

EQ Resources Limited

Quarterly Activities Report

Quarter ended 31 March 2022

EQ Resources Limited is the 100% owner of the Mt Carbine Tungsten Mine near Cairns, Australia's only primary producer of tungsten, a critical metal. Production recommenced in 2020 with dual product streams of tungsten concentrate and by-product high-quality specialised aggregate and road-making materials.

HIGHLIGHTS

MT CARBINE OPERATIONS & DEVELOPMENT

- Implementation of an Early Works Program comprising a power line upgrade, installation of a 2nd XRT Sorter, improvements around the Gravity Plant and set up of a 24/7 production roster.
- The Federal Government's Critical Minerals Accelerator Initiative (CMAI) supports EQR's expansion program at Mt Carbine with a \$6 million grant.
- Agreed with Sandvik on binding terms for the delivery and financing of the new crushing & screening plant as part of the expansion program, adding a capacity of 350t/h, which is 2.5-times the current crushing throughput.
- Secured \$600,000 in co-investment from the Federal Government's Advanced Manufacturing Growth Centre (AMGC) for the upscaling of the XRT Sorter plant.

EXPLORATION

- Phase 1 of 2022 drilling program completed with mineralisation at Western Pit Extension confirmed.
- Scoping Study complete on the Mt Carbine UG Mine development with results giving confidence to proceed with pre-feasibility work.
- Geophysics work conducted around Mt Carbine EPM14872 license areas identifies 8 major targets to be tested.

MT CARBINE OPERATIONS

MT CARBINE EXPANSION (EARLY WORKS NEARING COMPLETION)

Upgrade works on the high-volume screening gear from Sandvik and larger-size conveying systems for expanded production volumes is ongoing with major capital items now in place for the crushing and screening area and electrical installation ongoing.

Procurement under the Early Works Program was more challenging than originally anticipated with industry fabricators having significant lead times for capital items, sometime up to 6-months out at inflated pricing due to the strong condition in the Australian mining industry. To combat this, the Company worked with local fabricators, with which it has developed strong relationships, to execute the fabrication and construction from the engineered drawings, of certain major components like the conveyors, chute work, various other steel

fabrication items and electrical circuits. This has allowed the Company to remain close to originally forecasted timelines while supporting local businesses.

Mt Carbine continues to ramp up production into a firm market for tungsten concentrates and a strong, stable price for the major end product APT, currently around US\$350/MTU, compared with US\$230/MTU a year ago.

Now that we are coming out of the rainy period and with the Early Works being completed in the coming weeks, the Company continues to see itself on target with the production upgrade forecasting towards +/-90 tonnes of concentrate per month.

XRT SORTER & GRAVITY PLANT PRODUCTION

Operations continued to produce through the rainy season which is a challenge with the plant and equipment that has been in place prior to the installation of the Early Works upgrades. The Early Works screening plant being installed is a wet screen, therefore all fines material will be washed through the screens and pumped directly to the Gravity Plant in future. During the quarter, the old crushing and screening equipment was used which is a dry circuit, this meant that during the rains, the wet material causes screens to blind over, preventing effective separation of fines material and sorter feed material. However, the operation was able to persevere and continue production through the wet season producing more than a container each month with production scaling up significantly in March and through April due to improved weather conditions. Future operations will be impacted far less with the adverse weather once the Early Works installations have been commissioned.

During the period operations also experienced intermittent interruptions due to the construction of the new crushing and screening equipment under the Early Works Program along with the installation of the new TOMRA XRT Sorter.

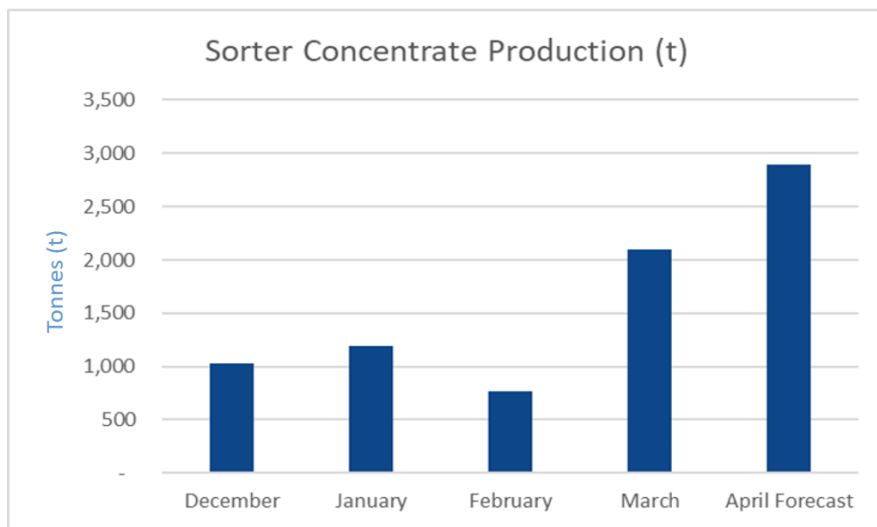


Figure 1 - XRT Sorter Concentrate produced

The XRT Sorter ramped up production significantly in March and April as weather allowed for clean material preparation for processing. The increased sorter concentrate production has a directly positive effect on downstream Gravity Plant production as the sorter concentrate is upgraded further through the Gravity Plant and converted into final saleable concentrate.

The operation is in the process of commissioning the new TOMRA XRT Sorter and will continue to refine the process in the coming weeks. The new XRT Sorter will allow for increased throughputs and operating

efficiencies during the coming quarter, and is expected to continue the positive impact on production as the operation ramps up with the Early Works completed.

The Gravity Plant operated relatively consistently through the period, processing a combination of Low Grade Stockpile fines and XRT Sorter concentrate when available in conjunction with historic tailings material that is already sized and readily accessible. The historic tailings is used as a blending material when required to keep production throughputs on target during the wet season while crushing and screening constraints were experienced due to the ongoing rain events.

The Operations Team have been able to continue refining the process and training operators across the crushing, screening, XRT Sorting and Gravity Plant as the full site ramps up to operate on a 24/7 basis. This has led the Operations Team to take a structured approach to developing the internal intellectual capital for the operation and allowing it to work toward smooth direct integration of all processes going forward with skilled personnel.

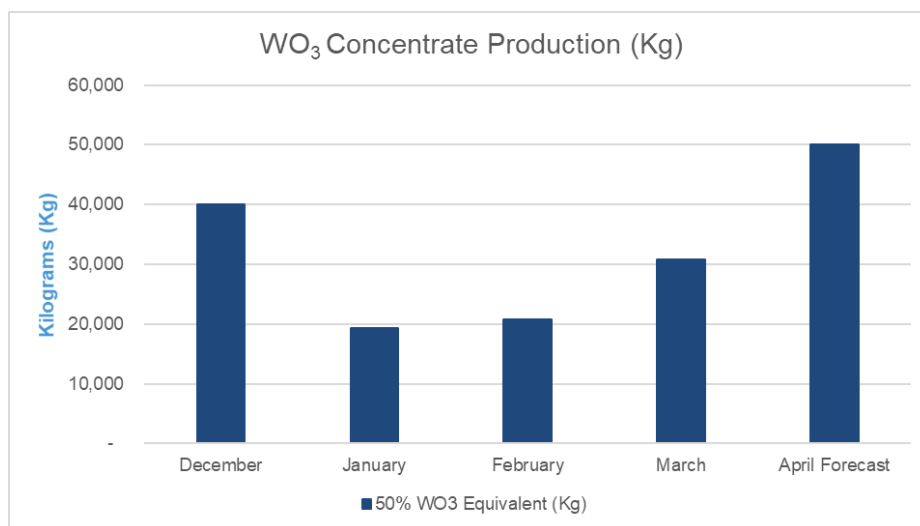


Figure 2 - Concentrate Production of 50% WO3 equivalent

QUARRY DELIVERIES CONTINUED FROM REPURPOSED MINE WASTE

EQR continued to develop its 'green aggregates' business which turns inert waste rock into vital construction materials for Far North Queensland by working toward having the waste rock at Mt Carbine. In this regard, the Company has been working with authorities to classify the repurposed Mt Carbine aggregates as a recycled product. This will open additional opportunities in the local and regional market with the potential to increase future sales with regional industries pushing towards a higher demand for recycled products.

The March Quarter is generally a very quiet quarter for the quarry due to the heavy rainfall in Far North Queensland pausing road construction in the area, however, the Quarry was able to focus on the sale of its bulk recycled products into the local market to some of the regional contractors leading to increase sales for the quarter year-on-year.

The quarry operations continues to tender on regional as well as export-oriented projects with its recycled materials. The June quarter is expected to increase the quarry outputs due to several regional projects restarting and a strong marketing effort to the local industry. XRT Sorter waste continues to be used as a by-product for the production of road bases and a multitude of aggregates with the quarry stockpiling these materials for sale during the upcoming dry season.

While EQR is aiming for a leadership role in the sustainable development of critical minerals projects, we are continuously looking at non-conventional waste treatment options. Our quarry provides a complementary revenue stream to our primary product being tungsten concentrate. Additional revenue drives down unit costs and helps Mt Carbine build a mine for the future. Our ambition is to build a mine with low impact and maximum use of mined materials, a truly circular enterprise.

SAFETY PERFORMANCE AT MT CARBINE

The safety at the Mt Carbine operation continued to improve during the quarter with no lost time accidents. The number of first aid cases have increased due to the increased number of workers & hours worked, but key to this statistic is that the Company has had no Medical Treatment Injuries or Restricted Work Cases.

The Lost Time Injury Frequency rate is 0.6 above industry standard, however, the Company still views this as a positive statistic due to the ongoing ramp up and Early Works construction which are generally high-risk periods for developing companies. Total Recordable Injury Frequency rate is less than half the industry standard which is positive. Medical Injury Frequency rate is Zero. The Company has increased its first aid capabilities with training of multiple personnel and will be looking into emergency response training this year.

A total of 1,390 positive safety indicators recorded for 2022 until the end of the quarter. With an increase of three times for the basic 'Take 5' risk assessments from January to March which is the first step in having on site personnel stop and assess risk for general jobs around the work site.

8 operators conducted HR-B training to allow them to drive heavy vehicles across the highway from the Quarry to the Gravity Plant, 5x Operators did First Aid training, 4x operators completed supervisor training and 63 corrective actions were closed out in the 3-month period.

The Company's Integrated Management System has been audited by a third party & will be rolled out to all employees to use as a guidance tool for managing safety.

ENVIRONMENTAL ACTIVITIES AT MT CARBINE

During the quarter due to the heavy rains and flooding experienced through January and into February, the water dam at Mt Carbine was required a controlled release in accordance with the Company's environmental permit with no harm to the receiving environment confirmed by ongoing sampling during the release and the ecological study completed for this period. The Company worked with environmental group NRA over this period to ensure full compliance and sampling requirements for reporting were met and completed in a timely matter. Ongoing monitoring of both surface water, ground water, dust and noise as well as biological sampling continued.

MT CARBINE DEVELOPMENT

FEDERAL GOVERNMENT CO-INVESTS IN HIGH-TECH ORE-SORTING PROCESS

EQR successfully secured \$600,000 in co-investment from the Federal Government's Advanced Manufacturing Growth Centre ("AMGC") via the \$30 million Commercialisation Fund.

Combined investment from EQR, its partners and AMGC, totalling \$1.97 million, will assist in commercialising industrial-scale operations for advanced minerals processing flowsheet developed for the Mt Carbine Expansion Project.

Technologies to be incorporated include the advanced XRT ore sorting technology from TOMRA Sorting Pty Ltd, as well as hyperspectral imaging sensors developed by Plotlogic Pty Ltd. The implementation will further be supported by CRONIMET Australia Pty Ltd and The University of Queensland – Sustainable Minerals Institute.

The formal co-funding agreement between AMGC and the Company has been finalised and signed. AMGC is an industry-led, not-for-profit organisation established through the Australian Government’s Industry Growth Centres Initiative. AMGC’s vision is to transform Australian manufacturing to become an internationally competitive, dynamic, and thriving industry with advanced capabilities and skills at its core.

AGREEMENT WITH SANDVIK ON BINDING TERMS FOR FINANCING OF CRUSHING & SCREENING PLANT

In March, EQR agreed with leading mining technology company Sandvik on the binding terms for the delivery and financing of the crushing and screening mechanical and structural equipment for the Company’s expansion program at Mt Carbine.

The scope of supply comprises the primary, secondary and tertiary crushing stations, as well as a screening station and all related structures. The new crushing and screening plant will have a capacity of 350 metric tonnes per hour, which is 2.5-times the throughput of the crushing and screening plant currently in operation by EQR.

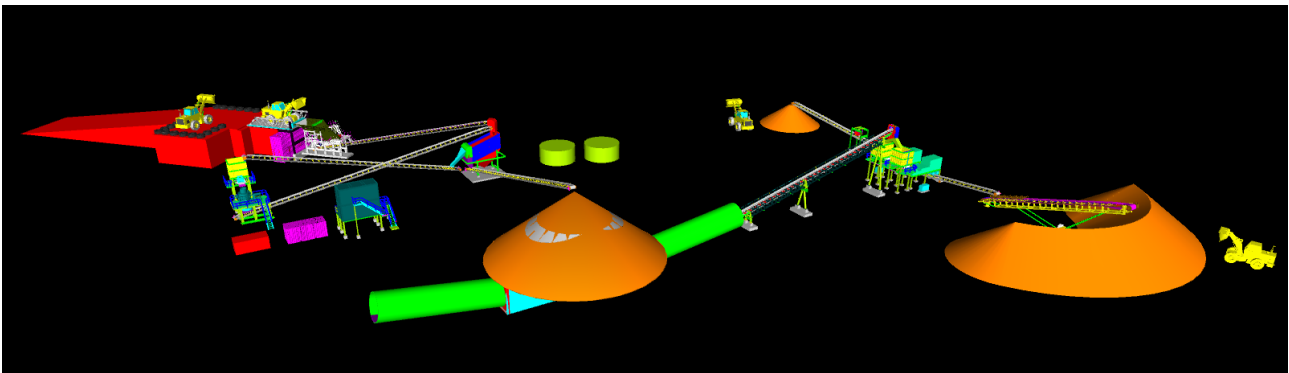


Figure 3 - 3D design for new crushing, screening and XRT sorting plant

As part of the binding terms agreed between EQR and Sandvik, Sandvik Financial Services Pty Ltd (“SFS”) has extended financing terms as following:

- The agreed delivery scope amounts to \$4.8 million, with the financing facility being subject to a 30% deposit by EQR
- The facility considers (up to) 48 monthly instalments and a fixed interest rate of 5.75% p.a.
- Industry standard security arrangement agreed, subject to SFS standard documentation, including a first rank priority pledge over the Sandvik supplied equipment

CRITICAL MINERALS ACCELERATOR INITIATIVE (“CMAI”)

CMAI has put its support forward for EQR’s expansion program at Mt Carbine with a \$6 million grant. This funding will be utilised to accelerate the Mt Carbine Expansion Program which focuses on the transformation of historic mine waste into a sustainable source of tungsten along with the commencement of open-cut mining of the Andrew White Open Pit.

Specifically, it will be used to fund plant and equipment, drilling and additional studies, as well as expand on innovative technologies to efficiently produce tungsten concentrate from relatively low-grade ore currently stockpiled aboveground and from high-grade resources identified in the accessible Andrew White Open Pit.

- Combined investment from EQR, Cronimet and CMAI, totalling approximately \$15 million, in line with the Company's Bankable Feasibility Study, while considering the Early Works Program as currently being completed.
- The formal co-funding agreement will be finalised in the coming weeks.

EXPANSION FUNDING (BFS SCOPE)

As communicated to the market across various platforms, the Company is working to close out the best possible options of funding arrangements that it has been negotiating over the past several months to ensure the best interests of the Shareholders are upheld. This has led the Company to secure two Government Grant facilities as well as binding financing terms from Sandvik for the provision of their crushing and screening plant. The Company is working to finalise additional finance offers and will announce to the market as finalised. The continued development of the expansion project and restart of the open pit mining operations remains the key focus of the Company and the Board and Management are endeavouring to do this in what they believe is the most beneficial way for Shareholders.

EXPLORATION ACTIVITIES

MT CARBINE - UNDERGROUND SCOPING

A Scoping Study was completed by Deswik Mining Consultants Pty Ltd ("Deswik"), with the goal to explore the potential of delineating and creating an underground mining inventory (design, schedule, and economics).

The Scoping Study broadly consisted of:

- geological review (to understand geology, structural controls, grade distribution, resource status, inventory to be assessed for underground potential)
- stope optimiser runs (to spatially delineate stopes greater than 0.25% WO₃)
- mining method review (appropriate methods, assessment and exclusion exercise)
- review and update of supplied first-principles cost build up for underground mining costs
- level by level, stope by stope assessment of potentially economic stopes
- preliminary design, task creation, sequencing and scheduling of concept design
- (internal) financial cost model and SWOT analysis

Some of the key highlights are:

- Scoping Study confirms the Mt Carbine Underground Mine ("UG Mine") has potential for a long life, technically and economically viable project (at current tungsten price)
- The study utilized the better drilled out areas where mineralization continuity was demonstrated ie. 2.36Mt @ 0.84% WO₃ of the Mt Carbine resource inventory (65% Inferred & 35% Indicated)
- UG Mine economics are more sensitive to ore grade (mined metal content) and tungsten price, as compared to a lower sensitivity on capex and opex

- Scoping Study demonstrated that underground mining could be done in parallel to the open cut operation leaving a geotechnical buffer around the open cut mine
- Scoping Study leveraged the significant technical knowledge from historical works around the Mt Carbine mine (incl. earlier studies on underground mining), as well as experience from the ongoing ore processing operations at site

It is important to note that 65% of the resource used in the Scoping Study is in the inferred category and does not allow for the economics of this study to be reported.

EQR is significantly encouraged to aggressively move forward into the Pre-Feasibility Study. By further drilling campaigns EQR will continue to define the remaining 5.7Mt @ 0.51% WO₃ of Inferred Resources outside the planned Open Cut and UG Mine scoped mineralization.

The waterfall diagram below shows the Indicated and Inferred resources examined in the Scoping Study (2.36Mt @ 0.84% WO₃):

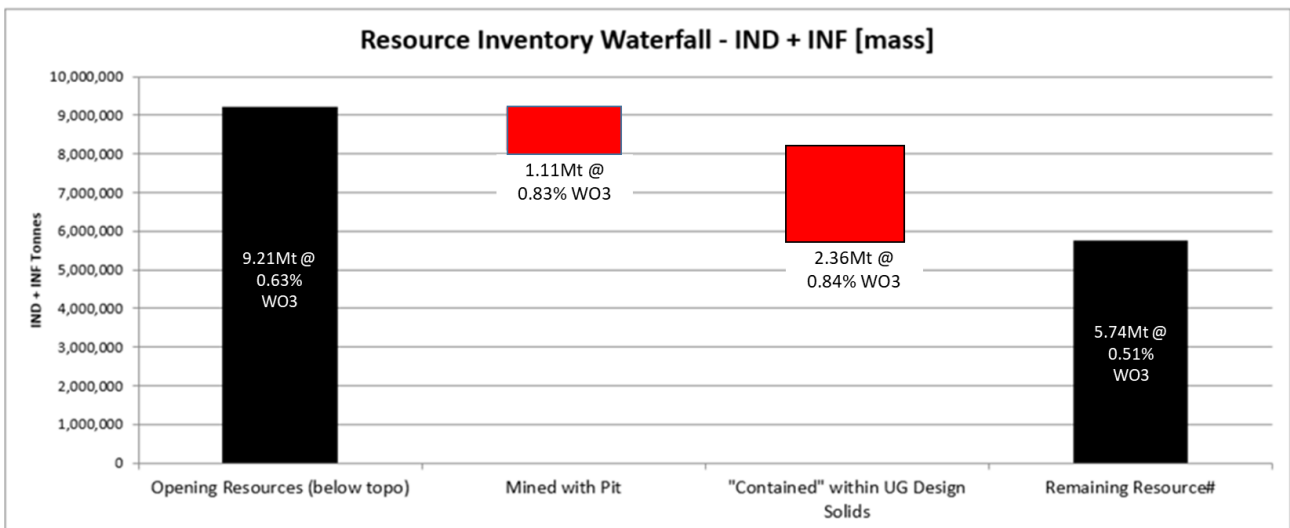


Figure 4 - Resource Inventory Waterfall

EQR are confident the results from the Scoping Study justify the decision to proceed to a Pre-Feasibility Statement once the resources in this area have been drilled and resource model updated.

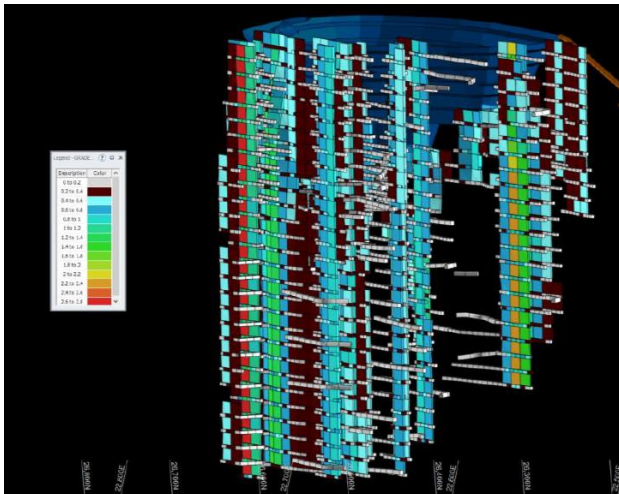


Figure 5 - Early layout designs undertaken in the Scoping Study

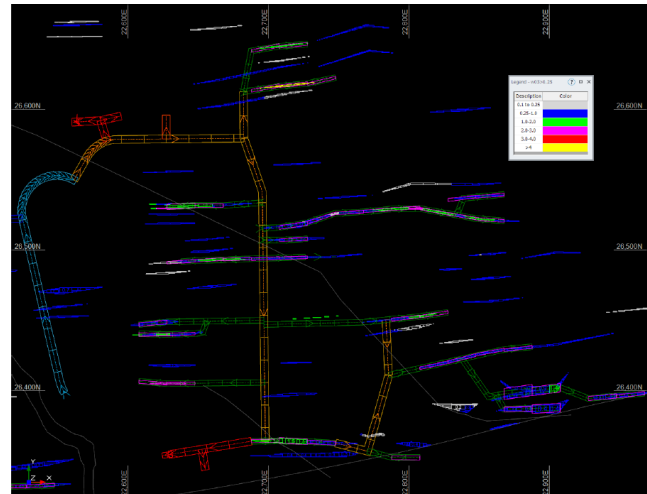


Figure 6 - Layout of the 1560 Level (block model slice included)

MT CARBINE - EPM14872

360 line kilometres of close spaced ground magnetics was conducted on 25m x 2m grid pattern over the northern part of the mineral license. This work also covered the actual deposit as a base of reference. The data was processed by Terraseach Consultancy.

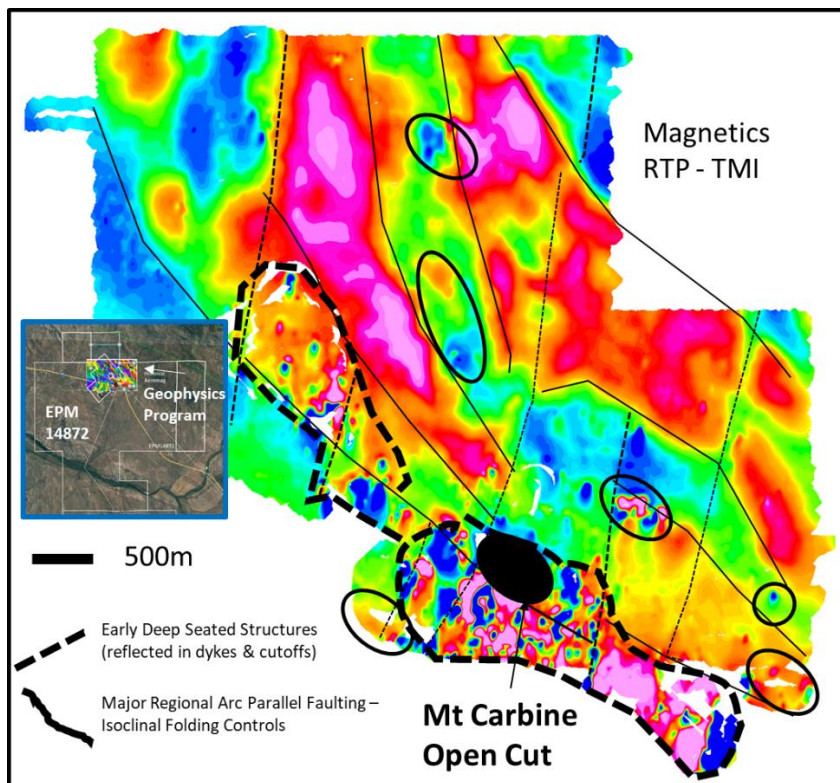


Figure 7 - Anomaly map of new geophysics data. Circles represent discrete anomalies with the Hodgkinson Formation. The long elongate anomaly may represent the strike extents of intrusive activity associated with tungsten mineralization (>3km buried intrusive body)

A soil sampling program is underway over the same areas on a 25m x 50m grid pattern with 2,300 of the 5,600 program completed this period.

Integration of both programs into GIS are to be a guide for regional exploration activities. More than eight anomalous regions have been registered in the magnetics for follow-up.

MT HOLMES - EPM14871

An initial survey at Mt Holmes tin project revealed over 30 massive quartz veins cross the tenement at right angles to a major feldspar porphyry dyke swarm. 82 rock chip samples of these veins did not reveal any major mineralization but minor marginal zones of tin. The remainder of the license will be explored this field season commencing in July 2022.

TENEMENT INTERESTS

In accordance with ASX Listing Rule 5.3.3, the following table is submitted with respect to tenements held by the Company and its controlled entities:

Location	Holding Entity	Area	Expiry Date
Queensland, Australia			
ML 4867	Mt Carbine Quarries Pty Ltd	358.5 ha	31/07/2022 ¹⁾
ML 4919	Mt Carbine Quarries Pty Ltd	7.891 ha	31/08/2023
EPM 14871	Company	10 sub-blocks	12/12/2025
EPM 14872	Company	21 sub-blocks	11/12/2025
EPM 27394	Company	4 sub-blocks	01/06/2025
New South Wales, Australia			
EL 6648	Company	4 Units	19/10/2026 ²⁾
EL 8024	Company	19 Units	29/11/2024 ²⁾
ML = Mining Lease; EPM = Exploration Permit for Minerals (Qld); EL = Exploration Licence (NSW)			
1) <i>Renewal application submitted on 31 January 2022</i>			
2) <i>Sozo farm-in arrangement</i>			

No farm-in or farm-out agreements were entered into during the period.

FINANCIAL PERFORMANCE

EQR's cash balance as at 31 March 2021 was \$1.167 million (compared with \$4.508 million for the quarter ended 31 December 2021), representing a net decrease of \$3.341 million for the quarter.

In line with the Early Works Program, the Company invested \$1.257 million on property, plant and equipment with an additional \$0.790 million being expended on capitalised exploration and evaluation activities, including the Company's Environmental Authority amendments for production increases, and extension of the drilling program (refer ASX Announcement "Extension Drilling Commences" dated 17 January 2022).

Cash receipts from customers totalled \$0.822 million (compared with \$1.209 million in the previous quarter) representing EQR's 50% share of tungsten concentrate sales for the quarter of \$1 million with the balance of the inflow generated from numerous quarry contracts. The lower quarterly revenue was predominantly due to

the wet season impact on production activities during the quarter. The quarry currently has an order backlog of approximately \$0.315 million, which represent orders which have not yet been delivered to construction sites - and thus not yet invoiced - due to weather (with most cost accounted for in the quarter).

The modest increase in staff costs to \$1.070 million is mainly due to higher staff numbers employed by the unincorporated joint venture for the commencement of a 24-hours basis production cycle.

The Company continues to increase its quarry inventory stockpiles generated from the XRT Sorter waste stream and maintains a strong focus on cost control across its operating and corporate activities.

CORPORATE

CHANGES IN EQR BOARD & LEADERSHIP TEAM

There have been no changes in the EQR Board or Management during the period.

RELATED PARTY PAYMENTS

In line with its obligations under ASX Listing Rule 5.3.5, the Company has advised in the Appendix 5B for the period ended 31 March 2022, that the only payments to related parties of the Company pertain to payments to Directors and Senior Executives for salaries, fees and consultancy including expense reimbursements.

Released on behalf of the Board by:
Kevin MacNeill
Chief Executive Officer
EQ Resources Limited

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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.

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Competent Person's Statements

EQ Resources' exploration and resource work is being managed by Mr Tony Bainbridge, AusIMM. Mr Bainbridge is engaged as a contractor by the Company and is not "independent" within the meaning of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr Bainbridge has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in JORC Code 2012.

The technical information contained in this announcement relating exploration results are based on, and fairly represents, information compiled by Mr Bainbridge. Mr Bainbridge has verified and approved the data disclosed in this release, including the sampling, analytical and test data underlying the information. The diamond core samples are assayed at the ALS Laboratory in Brisbane, Australia. Mr Bainbridge has consented to the inclusion in this release of the matters based on his compiled information in the form and context in which it appears in this announcement.

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.

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 March 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	822	3,833
1.2	Payments for		
	(a) exploration & evaluation	(2)	(7)
	(b) development	(23)	(298)
	(c) production	(913)	(3,649)
	(d) staff costs	(1,070)	(2,914)
	(e) administration and corporate costs	(121)	(487)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(8)	(19)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other		
	- Diesel Fuel Tax Credits	60	175
	- Government Grant (AMGC)	165	165
	- Other (provide details if material)	13	40
1.9	Net cash from / (used in) operating activities	(1,077)	(3,161)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(1,257)	(2,085)
	(d) exploration & evaluation	(790)	(2,591)
	(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 (9 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(255)	(373)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(2,302)	(5,049)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	6,000
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(302)
3.5	Proceeds from Prepaid Sales	-	-
3.6	Repayment of borrowings	-	50
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other		
	-Working Capital Loan (Unincorporated Joint Venture)	70	193
	-Lease Repayments (Principal Only)	(32)	(62)
3.10	Net cash from / (used in) financing activities	38	5,879

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,508	3,504
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,077)	(3,161)

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 (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,302)	(5,049)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	38	5,879
4.5	Effect of movement in exchange rates on cash held	-	(6)
4.6	Cash and cash equivalents at end of period	1,167	1.167

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'00
5.1	Bank balances	1,167	4,508
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,167	4,508

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	125
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

Payments to Directors and Senior Executives for salaries (including superannuation), fees, consultancy, and expense reimbursements.

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	5	5
7.2 Credit standby arrangements	-	-
7.3 Convertible Notes	4,000	4,000
7.4 Total financing facilities	4,005	4,005
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
7.1 Secured 3-year Equipment Finance Loan at an Interest Rate of 4.91% p.a. 7.3 Unsecured 2-year Convertible Notes with a Coupon Rate of 7.00% 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)	(1,077)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(790)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,867)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,167
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,167
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.6
<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?	
Answer: The Company is expecting a further quarter-on-quarter improvement of its net operating cash flows. The Company, as part of its Early Works Program, has committed significant funds in capital equipment and for hiring and training new operators over the recent two quarters. As a result of this effort and capital spending, the plant output on a daily and weekly basis could be increased as per the Company's expectations, i.e. during March and April 2022 (post the annual North Queensland wet season). While the Company continues to implement its planned Capex Program, the operational expenses are stabilising with the benefit of increasing revenue from increased production.	

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

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?

Answer: The Company released a Bankable Feasibility Study in December 2021, which highlighted the Capex requirements for the ongoing and further planned Mt Carbine Expansion Project. Capex funding and required working capital for its operations for the coming quarter is supported by a number of funding facilities, i.e. supplier finance (\$4.8 million), offtake prepayment and a Federal Government grant (\$6 million).

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?

Answer: The Company is confident that it will continue meeting its business objectives, via the Early Works Program as part of the wider Mt Carbine Expansion Project which is close to completion, the recent announcement of Government support (through above mentioned grant) and the progress on securing funding facilities for the expansion.

As a direct consequence of the Early Works Program, the Company could significantly increase daily production output over the recent three months, a trend that is expected to continue, leading to increasing revenue in the short term.

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: 29 April 2022

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

Notes

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

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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.