

EQ Resources Limited

Quarterly Activities Report

Quarter ended 31st December 2024

HIGHLIGHTS

SALORO OPERATIONS

- Record quarterly production with 33,249 mtu* in concentrate produced, up 19% compared to the prior quarter and up 44% compared to the March 2024 quarter following EQR acquisition in January 2024.
- Record monthly production achieved in November with 11,534 mtu* in concentrate produced.
- Updated Ore Reserve Statement released in October with a minimum seven year mine plan defined.
- Continued focus on delivering operational excellence in mining and processing, as well as implementation of outstanding improvement initiatives, expected to deliver further recovery improvements (~70%) and production expansion in coming quarters.

MT CARBINE OPERATIONS

- With the transition to an owner-operated mining operations, total tonnes mined (waste and ore) increased to 573kt, up 4% compared to the prior quarter.
- Primary focus of mining operations was on an accelerated waste stripping of the south-wall of the pit, being the initial development phase of the Stage 2 Open Pit.
- Quarterly concentrate production of 9,043 mtu* was impacted by the waste stripping efforts and lower-grade ore deliveries, as well as limitations of water supply due to below average rainfall in the beginning of the Far-North Queensland rain season.
- Strong focus on delivering improved concentrate production in the coming quarters following implementation of a revised mine plan focusing on the eastern cutback for accelerated access to high-grade ore in the Iolanthe vein system and effectively commencing mining of the Stage 2 Open Pit.

EQR EXPLORATION

- Wolfram Camp soil sample collection conducted with characterisation and XRT sorter testing planned for early 2025 in partnership with TOMRA and University of Queensland.

FINANCIAL AND CORPORATE**

- Group cash receipts from customers were A\$18.9 million in the quarter with Saloro recording positive operating cash flows of A\$1.5 million. Closing cash balance of A\$2.0 million as of 31 December 2024.
- APT CIF Rotterdam, Fastmarkets mid-price of US\$330 per mtu on 31 December 2024.
- Secured A\$7.9 million in funding following successful completion of A\$4.9 million share placement and the execution of a A\$3 million convertible note instrument with Square Resources.
- Signed a binding Heads of Agreement to acquire 100% interest in Tungsten Metals Group Ltd and its ferrotungsten (FeW) plant in Vietnam.
- Executed the A\$30 million tungsten concentrate off-take agreement with US-based Elmet Technologies with collaboration on US Government funding initiatives.

* 1mtu (metric ton unit) = 10kg WO₃

** All financial numbers are quoted in Australian dollars unless otherwise stated.

EQR GROUP Q2 FY2025 - PRODUCTION SUMMARY

Operations	Unit	Mt Carbine		Saloro		EQR Group	
		Q1 FY2025	Q2FY2025	Q1 FY2025	Q2FY2025	Q1 FY2025	Q2FY2025
Waste	t	355,200	449,436	1,579,971	1,670,600	1,935,171	2,120,036
Ore	t	194,823	123,469	380,975	379,132	575,798	502,601
Total Tonnes Mined	t	550,023	572,905	1,960,946	2,049,732	2,510,969	2,622,637
Strip Ratio	W:O	1.8 : 1	3.6 : 1	4.1 : 1	4.4 : 1	3.4 : 1	4.2 : 1
Closing Ore Stock	t	1,250	10,658	301,445	304,076	302,695	314,734
Gravity Plant Feed	t	70,284	61,240	225,329	227,410	295,613	288,650
Gravity Plant Grade	%	0.545%	0.238%	0.240%	0.263%	-	-
WO₃ Produced*	mtus	26,028	9,043	27,965	33,249	53,993	42,292

*Note: Metric Tonnes Unit, 1 mtu = 10kg WO₃

For the quarter ended 31 December 2024 (Q2 FY2025), the consolidated EQR Group produced 42,292 mtu of tungsten concentrate (Mt Carbine 9,043 mtu; Saloro 33,249 mtu), and 2.6 million total tonnes mined (Mt Carbine 0.6 million tonnes; Saloro 2.0 million tonnes), reflecting a 4% increase in total tonnes mined compared to the prior quarter (Q1 FY2025).

Q2 FY2025 proved to be an excellent quarter for the Saloro operation who delivered on operational excellence and recent improvement initiatives to produce positive operating cash flows. The operation also achieved several operating records in the quarter. These included:

1. Record quarterly WO₃ produced of 33,249 mtu;
2. Record monthly WO₃ produced (in November 2024) of 11,534 mtu;
3. Record total tonnes mined since EQR acquired the operation in January 2024 of 2.0 million tonnes;
4. Record number of container deliveries to customers with 29 achieved in the quarter and shipments of 31,792 mtu; and
5. Record recovery rates achieved of consistently above 60%.

In Q2 FY2025, the Mt Carbine mining operations transitioned from a contractor-operated to an owner-operated mining operation. The transition was managed very well and led to a 4% increase in total tonnes mined for the quarter. Primary focus of mining operations was on an accelerated waste stripping of the south-wall of the pit, being the initial development phase of the Stage 2 Open Pit. Run of mine ore stockpiles increased significantly, as final concentrate output was hampered by limitations of water supply to the gravity plant (due to below average rainfall at the beginning of the Far-North Queensland rain season and consequently low dam levels), impacting its ability to process higher-grade ore into concentrate. Pre-strip (waste) works continued from November extending into January, with the aim to uncover higher yielding tungsten reserves for processing in future quarters. It is expected that the Mt Carbine operation will start processing higher yielding product from the Iolanthe vein package in the next quarter (Q3 FY2025), subject to sufficient dam levels.

HEALTH & SAFETY

SALORO

At Saloro, safety continues to be a core focus, with significant improvements achieved over the past 12 months since the operation was acquired by EQR in January 2024. Total recordable incidents (TRI) have dropped significantly from 16 for the calendar year ended 31 December 2023 (CY 2023) to a total of 9 in CY2024, reflecting the impact of robust safety initiatives and cross-company collaboration of best practices initiatives and strengthening of the overall safety culture.

During the quarter, the Saloro team conducted 62 safety training sessions to reinforce proper procedures, focussed particularly on the importance of equipment isolation during maintenance. The introduction of the 'Step Back Take 5' Job Safety Environment Analysis (JSEA) in mid-2024 has been particularly impactful, with employees increasingly adopting it as a routine practice. This initiative is becoming ingrained in the workplace culture, thanks to continued procedural reviews, improved monitoring, and proactive engagement with staff.

MT CARBINE

Following the transition to an Owner-Operator model for Mining Operations at Mt Carbine and the continued ramp up in operations, staff numbers and subsequently man-hours worked have increased. Despite the additional headcount, Mt

Carbine's TRI's decreased to 17 in CY 2024 compared to 18 in CY 2023. Mt Carbine's Total Recordable Injuries Frequency Rate (TRIFR) in CY 2024 improved 26% year-on-year. The improvements can be attributed to enhanced safety plans and rigorous safety monitoring and reporting, combined with a strong emphasis on JSEA development, procedural reviews, and thorough pre-start briefings.

SALORO OPERATIONS



Pictured: The Barruecopardo Mine Open Pit (Spain) at the end of December 2024.

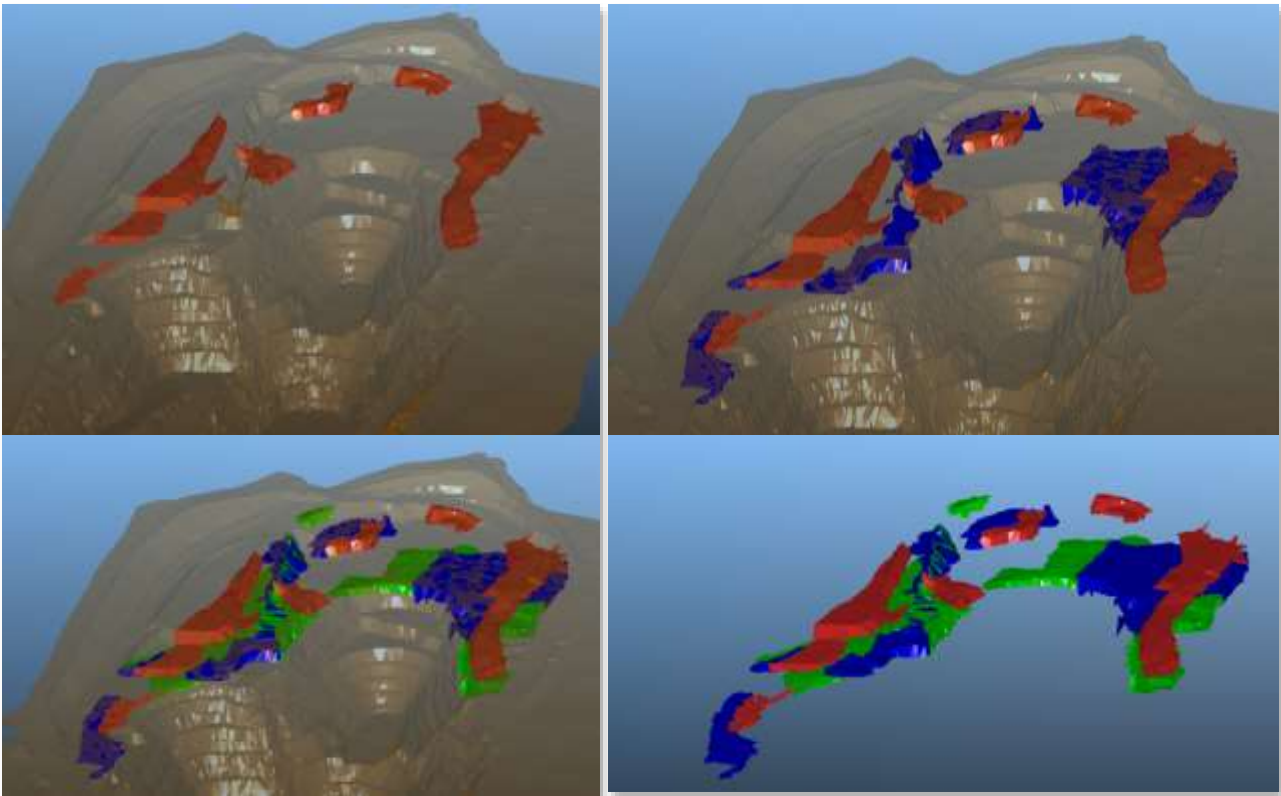
OPEN CUT MINING

For the quarter ended 31 December 2024 (Q2 FY2025), 1.7 million tonnes of waste and 379,132 tonnes of ore were extracted from the pit for a total of over 2 million tonnes of material moved, a record quarter for the operation since EQR acquired the mine in January 2024. Mineral production activities have focused on the central and southern areas of the mine, between levels 590m reduced level (RL) and 575m RL. This same area was used for the successful 10-metre bench production trials mentioned in the September 2024 Quarterly Report.

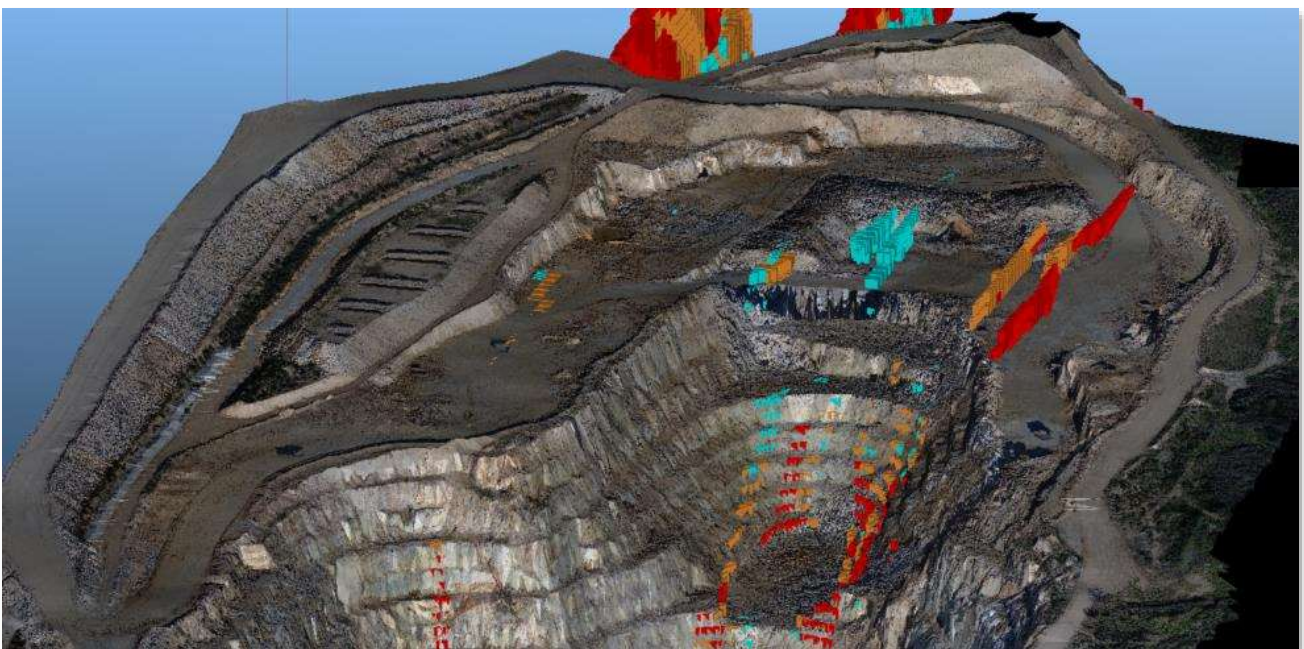
During the quarter significant progress was made in the Northern Zone of the mine as part of the Phase 6 Open Pit development. In parallel, continuous efforts were made on maximising water dam capacity by implementing advanced evaporation systems and undertaking capacity enhancement measures.

Development of the Barruecopardo Mine Open Pit Phase 6, North Area

The Northern Zone of the Barruecopardo Mine has been prepared for the Phase 6 Open Pit, following the end of the breeding season of the Black Storks and Egyptian Vultures (protected species) living on site. In the western area, the switchback has now been prepared at 700m RL, while in the north and east, work has been conducted on the benches from 730m RL down to elevation 700m RL to allow the mining team to access the mineralised zones in the north a few months earlier than initially estimated.



Pictured: Work completed in the Northern Zone of the open pit during the quarter, preparing the for Phase 6. The red sections represent the area mined in October 2024, blue in November and green in December.



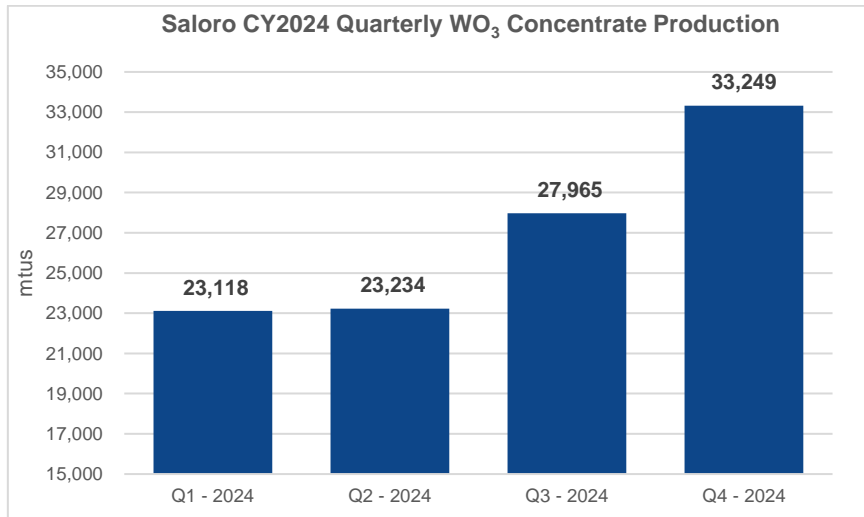
Pictured: The Northern Area of the open pit as of end of December 2024, Resources Block Model in Phase 6. Colours represent the grade of the ore. Red for high grade (>0.15% WO₃). Orange for lower grade (0.07-0.15% WO₃). Blue for very low grade. (0.055-0.07% WO₃). The tungsten-bearing mineral deposit at Barruecopardo is composed of sheeted veins, and the pit development is designed to follow the continuity of the ore body. As mining operations progress to the lower levels, the ore grade is expected to increase.

PROCESSING

Record Quarterly Performance

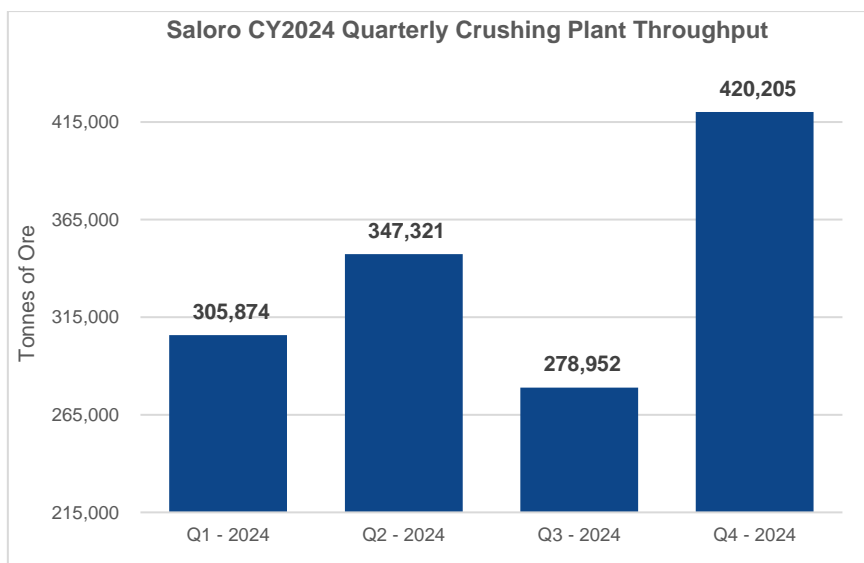
In the December quarter, Saloro achieved record quarterly production with 33,249 mtu of concentrate produced. This reflects a 19% improvement over the prior September 2024 quarter and also reflects a 44% improvement over the March 2024 quarter, following the acquisition of Saloro by EQR in January 2024. The higher production rates resulted in a record number of container deliveries to customers with 29 deliveries achieved in the quarter for a total of 31,792 mtu shipped.

In addition to the record quarterly production, Saloro also achieved a record monthly production of 11,534 mtu concentrate produced in November.



Q2 FY2025 was a landmark period for operational excellence and production achievements at the Processing Plant. Through strategic enhancements, process optimisation, and targeted improvements, the quarter culminated in record-breaking results across multiple metrics, underscoring commitment to efficiency, innovation, and workforce development. The structured approach to addressing challenges within the plant is showing clear progress, inspiring the team to push forward.

In the December quarter, record throughput was achieved with a total of 420,205 tonnes processed in the Crushing Plant, setting a new quarterly record, representing a 51% improvement over the prior September quarter, and also reflecting a 35% increase over the average over the previous three quarters (310,715 tonnes). In addition, 92,830 tonnes were processed through the Ore Sorter Plant in the quarter, with 23,786 tonnes of high-grade ore recovered.



Further records were achieved in recovery rates in the quarter with Saloro consistently achieving recovery rates above 60%. The team remains focused on continuing to target improved recoveries in 2025, aiming to achieve rates north of 70% in the coming quarters.

Process Advancements Driving Efficiency and Sustainability

Crushing and Stockpile Management

Continuous feed strategy improvements ensured steady input to the Crushing Plant, achieving a daily throughput target of 6,000 tonnes, with oversized materials redirected for secondary processing. Crusher and cone mill settings were calibrated to achieve a consistent Ore Sorter Plant throughput exceeding 100 t/h. Feed stockpiles were stabilised, maintaining a multi-day feed buffer to ensure uninterrupted production.

Plant Innovations and Upgrades

The implementation of quadruple tables enhanced mineral recovery efficiency while the flow distribution in the spiral circuits was optimised. A multideck screen is underway to improve feed preparation further. Modifications were made to recycle residual minerals in the tailings and Sorter feeding granulometry was refined to 8-40 mm, improving downstream processing performance.



Pictured Left: Stockpile showing multi day feed buffer; Pictured Right: Multideck Screen underway for improved feed preparation in the Gravity Plant.

Operational Oversight and Workforce Development

Online monitoring tools were introduced to track KPIs in real-time, enabling swift decision-making, tighter control over operational metrics and enhanced performance monitoring.

Continuous workforce training has equipped the team with advanced skills and knowledge to adapt to the organisation and processing changes. Shift supervisors have intensified oversight across critical areas, promoting accountability and team cohesion, driving operational success.

Improvement Projects Underway

The outstanding achievements in Q2 FY2025 reflect the success of the Company's strategic initiatives, process improvements, and the dedication of its workforce. Looking ahead, the operations team is currently executing further projects to improve production:

- **Metal Recovery** improvements through actively enhancing recovery processes. The Falcon concentrator will be implemented in the March 2025 quarter and will help recover fines and ultra-fines particles of tungsten-bearing minerals. The Falcon concentrator is known for its high recovery rates, low operational costs, and ability to process complex ore types. Additionally, the new tables have been purchased and are set to be integrated into the circuit. In-house flotation bench test work has been initiated, and the first batch of reagents has been delivered. The metallurgy team is also currently evaluating the metallurgical benefits of acquiring an additional XRT Sorter unit to integrate into the existing processing circuit, aiming to further focus on the feed grade for the Gravity Plant.
- **User-Friendly Plant Production** with significant improvements to auxiliary systems being implemented. The replacement of the jig tailings cyclone with a sieve bend is in progress, with the sieve bend currently in transit. The preliminary commissioning of the concentrate drum filter has been accomplished. Updates to the thickening

and filtering systems are also advancing, alongside the introduction of new control KPIs and standardised handover procedures to streamline shift transitions.

- **Reducing Downtime:** The maintenance team is executing plans to minimise downtime. They are evaluating current equipment status, manufacturing redundant parts such as screen frames, and deploying online equipment status indicators to enhance real-time monitoring. These initiatives aim to improve equipment availability and reduce operational costs.
- **Safety:** Safety remains a top priority across all these projects. Each initiative incorporates safety enhancement measures to ensure a secure and efficient working environment for the team.

Barruecopardo Mine Ore Reserve Update

On 29 October, EQR released an updated Ore Reserve Statement for its wholly owned Barruecopardo Mine in Spain, marking the first such statement under EQR ownership and following the JORC Code (2012) and JORC 2024 guidelines. This update confirmed sufficient reserves to sustain mining operations for a minimum of seven years, with potential for further extensions based on ongoing efficiency improvements and ore sorting optimisations. Geological programs and drilling campaigns are defined, aiming to expand the overall resource potential and work towards a further conversion of Mineral Resources to Ore Reserves.

The Barruecopardo mine is a key employer in the Salamanca region and a cornerstone of the Company’s goal to remain a leading tungsten producer globally. With strong production records and advancements in process efficiency, the Barruecopardo Mine is positioned to maintain its strategic importance in the critical minerals market.

ASX Announcement 29th October 2024: [‘EQR Releases Barruecopardo Ore Reserve Update’](#)

MT CARBINE OPERATIONS



Pictured: Mt Carbine Mine January 2025 - Andy White Open Pit. The dotted line shows the new mine plan focus on waste removal to gain access to the high-grade Iolanthe ore reserves planned for the March 2025 quarter.

OPEN CUT MINING

In its first full quarter as Owner-Operator, the Mt Carbine mining team extracted 572,905 tonnes of material in Q2 FY2025, representing a 4% increase from the prior quarter, and a 15% increase compared to the same quarter last year (Q2 FY2024). Mt Carbine mined 123,469 tonnes of ore and 449,436 tonnes of waste in Q2 FY2025.

Mine team staffing ramped up during the quarter with all mining and drilling operations now operating 24 hours 7 days a week. The mine also mobilised two Sandvik drill rigs and new drilling staff, successfully making the transition moving all drilling operations in-house. This shift required the development and integration of a new specialised skill set within the operational team which is working well. Additionally, blasting is now managed by the newly appointed contractor to optimise cost control.

While tungsten concentrate mtu's produced in Q2 FY2025 were lower than prior quarter, the total tonnes mined were higher as management implemented a revised mine plan with a focused priority on reaching the high-grade ore zones in the Iolanthe vein system. This necessitated a focus on stripping waste on the top levels in the south-east of the pit (as marked with the dotted line in the image above). The Iolanthe vein system is the main ore zone being targeted and significant volume of waste removal has been completed (with more required in January / early February) to reach the thick of the high-grade ore zones. While the top of the ore body on level 355-345m RL is currently being mined in January 2025, it is expected that the ore at the level 325m RL will deliver significant grade increase as the veins thicken and the mineralised zones are enriched, as confirmed by the thorough RC drilling campaigns conducted in 2024 and January 2025.

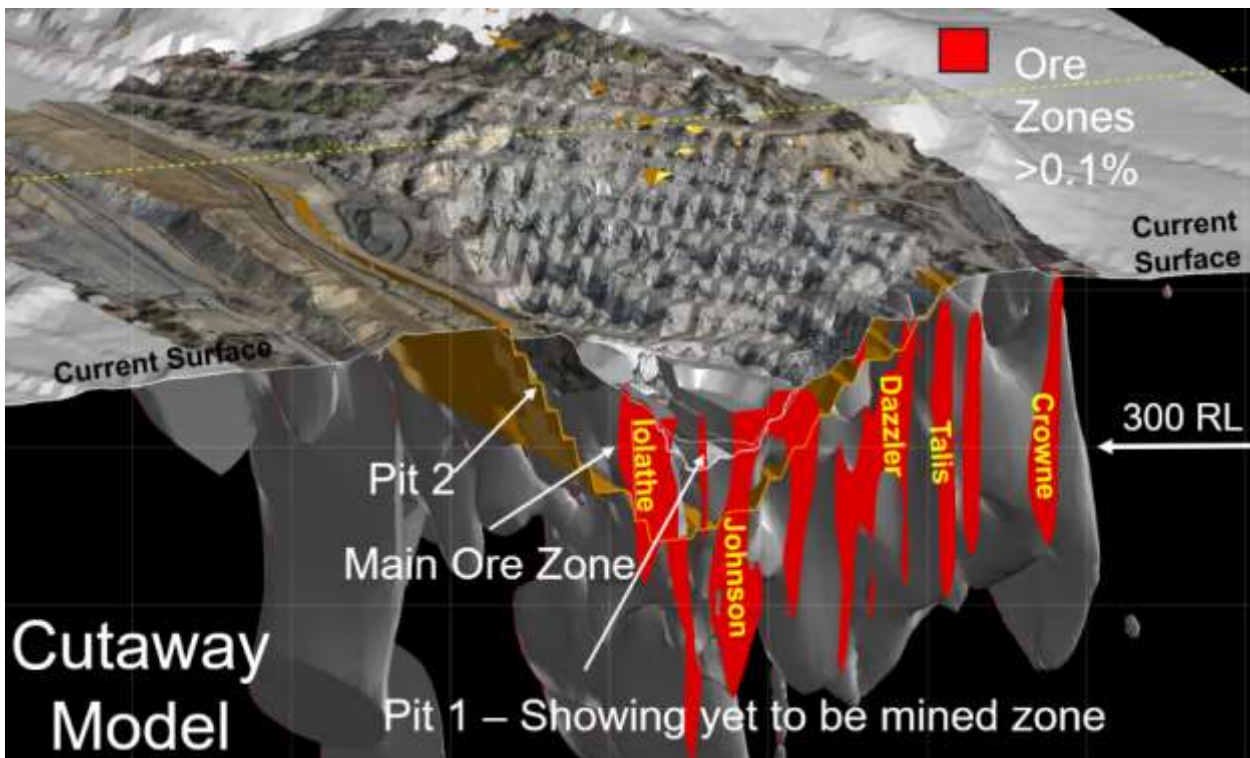
The previous mine schedule included several small blasts at the bottom of the pit, however, management reassessed the plan and subsequently determined that it would be more cost-effective to recover the ore bodies at the bottom of the pit when the structure of the operating pit is wider (following stripping works) and in the dry season.

The Terex Finlay 893 Scalper is being used in parallel to process the historic Low-Grade Stockpile (LGSP), before being processed through the Ore Sorter plant for grade concentration, ensuring a steady feed to the Gravity Plant during periods of reduced ore deliveries due to stripping operations.

ASX Announcement 30th April 2024: [‘Mt Carbine Infill Drilling Reveals High Grade Zones in Stage II Pit’](#)

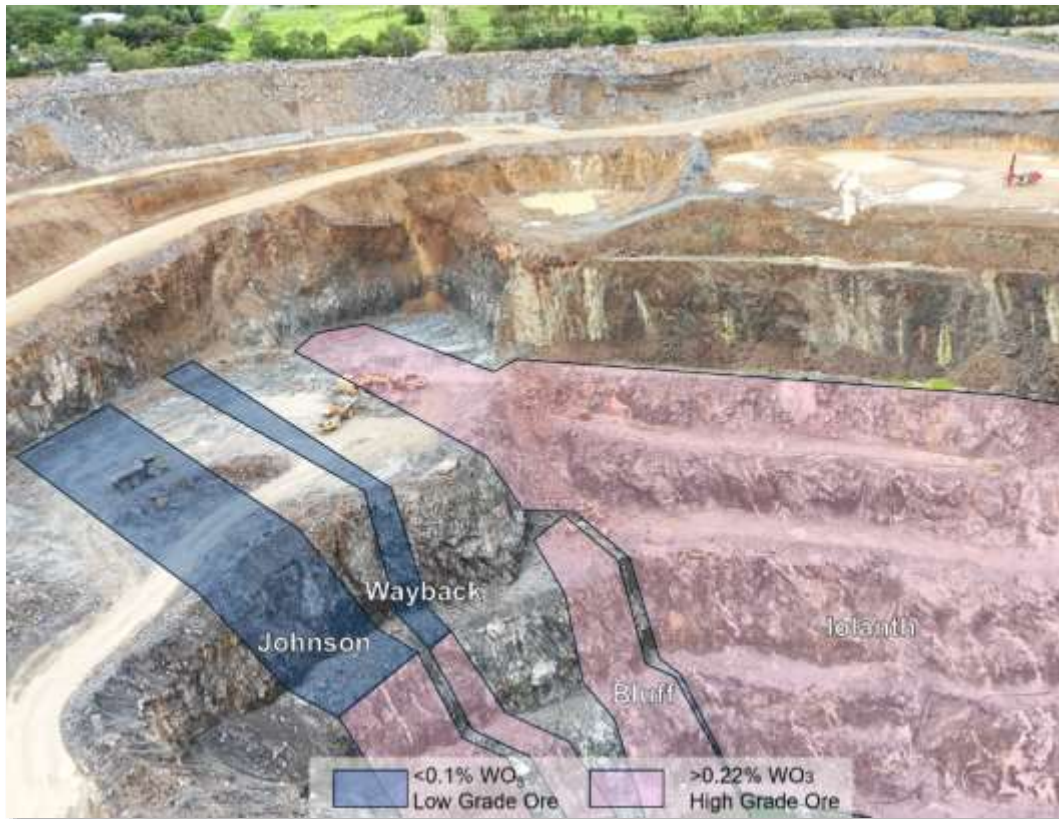
ASX Announcement 3rd June 2024: [‘Mt Carbine Infill Drilling Reveals Additional High-Grade Ore In Stage II Waste Cutback Area’](#)

ASX Announcement 29th Jul 2024: [‘High Grade Drilling Results Confirm Main Mineralised Level at Mt Carbine’](#)



Pictured: Mt Carbine Mine cross section of the current pit.

The cutaway above shows a cross section of the current pit cut from South-West to North-East with the white line being current pit surface and the surface of the pit expected at the end of Stage II in brown. Main Ore Zones >0.1% WO₃ are identified in red with the name of the major vein systems. The Iolanthe and Johnson are the main veins targeted in 2025 and show peak ore body thickness between 300-200m RL.



Pictured: Mt Carbine Mine August 2024 – Main vein systems targeted in the Stage II Open Pit showing increasing WO₃ grade at deeper level and the extent of Eastern Cutback Program.

PROCESSING

During the quarter, water levels in the dam remained low, with rainfall falling significantly below expectations. In Q2 FY2025, Mt Carbine received a total of 130mm of rain. This was significantly lower than the prior year December quarter that received 808mm of rain, and also significantly lower (almost 50% lower) than the 10-year average for the area of 250mm (Source: Bureau of Meteorology website: www.bom.gov.au).

While rainfall levels have been lower at the beginning of this wet season, EQR do expect material rain to fall in the March quarter given the historical precedents. The 10-year average rainfall levels for the March quarter at Mt Carbine are 636mm. Should these rains materialise, it would be more than sufficient to fill the dam and provide sufficient operating water supply for the remainder of CY2025.

In response, and as part of the water conservation efforts in the quarter, the Crushing, Screening, and Ore Sorting operations were transitioned from wet to dry processing in early November, with priority given to supplying water to the Gravity Plant. Although work on the dam raise has been ongoing, the lack of sufficient rainfall so far this wet season led to the temporary shutdown of the Gravity Plant in December. The focus therefore shifted to mining operations and stripping, while crucial water recycling upgrades and maintenance were carried out across all plants.

The Gravity Plant restarted processing the second week of January following some modest rainfall and is expected to resume operations as normal with feed stockpiled in front of the Plants to guarantee a multiple day buffer in case of maintenance and interruptions. While processing ore from the top level of the ore body and historic Low-Grade Stockpile material, the feed grade will be modest but set to increase as the ore delivered from the next levels down will increase in grade.

Plans are underway to double the processing capacity in 2025, with all equipment and supporting structures for the new Sandvik Crushing and Screening Plant now on site ready for assembly. Preparatory work is scheduled to commence soon.

QUARRY OPERATIONS

Quarry sales continued to improve during the quarter as civil construction firms attempt to complete their projects prior to the onset of this year's wet season. The Quarry continues to work closely with local civil companies and Councils to provide assistance with their ongoing disaster recovery projects. The Company is also awaiting the outcome of a recently lodged application for a Standing Offer Arrangement with the Department of Transport and Main Roads for the supply and delivery of quarry materials.

FINANCIAL & CORPORATE

Successful A\$4.9 Million Placement

On 13 December 2024, EQR secured firm commitments to raise A\$4.9 million (before costs) via a share placement of 122.5 million new fully paid ordinary shares, with an issue price of A\$0.04 (4 cents) per share, along with 122.5 million one-for-one free attaching unlisted options, exercisable at A\$0.0675 (6.75 cents) each. The share placement attracted strong interest from both new and existing domestic and international institutional and sophisticated investors. Funds managed by Oaktree Capital Management L.P (Oaktree) corner stoned 20% of the share placement, to increase its equity interest in EQR. Settlement of the share placement occurred on 20 December 2024 with the allotment and normal trading of the new shares and options under the placement occurring from 23 December 2024.

ASX Announcement 13th December 2024: ['EQR Successful A\\$4.9 Million Placement'](#)

Long-Term Concentrate Supply Agreement Executed with Elmet Technologies LLC

On 12 November 2024, EQR announced it had executed the definitive supply agreement with leading US-owned and fully integrated tungsten manufacturer, Elmet Technologies LLC, for a 5-year tungsten concentrate offtake arrangement valued at approx. A\$30 million. EQR had previously announced the basic framework of the Strategic Collaboration Agreement (Agreement) between the Company and Elmet on 2 September 2024.

The Agreement provides the parties a pathway to jointly work on US Government funding opportunities, with the aim to enhance critical materials supply and further downstream integration of EQR's tungsten concentrate into the US tungsten supply chain. The parties have submitted a joint white paper under the US DIBC (Defence Industrial Base Consortium) grant program, which is open to industry partners in Australia, Canada and the UK. An outcome of the application is pending.

EQR's supply commitments under this Arrangement are supported by the continued production expansion at its Barruecopardo Operations in Spain, as evidenced by the record quarterly production achieved this quarter.

ASX Announcement 2nd September 2024: ['Strategic Collaboration Agreed with Elmet Technologies'](#)

ASX Announcement 12th November 2024: ['Elmet Agreement Executed'](#)

EQR To Acquire 100% Interest in Tungsten Metals Group Limited

On 18 November 2024, EQR announced it had executed a binding Heads of Agreement to acquire 100% of the shares in Tungsten Metals Group Limited (a public unlisted company) and its subsidiaries (together 'TMG'), and separately Mr. George Chen's interest in Asia Tungsten Products Co Ltd (ATC) (ATC and TMG together TMG Group), resulting in EQR obtaining 100% ownership of the TMG Group.

TMG Group currently owns and operates the largest ferrotungsten (FeW) plant outside of China, located in Vietnam, with a potential production capacity of 4,000tpa FeW. Due to its scale and favourable cost structure, the facility is regarded as one of the most competitive in the industry.

Completion of the transaction will allow for diversification and vertical integration of EQR's upstream operations. The transaction aligns with EQR's strategic plans to leverage its existing substantial resources base and production output along the tungsten supply chain.

FeW pricing dynamics are partly decoupled from the tungsten concentrate market (currently EQR's sole product) and respective ammonium paratungstate (APT) markets, which are currently EQR's main offtake industries. FeW prices over the recent 24 months have outperformed APT prices by approximately 19% in USD (27% in AUD).

The Heads of Agreement is subject to customary due diligence procedures and shareholder approvals that are ongoing. The transaction is expected to complete in the first half of 2025.

ASX Announcement 18th November 2024: ['EQR To Acquire 100% Interest in Tungsten Metal Group'](#)



Pictured: TMG ferrotungsten plant located in Vietnam. Source: (www.tungstenmetalsgroup.com)

EQR Secures A\$3 Million Investment from Square Resources

On 29 November 2024, EQR announced it had secured a A\$3 million investment from Brisbane based global energy and steelmaking commodity trader, Square Resources Holding Pty Ltd (Square Resources) through convertible notes issued by the Company.

This investment represents a robust endorsement of EQR's binding Heads of Agreement to acquire 100% of the shares in the TMG Group and underscores the strategic alignment between the two companies. By securing the support of one of Australia's premier commodity trading firms, EQR is poised to advance its ambition to become a globally significant producer of tungsten and ferrotungsten.

In addition to the convertible notes investment, the parties intend to formalise a strategic collaboration which allows EQR to utilise Square Resources' network across the Asian steelmaking industry and potentially facilitate trade fiancé related services provided by Square Resources for sales and distribution of ferrotungsten for EQR in Asia, excluding China.

ASX Announcement 29th November 2024: '[EQR Secures A\\$3 Million Investment from Square Resources](#)'

QUARTERLY CASH FLOW REPORT

Cash flows from operating activities

In Q2 FY2025, net cash used in operating activities totalled A\$5.4 million. Pleasingly, the Saloro business generated positive operating cashflows of A\$1.5 million. The positive cashflow generation from Saloro is due to a very strong production quarter with record tungsten concentrate production of 33,249 mtu achieved and recoveries consistently above 60%. Mt Carbine generated negative operating cashflows of A\$6.9 million in the quarter due to lower concentrate output, and from changes to the mine plan that is currently focussing on waste stripping works to gain access to the high-grade lolanthe ore body, expected to start being mined in the March 2025 quarter.

Cash flows from investing activities

In Q2 FY2025, net cash used in investing activities totalled A\$3.7 million. During the quarter, the Company invested a further A\$2.5 million at Mt Carbine, using mine waste to raise the noise & visual bund at the site, which is a requirement under the Mt Carbine Mining Lease. A further A\$0.6 million was dedicated to acquiring plant and equipment.

Cash flows from financing activities

In Q2 FY2025, Net cash from financing activities totalled A\$7.7 million. This primarily consisted of A\$4.9 million (before fees) from the December 2024 Equity Placement and the completion of a one-year unsecured A\$3.0 million Convertible Note with Square Resources.

Cash and financing facilities

As of 31 December 2024, the Company held cash of A\$2.0 million, a decrease from A\$3.4 million in cash held at 30 September 2024. Spanish loan facilities remained relatively static in Euros, with headroom of A\$0.7 million at quarter end.

Payments to related parties of the entity and their associates during the quarter were \$124k comprising of Director fees as outlined in the Appendix 5B.

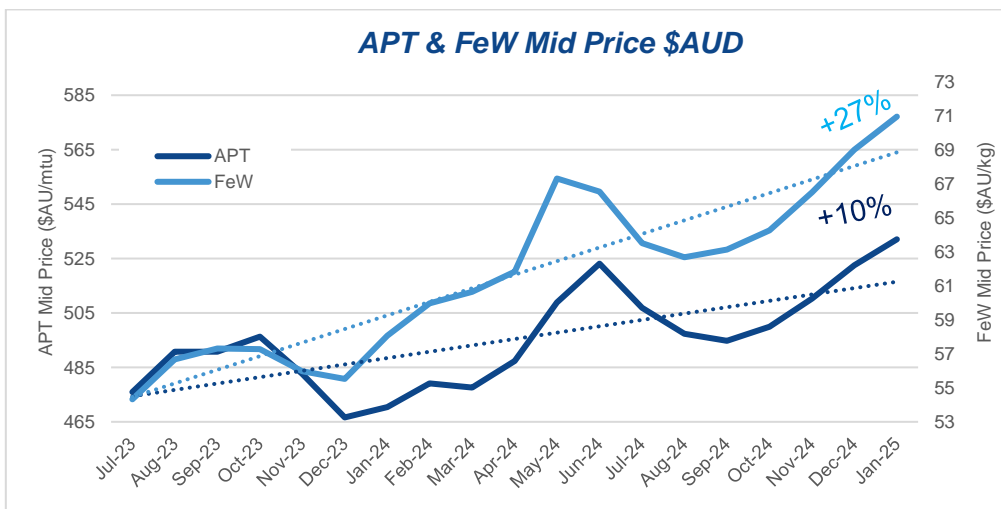
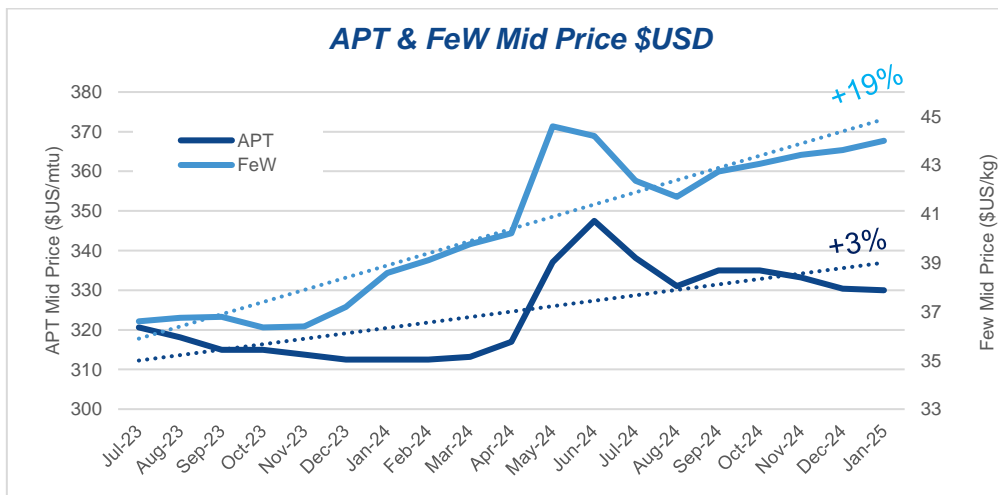
All numbers included in the Quarterly Cash Flow Report are unaudited.

TUNGSTEN MARKETS

After a dip in prices in late CY2023 / early CY2024, where the mid-APT price for tungsten concentrate hovered around US\$320/mtu, the market recovered, showing a modest upward trend from April 2024. By December 2024, the price had risen to approximately US\$330/mtu. The trend in higher USD prices has aligned with broader trends in the global tungsten market, where growing demand for critical minerals, recent regulatory measures implemented by the US Department of Defence prohibiting the sourcing of tungsten from China and Russia, along with the currently low tungsten reserves of the US Defence Logistics Agency are contributing to a structural deficit of tungsten in the US.

EQR is currently undertaking its due diligence procedures in relation to the 100% acquisition of the TMG Group, who operate one of the largest Ferrotungsten (FeW) plants in the world. One aspect of the strategic rationale for acquiring the TMG Group is the value uplift realised in FeW markets (compared to mid-APT) in the last 18 months. As shown in the USD graph below, in July 2023, FeW prices were approximately US\$37/kg of W-contained. However, since then the higher global demand for FeW has resulted in prices increasing to approximately US\$44/kg of W-contained as of the end of December 2024, representing a 19% increase over that time. EQR's ability to produce APT tungsten concentrate to provide feedstock to the FeW smelter, may result in the realisation of higher margins, should this pricing disparity continue into the future, and subject to the transaction completing.

EQR's functional currency is Australian Dollars (AUD). The sales book for all tungsten shipments remains unhedged allowing for positive exposure for a strengthening USD / weakening AUD. As shown in the chart below, the trend increases over the past 18 months for mid-APT tungsten concentrate prices has increased by approximately 10% and for FeW the increase is approximately 27%. At EQR, we will continue to provide currency exposure to an unhedged FX book on shipments, that may provide higher price realisations when converted to AUD.



Source: Fastmarkets. Tungsten APT 88.5% WO₃ min cif Rotterdam and Baltimore duty-free, \$/mtu WO₃; Ferrotungsten (FeW) basis 75% W, in-whs dup Rotterdam, \$/kg W.

SUSTAINABILITY

ENVIRONMENT

Mt Carbine Climate Risk and Decarbonisation Workshop: The Company successfully completed an onsite Risk and Decarbonisation Workshop in early December with its environment consultant Turner and Townsend Jukes Todd, resulting in the finalisation of the ESG and Climate Risk and Opportunities Register for Mt Carbine Operations. This comprehensive register outlines key risks and mitigation strategies aligned with ESG priorities, integrates climate projections specific to the region, and identifies opportunities that will inform EQR's decarbonisation planning for 2025 and beyond.

SOCIAL

Mossman Junior Rugby League: The Company is proud to support the development of young community members by sponsoring the local junior rugby league team's participation in the Tassel Trophy Challenge, fostering growth through sport, teamwork, and mental well-being while strengthening their confidence, sense of belonging, and resilience.

Salamanca School Visit: Tomás Vecillas (Director of Saloro), recently visited the Siervas de San José de Salamanca school (pictured) to deliver an educational presentation to first-year ESO students. The session provided an overview of modern mining operations, including the role of tungsten, methods of mineral extraction, the diverse professions involved in mining, and Saloro's comprehensive environmental stewardship initiatives. The students actively engaged with the presentation, with most questions focusing on Saloro's extensive wildlife monitoring programs, particularly its efforts to protect and study species such as Egyptian Vultures, Black Storks, and Bonelli's Eagles.



EXPLORATION ACTIVITIES / RESERVES AND RESOURCES

Mt Carbine RC drilling campaign in the Eastern Cutback

The Company has successfully completed its Eastern Cut Back Reverse Circulation (RC) drilling campaign in December 2024, with results from 28 drill holes totalling 741 meters. These holes, drilled from the 345m RL bench, were aimed at identifying the emergence of main ore loads in the Eastern Cut Back Program. The program involved a 1.2 million tonnes waste stripping program conducted from October to December 2024, providing early access during Open Pit Stage II to the main ore body at the Andy White Open Cut.

Drilling targeted three key zones—Dazzler, Johnson, and Iolanthe ore bodies—with promising results observed on the 345m bench, marking entry into the Iolanthe main ore body.

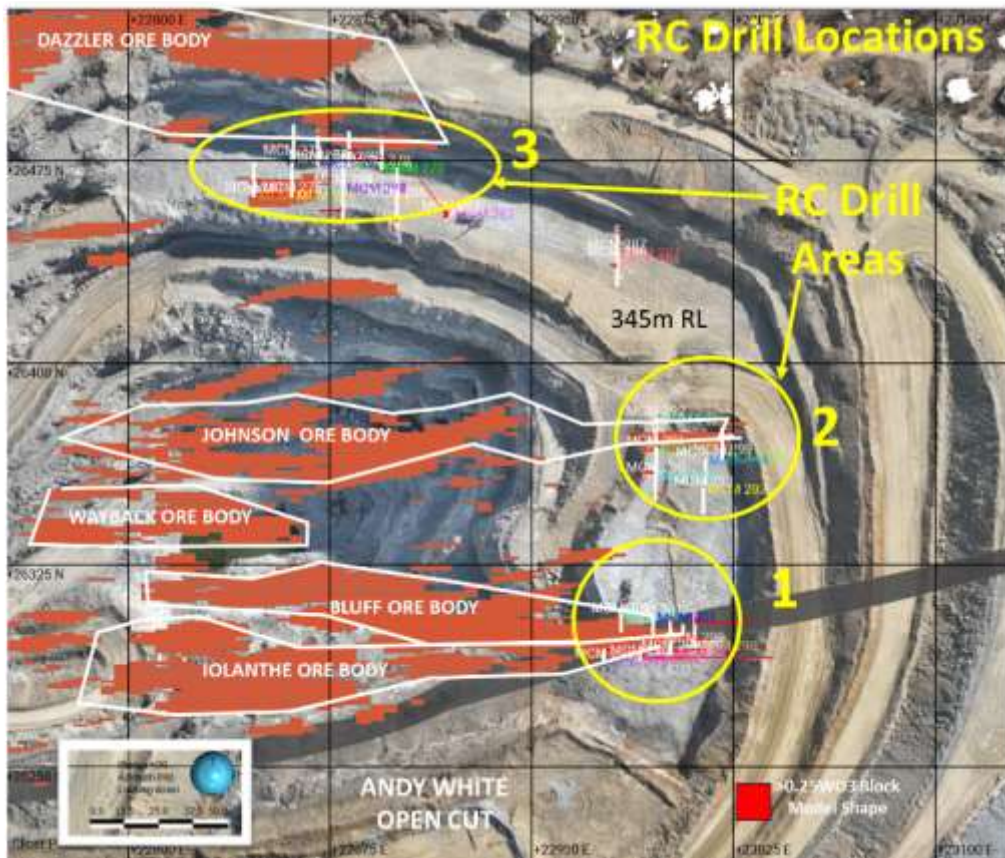
Key Drilling Results from the 345m RL Level:

- MCM 280: 3m @ 1.23% WO₃ from 5m depth
- MCM 281: 1m @ 1.02% WO₃ from 0m depth
- MCM 283: 1m @ 1.84% WO₃ from 2m depth
- MCM 295: 6m @ 1.62% WO₃ from 9m depth
- MCM 296: 8m @ 1.29% WO₃ from 0m depth
- MCM 296: 1m @ 1.20% WO₃ from 19m depth

Drilling has confirmed significant high-grade results at the 345m bench, marking the top of the Iolanthe ore body. Initial blasts in February are expected to produce increased high-grade ore from this zone. The decision to strip the eastern

section of the mine and prioritize early access to the main ore body has proven effective, delivering more ore availability moving forward. While stripping is a challenging process, it is now yielding rewards as the mining team enters the main ore zone.

EQR remains focused on exploring the full extent of the Mt Carbine tungsten deposit, ensuring long-term resource potential and reinforcing shareholder confidence in EQR's position as a leading tungsten producer.



Picture above: The three areas in the Eastern Cut Back targeted during the RC Drilling in December 2024.

ASX Announcement 28th January 2025: [‘Results of the Eastern Cutback RC Drilling Campaign’](#)

Wolfram Camp

The technical services department has been working closely with the safety team to collect soil samples around the existing waste dumps and pit. The site safety and security of Wolfram Camp has been updated with the old mineshaft barricaded and new procedures and processes in place. The soil samples have been sent to the University of Queensland and Tomra for characterisation and XRT Sorter Testing in Q3 FY2025. A large-scale sampling with XRT Sorter trials conducted on site at Mt Carbine ahead of a Feasibility Study is planned for later in the quarter.

Mineral Resource and Ore Reserves

There has been no material change to the Company's Mineral Resources and Ore Reserves since the last update provided, for more information refers to the announcements below:

- Mt Carbine Mine Mineral Resources Estimate and Ore Reserves as of June 2024; Wolfram Camp Mineral Resources Estimates as of 2015: [‘EQR Annual Report 2024’](#)
- Saloro / Barruecopardo Mine Ore Reserves as of October 2024: ASX Announcement 29th October 2024: [‘EQR Releases Barruecopardo Ore Reserves’](#); ASX Announcement 4th November 2024: [‘Updated Announcement on Barruecopardo Ore Reserves’](#)

EQR Tenement Interests

There was no change in the Tenements list held by the Company and its controlled entities, disclosed below in accordance with ASX Listing Rule 5.3.3.

Location	Holding Entity	Beneficial Interest	Interest Acquired or Disposed	Area	Expiry date
Queensland, Australia					
ML 4867	Mt Carbine Quarries Pty Ltd	100%	NA	358.5 ha	31/07/2041
ML 4919	Mt Carbine Quarries Pty Ltd	100%	NA	7.891 ha	31/08/2041
EPM 14871	EQ Resources Limited	100%	NA	10 sub-blocks	12/12/2025
EPM 14872	EQ Resources Limited	100%	NA	21 sub-blocks	11/12/2025
EPM 27394	EQ Resources Limited	100%	NA	4 sub-blocks	1/06/2025
EPM 28898	EQ Resources Limited	100%	17/06/2024	147 sub-blocks	17/06/2029
New South Wales, Australia					
EL 6648	EQ Resources Limited	100%	NA	4 Units	19/10/2026 ¹⁾
EL 8024	EQ Resources Limited	100%	NA	19 Units	29/11/2024 ¹⁾
ML = Mining Lease; EPM = Exploration Permit for Mineral (Qld); EL = Exploration License (NSW)					
¹⁾ Sozo Farm-in arrangement.					
Salamanca, Spain					
C.E. Barruecopardo, 6.432-10	Saloro, SLU	100%	18/01/2024	2,100 Ha	1/11/2041
P.I. Saldeana 1 ^a Fracción, 6.432-11	Saloro, SLU	100%	18/01/2024	29,300 Ha	13 Aug.*
P.I. Saldeana 2 ^a Fracción, 6.432-12	Saloro, SLU	100%	18/01/2024		13 Aug.*
P.I. Milano, 6.432-20	Saloro, SLU	100%	18/01/2024	29,000 Ha	13 Aug.*
P.I. Cortegana, 6.570	Saloro, SLU	100%	18/01/2024	16,700 Ha	14 Nov.*
P.I. Almonaster, 6.572	Saloro, SLU	100%	18/01/2024	4,300 Ha	14 Nov.*
P.I. Aracena, 6.649	Saloro, SLU	100%	18/01/2024	5,300 Ha	30 Oct.*
P.I. Brincones, 6.834	Saloro, SLU	100%	18/01/2024	6,100 Ha	7 May*
C.E. = Mining Lease; *P.I. = Exploration Permit which is renewed annually.					

Note: EL 8024 recently expired, the renewal application has been lodged, and the company is awaiting renewal confirmation from the NSW Department of Primary Industries and Regional Development – Resources

Released on the authority of the Board by:

Kevin MacNeill
Chief Executive Officer

Further Enquiries:

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Investor Relations
M 0412 036 231
peter@nwrcommunications.com.au

About EQ Resources Limited

EQ Resources Limited (“EQR” or “the Company”) is a leading tungsten mining company dedicated to sustainable mining and processing practices, with a focus on expanding its world-class tungsten assets at Mt Carbine in Far North Queensland (Australia) and at Saloro Mine, in Barruecopardo, Salamanca Province (Spain). The Company evaluates corporate and exploration opportunities within the new economy, leverages advanced minerals processing technologies and unexploited resources across multiple jurisdictions, to be a leading global supplier of the critical mineral, tungsten.

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 in resource estimates. Neither the Australian Securities Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Australian Securities Exchange) accepts responsibility for the adequacy or accuracy of this announcement.

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Appendix 5B

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

Name of entity

EQ RESOURCES LIMITED

ABN

77 115 009 106

Quarter ended ("current quarter")

31 December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	18,942	40,168
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	(15,784)	(28,295)
(d) staff costs	(6,429)	(12,232)
(e) administration and corporate costs	(1,696)	(3,130)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	18
1.5 Interest and other costs of finance paid	(840)	(1,534)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other		
- Diesel Fuel Tax Credits	392	789
- Traineeship Subsidies	12	47
- Other	-	-
1.9 Net cash from / (used in) operating activities	(5,395)	(4,169)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	(533)	(985)
(b) tenements	-	(3)
(c) property, plant and equipment	(603)	(1,645)
(d) exploration & evaluation (if capitalised)	(145)	(169)
(e) investments	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(f) other non-current assets	(2,485)	(4,784)
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	50	50
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(3,716)	(7,536)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,900	5,130
3.2	Proceeds from issue of convertible debt securities	3,000	3,000
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(296)	(590)
3.5	Proceeds from Borrowings	-	-
3.6	Repayment of borrowings	(300)	(307)
3.7	Transaction costs related to loans and borrowings	(112)	(155)
3.8	Dividends paid	-	-
3.9	Other		
	- Lease Repayments	(484)	(839)
	- Concentrate Sale Prepayments	1,000	3,951
3.10	Net cash from / (used in) financing activities	7,708	10,190
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,377	3,517
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,395)	(4,169)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,716)	(7,536)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,708	10,190
4.5	Effect of movement in exchange rates on cash held	39	11
4.6	Cash and cash equivalents at end of period	2,013	2,013

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,013	3,377
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Term Deposits	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,013	3,377

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	124
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Payments to Directors and Senior Executives for salaries (including superannuation), fees, consultancy and expense reimbursements.</p>		

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

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities		
	- Banco Santander ¹	33,478	33,008
	- Caixabank ²	8,370	8,091
7.2	Cronimet Offtake Advance Facility	10,455	10,455
7.3	Cronimet Working Capital Facility	2,121	2,121
7.4	Convertibles Notes	3,750	3,750
7.5	Total financing facilities	58,174	57,425
7.5	Unused financing facilities available at quarter end		749
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
7.6	7.1 Spanish Loan Facilities: 1 Secured Loan Facilities at interest rates between 4.92% - 5.00% (Oaktree LC support until July 2025). 2 Secured Loan Facility at an interest rate of 5.42% (Oaktree LC support until July 2025). 7.2 Secured Loan no interest loan to be repaid from free cash flows, over life of mine. 7.3 Unsecured Loan at an interest rate of SOFR + 3.00% p.a. 7.4 (i) Unsecured 2-Year \$750k Convertible Notes with a Coupon Rate of 9.00% p.a. payable in shares or cash at the election of the Note Holders. (ii) Unsecured 1-Year \$3 million Convertible Notes with a Coupon Rate of 9.00% p.a. payable in shares or cash at the election of the Note Holders.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(5,395)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(145)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(5,540)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,013
8.5	Unused finance facilities available at quarter end (item 7.5)	749
8.6	Total available funding (item 8.4 + item 8.5)	2,762
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	(0.5)
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

It is the expectation of the Company that both operations in Spain and Australia will generate positive operating cashflows in future quarters. Firstly, in Spain, during the December 2024 quarter the Saloro business set several production and recovery records, that have ultimately resulted in the operations generating positive operating cashflows for the first time since being acquired by the Company in January 2024. Initiatives are in place for additional property, plant and equipment to increase recovery rates even further, with the expectation that the operation continues to generate positive operating cashflows throughout 2025. The Mt Carbine operation in Australia generated positive operating cashflows in the September 2024 quarter. It has not generated positive operating cashflows in the December 2024 quarter due to 1) The negative impacts of low dam levels and below average rainfall that has impacted the mines ability to process product; and 2) A change in mine plan that has necessitated a focus on waste removal in the quarter that will ultimately uncover higher-grade ore bodies from which material cashflows are expected to be generated in future quarters. These waste removal works are expected to be completed in February 2025. Given the Mt Carbine operation is located in Far North Queensland, management expects that the delayed monsoon rainfalls will arrive during the March 2025 quarter.

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

The Company is currently in negotiations to receive prepayments for contract renewals with identified customers. The Company is planning for approximately \$7 million to be generated from these negotiations in the March 2025 quarter. The Company is also in discussions with other potential equity/debt/royalty financing partners to enter into additional facilities in the first half of CY 2025.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

The Company expects to continue its operations and to meet its business objectives. Based on responses to item 8.8.1 and 8.8.2, the Company is working diligently on its initiatives at each tungsten operation to deliver positive operating cashflows in future quarters. The Company is also in several discussions with various third parties looking to secure tungsten offtake supply and to potentially take part in additional debt or equity financing arrangements, as required.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

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

Date: 31 January 2025

Authorised by: the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An

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

entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

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