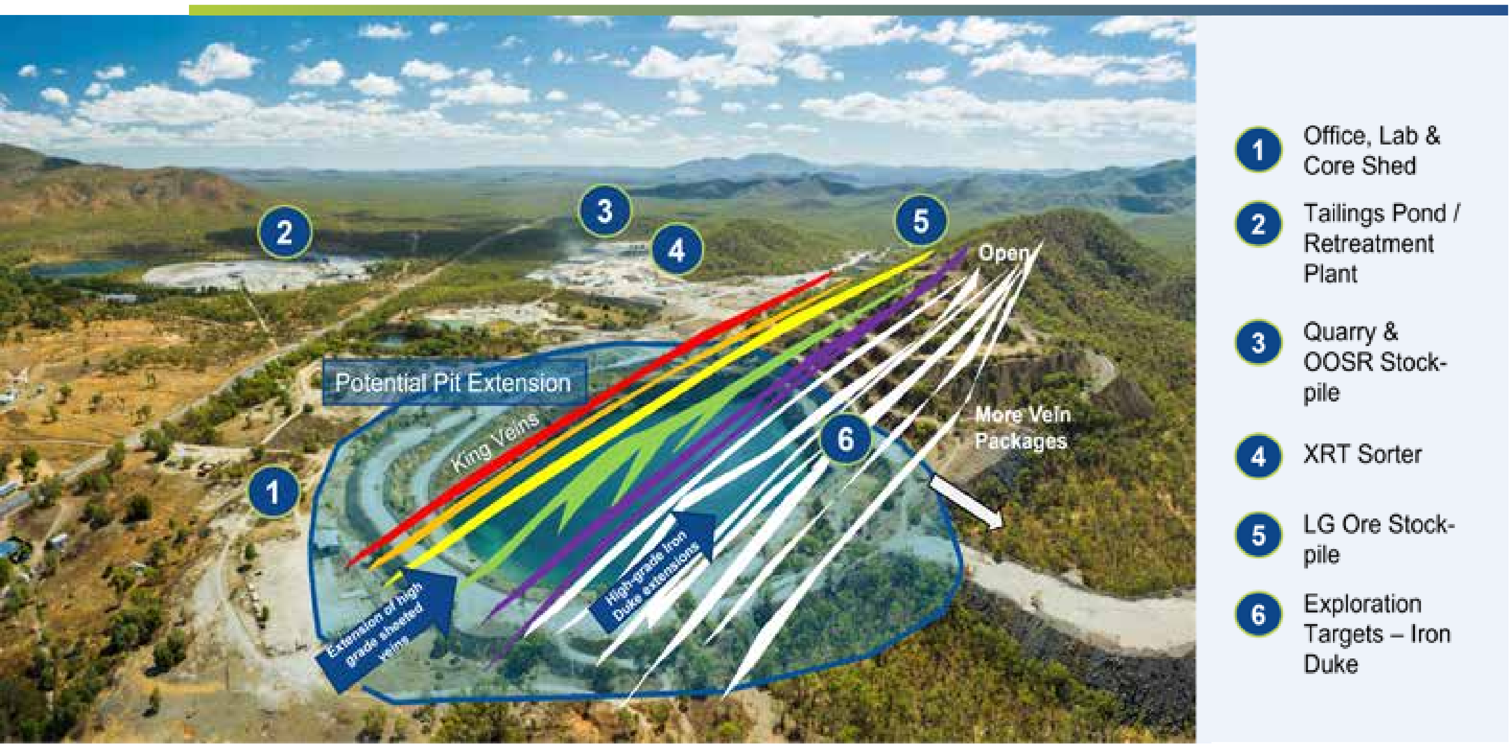


Mt Carbine Clean Water Tailings Catchment Area

Dear Shareholders

The past year has been a year of targeted growth and accretive value processes driving toward the long-term growth of the Company using the Mt Carbine resource and operations as a springboard to accelerate this process. Since the release of last year's Annual Report, the EQR and Mt Carbine team have been working toward the achievement of the strategic goals set out in the four key development areas of Gravity Plant operations, XRT Sorting, Quarry operations and Mt Carbine Exploration activities:

1. Working with our unincorporated joint venture partner, CRONIMET Australia Pty Ltd (part of the CRONIMET diversified commodities group), the Gravity Plant has continued its optimisation now achieving +1,000tpd throughput capacity, +80% plant availability, and a tungsten recovery of +70%; These were major milestones that have added significant value to the operations and project and will be critical for the sustained operations as the project continues on its growth trajectory;
2. The XRT Pilot Plant has processed +70,000t of feed material trial samples from all over the mineralised stockpile; The results have been excellent with a +90% tungsten recovery through the XRT Sorter on a consistent basis, throughputs of +70tph and on average a +/-10-times upgrade of the feed to sorter concentrate grade; A significant amount of the test work was completed under the successfully completed METS Ignited grant program, which was a joint effort by CRONIMET Australia Pty Ltd, The University of Queensland – WH Bryan Mining and Geology Research Centre, TOMRA Sorting Pty Ltd, DAS Mining Solutions Pty Ltd and the Company; The work completed over the past year has proven the XRT Sorting technological capabilities and benefits for the Mt Carbine project and will have a tremendously positive financial and operational impact over the life of project through its consistency and capability of debulking the majority of the Low-Grade Stockpile ("LGS") feed material;
3. We have better defined the Mt Carbine resource focusing on reserve drilling under the open pit by drilling an additional 16-diamond drill holes with oriented core; This has resulted in the successful redefinition of the mineral resource estimate showing strong potential for both open pit and underground mining activities to be better defined in the ongoing Bankable Feasibility Study ("BFS");
4. The Quarry has successfully completed one of its largest ever projects, a $4-million contract for the supply of road building materials to the Bama Civils Group; All material supplied for this project was inert waste rock recycled from the barren stockpiled rock at Mt Carbine; This means low energy intensity in production, a more competitive cost base for provision of materials and a reduction of the environmental footprint from historic mining activities.



With the above strategic categories well defined, work being completed in these key development areas is all being used to generate site specific data to inform the ongoing BFS currently underway. What sets the Mt Carbine operation apart, is the in-depth, real time operational data and experience gained over the past 18-months that is now being used to inform the BFS and the detailed design of the associated processing plant. This data and operational experience is supported by a core operational team that will allow the Company to successfully and rapidly grow operations at Mt Carbine on completion of the BFS and process the different resources at the Company's disposal. The institutional knowledge, infrastructure and systems on site will be invaluable to the accelerated growth path the Company is on.

I would like to take this opportunity to once again acknowledge that this transition would not have been possible without the ongoing efforts of the leadership and site teams working together and the healthy interaction of the EQR Board for their strategic input, guidance, and involvement in bringing the Company to where it is currently and the plans in place for the future.

The Company continues to make measured progress towards the short, medium and long-term goals, with a diverse, collaborative and highly motivated team.

The team at EQR is grateful for the support of all Shareholders of EQR and appreciate that our Shareholders see the value in what we are doing and where we are going. It is an exceptionally exciting time for the Company and I believe the Mt Carbine Project and the development and operational team in place will put EQR in a prime position to continue the accelerated growth path and leverage our position in the market.

Kevin MacNeill
Chief Executive Officer

Operating and Financial Review

The 2021 financial year has been a progressive year for EQ Resources Limited ("EQR" or "the Company") and its flagship projects at Mt Carbine in Far North Queensland.

Highlights

The highlights in the year were:

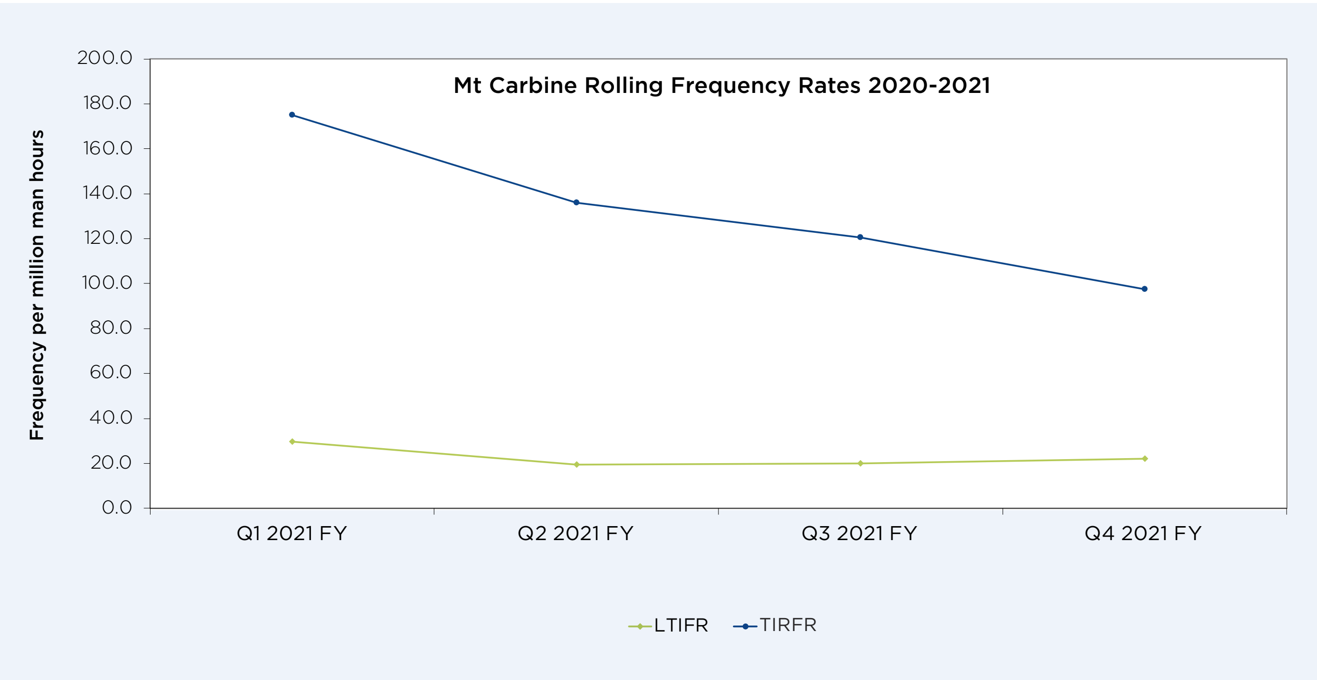
- Consistent and ongoing production at the Mt Carbine Gravity Plant, operated under an unincorporated joint venture between EQR and CRONIMET Australia Pty Ltd and trial shipments to leading tungsten consumers in Europe, the US and across Asia;
- Improvements to the Mt Carbine Gravity Plant during the year have led to the plant capacity now being able to achieve the targeted 1,000 tonnes per day of feed processed, a tungsten recovery average of +70% and a operational availability of +80% for the months of June, July and August 2021;
- The Mt Carbine Quarry fulfilled approximately 90% of its $4 million contract with Bama Civil for a major road construction project in Far North Queensland with the balance of the contract being fulfilled during the first quarter of the 2022 financial year. This contract utilised recycled inert waste rock from a historical waste pile considered an environmental burden at site;
- Significant progress made on the development of the XRT Sorter operational capacities and bulk trials of the Low Grade Stockpile ("LGS") which has seen +70,000t of material now processed through the pilot unit, the algorithm optimised and a consistent +/-10 times upgrade of the feed to sorter concentrate showing the benefit and viability of the technology for the project;
- High-Definition drilling allowed a concise reinterpretation of the geology allowing high grade lenses to be connected; Hole EQ012 extension successfully intersected a new postulated extension of the Iron Duke System and opened up large areas to add further resources; EQ015 showed exceptional grade in the Bluff and Iolanthe zones that were not known before.

A further review of the Company's operating and financial activities for the 2021 financial year up until the date of this report is set out in this section.

Health, Safety and Environment

Health & Safety

Injury Frequency Rates for Mt Carbine



Injury frequency rates continue to improve as shown in the Figure above. The rolling 12-month Lost Time Injury Frequency Rate ("LTIFR") has been affected by 3 Lost Time Injuries over the year (one in March and two in June).

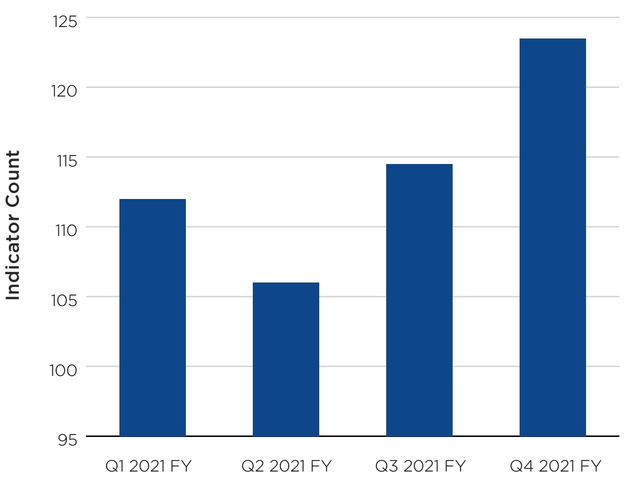
Total Injury Recordable Frequency Rates ("TIRFR") have halved since the corresponding period in the previous year.

This is a result of management focus on proactive activities such as a positive reporting culture, Safety Resets, Toolbox Talks, development and improvement of the Safety Management System and increased focus on the quantity and quality of risk management tools such as Job Safety Analysis and "Take 5" tools.

Impress Solutions have been engaged as the Continuous Improvement Leader and for external validation process on site for the Safety Management System.

A total by quarter of the proactive safety measures completed on site is summarised below.

Proactive Safety Measures per Quarter - Mt Carbine



Finally, the Company is pleased that there has been continued engagement with the Mines Department regarding the reopening of the historic decline on site and is set to reopen the portal for inspection and identification of a work program around the safety management of the underground and working toward exploration and bulk sampling of the underground resource.

Employee Training

Due to the local workforce having limited experience working in the mining industry the Company has embarked on an extensive training program over the last year.

This includes:

- 21 First Aid and CPR tickets
- 12 G1/G8/G9 Supervisory Tickets
- 5 Lifting and Doggers Tickets
- 13 HR (Heavy Vehicle Licence)
- 1 Radiation Safety Ticket
- 2 Health and Safety Representatives Tickets
- 1 Rehabilitation and Return to Work Course
- 6 Spill Kit Tickets
- 3 Wheeled Loader Tickets

The Company is committed to upskilling its employees to make sure it has a safe and productive operation.

Environment

Mt Carbine Tailings Dam

Mt Carbine Tailings Dam

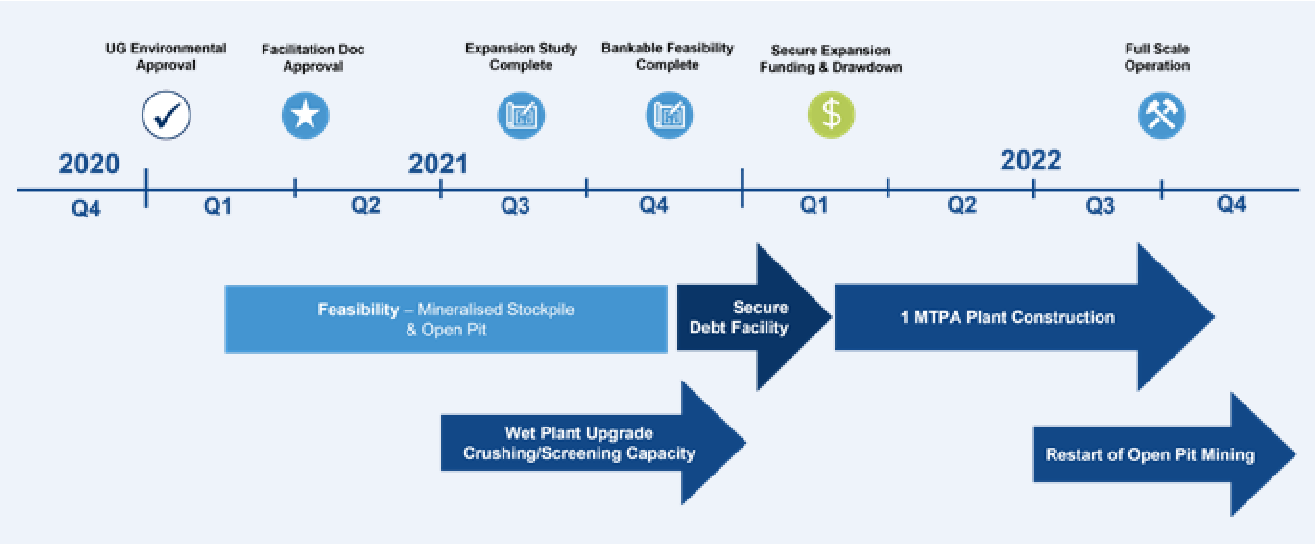
There were no reportable environmental incidents recorded in the period. A major achievement for the Company over the period was the receipt of approval for the handling of up to 1 million tonnes of material from the waste rock stockpile. This is a significant step forward in maintaining environmental compliance and meeting planned production targets for the operation. As part of the BFS work underway, the Company is in the process of updating and consolidating the Environmental Processes and Management Plans in line with the Company's forward planning.

Over the period the Company has continued its sponsorship and involvement with the Mitchell River Catchment Group for management of invasive species in the area of the mine lease, and supporting social activities within its community.

Operating and Financial Review continued

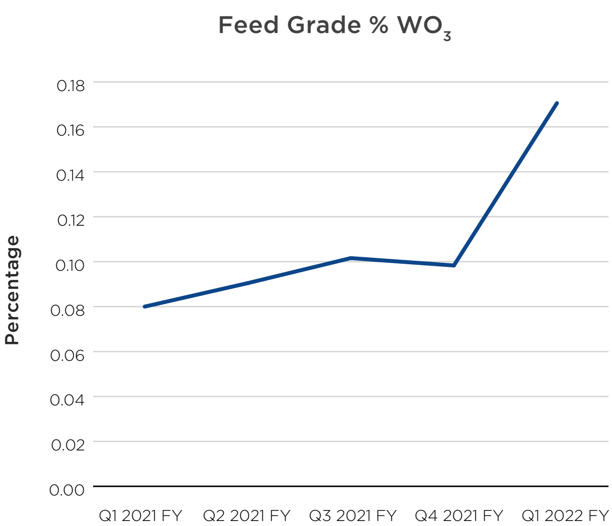
Mt Carbine Project Timeline

The Company has continued to implement the operational and execution strategy for its Mt Carbine assets, this has seen continuous bulk trialling of the LGS through the XRT Sorter, combined with the environmental approval to process up to 1,000,000tpa of LGS material through the crushing, screening and XRT Sorter. It has also seen the successful completion of the diamond drill program focusing on an updated resource estimate and reserve statement. The Company initiated the Bankable Feasibility Study ("BFS") and completed the appointment of its lead contractors on target for completion of the BFS in Q4 of 2021.



Gravity Plant Activities

During the 2021 financial year, the Mt Carbine Gravity Plant operated on a continual basis processing mainly historic tailings material and trialling LGS fines material and sorter concentrate during Q3 and Q4 of the financial year. After EQR's capital raising in March 2021, further plant improvements were completed on the Gravity Plant targeting increased running time capabilities, higher overall tungsten recoveries and higher-grade concentrate product.



Improvements in the process design included the installation of a separate feed system for the XRT Sorter concentrate, removal of the historic and maintenance intensive scrubber from the circuit, electrical circuit upgrades throughout the plant and new piping of shaking table tailings for re-jigging. It was decided in June to focus on the processing of at least 50% LGS fines with XRT Sorter concentrate and tailings material. It was therefore decided to reduce head feed processing to focus on the higher grade feed blend and re-allocate staff to the crushing and screening operations using the quarry equipment on site. The reduced tonnage throughput has led to higher concentrate outputs due to the higher-grade nature of the feed material along with higher running time on completion of the plant upgrades.

A summary of the major plant upgrades during the 2021 financial year are set out below:

- Installation of a separate feed system for XRT Sorter Concentrate;
- Rubber lining of all sumps, slurry tanks, and pipe inlets to reduce wear and tear;
- Removal of the historic and maintenance intensive scrubber from processing circuit; and
- Rerouting of piping to reduce WO_3 losses to tailings.

Tungsten Concentrate Loaded for Export to the US

A summary of the results of the plant upgrades during the 2021 financial year are set out below:

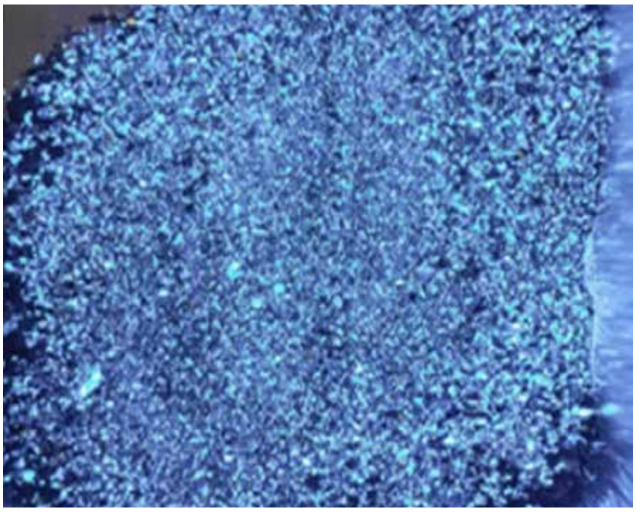
- Feed throughput increase to a consistent 1,000t per day;
- Increased gravity plant availability to +80%;
- Increased tungsten recovery to +70%; and
- Improved concentrate product quality.

The operation of the Gravity Plant occurred during these unprecedented times caused by the global COVID-19 pandemic which led to certain challenges over the period. Whilst the operation was not directly affected by any enforced shut-downs, certain logistical challenges for the delivery of spare parts and additional equipment continued to be experienced over the period and led to delays for some of the operational activities. This has led to the operational team at site significantly increasing their parts and equipment supplier base along with list of logistics contractors. These challenges and streamlining of procurement and inventory stock policies and processes will only serve as a positive as the operation continues to grow.

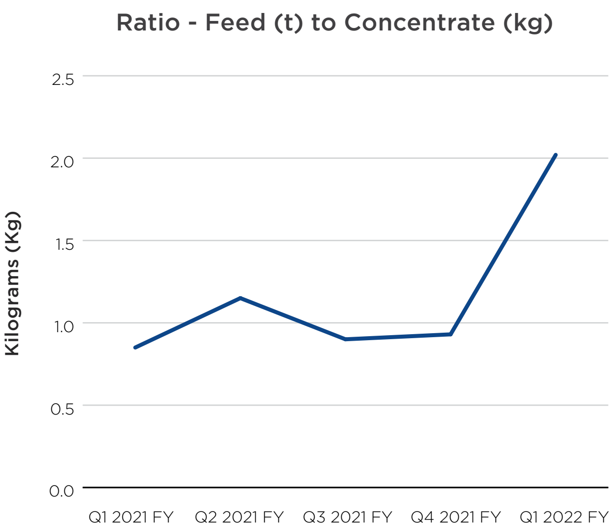
This early development of the Gravity Plant and processing of historical tailings while gradually progressing into the processing of the LGS fines material and XRT sorter concentrate has allowed a detailed and structured approach to the processing of the materials available to ensure the maximum outputs were achieved at each step. The operation is now functioning with a well-established organisational structure that allows for the efficient flow of operations. This will be of significant benefit to the operation as it grows in the processing of LGS fines material and XRT sorter concentrate on a consistent basis. Processing LGS fines produced a significantly higher ratio of tungsten to head feed when compared to the tailings material due to the inherently higher grade and recoverability of the tungsten in the primary fines material.

Operating and Financial Review continued

Mt Carbine Mixed Tungsten Concentrate



Mt Carbine Mixed Tungsten Concentrate (under UV light)



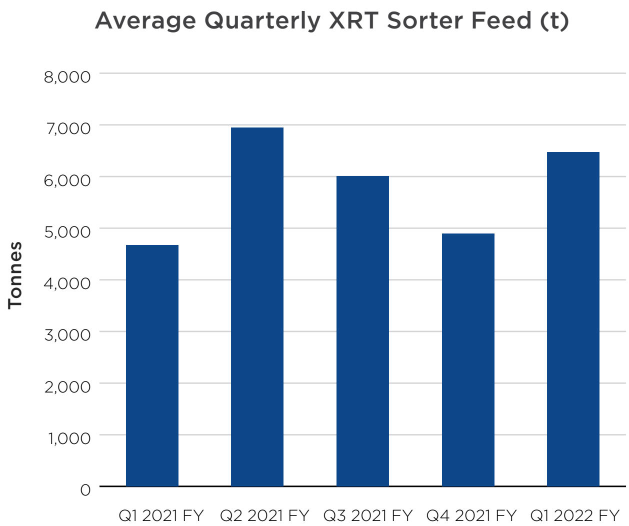
With the increase in LGS material a significant benefit that the Company has realised during this time is the ratio of feed tonnes to concentrate kilograms produced has increased significantly. While operating the gravity plant on tailings only material, the ongoing trend averaged around the 0.75 Kg/t of feed processed, however, as increasing levels of LGS fines and XRT sorter concentrate was processed, the positive effect is clearly seen in the first quarter of 2022. During the first quarter of 2022, the feed material to the gravity processing plant was still combined with approximately 50% tailings material due to the crushing and screening capacity constraints of the quarry equipment currently being used. The ratio of feed to concentrate kilograms produced will continue to increase as higher the ratio of LGS fines and XRT sorter concentrate increases against the historic tailings feed.

The large majority of employees have been sourced from the local Mareeba Shire region, where possible, individuals were employed with mining industry experience, however, due to the location, several new recruits had complimentary skill sets or worked in other heavy industry outside of mining and therefore required training to bring their skill sets in line with the standard required for the operations at Mt Carbine. This investment in our employees, their training, up-skilling, and learning has created a core operations team that is local based, local focused and loyal to the operations. This will allow the operations to scale-up production.

In June 2021, the Management team changed the Gravity Plant operational roster to have 1-week of processing and 1-week shut down to allow half of the staff to be allocated to crushing, screening and XRT sorting operations and produce higher grade feed materials for the operation. This has seen a significant reduction in the cost base from June to August 2021 and new record concentrate production levels reached. The Company is continuing to drive toward processing solely -6mm fines from the LGS and XRT Sorter concentrate as it has a far superior feed grade compared to the historic tailings. The Company has applied with the local authorities for an upgrade of the power supply to site, which enables the operational team to add additional screening capacity and running all plants (Quarry, XRT Sorter, Gravity Plant) in parallel on a 24/7 basis, which so far was limited by the site power network.

In accordance with the Offtake Agreement between the unincorporated JV formed by the Company and CRONIMET Australia Pty Ltd on the one hand and CRONIMET Asia Pte Ltd on the other, by the end of the financial year CRONIMET has taken delivery of +200 tonnes of concentrate. Individual production lots are tested against agreed quality parameters, upon which CRONIMET determines the acceptance of concentrate. Trial deliveries to large tungsten consumers in Asia, the US and Europe were successfully completed and were of utmost importance, given the specific composition of the Mt Carbine concentrate (containing mixed mineralisation of scheelite and wolframite).

Aerial view of XRT Sorting plant



XRT Sorter Development

The Company had a very successful year with the bulk testing of material through the XRT Sorting plant at Mt Carbine with results showing on average a 10 times upgrade of feed material to sorter concentrate produced with a yield of feed to concentrate averaging +/-10%. The XRT Sorter operates continuously at +70tph with a +90% tungsten recovery. The results over the period have proven the robustness of the technology and specifically the adaptability of the technology to the Mt Carbine LGS material. This has given the Company a very cost effective method of processing the LGS through the reduction of mass to be processed through the Gravity Plant by concentration through the XRT Sorter.

Over the year, the Company worked with TOMRA, the leading equipment manufacturer of sensor based sorters, to upgrade several pieces of hardware and software in the machine to ensure it was fitted with the latest technology to deliver optimal results. After the upgrades were completed, the Company continued working with TOMRA on the feed characteristics and materials to develop an algorithm that was suited to the LGS material while maximising recovery.

In July 2020, the project consortium's application to METS Ignited Australia Limited for a $220,000 grant under the Queensland METS Collaborative Projects Fund was awarded (refer to ASX announcement *Government Support for Mt Carbine Mine Waste Transformation Initiative released 24 July 2020)*. The project consortium was led by CRONIMET Australia and consists of the Company, CRONIMET Australia, The University of Queensland - WH Bryan Mining and Geology Research Centre, TOMRA Sorting Pty Ltd and DAS Mining Solutions Pty Ltd.

The project was used to establish the physical controls on separation efficiency of the LGS materials at Mt Carbine to develop new mine planning and scheduling models and optimise scale-up application of ore sorting technologies. This was completed through the excavation of several pits and two large trenches on the LGS. Much of the information and data produced were essential for the compilation of the BFS and design of the operations going forward. To continue generating data, the central test pit of the program has been excavated further in all directions to continue testing grade continuity and material variability through the stockpile. More than 40,000t of material has been excavated from this area alone with results of the -6mm fines material and XRT sorted material providing consistently positive results.

Operating and Financial Review continued

Quarry Activities

The Company had a very productive year through the Mt Carbine Quarry operations, which has successfully completed one of the largest quarry contracts in its history with no supply side delivery delays over the contract. This contract completed for the Bama Civil Group was used in the construction of approximately 10 kilometres of sealed road on the Northern Peninsula Development Road using completely recycled inert waste rock materials from the Mt Carbine stockpiles. Over 70,000t of road making materials was used in the satisfaction of this contract.

Mt Carbine Quarries is the largest and one of the most northern hard rock quarries in Queensland. It is a fully permitted, established business which has been in operation for over 20 years within the Mt Carbine Mining Leases. The Company's cost competitiveness is primarily due to all of its feed stock being sourced from readily available stockpiled mined rock, meaning no drill and blast activities are necessary. The synergies between the quarry and the Company's mining activities through beneficial waste reuse, reinforces the Company's commitment to reducing its environmental footprint and maximising value from all resources on site.

In addition to satisfying the Bama contract over the period several other smaller contracts were also completed and several tenders submitted, with more tenders becoming available for submission toward the end of the financial year. This appears to be a result of Government stimulus packages targeting infrastructure for the region being rolled out. It is anticipated that the quarry will see the benefits of this stimulus during the upcoming financial year.

A recent quote from the Hon. SJ Stewart, the Queensland Minister for Resources confirms the Government's strong understanding and awareness of the project and the beneficial impact of how the project is being implemented:

"In industry, I give the example of EQ Resources which are recommercialising the former abandoned tungsten mine at Mount Carbine in north-east Queensland. EQ Resources are using advanced ore sorting technology to optimise recovery of valuable tungsten ore from waste ore. Their technology sourced from their German partner Cronimet is allowing them to reprocess waste stockpiles to create value from waste."

Bama Contract - Road Base Production, Mt Carbine Quarry

The Company has continued taking steps to empower the current labour force by rewarding outstanding individuals in their respective fields. This has seen the promotion of one of the quarry's most experienced operators, Mandy McAuley, to become the Supervisor of the Quarry operations. Her experience in the practical operations and running of quarries and over 30-years in the industry has been invaluable to the operation and development of the quarry into a first class asset for the Company.

The quarry currently produces more the 18 products, of which, the regular products are stockpiled on site and ready for despatch. As contracts continue to be successfully completed, the modernisation of the quarry gains traction and is allowing the quarry to tender on larger jobs in more distant regions when combined with the beneficial reuse of the XRT Sorter waste materials as a product supply for quarry aggregates.

The Company continues to look for innovative solutions for the quarry that will allow for sustainable and continuous income. In this connection, the Company has continued investigating potential value-add technologies to transform rock waste into higher-value, lower-carbon intensive building products, mainly bricks and innovative road making materials for the time being.

Mt Carbine Quarries

Quarry Stockpiles

Exploration Activities

Mt Carbine

During this year the Company has been active in refining the mineral resource information from historical work around the Mt Carbine deposit. The program was based on a new interpretation of the geology and mineralization and a recognition of the structural history of the deposit. This year's work was built on the work done in the previous year and culminated in a successful drill out of resources around the pit area.

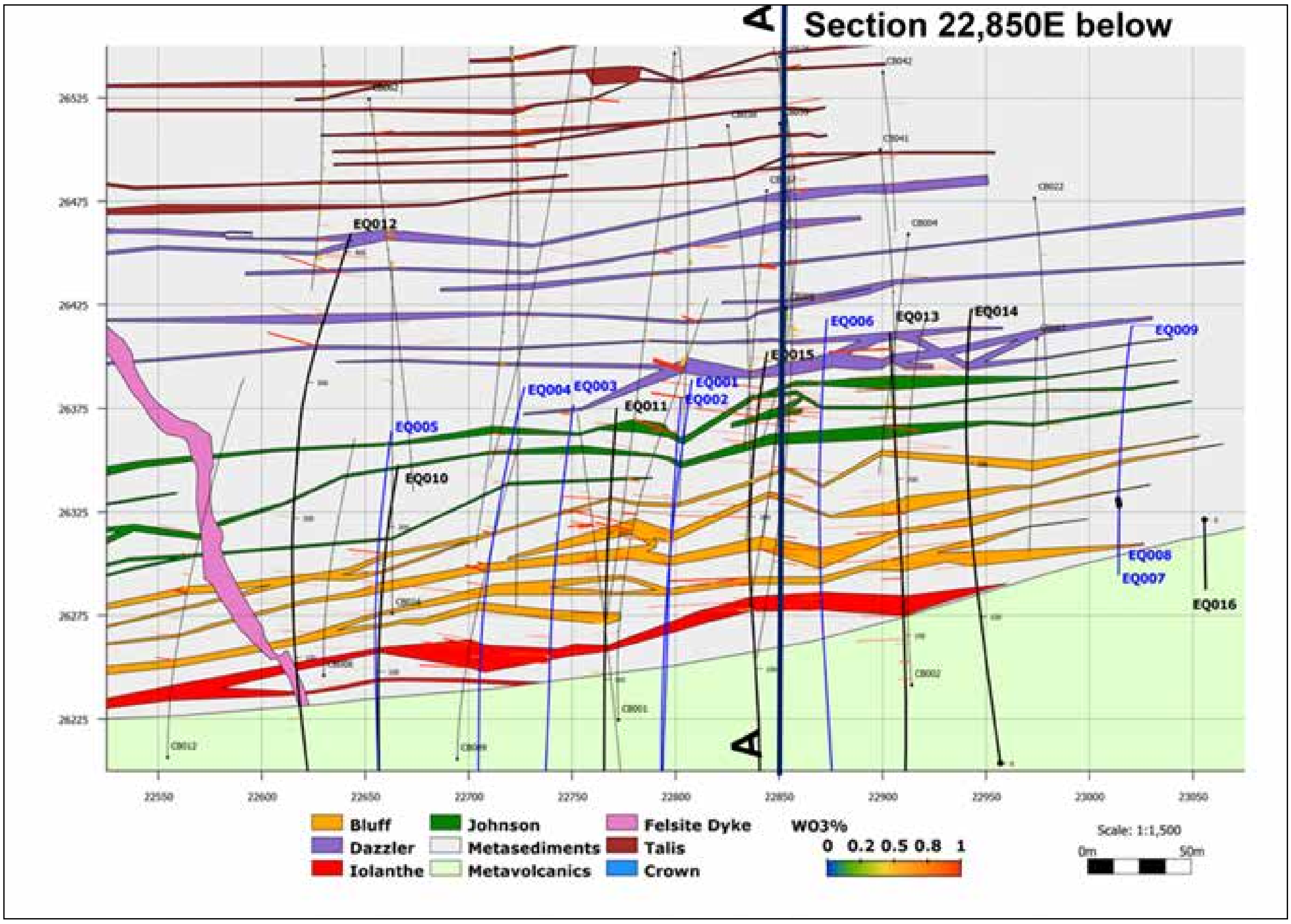
A total of 16 diamond drill holes were completed for 4,074.1m during May-June 2021. The holes were drilled within the Mt Carbine ML's 4867 & 4919 and were expressly located to define the resources remaining under the existing pit. Previously only 7 holes existed below the pit over this 500m strike length. The drilling intersected four major lenses containing 'grade packages' separated by 15-30m of barren host rocks. The zones extend East-West along the strike of the Andy White pit and are marked as the Iolanthe, Bluff, Wayback and Johnson Zones. Each is sub-vertical in orientation and extends down to where the zone is truncated by the South Wall Fault (SWF- A Reverse Dip Slip Fault). The zones range from 2m to 12m in width with grades often greater than 1% WO_3. Attached in Appendix 1 are the highlights of this drill program with all results shown above a diluted cut-off of 2m @ 0.25% WO_3.

Each of the named zones outlined above contain narrow high-grade veins designated as 'King Veins' and have been linked to what the historic miners pursued in their underground workings. In historic times, by mining high-grade veins by hand, the miners managed to deliver grades consistently of >1% WO_3 ore to the co-op mill, that was operational in the early 1900's. These narrow high-grade veins are typically 10-30cm in size and contain a coarse integration of Wolframite and Scheelite crystals often reaching 10cm in size. The King Veins are interpreted to reflect a late brine event in the mineralizing history that occurs after a more pervasive gaseous event that deposited large amounts of early barren or low-grade quartz. Typically, across the existing historical pit we see some 35-40 veins of which about 5-7 veins are mineralized King Veins and these high-grade veins have now been recognized throughout the deposit.

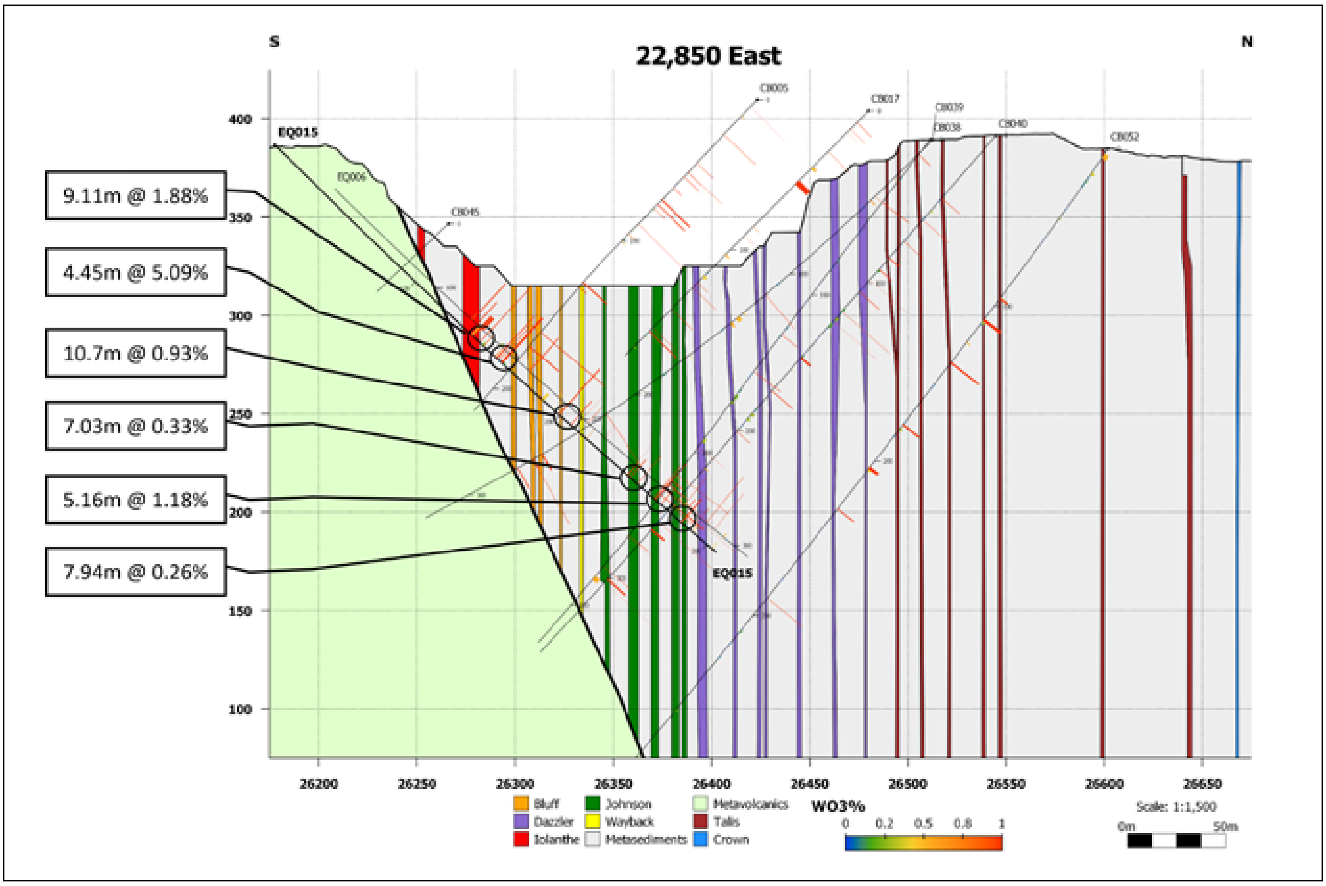
There is a strong level control to much of the mineralization, with veins recorded as narrow, weak stringers of 5-15cm width in the +350m RL level and increasing in size and grade with depth, with the best zone of mineralization occurring in the 200-350m RL level. This vertical change in the deposit, is thought to be a function of declining temperature away from a degassing granite at depth and the tungsten depositing in the 250-350°C zone. Although the veins continue strongly to depth the bonanza grades drop off gradually.

Operating and Financial Review continued

Using orientated core for the drilling and with over 99% core recovery, the Company was for the first time able to complete a detailed 3D-model of orientated quartz veins that better define the geological model. During the recent drill program, Hole EQ012 was extended deeper (further Local Grid North) to intersect part of the inferred Iron Duke formation and allowed a re-interpretation of the zone as being additional parallel zones to the pit mineralization. Three new 'vein packages' were defined in this area named the Dazzler, Talis and Crowne zones and each zone represents several King Veins clustered together. The zones here, are also separated by wider zones of barren metasedimentary host rocks.



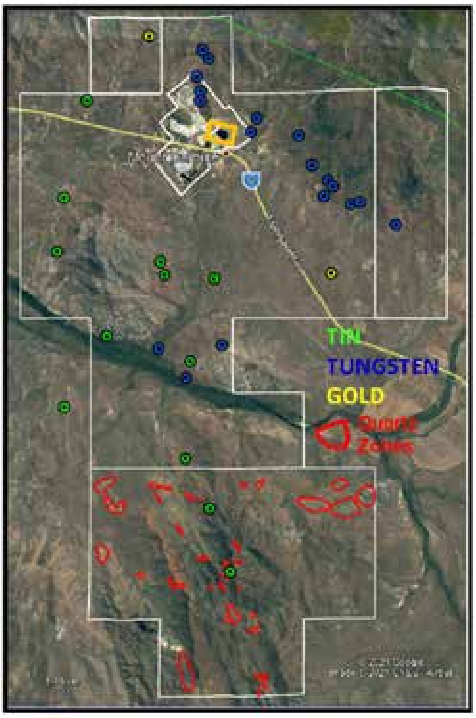
Plan of 16 diamond holes completed in 2021



Typical section through the center of the pit showing the King Vein packages underneath and to the north of the historical pit

All data, including geotechnical information, has been entered into the Company's database which was then used by the Measured Group in Brisbane to calculate an updated mineral resource for the Mt Carbine orebody. (See Mineral Resources and Ore Reserves Statement on Page 17).

This mineral resource is being input into the Company's BFS to determine the best approach to mining of these high-grade lenses and currently it is thought that this will be a combination of open pit mining as well as underground mining. The deposit is still open in multiple directions, including at depth. Therefore, further drilling with the aim of expanding the deposit size, will be completed in the future at the appropriate time. As can be seen in the picture to the right, Mt Carbine sits within a tungsten cluster and the Company is working toward better defining the Mt Carbine deposit to leverage the knowledge against deposits in the local region.



2021 Measured Group Model Area, in contrast to Mt Carbine ML's/EPM's

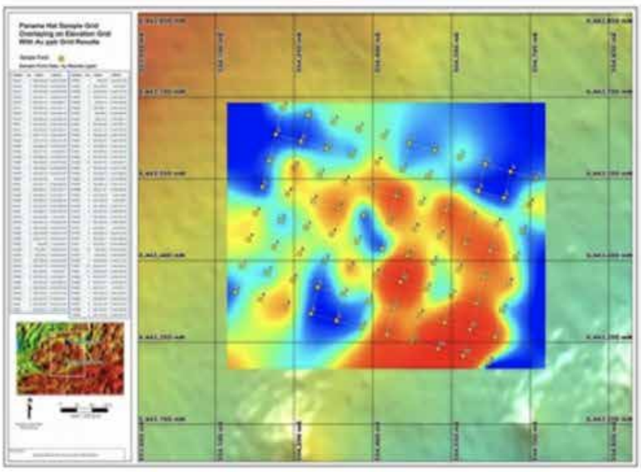
Source: Mineral Occurrences; Map Series - Mossman SE55-1; Department of Natural Resources, Mines & Energy; via GeoResGlobe

Operating and Financial Review continued

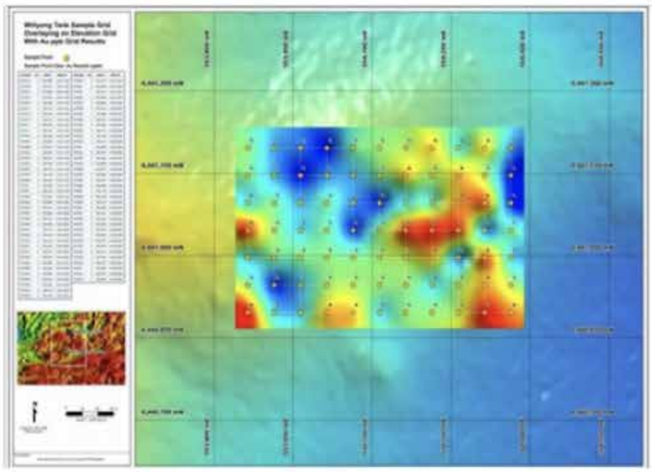
Panama Hat – Broken Hill

This license was renewed with all 19 units without reduction, and is valid up until 29th November, 2024.

Exploration in this area has been hampered by extensive calcrete cover and recent scientific developments have shown that sampling of calcrete can identify underlying tracing of gold deposits. The initial orientation test sampling showed anomalies in the calcrete emerging and showed a strong trend across the known 'line of lodes'. Given the success of this approach, the Company will complete the survey over the entire gold field and then review for drill targets once the COVID-19 inter-state travel restrictions are eased.



Plot of god values (ppb) obtained in calcrete samples of Panama Hat Grid, ≥5ppb is the threshold for gold anomalous value

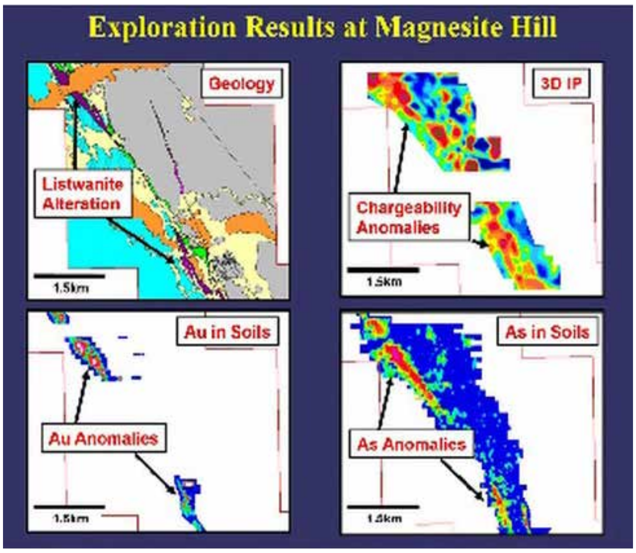


Plot of gold values (ppb) obtained in calcrete samples of Willyong Tank ≥ 5ppb is the threshold for gold anomalous value

Crow Mountain – New England

The Crow Mountain tenement is under renewal and this is expected in Quarter 4, 2021 with a 50% reduction in land area.

The license covers part of the Great Serpentine Belt in the western New England province of north eastern NSW. Shallow marine sediments of late Devonian age on the western side of the tenement are separated from much older deep marine sediments and intrusive rocks on the eastern side of the tenement by a major north-south trending structure, the Peel Fault. The fault is well known for the belt of serpentinite, formed by alteration of pre-existing ultra-mafic intrusive exposed for several hundred kilometres along the fault.



Tungsten Market Outlook

Throughout the last year APT (Ammonium Paratungstate; as the underlying price reference for tungsten concentrate) prices between US$205/mtu (metric ton unit; equals 10 kg) in July-August 2020 and US$315/mtu, as of the date of this report, have been seen. This represents an increase of approximately +50% within the period, and confirms the strong underlying fundamentals the tungsten market is in at the moment.

The Company believes that price fundamentals remain favorable in the months ahead, as global manufacturing sectors continue to recover from the disruptions caused by the pandemic and industrial activities in leading economies start to benefit from the large stimulus packages rolled out by various governments.

Corporate Activities

Board of Directors

The Board welcomed Mr Richard Morrow as a Non-executive Director as from 16 March 2021. Richard is an experienced professional in mining finance based in Melbourne, Australia. He is a director of specialist resources fund Manager Lowell Resources Fund Management and manager of the ASX-listed Lowell Resources Fund (ASX:LRT). For many years he was an equity holder of Melbourne-based stockbroker, E.L. & C. Baillieu, now part of the Ord Minnett Group. Richard is the honorary Chairman of the Melbourne Mining Club and has over 30 years' experience as a stockbroker in Melbourne and in London and is a Fellow of the Australasian Institute of Mining and Metallurgy.

Mr Morrow's experience in capital markets and industry oversight provides an invaluable contribution to marketing the Company's continued progress and potential.

Leadership Team

Ms Kim Cavallaro resigned as Executive Director and Chief Commercial Officer effective from 15 January 2021 with Mr Kevin MacNeill entering an Executive Employment Agreement on 1 April 2021 as Chief Executive Officer.

The Company is pleased Mr Kevin MacNeill will continue to lead the Company as its CEO, expanding his focus on the operational front at the Company's flagship projects at Mt Carbine, to drive ongoing strategic initiatives at both Mt Carbine along with the Company's gold exploration assets in New South Wales. Mr MacNeill will work with the team to align key management roles to best advance these initiatives and seize the opportunities ahead.

Capital Raisings

Equity Raising – March 2021

On 15 March 2021, the Company announced it had received $6.5 million of firm commitments in a well-supported placement of new fully paid shares (New Shares) to institutional and sophisticated investors (Placement). Strong support was shown for the placement from a broad range of high-quality institutional investors. The issue price for the placement was $0.032 (3.2 cents) per share, being an 18% discount on the most recent closing price and a 16% discount to the 15-day VWAP. The placement was conducted by Morgans Corporate Limited (Lead Manager).

187.5 million fully paid ordinary shares (New Shares) were issued under the Placement on 19 March 2021 with a further 15.625 million fully paid shares issued to Directors on 20 May 2021 upon receiving shareholder approval at the General Meeting on 17 May 2021 being the total gross proceeds from the Placement to $6.5 million before costs (refer ASX announcement "EQR Raised A$6.5M to Accelerate Mt Carbine Expansion and Underground Development").

Convertible Notes – September 2021

Subsequent to the end of the 2021 financial year, the Company raised a further $6.0 million via the issuance of 2 year convertible notes with a conversion of 6.5 cents per share, a ~45% premium to the last price of 4.5 cents per share ("Convertible Notes"). The funds will be used to commence early works for its Mt Carbine tungsten mine, well ahead of the release of the Company's Bankable Feasibility Study.

<u>Details:</u>

Amount:	A$6.0 million
Term:	Two years with the ability to be converted early by the Note Holders.
Coupon:	7% per annum. Coupon payable in shares or cash at the election of the Note Holders.
Conversion Price:	$0.065 per ordinary share, a 44% premium to the last close on 8 September 2021.
Conversion Terms:	Converted into new ordinary shares or repayment of the loan at the Note Holders election. The Note Holders may elect to convert the Convertible Notes into new shares early during the term.

Tenement Schedule

Details of mining tenements held by the Company and its controlled entities:

State	Ownership	Area	Status	Notes	Expiry Date
Queensland, Australia					
ML 4867	Mt Carbine Quarries Pty Ltd (wholly owned subsidiary of the Company) 100%	358.5 ha	Granted	Acquired on 28 June 2019 as part of the Company's 100% acquisition of Mt Carbine Quarries Pty Ltd.	31/07/2022
ML 4919	Mt Carbine Quarries Pty Ltd (wholly owned subsidiary of the Company) 100%	7.891 ha	Granted	Acquired on 28 June 2019 as part of the Company's 100% acquisition of Mt Carbine Quarries Pty Ltd.	31/08/2023
EPM 14871	EQ Resources Limited 100%	10 sub- blocks	Granted		12/12/2025
EPM 14872	EQ Resources Limited 100%	21 sub-blocks	Granted		11/12/2025
EPM 27394	EQ Resources Limited 100%	4 sub-blocks	Granted		01/06/2025
New South Wales, Australia					
EL 6648	EQ Resources Limited 100%	4 Units	Renewal Pending	Notice of Proposed Decision & Draft Instrument of Renewal received from Regional NSW – Mining, Exploration and Geoscience (Division) on 18 August 2021.	19/10/2020
EL 8024	EQ Resources Limited 100%	19 Units	Granted		29/11/2024

ML = Mining Lease
EPM = Exploration Permit for Minerals
EL = Exploration Licence

Mineral Resources and Ore Reserves Statement

Summary of Results of Annual Review of Resources and Reserves

The following is a summary of the Mineral Resource Estimate ("MRE") issued on 20 September 2021 which also shows the governance and controls of the resource statement.

The MRE for Mt Carbine consists of two separate components:

1. In-Situ Mineral Resources adjacent to, and below, the current open pit, proposed to be mined by open pit mining methods; and
2. the mineralised rock previously mined and stockpiled, located in what is now referred to as the Low Grade Stockpile ("LGS").

The MRE was finalised on 8 September 2021 and is based on geological data acquired from 20,426m of diamond core from 79 drill holes that intersected the in-situ orebody adjacent to, and below, the current open pit; and samples obtained through a bulk sampling programme conducted over the LGS. Table 1 contains a summary of the MRE for Mt Carbine.

Table 1 - Mt Carbine Resource Estimate, as at 20 September 2021

Resource	Resource Classification	Tonnes (Mt)	Grade (WO_3%)	WO_3 (mtu)
Low Grade Stockpile				
	Indicated	12.00	0.075	900,000
In Situ				
	Indicated	2.40	0.74	1,776,000
	Inferred	6.81	0.59	4,017,900
	Sub-Total	**9.21**	**0.63**	**5,793,900**
Total (Low Grade Stockpile + In Situ)		**21.21**		**6,693,900**

NOTES:

1 Total estimates are rounded to reflect confidence and resource categorisation

2. Classification of Mineral Resources incorporates the terms and definitions from the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012) published by the Joint Ore Reserve Committee (JORC)

3. No upper cut was applied to individual assays for this resource, a lower cut of 0.15% WO_3 was applied

Geological Interpretations and Mineral Resource Estimation

EQ Resources contracted independent mining consultant firm Measured Group Pty Ltd to estimate a Mineral Resource for the Mt Carbine Tungsten Mine, utilising the geological data, observations and geochemical analysis from 79 diamond core drill holes drilled into the in-situ orebody, and samples obtained through a bulk sampling programme conducted over the LGS.

Lithological, structural and assay data from 79 diamond core drill holes (20,426m) spaced between 10m and 35m apart, were used to build mineralisation wireframes. Checks of the documentation describing the sampling, sample preparation, QA/QC protocols and analytical procedures used for all the drilling phases were completed by the Competent Person responsible for the estimate.

No compositing of core sample intervals was undertaken in the field. Samples were composited within the mineralisation envelopes for geological modelling. Data spacing was considered sufficient for estimation of WO_3 grades by ordinary kriging. Mineralisation was modelled as three-dimensional blocks of parent size 10m x 10m x 10m with sub-celling allowed to 0.5m x 0.5m x 0.5m. No assumptions were made regarding the modelling of selective mining units.

The following validation checks were completed on the block model:

- Drill holes used for the estimation plotted in expected positions.
- Flagged domains intersections lay within, and corresponded with, domain wireframes.
- Determine whether statistical analyses indicated that grade cutting was required.
- Volumes of wireframes of domains matched volumes of blocks of domains in block model.
- Visually plot of grades in the block model against drill holes.

Mineral Resources and Ore Reserves Statement continued

The MRE was completed on the basis that the in-situ Mineral Resource will be mined by either open cut or underground mining methods. Given the proximity of the modelled orebody to the current open pit, the MRE has been deemed by the Competent Person to pass the "reasonable prospects for eventual economic extraction test" (RPEEE). EQ Resources is currently completing a Feasibility Study, using the current geological model and MRE as a key input to that work, and when completed, more details on the results of that work will be released.

No upper cut-off grades were applied to the Mt Carbine Resource Estimate. The competent person establish to his satisfaction that the high grade zones recorded in the drill results were present in the mineralized zones and could be correlated between sections. A lower cut of 0.15% WO_3 was used to determine the resource and definition of the geological boundaries to the mineralized zones. The Competent Person completed an assessment of tonnes by grade table to assist in the determination of the cut off grade.

The Mt Carbine Tungsten Mine MRE has been classified by the Competent Person as Indicated and Inferred Mineral Resource categories, based on the current understanding of continuity of orebody geometry (geology) and grade. The classification reflects the Competent Person's confidence in the location, quantity, grade, geological characteristics and continuity of the Mineral Resource. The MRE was classified as Indicated and Inferred based on relevant factors, including but not limited to the following:

- Drill hole density (Indicated spacing is approximately 30 m x 30 m; Inferred is approximately 60 m x 60 m).
- Style of mineralisation and geological continuity.
- Data quality and associated QA/QC and grade continuity.

Two methods were used to determine the optimal drill spacing between boreholes for resource classification at the Mt Carbine Project:

- Variogram methodology which analyses the different proportions of the sill; and
- an estimation variance methodology.

The current data spacing and distribution is sufficient to establish geological and grade continuity appropriate for the MRE and classification, and the results appropriately reflect the Competent Person's view of the deposit.

The LGS is comprised of mineralised rock extracted during open pit mining operations between 1974 and 1987. Grade Control practice during this open pit mining discriminated between ore sent for processing and mineralised rock deemed at the time to be too low grade to justify processing at the time of mining.

Historical mine records indicate that approximately 12 Mt of mineralised rock is contained in the LGS. This has been shown to reconcile well, with the estimate of tonnes contained in the LGS, determined by an independent estimate of total tonnes of material mined from the open pit of 22 Mt, less the 10 Mt of material recorded as having been processed through the processing plant.

The LGS has been the subject of a bulk sampling programme and 22,000 tonnes of material has been sampled to date. Bulk samples included the following:

- 8 costeans dug with an excavator;
- Regular costeans/trenches ranging up to 10 m deep and 50 m long; and
- 80 grab samples locations (approximately 20 kg each of -100 mm material) for mineralogical and chemical characterisation.

The bulk samples have been assayed and subjected to extensive sorting trials with a pilot-scale X-ray sorter (SEI-CNQ-III ASX announcement 23 March 2011). The 2011 pilot-scale X-ray sorter trials indicated that the low-grade material could be pre-concentrated by sorting with an optimum 6 times upgrade. The grade of the bulk sample was estimated to be 0.075% WO_3, which compares favourably with a back-calculation from historic mine production and mill recovery records, and the recent modelling and MRE of the LGS.

A significant amount of work has been completed recently to understand the Particle Size Distribution (PSD) as part of a grade-by-size assessment of the LGS, and a review of the data generated from that work was completed in 2021, to further support the MRE for the LGS. The following table provides a summary of PSD data:

Table 2: Particle Size Distribution Data (PSD)

Size Fraction (mm)	Grade (WO_3)	PSD
+170mm	0.043%	30.0%
-170 + 100	0.049%	8.0%
-100+53	0.069%	9.0%
-53 + 30	0.081%	11.0%
-30 + 6	0.095%	20.0%
-6	0.110%	22.0%
TOTAL	**0.075%**	**100.0%**

Competent Persons Statement

Statements contained in this announcement relating to the Mt Carbine Tungsten Mine Mineral Resource Estimate, are based on, and fairly represents, information and supporting documentation prepared by Mr Chris Grove, who is a member of the Australian Institute of Mining & Metallurgy (AusIMM No: 310106).

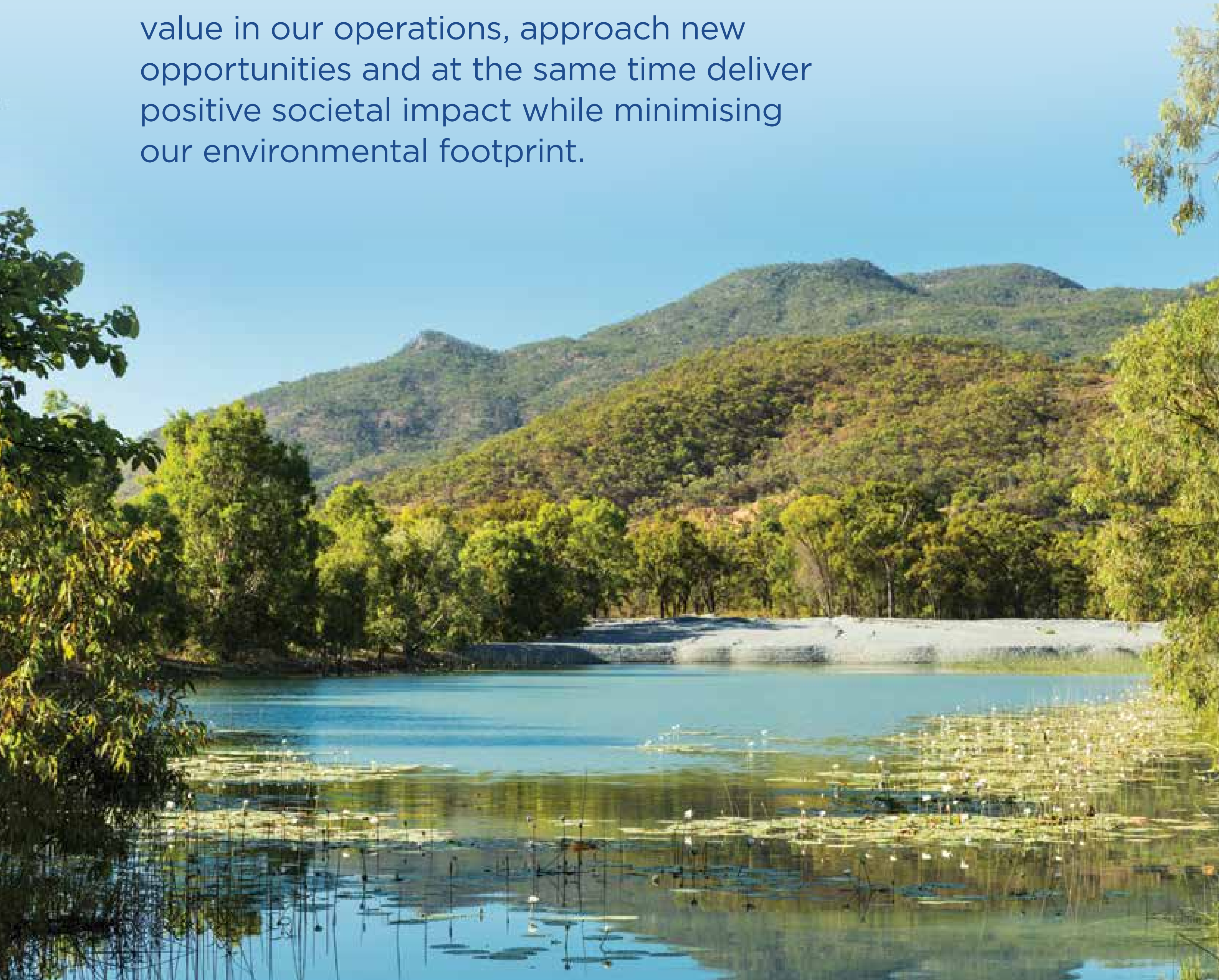
Mr Grove is a full-time employee of independent mining consultant firm Measured Group, who were contracted by EQ Resources Limited to prepare an estimate of the Mineral Resources for Mt Carbine. Mr Grove has sufficient relevant experience in relation to the mineralisation styles being reported on to qualify as a Competent Person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC) Code 2012. Mr Grove consents to the use of the information contained in this announcement in the form and context in which it appears.

The Mineral Resource Estimate is reported as at 20 September 2021.

Our Purpose

Resourcing the new economy for a better tomorrow

We are a value-oriented resources company, sustainably producing and managing new economy minerals and metals. We maximise the potential of our assets through resource-efficiency and investment in our people to deliver materials that are critical for a better tomorrow. It's how we drive value in our operations, approach new opportunities and at the same time deliver positive societal impact while minimising our environmental footprint.



Financial Report

The Directors of EQ Resources present their report on the consolidated entity (Group), consisting of EQ Resources and the entities it controlled at the end of, and during, the financial year ended 30 June 2021.

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Directors' Report

The Directors of EQ Resources present their report on the consolidated entity (Group), consisting of EQ Resources and the entities it controlled at the end of, and during, the financial year ended 30 June 2021.

Directors

The following persons were Directors of EQ Resources during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Oliver Kleinhempel, Non-executive Chairman
- Stephen Layton, Independent Non-executive Director
- Richard Morrow, Independent Non-executive Director (Appointed 16 March 2021)
- Zhui Pei Yeo, Non-executive Director

Company Secretary (Joint)

Melanie Leydin (Appointed 15 February 2021)
Patricia Vanni de Oliveira (Appointed 15 February 2021)

Suzanne Irwin (Resigned 1 March 2021)

Principal Activities

The principal activities of the Group during the 2021 financial year focused on the:

- continued optimisation of the production processes and recoveries from the Mt Carbine Retreatment Plant as part of the Company's unincorporated joint venture with CRONIMET Australia Pty Ltd for the development of the Mt Carbine Tungsten Tailings Retreatment and Stockpile Projects;
- ongoing expansion of the Mt Carbine Quarrying operations along with the fulfilment of the ~$4 Million Purchase Order from Bama Civil for the supply of quarry materials;
- drilling program to further define the Mt Carbine Tungsten resource which commenced in March 2021;
- appointment of Bankable Feasibility Study lead and preferred independent consultants to assess the potential for an open pit operation prior to going underground at the Company's flagship asset, the Mt Carbine Tungsten Mine, in Far North Queensland; and
- maintaining its tungsten exploration assets in Far North Queensland whilst continuing to evaluate the exploration potential of its gold exploration licences in New South Wales.

The Group also continues to evaluate other corporate and exploration opportunities within the new economy and critical minerals sector.

Results

The net result of operations for the consolidated entity after applicable income tax expense was a loss of $4,574,191 (2020: loss of $3,015,680).

Dividends

No dividends were paid or proposed during the period.

Operating & Financial review

Information on the operations and financial position of the Group and its business strategies and prospects for future financial years is set out earlier in this Annual Report. The auditors have issued an unqualified opinion.

Corporate Structure

EQ Resources is a limited company that is incorporated and domiciled in Australia.

Significant Changes

Significant changes in the state of affairs of the Group for the financial year were as follows:

(a) Increase in contributed equity of $6,500,000 resulting from:

	Date	Shares	$
Placement of 187,500,000 shares at $0.032 per share to institutional and sophisticated investors undertaken pursuant to placement capacities under Listing Rule 7.1 (15% Rule) and Rule 7.1A (10% Rule) (refer ASX announcement dated the 15 March 2021)	19-03-2021	187,500,000	6,000,000
Placement of 15,625,000 shares at $0.032 per share to Directors undertaken pursuant to placement capacities under Listing Rule 7.1 (15% Rule) and Rule 7.1A (10% Rule) (refer ASX announcement dated the 15 March 2021)	20-05-2021	15,625,000	500,000
Sub-Total			6,500,000
Lead manager options			(503,385)
Share issue costs			(415,767)
TOTAL			**5,580,848**

(b) ~$4 Million Purchase Order (including GST) awarded to the Company's wholly owned subsidiary, Mt Carbine Quarrying Operations Pty Ltd, for the supply of various quarry materials for a road construction project located within the Cook Shire in Far North Queensland (refer ASX Announcement "$4 Million Contract Enhances Order Intake – Mt Carbine" dated 1 July 2020). ~90% of this order was fulfilled during the period with the contract being satisfied in full during the first quarter of the 2022 financial year.

(c) Appointment of Kim Cavallaro as Chief Commercial Officer on 1 July 2020 and Executive Director on 1 October 2020.

(d) Resignation of Chief Operating Officer, Chris Godfrey, on 31 July 2020.

(e) Change of name to EQ Resources Limited effective from 26 November 2020 (refer ASX announcement "Change of Name and ASX Code" dated 1 December 2020).

(f) Environmental Approvals granted by the Department of Environment and Science permitting underground exploration and sampling to take place at Mt Carbine (refer ASX announcement "Environmental Approval obtained for Underground Exploration and Sampling Campaign" dated 13 January 2021).

(g) Resignation of Kim Cavallaro as Executive Director and Chief Commercial Officer on 15 January 2021.

(h) The Company raised $6,500,000 (before costs) via the placement of 203,125,000 fully paid ordinary shares at an issue price of $0.032 cents per share with the placement being undertaken pursuant to its placement capacity under Listing Rule 7.1 (15% Rule) and Rule 7.1A (10% Rule). Refer ASX announcement "EQR Raises $6.5M to Accelerate Mt Carbine Expansion and Underground Development" dated 15 March 2021.

(i) Appointment of Richard Morrow, as a Non-executive Director to the Board of EQ Resources on 16 March 2021.

Directors' Report continued

(j) Mt Carbine Quarry's production allowance, under the Queensland Environmental Protection Act, increased from 100,000 tonnes to 1,000,000 tonnes per year (refer ASX announcement "EQ Resources Secures Environmental Authority Approval for Quarry to Produce up to 1 Million Tonnes a year at Mt Carbine" dated 29 April 2021).

(k) Study Lead and preferred independent consultants appointed for Bankable Feasibility Study for the Mt Carbine Tungsten Mine's expansion to assess the potential for an open pit operation prior to going underground (refer ASX announcement "EQR Appoints Bankable Feasibility Study Lead and Selects Preferred Independent Consultants" dated 25 May 2021).

(l) Mt Carbine's 16-hole resource drilling program, commenced in March 2021, hits bonanza grades under the Andy White Open Pit with average grades continuing to significantly exceed the previously reported resource grade (refer ASX announcement "Mt Carbine Hits Bonanza Grades Under Open Pit" dated 5 August 2021).

Directors' Interests in Shares, Options and Performance Rights

Director	Shares Directly and Indirectly Held	Options Directly and Indirectly Held	Performance Rights Directly and Indirectly Held
O. Kleinhempel	17,833,600	10,000,000	-
S. Layton	54,181,559	4,000,000	-
R.D. Morrow	4,422,000	4,000,000	-
Z.P. Yeo	70,232,310	4,000,000	-

Directors' interests in shares, options and performance rights as at 30 June 2021 are set out under Section (e) of the Remuneration Report .

Company Secretary

Joint Company Secretaries:

Melanie Leydin
Patricia Vanni de Oliveira
(Appointed: 15 February 2021)

Messrs Leydin & Vanni de Oliveira were appointed as joint Company Secretaries for the Company on 15 February 2021.

Ms Leydin has over 25 years' experience in the accounting profession and over 15 years as a Company Secretary with extensive experience in relation to Public Company responsibilities. Ms Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law, is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and Registered Company Auditor. Ms Leydin graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of Leydin Freyer Corp Pty Ltd which provides outsourced Company Secretarial and accounting services to public and private companies across a host of industries.

Ms Vanni de Oliveira has more than 15 years' professional experience in corporate governance, mergers and acquisitions, project finance, engineering, procurement and construction contracts and compliance. She has been working as an in-house counsel of multi-national companies, an associate in Brazilian top tier law firms (300+ lawyers) and as Company Secretariat and joint Company Secretary providing outsourced Corporate Governance and Company Secretarial services to various Australian listed companies.

Suzanne Irwin (Appointed 1 September 2020 | Resigned 1 March 2021)

Ms Irwin was appointed as Company Secretary on 1 September 2020 and resigned on 1 March 2021. Ms Irwin is a Fellow of the Governance Institute of Australia with over 9 years' Company Secretarial experience with ASX300 member, ERM Power Limited, which was delisted from the ASX on acquisition by Shell Energy Australia in November 2019. Prior to this, having completed CPA certification, Suzanne has over 10 years' financial experience in business and commercial analyst roles at various BHP mining and minerals extraction operations.

Adrien Wing (Resigned 1 September 2020)

Mr Wing held the position of Company Secretary until 1 September 2020. Mr Wing is a certified practicing accountant. Mr Wing previously practiced in the audit and corporate advisory divisions of a chartered accounting firm before working with a number of public companies listed on the ASX as a corporate and accounting consultant and Company Secretary.

Meetings of Directors

During the financial year, five (5) Board Meetings, (1) Renumeration & Nomination and two (2) Audit Committee Meetings were held.

Director	Meetings Eligible to Attend	Meetings Attended
O. Kleinhempel	8	8
S. Layton	8	8
R.D. Morrow	1	1
Z.P. Yeo	8	8
K.Y. Cavallaro	4	4

The following table sets out the number of meetings of committees of Directors held during the financial year and the number of meetings attended by each Director (while they were a committee member):

	Remuneration & Nomination Committee		Audit Committee		Risk Committee	
Director	**Meetings Eligible to Attend**	**Meetings Attended**	**Meetings Eligible to Attend**	**Meetings Attended**	**Meetings Eligible to Attend**	**Meetings Attended**
O. Kleinhempel	1	1	2	2	0	0
S. Layton	1	1	2	2	0	0
R.D. Morrow	0	0	0	0	0	0
Z.P. Yeo	1	1	0	0	0	0

Share Options and Performance Rights

The Company granted options during the reporting period to Key Management Personnel of the Group as part of their remuneration. Refer to Remuneration Report for further details.

There are 42,000,000 unissued ordinary shares of EQ Resources under vested options at the date of this report, 10,000,000 of which relate to options issued to Key Management Personnel. During or since the end of the financial year no options were exercised.

Directors' Report continued

Remuneration Report - Audited

This report for the year ended 30 June 2021 outlines the remuneration arrangements for the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited in accordance with section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements of key management personnel (KMP) who are defined as those persons having the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term 'Executive' includes the executive directors, senior executives and general managers of the Group, whilst the term 'NED' refers to Non-Executive Directors only.

The Remuneration Report is set out under the following main headings:

(a) Policy Used to Determine the Nature and Amount of Remuneration;

(b) Key Management Personnel;

(c) Details of Remuneration;

(d) Cash Bonuses;

(e) Equity Instruments;

(f) Options and Performance Rights Granted as Remuneration;

(g) Equity Instruments Issued on Exercise of Remuneration Options or Rights;

(h) Service Agreements; and

(i) EQ Resources' Financial Performance.

(a) Policy Used to Determine the Nature and Amount of Remuneration

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The Board believes that executive remuneration satisfies the following key criteria:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

These criteria result in a framework which can be used to provide a mix of fixed and variable remuneration and a blend of short and long-term incentives in line with the Company's limited financial resources.

Fees and payments to the Company's Non-executive Directors and senior executives reflect the demands which are made on, and the responsibilities of, the Directors and the senior management. Such fees and payments are reviewed annually by the Board. The Company's Executive and Non-executive Directors, senior executives and officers are entitled to receive performance rights, options and/or shares under the Company's Equity Incentive Plan which was approved by shareholders at the General Meeting held on 26 November 2020.

Fees for Non-executive Directors are not linked to the performance of the Group.

Use of Remuneration Consultants

The Group has not used any remuneration consultants during the year.

Voting and Comments made at the Group's 2020 Annual General Meeting

The Group received votes against its Remuneration Report for the 2020 financial year however did not receive any specific feedback on its remuneration practices at the 2020 Annual General Meeting or during the year.

(b) Key Management Personnel

The following persons were Key Management Personnel of the Group during the 2021 financial year:

	Position	Appointment	Resignation
Directors			
O. Kleinhempel	Non-executive Director Non-executive Chairman	12 August 2019 24 April 2020	-
S. Layton	Independent Non-executive Director	14 November 2017	-
R.D. Morrow	Independent Non-executive Director	16 March 2021	-
Z.P. Yeo	Non-executive Director	12 August 2019	-
Executives			
K.B. MacNeill	Interim Chief Executive Officer & Senior Technical Advisor Chief Executive Officer	4 May 2020 1 April 2021	- -
K.Y. Cavallaro	Chief Commercial Officer Executive Director	1 July 2020 1 October 2020	15 January 2021 15 January 2021
C.P. Godfrey	Chief Operating Officer	4 November 2019	31 July 2020

(c) Details of Remuneration

Directors are entitled to remuneration out of the funds of the Company, but the remuneration of the Non-executive Directors may not exceed in any year the amount fixed by the Company in general meeting for that purpose. The aggregate remuneration of the Non-executive Directors has been fixed at a maximum of $200,000 per annum to be apportioned among the Non-executive Directors in such a manner as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board Meetings and otherwise in the execution of their duties as Directors.

Details of the nature and amount of each element of the remuneration of each of the Key Management Personnel of the Company and the consolidated entity during the year ended 30 June 2021 are set out in the following tables:

Directors' Report continued

2021	Short-term employee benefits – cash salary and fees $	Post-employment benefits - superannuation $	Termination benefit $	Share-based payments: Shares $	Share-based payments: Performance rights and options[6] $	Total $	% Performance based
Directors							
O. Kleinhempel	48,000	-	-	-	10,565	58,565	18.0%
S. Layton	48,000	-	-	-	4,226	52,226	8.1%
R. Morrow[1]	14,000	-	-	-	4,226	18,226	23.2%
Z.P. Yeo	48,000	-	-	-	4,226	52,226	8.1%
Executives							
K.B. MacNeill[2]	226,457	-	-	-	68,923	295,380	23.3%
K.Y. Cavallaro[3]	212,991	19,155	-	-	86,808	318,954	27.2%
C.P. Godfrey[4]	18,333	2,613	74,616	-	-	95,562	0.0%
A.M Wing[5]	8,000	-	-	-	-	8,000	0.0%
Total KMP compensation	**623,781**	**21,768**	**74,616**	**-**	**178,974**	**899,139**	

[1] R. Morrow appointed Non-executive Director on 16 March 2021.
[2] K.B. MacNeill appointed Chief Executive Officer on 1 April 2021.
[3] K.Y. Cavallaro appointed Chief Commercial Officer on 1 July 2020; Executive Director on 1 October 2020 and resigned on 15 January 2021 from both positions.
[4] C.P. Godfrey's position as Chief Operating Officer made redundant as of 31 July 2020.
[5] A.M. Wing resigned as Company Secretary on 1 September 2020.
[6] Performance rights and options do not represent cash payment to Directors or senior executives and performance rights / options granted may or may not be exercised by the Directors or executives.

2020	Short-term employee benefits – cash salary and fees $	Post-employment benefits - superannuation $	Termination benefit $	Share-based payments: Shares $	Share-based payments: Performance rights and options $	Total $	% Performance based
Directors							
O. Kleinhempel[1]	42,581	-	-	-	-	42,581	0.0%
S. Layton	48,000	-	-	-	-	48,000	0.0%
Z.P. Yeo[1]	42,581	-	-	-	-	42,581	0.0%
R.H. Krause[2]	228,121	-	137,500	-	-	365,621	0.0%
Executives							
K.B. MacNeill[3]	24,000	-	-	-	-	24,000	0.0%
C.P. Godfrey[4]	218,056	13,875	-	-	-	231,931	0.0%
A.M. Wing	54,000	-	-	-	-	54,000	0.0%
Total KMP compensation	**657,339**	**13,875**	**137,500**	**-**	**-**	**808,714**	

[1] O. Kleinhempel and Z.P. Yeo appointed as Non-executive Directors on 12 August 2019.
[2] R.H. Krause resigned as Executive Chairman and Chief Executive Officer on 24 April 2020.
[3] K. MacNeill appointed as Interim Chief Executive Officer & Senior Technical Advisor on 7 May 2020.
[4] C.P. Godfrey employed as Chief Operating Officer on 4 November 2019. Mr Godfrey was engaged as a consultant prior to this date.

(d) Cash Bonuses

No cash bonuses were paid during the period.

(e) Equity Instruments

The Company rewards Directors and executives for their performance and aligns their remuneration with the creation of shareholder wealth by issuing shares, options or performance rights. Share-based compensation is at the discretion of the Board and no individual has an unconditional contractual right to participate in any share-based plan or receive any guaranteed benefits.

(i) Shareholdings

The trading of shares issued pursuant to the Company's Equity Incentive Plan are subject to the Company's Securities Trading Policy; further, Key Management Personnel and employees are encouraged not to trade shares granted in order to align Director, Key Management Personnel and employee interests with those of all shareholders. Details of equity instruments (other than options and rights) held directly, indirectly or beneficially by Key Management Personnel and their related parties are as follows:

30 June 2021	Balance at 1 July 2020	Granted as compensation	Received on exercise of Performance Rights	Other Changes	Balance at 30 June 2021	Balance held nominally
Directors						
O. Kleinhempel	15,333,600	-	-	2,500,000	17,833,600	-
S. Layton	43,000,000	-	-	11,181,559	54,181,559	-
R. Morrow	-	-	-	4,422,000	4,422,000	-
Z.P. Yeo	64,919,810	-	-	5,312,500	70,232,310	-
Executives						
C.P. Godfrey[1]	6,443,231	-	-	(6,443,231)	-	-
A.M. Wing[1]	8,000,000	-	-	(8,000,000)	-	-
	137,696,641	**-**	**-**	**8,972,828**	**146,669,469**	**-**

There were no shares granted to Key Management Personnel as remuneration in the 2021 Financial Year.

[1] Deemed disposal upon resignation from the Board or Company.

(ii) Options and Performance Rights Holdings

Details of options and performance rights held directly, indirectly or beneficially by Key Management Personnel and their related parties, during the financial year, are as follows:

30 June 2021	Balance at 1 July 2020	Granted	Exercised	Balance	Total vested and exercisable	Total unvested and unexercisable
Directors						
O. Kleinhempel	-	10,000,000	-	10,000,000	-	10,000,000
S. Layton	-	4,000,000	-	4,000,000	-	4,000,000
R. Morrow	-	4,000,000	-	4,000,000	-	4,000,000
Z.P. Yeo	-	4,000,000	-	4,000,000	-	4,000,000
Executives						
K.B. MacNeill	5,000,000	10,000,000	-	15,000,000	5,000,000	10,000,000
K. Cavallaro	-	5,000,000	-	5,000,000	5,000,000	-
	5,000,000	**37,000,000**	**-**	**42,000,000**	**10,000,000**	**32,000,000**

Directors' Report continued

The key terms of the options issued during the year are as follows:

	Directors	Directors	Executives	Executives
Grant date	25/05/2021	25/05/2021	01/07/2020	01/07/2020
Number issued	11,000,000	11,000,000	2,000,000	3,000,000
Share price at grant date	$0.026	$0.026	$0.031	$0.031
Exercise Price	$0.060	$0.060	$0.004	$0.060
Life of options (years)	3 Years	3 Years	3 Years	3 Years
Expected share price volatility	115.288%	115.288%	107,942%	107.942%
Weighted average risk-free interest rate	0.100%	0.100%	0.270%	0.270%
Fair value per option	$0.01402	$0.01402	$0.01878	$0.01642
Vesting conditions	12 Month Anniversary[1]	24 Month Anniversary[1]	6 Month Anniversary[2]	12 Month Anniversary[3]

	Executives	Executives
Grant date	23/06/2021	23/06/2021
Number issued	5,000,000	5,000,000
Share price at grant date	$0.026	$0.026
Exercise Price	$0.060	$0.060
Life of options (years)	3 Years	3 Years
Expected share price volatility	92.397%	92.397%
Weighted average risk-free interest rate	0.200%	0.200%
Fair value per option	$0.01031	$0.01031
Vesting conditions	12 Month Anniversary[2]	24 Month Anniversary[2]

[1] Anniversary – Date of Shareholder approval. Subject to the option holder remaining as a Director of the Company until vesting date.

[2] Anniversary – Issue date. Subject to continuous employment by the Company to vesting date.

[3] Vested upon resignation as resolved by the Board of Directors.

(iii) Loans to Key Management Personnel

No loans have been made to Key Management Personnel of the consolidated Group, including their personally-related entities.

(iv) Other Transactions and Balances

Consulting Services

Payments made for Key Management Personnel noted in (c) Details of Remuneration above are to Specialised Metallurgical Projects (Pty) Limited and Northern Star Nominees Pty Ltd as payments for consulting services.

(f) Options and Performance Rights Granted as Remuneration

The following options were granted by the Company to the Directors and Executives of the Group during the financial year as part of their remuneration.

30 June 2021	Number of granted options	Grant date	Expiry date	Fair Value per Option at grant date	Total fair value of options	Share-Based Payments Forfeited 2021 year	Share-Based Payments Expensed 2021 year	Share-Based Payments AASB 2 Not yet expensed
Directors								
O. Kleinhempel	10,000,000	25/05/21	25/05/24	$0.01402	140,207	-	10,565	129,642
S. Layton	4,000,000	25/05/21	25/05/24	$0.01402	56,083	-	4,226	51,857
R. Morrow	4,000,000	25/05/21	25/05/24	$0.01402	56,083	-	4,226	51,857
Z.P. Yeo	4,000,000	25/05/21	25/05/24	$0.01402	56,083	-	4,226	51,857
Executives								
K.B. MacNeill	10,000,000	23/06/21	23/06/24	$0.01031	170,503	-	68,923	101,580
K.Y. Cavallaro	5,000,000	01/07/20	01/07/23	Various	86,808	-	86,808	-
	37,000,000				565,767	-	178,974	386,793

(g) Equity Instruments Issued on Exercise of Remuneration Options or Rights

No equity instruments were issued during the 2021 financial year to Directors or other Key Management Personnel as a result of options or rights exercised that had previously been granted as remuneration.

(h) Service Agreements

Remuneration and other terms of employment for the Directors and Executives are formalised in Service/Appointment Agreements. All contracts with Directors and executives may be terminated by either party with regards to the stipulated notice period, subject to any termination payments as detailed below.

Directors

O. Kleinhempel

There is a written agreement with Mr Kleinhempel dated 12 August 2019 in his role as a Non-executive Director of the Company and subsequently as Non-Executive Chairman on 24 April 2020. Cash payments and benefits totalling $48,000 were paid to Mr Kleinhempel during the 2021 financial year.

S. Layton

There is a written agreement with Mr Layton dated 9 November 2017 in his role as a Non-executive Director of the Company. Cash payments and benefits totalling $48,000 were paid to Mr Layton during the 2021 financial year. The payments were made through Bodie Investments Pty Ltd, a company in which Mr Layton has a substantial interest.

R.D. Morrow

There is a written agreement with Mr Morrow dated 22 February 2021 in his role as a Non-executive Director of the Company. Payments and benefits totalling $14,000 were accrued for Mr Morrow during the 2021 financial year.

Z.P. Yeo

There is a written agreement with Mr Yeo dated 12 August 2019 in his role as a Non-executive Director of the Company. Cash payments and benefits totalling $48,000 were paid to Mr Yeo during the 2021 financial year.

Directors' Report continued

Executives

K.B. MacNeill

There was a written agreement with Mr MacNeill dated 5 May 2020 in his role as an Interim Chief Executive Officer and Senior Technical Advisor of the Company. This contract would continue until the earlier of one (1) year from its commencement or until a subsequent engagement agreement is entered into, with the ability to extend the term on a yearly basis. Cash payments and benefits totalling $36,000 were paid to Mr MacNeill during the 2021 financial year. These payments were made through Specialised Metallurgical Projects (Pty) Limited, a company in which Mr MacNeill has a substantial interest.

The above agreement was superseded by a written Executive Employment Agreement with Mr MacNeill dated 1 April 2021 in his role as Chief Executive Officer. The Company or Mr MacNeill may terminate the contract by giving three month's written notice. Cash payments and benefits totalling $190,457 were paid to Mr MacNeill under this Agreement during the 2021 financial year.

K. Cavallaro

There was a written Executive Employment Agreement with Ms Cavallaro dated 8 May 2020 as Chief Commercial Officer and Chief Executive Officer Designate under which the Company or Ms Cavallaro may terminate the contract by giving three (3) months' written notice. This Agreement also covered Ms Cavallaro's appointment as Executive Director on 1 October 2020. Cash payments, superannuation and benefits totalling $232,147 were paid to Ms Cavallaro during the 2021 financial year. Ms Cavallaro resigned as Chief Commercial Officer and Executive Director on of 15 January 2021.

A.M. Wing

There was an agreement dated 22 January 2019 whereby Mr Wing agreed to provide Company Secretarial services to the Company. The Company or Mr Wing may terminate the contract by giving one month's written notice. Cash payments and benefits totalling $8,000 were paid to Mr Wing during the 2021 financial year. The payments were made through Northern Star Nominees Pty Ltd, a company in which Mr Wing has a substantial interest. Mr Wing resigned as Company Secretary as of 1 September 2020.

C.P. Godfrey

There was a written employment agreement with Mr Godfrey dated 9 November 2019 in his role as Chief Operating Officer of the Company. Cash payments, superannuation and benefits totalling $95,562 were paid to Mr Godfrey during the 2021 financial year. Mr Godfrey ceased employment with the Company on 31 July 2020.

(i) EQ Resources' Financial Performance

EQ Resources' financial performance for the five years to 30 June 2021 is summarised below and the relationship between results and performance is discussed.

Year ended	Measure	2021	2020	2019	2018	2017
Net profit / (loss) after tax	$	(4,574,191)	(3,015,680)	3,808,863	(1,478,746)	(9,888,710)
Net assets	$	16,725,734	14,936,296	10,905,040	2,672,436	2,371,501
Cash and cash equivalents	$	3,504,721	2,989,859	217,962	602,675	1,048,000
Cash flows from operating activities	$	(3,816,722)	(2,948,321)	(1,627,127)	(1,368,767)	(916,448)
EBITDAX	$	(3,947,550)	(2,789,350)	3,847,034	(1,022,747)	(865,010)
Share price at 30 June	$	$0.028	$0.028	$0.031	$0.019	$0.010
Basic earnings / (loss) per share	Cents	(0.39)	(0.30)	0.67	(0.29)	(2.27)

Financial Performance

The loss for the consolidated Group for the financial year after tax amounted to $4,574,191 (2020: loss of $3,015,680). This result was primarily brought about by an increase in operating costs associated with the ramp-up of production at the Mt Carbine Retreatment Plant following the finalisation of its commissioning during the prior financial year coupled with the scaling up of activities for the fulfilment of the Quarry's ~$4 Million Purchase Order with Bama Civil.

The Group has created value for shareholders through:

- its continued focus on optimising production and recoveries from the Mt Carbine Retreatment Plant with XRT Sorting testwork continuing across the Low-Grade Stockpile (LGS);
- the fulfilment of ~90% of the Quarry's ~$4 Million Purchase Order with Bama Civil. The balance of the order was satisfied in-full during the first quarter of the 2022 financial year.
- Completion of 16-hole resource drilling program which hits bonanza grades under the Andy White Open Pit with average grades continuing to significantly exceed the previously reported resource grade; and
- Initiation of a Bankable Feasibility Study to assess the potential for an open pit operation prior to commencement of underground mining at the Company's flagship asset, the Mt Carbine Tungsten Mine.

The Company also continues to evaluate its NSW Exploration Licences in conjunction with the development and commercialisation of its tungsten assets in Far North Queensland.

Financial Position

In accordance with the Company's accounting policy, the recoverability of the carrying amounts of Deferred Exploration and Evaluation Expenditure were reassessed during the 2021 financial year with no impairments recognised, resulting in exploration and evaluation expenses of $1,559,397 being capitalised for the 2021 financial year. The carrying value of the exploration assets as at 30 June 2021 is $8,280,353 (2020: $6,896,994).

At 30 June 2021, the Group had a net working capital deficit of $234,358 (2020: $2,571,385 surplus). This change was predominately brought about by the reclassification of the Offtake Contract Liability from non-current to current.

As the Group is an exploration and development entity, ongoing exploration and development activities are reliant on future capital raisings. During the year, the Company raised $5,580,848 (after share issue costs) from placements.

Indemnification and Insurance of Officers and Auditors

Indemnification

The Company has not, during or since the end of the financial period, in respect of any person who is or has been an Officer of the Company or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an Officer, including costs and expenses in successfully defending legal proceedings.

Insurance Premiums

During the financial period the Company has paid premiums to insure each of the Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of a Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The premiums paid are not disclosed as such disclosure is prohibited under the terms of the insurance contract.

Directors' Report continued

Audit and Non–Audit Services

During the financial year, the following fees for audit and non-audit services were paid or payable to Nexia Melbourne Audit Pty Ltd and Nexia Melbourne Pty Ltd:

	2021 $	2020 $
Audit-related services		
Amounts paid or payable to Nexia Melbourne Audit Pty Ltd		
- Audit services	62,000	74,000
Taxation services		
Amounts paid or payable to Nexia Melbourne Pty Ltd		
- Tax compliance services (tax returns)	21,500	46,600
- Other tax advice	10,273	11,180
	93,773	**131,780**

The Directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.*

On the advice of the Audit Committee, the Directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the non-audit services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out and located after the Director's Declaration and forms part of this report.

Corporate Governance

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the period is displayed on the Company's website at https://www.eqresources.com.au/site/who-we-are/corporate-governance.

Signed this 27th day of September 2021 in accordance with a resolution of Directors.

Oliver Kleinhempel
Non-executive Chairman

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Note	2021 $	2020 $
Revenue	2	**4,547,080**	748,578
Other income	2	**871,620**	338,867
Total revenue & other income		**5,418,700**	**1,087,445**
Administration expenses		**(661,194)**	(514,412)
Consultant expenses		**(140,288)**	(172,600)
Depreciation	9	**(412,507)**	(219,655)
Amortisation – deferred exploration & evaluation	10	**(176,038)**	-
Development and testwork costs		**(432,068)**	(351,955)
Exploration expenses written-off		**(886)**	(29,361)
Finance costs		**(39,643)**	(7,448)
Foreign exchange gains (losses)		**302,345**	(91,226)
Impairment expense (deferred exploration and evaluation assets)	10, 18	**-**	(140,855)
Occupancy expenses		**(109,524)**	(53,193)
Gain / (Loss) on Disposal of Fixed Assets		**(22,537)**	(8,564)
Production expenses		**(4,455,540)**	(664,773)
Salaries and employee benefits expense		**(3,295,284)**	(1,626,893)
Share based payments	25	**(279,446)**	(45,000)
Superannuation		**(213,937)**	(92,772)
Travel and accommodation		**(57,891)**	(85,191)
Total Expenses		**(9,994,438)**	(4,103,898)
Profit (Loss) Before Income Tax Expense		**(4,575,738)**	**(3,016,453)**
Income Tax Expense	3	-	-
Profit (Loss) After Income Tax Expense		**(4,575,738)**	**(3,016,453)**
Other comprehensive income/(loss)			
Gain/(loss) on revaluation of financial assets		**1,547**	**773**
Total Comprehensive Profit / (Loss) Attributable to Owners of EQ Resources Limited		**(4,574,191)**	**(3,015,680)**
		Cents	Cents
Basic profit (loss) per share	13	**(0.39)**	(0.30)
Diluted profit (loss) per share	13	**(0.39)**	(0.30)

Consolidated Statement of Financial Position

As at 30 June 2021

	Note	2021 $	2020 $
Current Assets			
Cash assets	20(b)	**3,504,721**	2,989,859
Trade and other receivables	7	**1,927,630**	332,212
Prepayments	7	**324,619**	309,547
Inventory	4	**673,024**	108,000
Total current assets		**6,429,994**	3,739,618
Non-Current Assets			
Receivables	8	**1,082,071**	1,086,681
Plant and equipment	9	**2,807,615**	2,254,941
Inventory	4	**7,142,176**	7,437,413
Deferred exploration and evaluation	10	**8,280,353**	6,896,994
Financial assets	5	**3,610**	2,113
Total Non-Current Assets		**19,315,825**	17,678,142
Total Assets		**25,745,819**	21,417,760
Current Liabilities			
Trade and other payables	11, 24	**3,647,525**	736,610
Employee benefits	26	**182,840**	105,090
Lease liability	22, 24	**268,167**	200,715
Contract liability – offtake	21	**2,323,423**	-
Contract liability - sublease	21	**242,397**	125,818
Total Current Liabilities		**6,664,352**	1,168,233
Non-Current Liabilities			
Employee benefits	26	**24,112**	12,884
Lease liability	22, 24	**681,140**	968,094
Contract liability – offtake	21	**-**	2,547,615
Contract liability - sublease	21	**1,650,481**	1,784,638
Total Non-Current Liabilities		**2,355,733**	5,313,231
Total Liabilities		**9,020,085**	6,481,464
Net Assets		**16,725,734**	14,936,296
Equity			
Issued capital	12	**20,603,915**	15,023,117
Reserves		**782,831**	-
Accumulated profit / (loss)		**(4,661,012)**	(86,821)
Total Equity		**16,725,734**	14,936,296

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	Note	2021 $	2020 $
Cash Flows from Operating Activities			
Proceeds from sales to customers		**4,690,563**	651,494
Proceeds from R & D tax offset		**610,106**	203,427
Proceeds from diesel fuel rebate		**151,257**	15,676
Proceeds from government COVID-19 relief packages		**77,436**	60,000
Proceeds from other sources		**8,100**	-
Payment to suppliers and employees		**(9,353,465)**	(3,865,957)
Interest paid		**(9,684)**	(23,002)
Interest paid for lease liabilities		**(879)**	(855)
Interest received		**9,844**	10,896
Net Cash Flows Used in Operating Activities	20(a)	**(3,816,722)**	(2,948,321)
Cash Flows from Investing Activities			
Payments for the purchase of plant and equipment		**(1,221,800)**	(2,223,308)
Payments for the capitalised exploration and evaluation expenditure		**(835,667)**	-
Proceeds from the sale or disposal of plant and equipment		**16,500**	-
Payments for the purchase of tenements		**-**	(1,502)
Payments for tenement security deposits		**7,262**	(309,047)
Net Cash Flows Used in Investing Activities		**(2,033,705)**	(2,533,857)
Cash Flows from Financing Activities			
Proceeds from the issue of shares		**6,500,000**	7,503,491
Payments for share issue costs		**(418,343)**	(554,456)
Proceeds from long-term loan facilities		**-**	1,175,036
Payments for lease liabilities		**(9,644)**	(7,037)
Proceeds from short-term loan facilities		**-**	-
Payment of short-term loan		**-**	(200,000)
Proceeds from working capital loan (unincorporated joint venture)		**1,860**	330,718
Proceeds from prepayments for sales of concentrate and quarry materials		**312,973**	-
Net Cash Flows from Financing Activities		**6,386,846**	8,247,752
Net (decrease)/increase in cash held		**536,419**	2,765,574
Add opening cash brought forward		**2,989,859**	217,962
Effect of movement in exchange rates on cash held		**(21,557)**	6,323
Closing Cash Carried Forward	**20(b)**	**3,504,721**	2,989,859

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

	Attributable to the Shareholders of EQ Resources Limited			
Consolidated	**Issued Capital $**	**Accumulated Losses $**	**Reserves $**	**Total Equity $**
At 1 July 2019	**7,651,079**	**2,923,961**	**330,000**	**10,905,040**
Profit / (loss) for the period	-	(3,016,453)	-	(3,016,453)
Adjustment to prior year	-	4,898	-	4,898
Other comprehensive income for the period	-	773	-	773
Total comprehensive loss for the period	**-**	**(3,010,782)**	**-**	**(3,010,782)**
Issue of share capital	7,703,192	-	-	7,703,192
Share issue costs	(376,154)	-	-	(376,154)
Share based payments	45,000	-	-	45,000
Performance Rights Vested but not Exercised	-	-	(330,000)	(330,000)
Total transactions with owners in their capacity as owners	**7,372,038**	**-**	**(330,000)**	**7,042,038**
BALANCE AT 30 JUNE 2020	**15,023,117**	**(86,821)**	**-**	**14,936,296**
At 1 July 2020	**15,023,117**	**(86,821)**	**-**	**14,936,296**
Profit / (loss) for the period	-	(4,575,738)	-	(4,575,738)
Adjustment to prior year	(50)	-	-	(50)
Other comprehensive income for the period	-	1,547	-	1,547
Total comprehensive loss for the period	**(50)**	**(4,574,191)**	**-**	**(4,574,241)**
Issue of share capital	6,500,000	-	-	6,500,000
Share issue costs	(919,152)	-	-	(919,152)
Share based payments	-	-	782,831	782,831
Total transactions with owners in their capacity as owners	**5,580,848**	**-**	**782,831**	**6,363,679**
Balance at 30 June 2021	**20,603,915**	**(4,661,012)**	**782,831**	**16,725,734**

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Going Concern Basis for Preparation of Financial Statements

These financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

For the full-year ended 30 June 2021, the consolidated entity incurred a total comprehensive loss of $4,574,191 (2020: loss of $3,015,680), incurred cash outflows from operating activities of $3,816,722 (2020: $2,948,321) and had a net working capital deficit of $234,358 (2020: $2,571,385 surplus). The deficit in net working capital was due largely to the reclassification of the Offtake Contract Liability from non-current to current.

The ability of the Company to continue to adopt the going concern assumption is based upon the Company raising $6 million via the issue of 2-year Convertible Notes in September 2021 along with it having a source of income from the Mt Carbine Quarry and the Company's joint venture with CRONIMET Australia Pty Ltd for the development of the Mt Carbine Tailings and Low Grade Stockpile Retreatment Projects.

Should additional funds be necessary the Directors are confident of securing these funds if and when necessary to meet the Company's obligations as and when they fall due and consider the adoption of the going concern basis to be appropriate in the preparation of these financial statements.

(b) Basis of Preparation

These general-purpose financial statements have been prepared in accordance with the requirements of the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. These financial statements have been prepared on a historical cost basis. The financial report is presented in Australian currency. The consolidated entity operates on a for-profit basis.

(c) Statement of Compliance

The financial statements have been prepared and comply with Australian Accounting Standards. The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(d) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) as at 30 June each year. Control is defined as entities which the Group has power over and the rights to, or is exposed to, variable returns from its involvement with the entity and has the ability to use its power to affect those returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Subsidiaries are fully consolidated from the date upon which control is transferred to the Group and cease to be consolidated from the date upon which control is transferred out of the Group.

Notes to the Consolidated Financial Statements continued

Interests in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Standards applicable to the particular assets, liabilities, revenue and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party. The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

(e) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated either on a diminishing value or straight-line basis over the estimated useful life of the asset. Plant and equipment useful life ranges from 1 – 25 years.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

An item of plant and equipment is derecognised upon disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(f) Inventory

Inventories are valued at the lower of cost and net realisable value as per AASB 102 with the exception of the 7 million tonnes of stockpiled inventory which was recognised at fair value as part of the business combination upon the acquisition of Mt Carbine Quarries Pty Ltd on 28 June 2019. This inventory will be consumed on a units of operation basis.

The cost of partly-processed and saleable products is generally the cost of production, including:

- labour costs, materials and contractor expenses which are directly attributable to the processing of quarry material or the production of tungsten concentrate;
- the depreciation of property, plant and equipment used in the processing of quarry material or the production of tungsten concentrate; and
- Production overheads.

(g) Borrowings

Borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the accounting policy for borrowing costs.

Borrowings are classified as current unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

(h) Recoverable Amount of Assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use.

(i) Exploration, Evaluation, Development and Restoration Costs

Exploration and Evaluation

Exploration and evaluation expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated within costs of development.

Exploration and Evaluation – Impairment

The Directors assess at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation costs whether the above carry forward criteria are met.

Notes to the Consolidated Financial Statements continued

Accumulated costs in respect of areas of interest are written off or a provision made in profit or loss when the above criteria do not apply or when the Directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis, provisions would be reviewed and if appropriate, written back.

Development

Development expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the Directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development property.

All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until a decision has been made to commence mining. After this decision, the costs are amortised over the life of the area of interest to which such costs relate on a production output basis.

Remaining Mine Life

In estimating the remaining life of the mine at each mine property for the purpose of amortisation and depreciation calculations, due regard is given not only to the volume of remaining economically recoverable reserves but also to limitations which could arise from the potential for changes in technology, demand, product substitution and other issues that are inherently difficult to estimate over a lengthy time frame.

(j) Cash and Cash Equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts, if any.

(k) Revenue

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The revenue is recognised when it transfers control over a product to a customer.

Where payment is received upfront a contract liability is recognised on receipt of payment and revenue is recognised over a period in time as product/services are delivered.

In addition to the above, the following specific recognition criteria must also be met before revenue is recognised:

Sublease Rent

Revenue is recognised in accordance with the Retreatment Operations Sublease Agreement when the gross value of the consideration of the minerals extracted from the subleased area has been received.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Research and Development Refundable Tax Offset

The Research and Development Refundable Tax Offset is recognised as revenue when it is received as it relates to expenditure incurred in the past.

(l) Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such a tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised leave payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Notes to the Consolidated Financial Statements continued

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the “Property, Plant and Equipment” policy (as outlined in the financial report for the annual reporting period).

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “Other Expenses” in profit or loss.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

(m) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at reporting date.

Deferred income tax is provided on all temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

(n) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(o) Currency

Both the functional and presentation currency is Australian dollars (A$).

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

(p) Investment in Subsidiaries

The parent entity's investment in its subsidiaries is accounted for under the cost method of accounting in the Company's financial statements included in Note 17.

Notes to the Consolidated Financial Statements continued

(q) Share Based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 25.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the good or services received, except where fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

(r) Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, which management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Accounting for Acquisition of Businesses

Accounting for acquisition of businesses requires judgement and estimates in determining the fair value of acquired assets and liabilities. The relevant accounting standard allows the fair value of assets acquired to be refined for a window of a year after the acquisition date and judgement is required to ensure that any adjustments made reflect new information obtained about facts and circumstances that existed as of the acquisition date.

Impairment of Non-Financial Assets

The consolidated entity assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions. Refer to notes 9, 10, and 19 for further detail regarding judgements made when assessing impairment of plant and equipment and deferred exploration and evaluation costs and determining their recoverable amount.

(s) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Mr K. MacNeill, Chief Executive Officer (CEO) and prior to his appointment the Board of Directors of the Company.

2. REVENUE AND OTHER INCOME

Revenue	**2021 $**	**2020 $**
Sales and hire income	**4,522,982**	735,480
Sub-lease rent (unincorporated joint venture)	**17,578**	1,455
Interest received – other persons/corporation	**6,520**	11,643
	4,547,080	748,578
Other income:		
Government subsidies (various)	**69,872**	107,228
R&D tax offset	**610,106**	199,186
Diesel fuel rebates	**191,642**	32,453
Other income	**-**	-
	871,620	338,867
Total revenue and other income	**5,418,700**	1,087,445

3. INCOME TAX

	2021 $	**2020 $**
(a) Reconciliation of income tax expense to prima facie tax payable		
Profit / (loss) before income tax	**(4,574,191)**	(3,015,680)
Tax at the Australian rate of 26.0% (30 June 2020: 27.5%)	**(1,189,290)**	(829,312)
Tax effect of amounts which are not taxable in calculating taxable income:		
Non-deductible expenses	**72,656**	11,725
Non-assessable income	**(170,003)**	(54,776)
Deferred tax assets not recognised	**1,286,637**	872,363
	-	-
(b) Unrecognised deferred tax assets		
Balance at beginning of year	**5,219,268**	5,583,942
Current year not recognized	**669,121**	872,363
Adjustments in respect of prior year tax balances	**(593,284)**	(876,769)
Tax rate change 26% to 25% (Prior Year: Tax rate change from 27.5% to 26%)	**(171,333)**	(360,268)
Balance at end of year	**5,123,772**	5,219,268
Deferred tax assets have not been recognized in respect of the following items:		
Tax losses	**7,112,830**	6,278,688
Less: other timing differences	**(1,989,058)**	(1,059,420)
Net deferred tax assets	**5,123,772**	5,219,268

No provision for income tax is considered necessary in respect of the Company for the period ended 30 June 2021.

Deferred tax assets have not been recognised in respect of these items because it is not probable in the short to medium term that these assets will be realised. The Group has total tax losses at 30 June 2021 of $28,451,322 (2020: $24,148,795). A future income tax benefit which may arise from tax losses of 26% of approximately $7,112,830 will only be obtained if:

- the parent and the subsidiaries derive future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the parent and the subsidiaries continue to comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect the Parent and the Subsidiaries in realising the benefit from the deductions for the losses, i.e. current tax legislation permits carried forward tax losses to be carried forward indefinitely.

Notes to the Consolidated Financial Statements continued

No franking credits are available for subsequent years.

Tax consolidation

The tax consolidation scheme is applicable to the Company. As at the date of this report the Directors have assessed the financial effect the scheme may have on the Company and its consolidated entities and have made a decision to be taxed as a consolidated entity. The financial effect of the tax consolidation scheme on the Group has not been recognised in the financial statements.

4. INVENTORY

	2021 $	2020 $
Current		
Finished Goods	**493,400**	108,000
Work-in-progress	**7,953**	-
Raw materials	**64,661**	-
Workshop inventory	**107,010**	-
	673,024	108,000
Non-current		
Raw materials	**7,142,176**	7,437,413
	7,142,176	7,437,413
	7,815,200	7,545,413

The above amount for raw materials incorporates the fair value of the estimated 7 million tonnes of stockpiled inventory acquired as part of the acquisition of Mt Carbine Quarries Pty Ltd on 28 June 2019 along with the work-in-progress and finished goods inventory which have been created from this stockpiled material. The inventory will be consumed on a units of operation basis in accordance with AASB102. All inventory, regardless of type and stage in the production process has been valued at the lower of cost and net realisable value (NRV). Inventories expected to be processed or sold within twelve months after the balance sheet date are classified as current assets. All other inventories are classified as non-current assets.

The cost of inventories recognised as an expense includes write-downs of inventory to NRV in the amount of $81,406.

5. FINANCIAL ASSETS

	2021 $	2020 $
Shares in listed companies:		
Critical Resources Limited (ASX: CRR) | Formerly Force Commodities Limited (ASX: 4CE)	**3,610**	2,113

Equity instruments are measured at fair value as at reporting date with all changes recognised as other comprehensive income / (loss) in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

6. AUDITOR'S REMUNERATION

	2021 $	2020 $
Audit-related services		
Amounts paid or payable to Nexia Melbourne Audit Pty Ltd		
- Audit services	**62,000**	74,000
Taxation Services		
Amounts paid or payable to Nexia Melbourne Pty Ltd		
- Tax compliance services (tax returns)	**21,500**	46,600
- Other tax advice	**10,273**	11,180
	93,773	**131,780**

7. TRADE AND OTHER RECEIVABLES

	2021 $	2020 $
Trade receivables	**1,213,453**	178,697
Less: Allowance	**-**	-
	1,213,453	178,697
Other taxation	**384,889**	29,230
Other receivables	**329,288**	124,285
Total trade & other receivables	**1,927,630**	332,212
Prepayments	**324,619**	309,547

Trade Receivables

The average credit period on sales of product is 30 days. No interest is charged on outstanding trade receivables.

The collectability of trade receivables is assessed continuously, and individual receivables are written off when management deems them unrecoverable. No provision has been made for doubtful debts as all trade receivables were deemed to be recoverable as at reporting date.

8. RECEIVABLES

	2021 $	2020 $
Tenement security deposits	**1,075,385**	1,083,797
Other security deposits	**6,686**	2,884
	1,082,071	**1,086,681**

The tenement deposits are restricted so that they are available for any rehabilitation that may be required on the mining leases and/or exploration tenements (refer to Notes 15 and 16).

9. PLANT AND EQUIPMENT AT COST

	2021 $	2020 $
Plant and equipment	**3,298,373**	2,436,535
Accumulated depreciation	**(1,609,688)**	(1,380,777)
Plant and equipment – right of use assets	**1,291,148**	1,201,234
Accumulated depreciation	**(172,218)**	(2,051)
	2,807,615	2,254,941

Notes to the Consolidated Financial Statements continued

	2021 $	2020 $
Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial year		
Carrying amount at beginning	**2,254,941**	331,674
Additions	**1,070,671**	2,151,486
Disposals	**(105,490)**	(8,564)
Plant and equipment written down	**-**	-
Depreciation expense	**(412,507)**	(219,655)
	2,807,615	**2,254,941**

10. DEFERRED EXPLORATION AND EVALUATION

	2021 $	2020 $
Costs brought forward	**6,896,994**	6,834,416
Costs incurred during the period	**1,572,597**	212,753
Costs recognised upon acquisition of MCQ on 28 June 2019	**-**	(5,079)
Exploration and evaluation expenditure written down	**-**	(140,855)
Capitalised portion of R&D tax offset	**(13,200)**	(4,241)
Total deferred exploration and evaluation	**8,456,391**	6,896,994
Amortisation deferred exploration and evaluation	**(176,038)**	-
Costs carried forward	**8,280,353**	6,896,994
Exploration expenditure costs carried forward are made up of:		
Expenditure on joint venture areas	**-**	-
Expenditure on non-joint venture areas	**8,280,353**	6,896,994
Costs carried forward	**8,280,353**	6,896,994

The above amounts represent costs of areas of interest carried forward as an asset in accordance with the accounting policy set out in Note 1. The ultimate recoupment of deferred exploration and evaluation expenditure in respect of an area of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect of the relevant area of interest, is not charged until a mining operation has commenced.

The Directors reassess the carrying value of the Group's tenements at each half year, or at a period other than that, should there be any indication of impairment.

11. TRADE AND OTHER PAYABLES

	2021 $	2020 $
PAYABLES		
Trade payables	**2,485,388**	494,259
Other taxation	**171,343**	92,846
Unearned revenue	**393,519**	-
Accrued expenses	**597,275**	149,505
Other	**-**	-
	3,647,525	736,610

12. ISSUED CAPITAL

	2021 $	2020 $
Share Capital		
1,313,354,631 (2020: 1,110,229,631) ordinary shares fully paid	**20,603,915**	15,023,117
	20,603,915	15,023,117

(a) Movements in Ordinary Share Capital

1 July 2020 to 30 June 2021	Date	Number of Shares	Issue Price	$
Balance b/fwd		1,110,229,631		15,023,117
Prior year adjustment		-		(50)
Placement of 187,500,000 shares @ $0.032 per share to institutional and sophisticated investors undertaken pursuant to placement capacities under Listing Rule 7.1 (15% Rule) and Rule 7.1A (10% Rule) (refer ASX announcement dated 15 March 2021)	19/03/21	187,500,000	$0.0320	6,000,000
Placement of 15,625,000 shares @ $0.032 per share to Directors undertaken pursuant to placement capacities under Listing Rule 7.1 (15% Rule) and Rule 7.1A (10% Rule) (refer ASX announcement dated 15 March 2021)	20/05/21	15,625,000	$0.0320	500,000
Lead manager options				(503,385)
Share issue costs				(415,767)
Balance as at 30 June 2021		**1,313,354,631**		**20,603,915**

1 July 2019 to 30 June 2020	Date	Number of Shares	Issue Price	$
Balance b/fwd		798,107,881		7,651,079
Placement of 112,733514 shares at $0.018 per share under the Company's Non-Renounceable Pro-Rata Entitlement Offer of one (1) new share for every five (5) shares held (refer ASX announcement dated 26 July 2019)	31/07/19	112,733,514	$0.0180	2,029,204
Placement of 46,888,236 shortfall shares at $0.018 per share under the Company's Non-Renounceable Pro-Rata Entitlement Offer of one (1) new share for every five shares held (refer ASX announcement dated 26 July 2019)	02/08/19	46,888,236	$0.0180	843,988
Issue of 25,000,000 shares at $0.0132 per share to Directors upon the satisfaction of the vesting conditions for the Performance Rights issued to Directors on 22 June 2018 (refer ASX announcement dated 2 August 2019)	02/08/19	25,000,000	$0.0132	330,000
Issue of 2,500,000 shares at $0.018 per share to consultants for consulting services pursuant to the Mt Carbine Quarries Transaction.	27/12/19	2,500,000	$0.0180	45,000
Placement of 125,000,000 shares at $0.036 per share to institutional and sophisticated investors undertaken pursuant to placement capacity under Listing Rule 7.1 (15% Rule) (refer ASX announcement dated 6 March 2020)	06/03/20	125,000,000	$0.0360	4,500,000
Share issue costs				(376,154)
Balance as at 30 June 2020		**1,110,229,631**		**15,023,117**

Notes to the Consolidated Financial Statements continued

Terms and Conditions of Contributed Equity

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up, on the shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Option holders have no voting rights until the options are exercised.

(b) Movements in Share Options Reserve

The following table illustrates the share-based payments expense, number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	Number	WAEP	$
Balance at 1 July 2020	5,000,000	-	-
Options recognised as share based payments expense	56,000,000	0.057	279,446
Options recognised as share issue costs	25,000,000	0.043	503,385
Forfeited / cancelled	(2,000,000)	0.060	-
Exercised	-	-	-
Expired	-	-	-
Balance at 30 June 2021	**84,000,000`**	**0.055**	**782,831**

The following table illustrates outstanding options that have vested and are exercisable at year end:

	Number outstanding	Number vested and exercisable	Exercise price	Expiry Date	Remaining Contractual Life (Years)
Employee Options					
Issue EQRAB	2,000,000	2,000,000	0.040	05/05/23	1.85
Issue EQRAC	3,000,000	3,000,000	0.060	05/05/23	1.85
Issue EQRAD	2,000,000	2,000,000	0.040	01/07/23	2.00
Issue EQRAE	3,000,000	3,000,000	0.060	01/07/23	2.00
Issue EQRAF	2,000,000	2,000,000	0.040	01/02/24	2.59
Issue EQRAG	30,000,000	30,000,000	0.432	19/03/24	2.72
Outstanding at 30 June 2021	**42,000,000**	**42,000,000**			

(c) Movements in Performance Rights Reserve

No performance rights were issued nor outstanding at the end of the reporting period.

13. EARNINGS PER SHARE

	2021 $	2020 $
Profit (Loss) after income tax attributable to the owners of the Company used in calculating basic and diluted earnings per share	**(4,574,191)**	(3,015,680)
	Number	**Number**
Weighted average number of ordinary shares on issue used in the calculation of basic loss per share	**1,165,452,234**	1,008,440,208
Weighted average number of ordinary shares used in calculating diluted earnings per share. Note options outstanding at reporting date have not been brought to account as they are anti-dilutive.	**1,177,616,617**	1,008,440,208
Basic profit (loss) per share (cents)	**(0.39)**	(0.30)
Diluted profit (loss) per share (cents)	**(0.39)**	(0.30)

14. KEY MANAGEMENT PERSONNEL COMPENSATION

	2021 $	2020 $
Short-term employee benefits	**623,781**	657,339
Post-employment superannuation	**21,768**	13,875
Other long-term benefits	**-**	-
Termination benefits	**74,616**	137,500
Share based payments	**178,974**	-
Balance at the end of period	**899,139**	808,714

15. CONTINGENT LIABILITIES

The Group has provided guarantees totalling $1,075,385 in respect of mining exploration tenements and environmental bonds. These guarantees in respect of mining and exploration tenements are secured against deposits with the relative State Department of Mines. The Company does not expect to incur any material liability in respect of the guarantees.

16. COMMITMENTS

Exploration Licence Expenditure Requirements

Queensland
The Queensland Government has approved a number of changes to Exploration Permits under the Natural Resources and Other Legislation Amendment Act 2019 (known as NROLA Act). This Act commenced in May 2020 which results in a change from an expenditure-based approach upon which a company's compliance with its licence conditions will be assessed on an outcomes-based approach.

New South Wales
In order to maintain the Company's tenements in good standing in New South Wales, the Company will be required to incur exploration expenditure under the terms of each licence. These expenditures will diminish if the Group joint ventures projects to third parties. It is likely also, that the granting of new licences and changes in licence areas at renewal or expiry will change the expenditure commitment of the Group from time to time. Whilst the renewal terms for EL 6648 have been accepted, expenditure commitments for this tenement have been excluded from the figures below as Company is still waiting for the final instrument of renewal

	2021 $	2020 $
Payable not later than 1 year (NSW only)	**38,000**	38,000
Payable later than one year but not later than two years	**76,000**	76,000
	114,000	**114,000**

Notes to the Consolidated Financial Statements continued

17. INVESTMENT IN SUBSIDIARIES

	Equity Interest		Cost of Parent Entity's Investment	
Parent Entity EQ Resources Limited	**2021** **%**	**2020** **%**	**2021** **$**	**2020** **$**
Controlled Entities				
South Eastern Resources Pty Ltd	100	100	2	2
Mt Carbine Retreatment Pty Ltd	100	100	200	200
Troutstone Resources Pty Ltd	100	100	1	1
Mt Carbine Quarrying Operations Pty Ltd	100	100	100	100
Mt Carbine Quarries Pty Limited	100	100	8,130,000	8,130,000
Icon Resources Africa Pty Ltd	100	100	10	10
Mt Carbine Retreatment Management Pty Ltd[1]	50	50	50	50

[1] Mt Carbine Retreatment Management Pty Ltd acts as the agent for the unincorporated joint venture between Mt Carbine Retreatment Pty Ltd and CRONIMET Australia Pty Ltd.

EQ Resources Limited and all of its subsidiaries are located and incorporated in Australia.

18. IMPAIRMENT OF DEFERRED EXPLORATION EXPENDITURE AND PLANT AND EQUIPMENT

The Directors reassess the carrying value of the Group's assets including deferred exploration expenditure, tenements and plant and equipment at each half year, or at a period other than that, should there be any indication of impairment to fair value. When making their assessment for the 2021 financial year the Directors took the following into consideration:

- During the financial year the Company through its Joint Venture with CRONIMET Australia Pty Ltd continued to ship tungsten concentrate from the Mt Carbine Retreatment Plant.
- APT (Ammonium Paratungstate; as the underlying price reference for tungsten concentrate) price appreciation from a low of approximately US$205/mtu (metric tonne unit equals 10kg) in July- August 2020 to approximately US$300/mtu as at the end of July 2021.
- The Company's wholly owned subsidiary, Mt Carbine Quarrying Operations Pty Ltd, fulfilled ~90% of its $4 million (including GST) contract with Bama Civil for the supply of various quarry materials with the balance of the contract being fulfilled during the first quarter of the 2021 – 2022 financial year. Efforts to support the continued growth and development of the quarry are continuing with a number of tenders being submitted for substantial civil projects in the Quarry's operational area during the first quarter of 2021-2022 financial year.
- The Company has maintained its two (2) gold prospects in NSW. A further tungsten focused Exploration Permit was granted in June 2020 (EPM 27394) to complement its existing two (2) tungsten focused Exploration Permits (EPM 14871 & EPM 14872) located at Mt Carbine, North Queensland. EPM 14872 contains both the Iron Duke and Petersen's Lode prospects whilst EPM 14871 features the Mt Holmes tin-tungsten prospect.
- The Company believes that EPM 14872 holds significant exploration upside given that the tungsten grades indicated in the sampling of the Iron Duke and Petersen's Lode are extensively higher than the estimated global average grade in the present open-pit resource within the Mt Carbine Mining Leases. These unencumbered, greenfield sites also offer the added advantage of having minimal environmental legacy issues.

Based on the above, Directors' have assessed there to be no indication of impairment in the current financial year. In the prior financial year however, Deferred Exploration and Evaluation expenditure of $140,855 was impaired in full due to the adverse geo-political climate in Chile during the 2020 financial year resulting in the Company deciding not to pursue any further exploration activities within this sector.

Combined Deferred Expenditure, Plant and Equipment and Financial Assets	2021 $	2020 $
Non-current assets		
Receivables	**1,082,071**	1,086,681
	1,082,071	1,086,681
Plant and equipment		
Plant and equipment – at cost	**4,589,521**	3,637,769
Accumulated depreciation	**(1,781,906)**	(1,382,828)
	2,807,615	2,254,941
Inventory		
Inventory – Quarry Material	**7,708,190**	7,437,413
Inventory – Workshop	**107,010**	108,000
	7,815,200	7,545,413
Deferred exploration and evaluation expenditure		
Exploration and evaluation expenditure	**8,456,391**	6,896,994
Amortisation	**(176,038)**	-
	8,280,353	6,896,994
TOTAL	**19,985,239**	17,784,029

Reconciliation of the carrying amount of Mt Carbine assets at the beginning and end of the current and previous financial year:	2021 $	2020 $
Combined assets carrying amount at the beginning of the year	**17,784,029**	15,481,524
Receivables – prior year adjustment	**(50)**	-
Plant and equipment – additions	**1,070,670**	2,151,486
Plant and equipment – WDV of disposals	**(105,490)**	(8,564)
Plant and equipment – depreciation expense	**(412,507)**	(219,655)
Inventory – increase / (depletion)	**269,787**	-
Tenement & other security deposits – decrease	**(4,560)**	316,660
Capitalised exploration and evaluation expenses	**1,572,598**	212,753
Capitalised exploration and evaluation expenses - R&D Tax Offset	**(13,200)**	(4,241)
Capitalised exploration and evaluation expenses recognised upon MCQ acquisition	**-**	(5,079)
Capitalised exploration and evaluation expenses written down	**-**	(140,855)
Capitalised exploration and evaluation – amortisation	**(176,038)**	-
TOTAL	**19,985,239**	17,784,029

19. SUBSEQUENT EVENTS

There have been no material events subsequent to 30 June 2021 that have not previously been reported other than:

- The following ASX announcements detailing the drill results from its feasibility study resource drilling program at Mt Carbine:
  - "Mt Carbine – More High Grade Intercepts" dated 6 July 2021;
  - "EQR Drilling at Mt Carbine Hits Iron Duke Extensions" dated 13 July 2021; and
  - "Mt Carbine Hits Bonanza Grades Under Open Pit" dated 5 August 2021.
- The raising of $6 million in September 2021 through the issuance of 2-year convertible notes with a conversion of 6.5 cents per share to be utilised to commence early works for its Mt Carbine tungsten mine expansion, well ahead of the release of the Company's Bankable Feasibility Study (refer ASX announcement "Mt Carbine Early Works Funding Secured for Mt Carbine Expansion, Well Ahead of BFS Release" dated 13 September 2021).

Notes to the Consolidated Financial Statements continued

- The release of an updated resource statement for the Company's Mt Carbine Tungsten Project (refer ASX Announcement "Mineral Resource Update Drives Mt Carbine BFS Optimisation" dated 23 September 2021).

20. STATEMENT OF CASH FLOWS

Reconciliation of net cash outflow from operating activities to operating loss after income tax	**2021 $**	**2020 $**
(a) Operating profit / (loss) after income tax	**(4,574,191)**	**(3,015,680)**
Depreciation and amortisation	**588,545**	**219,655**
Share based payments expense	**279,446**	**45,000**
Gain on disposal of assets	**-**	**-**
Loss on disposal of assets	**22,537**	**8,564**
Impairment of capitalised exploration and evaluation assets	**-**	**140,855**
(Revaluation) Devaluation of investment to market value	**(1,547)**	**(773)**
Unrealised foreign exchange (gains) losses	**(323,179)**	**82,142**
Realised foreign exchange (gains) losses capitalised	**-**	**5,793**
R&D Tax Offset capitalised portion	**-**	**4,241**
Change in assets and liabilities:		
Decrease (Increase) in receivables	**(1,607,890)**	**(109,884)**
Decrease (Increase) in other assets	**(331,770)**	**(380,607)**
Increase/(decrease) in trade and other creditors	**2,131,327**	**52,373**
Net cash outflow from operating activities	**(3,816,722)**	**(2,948,321)**

(b) For the purpose of the Statement of Cash Flows, cash includes cash on hand, at bank, deposits and bank bills used as part of the Company's cash management function. The Company does not have any unused credit facilities.

The balance at 30 June 2021 comprised:

Cash assets	**3,504,721**	**2,989,859**
Cash on hand	**3,504,721**	**2,989,859**

21. CONTRACT LIABILITIES

	2021 $	**2020 $**
Contract Liability - Sublease[1]		
Current	**242,397**	125,818
Non-current	**1,650,481**	1,784,638
	1,892,878	1,910,456
Contract Liability - Offtake[2]		
Balance at beginning of the year	**2,547,615**	2,134,140
Plus: Offtake Final Contribution	**-**	355,685
Less: Unrealised Foreign Exchange (Gain) / Loss	**(224,192)**	57,790
	2,323,423	2,547,615

1 Mt Carbine Sublease Rent prepaid to Mt Carbine Quarries Pty Ltd as per the Retreatment Operations Sublease Agreement between Mt Carbine Quarries Pty Ltd, CRONIMET Australia Pty Ltd and Mt Carbine Retreatment Pty Ltd.

2 The Company's wholly owned subsidiary and 50% unincorporated joint venture partner, Mt Carbine Retreatment Pty Ltd's, Offtake Advance recognition. The Loan is denominated in USD and the terms and repayment of this advance are governed by the Offtake Advance Agreement between CRONIMET Asia Pte Ltd, CRONIMET Australia Pty Ltd and Mt Carbine Retreatment Pty Ltd.

The contract liability arrangements for the Offtake Advance are secured as follows:

- general security deed from Mt Carbine Retreatment Pty Ltd over its present and subsequent acquired assets;
- general security deed from CRONIMET Australia Pty Ltd over all its present and subsequent acquired assets; and
- mortgage from Mt Carbine Quarries Pty Ltd over mining leases ML4867 and ML4919. This mortgage also includes an interest over "Featherweight Property" which is all other property of Mt Carbine Quarries Pty Ltd other than the mining leases. The mortgage is limited recourse, in that it is limited to the value of the mining leases.

The contract liability arrangement for the unincorporated joint venture between Mt Carbine Retreatment Pty Ltd and CRONIMET Australia Pty Ltd (Joint Venture) are as follows:

- Deed of Cross Security between the Joint Venture parties and Mt Carbine Retreatment Management Pty Ltd (as the manager) which secures the performance of their obligations to each other under the Joint Venture; and
- General Security Deed from Mt Carbine Quarries Pty Ltd in favour of the Joint Venture parties over all present and after acquired property of Mt Carbine Quarries Pty Ltd including its rights under the Mining Leases.

22. LEASES

Right-of-use assets	**2021 $**	**2020 $**
Balance at 1 July 2020	**1,225,390**	-
Additions:		
- Plant & equipment	**57,066**	1,201,234
- Motor vehicle	**-**	32,848
Depreciation charge for the year	**(163,526)**	(8,692)
Balance at 30 June 2021	**1,118,930**	1,225,390
Lease Liability - Maturity Analysis		
Less than 1 year	**268,167**	200,715
1 to 5 years	**681,140**	968,094
5+ years	**-**	-
	949,307	1,168,809
Amounts Recognised in profit or loss		
Interest on lease liabilities	**29,425**	855
Expenses relating to short-term leases	**-**	-
	29,425	855
Amounts recognised in statement of cash flows		
Total cash outflow for leases	**10,523**	**7,892**

23. CORPORATE INFORMATION

The Financial Report of the Group for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 27 September 2021.

EQ Resources Limited is a company limited by shares and incorporated in Australia. Its shares are publicly traded on the Australian Securities Exchange under the ticker code "EQR".

Notes to the Consolidated Financial Statements continued

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise cash, short term deposits and available for sale investments.

The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as trade receivable and trade payables, which arise directly from its operations. It is, and has been throughout the entire period under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are cash flow interest rate risk and equity price risk. Other minor risks are summarised below. The Board reviews and agrees policies for managing each of these risks.

(a) Price Risk

The Group is not exposed to equity securities price risk.

(b) Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash reserves and marketable securities and through the continuous monitoring of budgeted and actual cash flows.

Contracted maturities for payables year ended 30 June 2021	2021 $	2020 $
Payable:		
- less than 6 months	3,365,742	797,892
- 6 to 12 months	549,950	139,433
- 1 to 5 year	681,140	968,094
- later than 5 year	-	-
Total	**4,596,832**	1,905,419

(c) Fair Value of Financial Instruments

The following tables detail the consolidated entity's fair values of financial instruments categorised by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Consolidated – 2021

Assets	Level 1	Level 2	Level 3	Total
Ordinary shares	3,610	-	-	3,610
Total assets	3,610	-	-	3,610
Liabilities				
Total liabilities	-	-	-	-

Consolidated – 2020

Assets	Level 1	Level 2	Level 3	Total
Ordinary shares	2,113	-	-	2,113
Total assets	2,113	-	-	2,113
Liabilities				
Total liabilities	-	-	-	-

There were no transfers between levels during the financial year.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

(d) Commodity Price Risk

The Company is exposed to commodity price risk. This risk arises from its activities directed at exploration and mining development of mineral commodities. If commodity prices fall, the market for companies exploring and/or mining for these commodities is affected. The Company does not currently hedge its exposures.

(e) Fair Values

For financial assets and liabilities, the fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form, other than listed investments. The Company has no financial assets including derivative financial assets and liabilities where the carrying amount exceeds the net fair values at reporting date. The Company's receivables at reporting date comprise of GST input tax credits refundable by the Australian Taxation Office and other receivables. The balance (if any) of receivables comprises prepayments (if any). The credit risk on financial assets of the Company which have been recognised on the Statement of Financial Position is generally the carrying amount.

(f) Capital Risk Management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. Consistently with others in the industry, the consolidated entity monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity" as shown in the Statement of Financial Position plus net debt. The gearing ratio as at 30 June 2021 and 30 June 2020 was 0% as net debt was negative in both years.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity continues to evaluate corporate and exploration opportunities within the new economy and critical minerals sector.

The consolidated entity is subject to certain financing arrangements and covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report. The consolidated entity is not subject to externally imposed capital requirements.

25. SHARE BASED PAYMENTS

(a) Expenses arising from share-based payment transactions

Total expenses rising from share-based payment transactions recognised during the period were as follows:

Notes to the Consolidated Financial Statements continued

	FV at Grant Date	Expensed in prior years	Lapsed / Forfeited	Expensed 2021 Year	Capitalised 2021 Year	AASB 2 Not yet Expensed
Options issued to directors	308,454	-	-	23,243	-	285,211
Options issued to employees / consultants	983,361	-	-	256,204	503,385	223,772
Total share-based payments	**1,291,815**	**-**	**-**	**279,447**	**503,385**	**508,983**

The fair value of options issued during the year were calculated by using a black-scholes pricing model applying the following inputs:

	Employees / Consultants	Employees / Consultants	Employees / Consultants	Employees / Consultants
Grant date	01/07/2020	01/07/2020	01/02/2021	23/06/2021
Number issued	2,000,000	3,000,000	2,000,000	7,000,000
Share price at grant date	$0.031	$0.031	$0.040	$0.026
Exercise Price	$0.040	$0.060	$0.040	$0.060
Life of options (years)	3 Years	3 Years	3 Years	3 Years
Expected share price volatility	107.942%	107.942%	94.384%	92.397%
Weighted average risk-free interest rate	0.270%	0.270%	0.110%	0.200%
Fair value per option	$0.01878	$0.01642	$0.02348	$0.01031
Vesting conditions	6 Months Service[1]	12 Months Service[4]	None	12 Month Anniversary[1]

	Employees / Consultants	Employees / Consultants	Employees / Consultants	Employees / Consultants
Grant date	23/06/2021	19/03/2021	23/06/2021	23/06/2021
Number issued	7,000,000	25,000,000	5,000,000	4,000,000
Share price at grant date	$0.026	$0.0370	$0.0260	$0.0260
Exercise Price	$0.060	$0.0432	$0.0432	$0.0600
Life of options (years)	3 Years	3 Years	3 Years	3 Years
Expected share price volatility	92.397%	92,405%	85.528%	92.397%
Weighted average risk-free interest rate	0.200%	0.110%	0.200%	0.200%
Fair value per option	$0.01031	$0.02014	$0.01040	$0.01031
Vesting conditions	24 Month Anniversary[1]	None	None	12 Month Anniversary[2]

	Employees / Consultants	Directors	Directors
Grant date	23/06/2021	25/05/2021	25/05/2021
Number issued	4,000,000	11,000,000	11,000,000
Share price at grant date	$0.0260	$0.026	$0.026
Exercise Price	$0.0600	$0.060	$0.060
Life of options (years)	3 Years	3 Years	3 Years
Expected share price volatility	92.397%	115.288%	115.288%
Weighted average risk-free interest rate	0.200%	0.100%	0.100%
Fair value per option	$0.01031	$0.01402	$0.01402
Vesting conditions	24 Month Anniversary[2]	12 Month Anniversary[3]	24 Month Anniversary[3]

[1] Anniversary of issue date, subject to continuous employment by the Company to the vesting date.
[2] Anniversary of issue date, subject to continuous rendering of services to the Company to the vesting date.
[3] Anniversary of shareholder approval, subject to the option holder remaining as a Director of the Company until vesting date.
[4] Vested upon resignation as resolved by the Board of Directors.

Each option provides the right for the option holder to be issued one fully paid share in the Company, upon payment of the exercise price of each option once vesting conditions have been met.

Historical volatility has been used as the basis for determining expected share price volatility as it is assumed that this is indicative of future trends, which may not eventuate.

For service provider options the value of the service rendered was unable to be measured reliably and therefore the value was measured by reference to the fair value of the options issued.

(b) Options Issued

The following table details the number and movements in options issued as employment incentives to Key Management Personnel during the year.

	2021 Number	2021 WAEP	2020 Number	2020 WAEP
Outstanding at the beginning of the year	5,000,000	0.052	-	-
Granted	37,000,000	0.059	5,000,000	0.052
Forfeited / cancelled	-	-	-	-
Exercised	-		-	-
Expired	-		-	-
Outstanding at year end	42,000,000	0.058	5,000,000	0.052
Exercisable at year end	10,000,000	0.043	-	-

(c) Performance Rights / Options lapsed during the reporting period

There were no Performance rights issued during the reporting period.

26. EMPLOYEE BENEFITS

	2021 $	2020 $
Current		
Annual leave benefits	**182,840**	105,090
Non-current		
Long service leave benefits	**24,112**	12,884
Total employee benefits	**206,952**	117,974

27. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Adoption of New Standards and Interpretations

Changes in accounting policies on initial application of Accounting Standards

From 1 July 2020, the Group has adopted all the standards and interpretations mandatory for annual periods beginning on or after 1 July 2020 Adoption of these standards and interpretations did not have any effect on the statements of financial position or performance of the Group. The Group has not elected to early adopt any new standards or amendments.

Notes to the Consolidated Financial Statements continued

28. PARENT ENTITY INFORMATION

The following information relates to the parent entity, EQ Resources Limited. The information presented has been prepared using accounting policies that are consistent with those presented in Note 1.

	2021 $	2020 $
ASSETS		
Current assets	**8,878,042**	5,029,560
Non-current assets	**17,054,241**	15,604,705
TOTAL ASSETS	**25,932,283**	20,634,265
LIABILITIES		
Current liabilities	**1,226,826**	293,801
Non-current liabilities	**3,823,821**	3,823,821
TOTAL LIABILITIES	**5,050,647**	4,117,622
NET ASSETS	**20,881,636**	16,516,643
EQUITY		
Issued capital	**20,603,965**	15,023,117
Reserves	**782,831**	-
Accumulated losses	**(505,160)**	1,493,526
TOTAL EQUITY	**20,881,636**	16,516,643
FINANCIAL PERFORMANCE		
Profit (loss) for the year	**(2,000,234)**	(1,653,438)
Other comprehensive income/(loss) for the year	**1,547**	773
Total comprehensive profit/(loss)	**(1,998,687)**	(1,652,665)

Contingent Liabilities

As at 30 June 2021 and 30 June 2020 the Company had no contingent liabilities.

Contractual Commitments

As at 30 June 2021 and 30 June 2020 the Company had no contractual commitments other than those disclosed in Note 16.

Guarantees Entered into by Parent Entity

As at 30 June 2021, the Company has not provided any financial guarantees.

29. OPERATING SEGMENTS

Segment Information

Identification of Reportable Segments

During the 2020 financial year, the Company operated principally in one business segment being mineral exploration and in two geographical segments being Queensland and New South Wales, Australia.

The Company's revenues and assets and liabilities according to geographical segments are shown below.

	June 2021			June 2020		
	Total $	**Queensland $**	**NSW $**	**Total $**	**Australia $**	**Chile $**
REVENUE						
Revenue & Other Income	**5,418,700**	5,418,700	-	**1,087,445**	1,087,445	-
Total segment revenue	**5,418,700**	**5,418,700**	**-**	**1,087,445**	**1,087,445**	**-**
RESULTS						
Profit / (loss) before income tax	**(4,575,738)**	(4,575,738)	-	**(3,016,453)**	(3,016,453)	-
Income tax	**-**	-	-	**-**	-	-
Profit/ (loss) after income tax	**(4,575,738)**	**(4,575,738)**	**-**	**(3,016,453)**	**(3,016,453)**	**-**
ASSETS AND LIABILITIES						
Assets	**25,745,819**	25,568,239	177,580	**21,417,760**	21,271,634	146,126
Liabilities	**9,020,085**	9,020,085	-	**6,481,414**	6,481,414	-

30. RELATED PARTY DISCLOSURES

(a) The Company's main related parties are as follows:

Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise), are considered key management personnel.

The Directors and Officers in office during the year were as follows:

• Oliver Kleinhempel (Sonnenalee Investments Limited)	Appointed Non-executive Director, 12 August 2019 Appointed Non-executive Chairman, 24 April 2020
• Stephen Layton (Bodie Investments Pty Ltd)	Appointed Non-executive Director, 14 November 2017
• Richard Damon Morrow (Yavern Creek Holdings Pty Ltd)	Appointed Non-executive Director, 16 March 2021
• Zhui Pei Yeo (Whitfords Holdings Investments PtyLtd)	Appointed Non-executive Director, 12 August 2019
• Kevin Bruce MacNeill	Appointed Chief Executive Officer, 1 April 2021
• Kim Yang Cavallaro	Appointed Chief Commercial Officer, 1 July 2020 Appointed Executive Director, 1 October 2020 Resigned, 15 January 2021
• Adrien Michele Wing (Northern Star Nominees Pty Ltd & Vision Tech Nominees Pty Ltd)	Appointed Company Secretary, 1 February 2019 Resigned 1 September 2020

Notes to the Consolidated Financial Statements continued

For details of disclosures relating to key management personnel, refer to Key Management Personnel disclosures Directors and Remuneration Report.

(b) Transactions with other related parties:

Transactions between other related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There were no transactions with other related parties during the reporting period.

(c) Receivable from and payable to related parties

There were no trade receivables from nor trade payables to related parties at the current and previous reporting date.

(d) Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

(e) Parent entity

EQ Resources Limited is the parent entity.

(f) Subsidiaries

Interests in subsidiaries are set out in Note 17.

Directors' Declaration

The Directors of the Company declare that:

1. the Financial Statements, comprising the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and accompanying Notes, are in accordance with the Corporations Act 2001 and:
    a) comply with Accounting Standards, which, as stated in the accounting policy Note 1, to the financial statements, constitutes explicit and unreserved compliance with international Financial Reporting Standards (IFRS); and
    b) give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the company and consolidated group;
2. the directors have been given the declaration required by s.295A of the *Corporations Act* 2001 by the Interim Chief Executive Officer declaring that:
    a) the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the Corporations Act 2001;
    b) the Financial Statements and notes for the financial year comply with Accounting Standards; and
    c) the Financial Statements and notes for the financial year give a true and fair view; and
3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with the resolution of the Board of Directors.

On behalf of the Board

Oliver Kleinhempel
Non-executive Chairman
27 September 2021

Auditor's Independence Declaration

Nexia Australia

Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001* to the Directors of EQ Resources Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 there has been:

a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

b. no contraventions of any applicable code of professional conduct in relation to the audit.

Nexia

Nexia Melbourne Audit Pty Ltd
Melbourne

Geoff S. Parker
Director

Dated this 27th day of September 2021.

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Independent Auditor's Report

Nexia Australia

Independent Auditor's Report to the Members of EQ Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of EQ Resources Limited (the Company and its subsidiaries (the Group)), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of EQ Resources Limited is in accordance with the *Corporations Act 2001*, including:

i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards and *the Corporations Regulations 2001.*

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report continued

Independent Auditor's Report to the Members of EQ Resources Limited

Key audit matter	How our audit addressed the key audit matter
Carrying value Deferred exploration and evaluation expenditure ***Refer to Note 10 non-current assets*** The Group carries significant exploration and evaluation assets at 30 June 2021 which is material to the financial report. As a result the capitalised exploration and evaluation expenditure were required to be considered for impairment indicators in accordance with *AASB 6 Exploration and Evaluation of Mineral Resources* and therefore considered a key audit matter.	Our procedures included, amongst others: • Obtain schedules of the areas of interest held by the Group and assessing whether the rights to tenure remain current at balance date; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Review the Group's capitalisation of exploration expenditure in the current year, ensuring that it is consistent with the criteria as stated under AASB 6. This included discussion with management, reviewing Group exploration budgets, ASX announcements and directors' minutes; • Review and considered whether any facts or circumstances existed that suggest impairment was required; • Assessing the adequacy of the related disclosures in Note 10 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report to the Members of EQ Resources Limited

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report continued

Independent Auditor's Report to the Members of EQ Resources Limited

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 26 to 33 of the Directors Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of EQ Resources Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Nexia

Nexia Melbourne Audit Pty Ltd
Melbourne

Geoff S. Parker
Director

Dated this 27th day of September 2021.

Shareholder Information

Shareholder Enquiries

Shareholder's information in relation to shareholding or share transfer can be obtained by contacting the Company's share registry:

Automic Registry Services
Level 5/126 Phillip Street, Sydney NSW 2000
Telephone: 1300 288 664 (local), +61 2 9698 5414 (international) Website: www.automicgroup.com.au

For all correspondence to the share registry, please provide your Security-holder reference Number (SRN) or Holder Identification Number (HIN).

Change of Address

Changes to your address can be updated online at https://www.automicgroup.com.au or by obtaining a Change of Address Form from the Company's share registry. CHESS sponsored investors must change their address details via their broker.

Annual General Meeting

The Annual General Meeting will be held in Melbourne on 25 November 2021. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to the ASX immediately upon dispatch.

The Closing date for receipt of nomination for the position of Director is 7 October 2021. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on 30 September 2021, at the Company's Registered Office.

The Company notes that the deadline for the nominations for the position of Director is separate to voting on Director elections Details of the Director's to be elected will be provided in the Company's Notice of Annual General Meeting in due course.

Corporate Governance Statement

The Company's 2021 Corporate Governance Statement once released to the ASX will be available on the Company's website at https://www.eqresources.com.au

Annual Report Mailing List

All shareholders are entitled to receive the Annual Report. In addition, shareholders may nominate not to receive an annual report by advising the share registry in writing, by fax, or by email, quoting their SRN/HIN.

Securities Exchange Listing

EQ Resources shares are listed on the Australian Securities Exchange and trade under the ASX code EQR. The securities of the Company are traded on the ASX under CHESS (Clearing House Electronic Sub-Register System)

Shareholder Information continued

ASX Shareholder Disclosures

The following additional information is required by the Australian Securities Exchange in respect of listed public companies. The information is current as at 13 September 2021.

Distribution of Equity Securities

Analysis of numbers of ordinary shareholders by size of holding.

	Ordinary Shares		Options over Ordinary Shares	
	Number of Holders	Ordinary Shares	Number of Holders	Options Issued
1 – 1,000	76	12,079	-	-
1,001 – 5,000	47	161,236	-	-
5,001 – 10,000	105	935,415	-	-
10,001 – 100,000	736	31,906,214	-	-
100,001 – and over	706	1,280,339,687	14	84,000,000
	1,670	**1,313,354,631** **100%**	**14**	**84,000,000** **100%**
Holdings less than a marketable parcel	**167**	**509,692**		

Equity Security Holders

Twenty largest quoted equity security holders.

Position & Holder Name	Holding
1. BNP Paribas Noms Pty Ltd <DRP>	122,521,459
2. Whitfords Holding Investments Ltd	64,919,810
3. Archer Pacific Holding Limited	55,000,000
4. BNP Paribas Nominees Pty Ltd Six Sis Ltd <DRP A/C>	51,095,400
5. Bodie Investments Pty Ltd	50,812,500
6. Citicorp Nominees Pty Limited	48,971,646
7. Lynewood Holdings Ltd	46,800,000
8. Covenant Holdings (WA) Pty Ltd <The Boyd No 3 A/C>	37,250,000
9. Shawlane Capital Ltd	36,970,172
10. Dr Leon Eugene Pretorious	32,500,000
11. Hemmingway United investment Limited	31,088,236
12. TA Securities Holdings Berhad	26,708,902
13. Baglora Pty Ltd <Mott Family Super Fund A/C>	26,430,000
14. Shawlane Capital Ltd	18,000,000
15. Mota Engil Minerals & Mining Investments BV\C	16,000,000
16. Sonnenallee Investments Ltd	15,333,600
17. Honwai Pty Ltd <Norvic Family A/C>	15,000,000
18. Turbine Capital Limited	11,999,166

Position & Holder Name	Holding
19.Altor Capital Management Pty Ltd <Altor Alpha Fund A/C>	11,000,000
20.Monex Boom Securities (HK) Ltd <Clients Account>	10,100,000
Total: Top 20 Holders of Ordinary Fully Paid Shares	**728,500,891**

Unquoted Equity Securities	Holding	Option Holders
Options over ordinary shares issues	86,000,000	14

Substantial Option Holders

Substantial option holders in the Company are set out below:

Substantial Option Holders	Holding	% of Total Options Issued
Bernie No 132 Nominees Pty Ltd <599694 A/C>	25,000,000	29.06%

Substantial Holders

Substantial holders in the Company, as disclosed in substantial holding notices given to the Company, are set out below:

Substantial Shareholders	Shareholding	Percentage
1. Hilux Resources Pty Ltd	70,000,000	8.77%
2. Whitfords Holding Investments Ltd and Yeo Zhui Pei	64,919,810	6.21%

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary Shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Unquoted Securities

There are no voting rights attached to the unquoted options.

There are no other classes of equity securities.

Annual General Meeting

EQ Resources Limited advises that its Annual General Meeting will be held on Thursday 25 November 2021. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to the ASX in due course. In accordance with ASX Listing Rules and the Company's Constitution, the closing date for receipt of nominations for the position of Director are required to be lodged at the registered office of the Company by 5.00pm (AEDT) on 7 October 2021.

Forward Looking Statements

Some statements contained within this report relate to the future and are forward looking statements. Such statements may include, but are not limited to, statements with regard to intention, capacity, future production and grades, projections for sales growth, estimated revenues and reserves, targets for cost savings, the construction cost of new projects, projected capital expenditures, the timing of new projects, future cash flow and debt levels, the outlook for minerals and metals prices, the outlook for economic recovery and trends in the trading environment and may be (but are not necessarily) identified by the use of phrases such as “will”, “expect”, “anticipate”, “believe” and “envisage”. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and may be outside EQ Resources Limited’s control. Actual results and developments may differ materially from those expressed or implied in such statements because of a number of factors, including levels of demand and market prices, the ability to produce and transport products profitably, the impact of foreign currency exchange rates on market prices and operating costs, operational problems, political uncertainty and economic conditions in relevant areas of the world, the actions of competitors, activities by governmental authorities such as changes in taxation or regulation.

Given these risks and uncertainties, undue reliance should not be placed on forward-looking statements and intentions which speak only as at the date of the presentation. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, EQ Resources does not undertake any obligation to publicly release any updates or revisions to any forward-looking statements contained in this presentation, whether as a result of any change in EQ Resources’ expectations in relation to them, or any change in events, conditions or circumstances on which any such statement is based.

Certain statistical and other information included in this presentation is sourced from publicly available third-party sources and has not been independently verified.

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