

5 July 2024

EQR EXECUTES DEFINITIVE AGREEMENT TO ACQUIRE MT CARBINE RETREATMENT JOINT VENTURE INTEREST FROM CRONIMET

Highlights:

- EQR executed definitive agreement to acquire CRONIMET's joint venture interest (being the remaining 50% not yet owned by EQR) in the Mt Carbine Retreatment JV
- As part of the transaction, EQR is to issue new ordinary shares at A\$0.09 per share (representing a ~100% premium to the 15 days VWAP) to CRONIMET, equal to a total of US\$7.5 million
- Under the Agreement, EQR is to assume all JV assets and liabilities, including offtake obligations
- CRONIMET is to become the marketing partner for Saloro production

EQ Resources Limited (**EQR** or the **Company**) is pleased to announce that it has executed the definitive agreement related to the Joint Venture Interest Transfer (**Agreement**) with CRONIMET Asia Pte Ltd (**CR Asia**) and CRONIMET Australia Pty Ltd (**CR Australia**) for the acquisition of CR Australia's joint venture interest in the Mt Carbine Retreatment Joint Venture (**JV**). The Agreement formalises the binding Heads of Agreement (**HoA**) entered into in October 2023 which was subject to financial and legal due diligence by the parties (see ASX announcement '[Strategic Partner Cronimet Joins EQR Register, As EQR Acquires JV Interest From Cronimet](#)' dated 18 October 2023).

In 2019, EQR, through its wholly owned subsidiary Mt Carbine Retreatment Pty Ltd ("MCR"), and CR Asia, through its wholly owned subsidiary CR Australia, embarked on a Joint Venture to reprocess the historic Mt Carbine tailings and low-grade ore stockpiles, known as the Mt Carbine Tungsten Operation. Under this arrangement, CR Australia and MCR each held a 50% interest in the JV.

As part of that JV arrangement, CR Asia prepaid an initial US\$3.5 million, subsequently increased by an additional US\$3 million (currently US\$6.5 million), for a long-term offtake agreement for 25,000 tonnes of tungsten concentrate from the Mt Carbine Tungsten Operation (**Offtake Agreement**). CR Australia loaned US\$2.2 million in working capital into the JV and a further US\$3.2 million for equipment leases, including one XRT Ore Sorter and various material handling equipment. EQR will assume 100% of these liabilities under the Agreement.

With the successful operation of the processing plant and the expansion of operations to include the Andy White Open Pit, EQR and CR Australia have agreed to a streamlined JV structure with EQR purchasing CR Australia's 50% interest in the JV subject to conditions precedent.

The parties agreed on the following consideration for the transfer of the JV interest:

- EQR to issue new ordinary shares at A\$0.09 per share to CR Asia (or its nominee), equal to a total of US\$ 7.5 million;
- EQR assumes all obligations under the Offtake Agreement;
- EQR assumes all assets and liabilities of the Joint Venture; and
- CRONIMET and EQR enter into a marketing agreement under which CRONIMET will receive a net 1% marketing fee for marketing Saloro production over five years.

EQR's Chief Executive Officer, Kevin MacNeill, commented: "We are pleased that we could conclude the definitive agreement and simplify the commercial structure of our Mt Carbine operations and see CRONIMET join our share register. CRONIMET has been a great partner in developing the processing plants and is a well-respected player in the global tungsten market. The relationship remains strong, with CRONIMET taking a marketing role for our Saloro concentrate."

EQR is being advised by Steinepreis Paganin.

Key terms and conditions are outlined in the table below (which for clarity are consistent with the previously announced **HoA**).

Mt Carbine Joint Venture Interest Transfer Agreement Key Terms and Conditions	
Seller	CRONIMET Australia Pty Ltd
Buyer	Mt Carbine Retreatment Pty Ltd, a 100% subsidiary of EQ Resources Limited
Purpose	Buyer to purchase the Seller's 50% interest in the Mt Carbine Joint Venture and the Seller's 50% shareholding in the JV manager (Mt Carbine Retreatment Management Pty Ltd, ACN 633 215 844)
Effective Date	30 June 2024
Transfer of Control	<p>As and from the Effective Date, the Buyer shall assume:</p> <ul style="list-style-type: none"> all of the liabilities of the JV; control of all Joint Venture Activities, including the retreatment operations and any rights to deal with the product; control of all operational, accounting and financial activities related in any way to the JV interest; and 100% of the benefits of the JV interest and the JV property.
Conditions Precedent	<p>Settlement of the transaction is subject to and conditional on several conditions' precedent being satisfied (or waived); the key conditions precedent are outlined below:</p> <ul style="list-style-type: none"> The Parties entering into a marketing agreement under which CRONIMET is granted a net 1% marketing fee for marketing Saloro production over a five-year period; The Parties agreeing to the form of the deeds of assignment, assumption and amendment for, among other things, the assumption by the Buyer of the JV obligations under the related JV agreements, including the retreatment production offtake agreements and associated security deeds; and An escrow deed executed by the Seller on terms satisfactory to the Buyer.
Consideration	<p>The Company has agreed to:</p> <ul style="list-style-type: none"> Issue new shares worth US\$7.5 million at a share price of A\$0.09 per share (subject to voluntary escrow restriction for 12 months from the date of issue); and assume all Joint Venture assets and liabilities, including obligations under the Offtake Agreement.

Released on the authority of the Board by
Kevin MacNeill
Chief Executive Officer

Further Enquiries:
Peter Taylor
Investor Relations
0412 036 231
peter@nwrcommunications.com.au

About the Company

EQ Resources Limited is a leading tungsten mining company dedicated to sustainable mining and processing practices. The Company is listed on the Australian Securities Exchange, with a focus on expanding its world-class tungsten assets at Mt Carbine in North Queensland (Australia) and at Barruecopardo in the Salamanca Province (Spain). The Company leverages advanced minerals processing technology and unexploited resources across multiple jurisdictions, with the aim of being a globally leading supplier of the critical mineral, tungsten. While the Company also holds gold exploration licences in New South Wales (Australia), it aims to create shareholder value through the exploration and development of its current project portfolio whilst continuing to evaluate corporate and exploration opportunities within the new economy and critical minerals sector globally.

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.

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