

02nd May 2022

CAPEX FUNDING FOR MT CARBINE EXPANSION SECURED

EQ Resources Limited is the 100% owner of the Mt Carbine Tungsten Mine near Cairns, Australia's only primary tungsten producer.

- The Company had already secured a \$4.8 million supplier finance facility, as well as been awarded a \$6 million grant from the Federal Government.
- Additional financing has now been secured, comprising a further offtake prepayment facility of up to US\$3 million (\$4.2 million), supported by a shareholder loan amounting to \$1.5 million.
- Given the Early Works Program and corresponding capital expenditure over the recent 5 months, the Company considers itself now fully funded for the expansion scope as outlined in the Mt Carbine Bankable Feasibility Study (December 2021).

EQ Resources Limited ("EQR" or "the Company") is pleased to announce that it has secured commitments from its joint venture and offtake partner, German CRONIMET Group, as well as from its Director and Shareholder, Mr Zhui Pei Yeo, for in total up to \$5.7 million additional funding, earmarked for the realisation of the Mt Carbine Expansion Project as outlined in the Company's Bankable Feasibility Study released in December 2021 (see ASX announcement '[Mt Carbine BFS Delivers Low Capex, Strong Early Cash Flow Operation With Significant Development Potential](#)' dated 13 December 2021).

These commitments come on the back of the recently awarded \$6 million grant from the Federal Government's Critical Minerals Accelerator Initiative ("CMAI"). The program is focusing on supporting advanced critical minerals projects of strategic importance for the Government (see ASX announcement '[Federal Government Funding For Mt Carbine Critical Minerals Program](#)' dated 28 April 2022). Tungsten is a nominated critical mineral by Australia and many Western economies.

The total package will fully fund the circa \$15 million Mt Carbine plant expansion which is transforming historic mine waste and the Company's high-grade resources into a sustainable source of tungsten, along with a green aggregate by-product:

| Facility | Amount (\$, up to) | Interest p.a. / Cost / T&C |
|-----------------------------|--------------------|----------------------------------------------------------------|
| CMAI Grant * | \$6 million | No cost; Grant support |
| Sandvik Supply & Finance ** | \$4.8 million | 5.75% interest p.a.; 30% deposit; up to 48 months repayment |
| Ofttake Prepayment | \$4.2 million | Interest free; Extension of existing Cronimet offtake contract |
| Shareholder Loan | \$1.5 million | 8% interest p.a.; Unsecured; 6 months repayment |

* see ASX announcement '[Federal Government Funding For Mt Carbine Critical Minerals Program](#)' dated 28 April 2022

** see ASX announcement '[EQR And Sandvik Agree On Binding Terms For Financing Of Crushing & Screening Plant](#)' dated 08 March 2022

The Company has achieved great progress with its Early Works Program (see ASX announcement '[Early Works Funding Secured for Mt Carbine Expansion, Well Ahead of BFS Release](#)' dated 13 September 2021) targeted for completion in May 2022, supporting the production increases towards the targeted concentrate output of 75-90 tonnes per month on a short-term, as well as building the basis for the large scale installation. A central part of the next phase of production uplift is the new Sandvik crushing & screening circuit, to be installed by the fourth quarter 2022.

EQR's Chief Executive Officer, Mr Kevin MacNeill, commented, "We are delighted to receive additional support from our partner Cronimet and our Director, Zhui Pei Yeo. These funding facilities close out our Capex financing effort for the Mt Carbine plant expansion. Cronimet has signed a multi-year offtake contract with a 'tier 1' customer, with significant prepayment which Cronimet will pass through to the project one-to-one. It is great to see our concentrate is being well received by end-users."

"Total cost of capital for the upcoming Capex is less than 3%, very competitive for such a specialised operation to produce a much sought after concentrate for the export market." Mr MacNeill said.

"Upon completion of the Early Works, Mt Carbine will be employing more than 70 workers drawn largely from the nearby townships, working with top quality local contractors and utilising the services of businesses in the Mt Molloy and Mareeba districts."

"EQ Resources would like to thank our advisers, customers, joint venture partner and financial supporters for their great assistance in bringing this package together," Mr MacNeill concluded.

Save the Date: 'Investor Update Webinar' on 09 May 2022, 11am AEST (details to follow)

Released on authority of the Board by:

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About the Company

EQ Resources Limited is an ASX-listed company transforming its world-class tungsten assets at Mt Carbine in North Queensland; leveraging advanced technology, historical stockpiles and unexploited resource with the aim of being the pre-eminent tungsten producer in Australia. The Company also holds gold exploration licences in New South Wales. The Company aims to create shareholder value through the exploration and development of its current portfolio whilst continuing to evaluate corporate and exploration opportunities within the new economy and critical minerals sector.

Forward-looking Statements

This announcement may contain forward-looking statements. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements. Particular risks applicable to this announcement include risks associated with planned production, including the ability of the Company to achieve its targeted production outline due to regulatory, technical or economic factors. In addition, there are risks associated with estimates of resources, and there is no guarantee that a resource will have demonstrated economic viability as necessary to be classified as a reserve. There is no guarantee that additional exploration work will result in significant increases to resource estimates. Neither the Australian Securities Exchange nor its Regulation Services Provider (as that term is defined in policies of the Australian Securities Exchange) accepts responsibility for the adequacy or accuracy of this announcement.