# HALF YEAR REPORT DECEMBER 2024

## EQ RESOURCES LIMITED

ABN 77 115 009 106

**DECEMBER 2024**

# CORPORATE DIRECTORY

## Directors

**Oliver Kleinhempel**
Non-executive Chairman

**Stephen Layton**
Non-executive Director

**Richard Morrow**
Non-executive Director

**Stephen Weir**
Non-executive Director

**Zhui Pei Yeo**
Non-executive Director

## Company Secretary

Melanie Leydin

## Registered Office

Level 4, 100 Albert Road
South Melbourne VIC 3205

**T** +61 (0)7 4094 3072

**W** www.eqresources.com.au

**E** info@eqresources.com.au

## Principal Place of Business

6888 Mulligan Highway
Mount Carbine QLD 4871

## Share Register

Automic Pty Ltd
Level 5 126 Philip Street
Sydney NSW 2000

**T** +61 (0)2 9698 5414

## Auditors

Nexia Melbourne Audit Pty Ltd
Level 35, 600 Bourke Street
Melbourne VIC 3000

**T** +61 (0)3 8613 8888

**F** +61 (0)3 8613 8800

## Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX)

ASX Code: EQR

ACN: 115 009 106

ABN: 77 115 009 106

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# OPERATING & FINANCIAL REVIEW

# EQR Group Half Year FY2025 – Production Summary

| Operations | | Mt Carbine | | Saloro | | EQR Group | |
|---|---|---|---|---|---|---|---|
| | *Unit* | ***H2 FY24*** | ***H1 FY25*** | ***H2 FY24*** | ***H1 FY25*** | ***H2 FY24*** | ***H1 FY25*** |
| Waste | *kt* | 1,102 | 805 | 2,816 | 3,251 | 3,917 | 4,055 |
| Ore | *kt* | 292 | 318 | 594 | 760 | 886 | 1,078 |
| Total Tonnes Mined | *kt* | 1,394 | 1,123 | 3,409 | 4,011 | 4,803 | 5,134 |
| Strip Ratio | *W:O* | 3.8 : 1 | 2.5 : 1 | 4.7 : 1 | 4.3 : 1 | 4.4 : 1 | 3.8 : 1 |
| Closing Ore Stock | *kt* | 68 | 11 | 308 | 304 | 376 | 315 |
| Gravity Plant Feed | *kt* | 125 | 132 | 448 | 453 | 573 | 584 |
| Gravity Plant Grade | *%* | 0.412% | 0.402% | | | - | - |
| **$WO_3$ Produced*** | ***mtus*** | **38,224** | **35,071** | **46,352** | **61,214** | **84,576** | **96,285** |

**Note: Metric Tonnes Unit, 1 mtu = 10kg $WO_3$*

The end of the First Half of the Financial Year 2025 that ended 31 December 2024 (H1 FY2025), marked a period of strong production growth across Mt Carbine and Barruecopardo, driven by higher material movement, increased ore processing, and efficiency improvements.

At Mt Carbine, 1.12 million tonnes of material were mined, including 318,292 tonnes of ore, while 433,753 tonnes were crushed, with 331,424 tonnes from the Open Pit and 102,329 tonnes from the Low-Grade Stockpile (LGSP). The XRT Ore Sorter throughput increased by 18%, contributing to higher feed grades at the Gravity Plant, which set new processing records in Q1 FY2025, producing 26,028 mtu of concentrate, though low water levels in Q2 impacted production.

Meanwhile, Saloro Operations at the Barruecopardo Mine saw over 4 million tonnes of material extracted (3.2 million tonnes of waste, 760,107 tonnes of ore), reflecting a 17.6% increase from H2 FY2024, while processing volumes surged, with 699,156 tonnes crushed and 452,739 tonnes fed into the Gravity Plant. XRT Ore Sorter product yield increased by 422%, supporting record recovery rates consistently above 60%. With higher-grade ore access expected in H2 FY2025, production is set to further strengthen. H1 FY2025 has demonstrated that the positive changes initiated since the Saloro operation's acquisition in January 2024 are poised to maintain a solid trajectory of strong operational performance and favourable results driven by continuous optimisation and improvements.

The consolidated EQR Group produced 96,285 mtu of tungsten concentrate (Mt Carbine 35,071 mtu; Saloro 61,214 mtu), and 5.13 million total tonnes mined (Mt Carbine 1.12 million tonnes; Saloro 4.0 million tonnes), reflecting a nearly 14% increase in total mtus produced and a 7% increase in tonnes mined compared to the previous Half Financial Year (H2 FY2024).

# Health and Safety

## Mt Carbine

Following the transition to an Owner-Operator model for mining operations at Mt Carbine, combined with the move from 12-hour to 24-hour mining activities, both staff numbers and overall man-hours worked have risen. Despite this increased workforce, Mt Carbine's total recordable injuries (TRIs) remained the same at 9 occurrences for H1 FY2025. The Total Recordable Injury Frequency Rate (TRIFR) for end of H1 FY2025 was 74. The Mt Carbine Operations recorded several positive safety indicators during the quarter, including 7,132 "Take 5s" vs 3,483 in H2 FY2024, more frequent workplace inspections and safety meetings. Additionally, more Job Safety Environment Analysis were conducted.

New automated breathalysers were installed on site and regular drug testing campaigns were conducted. Employees at Mt Carbine are all locals from the Cairns – Mossman - Mareeba region and encouraged to upskill and strengthen their competencies. During this period, several groups received specialised safety training including Working at Heights, Confined Space Entry, supervisory training, and diverse range of first aid courses (including CPR and Advanced First Aid).

## Saloro

The Saloro Operations 37 employees attended training courses including mining risk and mobile machinery. Saloro operations also implemented 30 new safety improvements.

Total recordable incidents (TRI) have dropped significantly from 16 for the calendar year ended 31 December 2023 (CY 2023) to a total of 9 for CY 2024, reflecting the impact of robust safety initiatives and cross-company collaboration of best practices initiatives and a strengthening of the Company's overall safety culture.

The Saloro team continues to conduct regular 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) early H1 FY2025 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 Operations

*Pictured: The Andy White Open Pit at Mt Carbine end January 2025, mining operations entered the Stage II Open Pit and focused on stripping waste in cutback area.*

## Open Cut Mining

In August 2024, after 14 months of contractor mining, the Company announced its transition to owner-operator mining at the Mt Carbine mine (*See ASX Announcement: 'Mt Carbine Mine Transition to Owner-Operator Mining' dated 16th August 2024*). The Operational team has since established baseline costs and new procedures, resulting in cost savings, enhanced operational control, improved mining flexibility, and upskilling of the local workforce. It also involved bringing key management and the bulk of the contractor workforce into the Mt Carbine operations, maintaining continuity and leveraging their expertise.

All new fleet equipment was successfully commissioned promptly, including a CAT 90-tonne excavator, two 60-tonnes Volvo dump trucks, a CAT 745 Moxy water truck, and two bulldozers. This expanded fleet, coupled with round-the-clock operations, has already shown strong outcomes. In the first part of H1FY2025, mining continued in Open Pit Stage I at the 285m RL level, while stripping for Stage II advanced between 365m and 345m Reduced Level ("RL"), revealing initial signs of the Johnson, Wayback, and Iolanthe vein systems.


*Pictured: Left, the new 90T CAT 395 Excavator on its first day; Right, one of the new 60t Volvo Articulated Dump Truck, part of the new fleet.*

By the close of Q1 FY2025, Mt Carbine had fully switched to a 24-hour mining roster, boosting monthly tonnage, reducing unit costs. Building on this momentum, Q2 FY2025 marked the first full quarter under the owner-operator model and the mining team extracted 572,905 tonnes of material—a 4% increase over the previous quarter and 15% higher than Q2 FY2024. A new mining schedule was introduced shortly after the transition, with a priority changed to kickstarting the Stage II Pit with the planned waste stripping and a modification of the blast sequence, allowing earlier access to higher-grade veins. Previous mining schedules included several small blasts at the bottom of the Stage I pit until the end of H1 FY2025, but management determined it would be more cost-effective to recover those deeper ore bodies once the pit is widened and under drier conditions.

*Pictured: The Southeast corner of the Open Pit, initial focus of the Stage II pit stripping and cut back with the Iolanthe and Bluff vein package as main targets with drilling progressing at 345-335 RL.*

The waste stripping on upper levels in the pit's south-east section 355m RL–345m RL advanced well, with the upper portion of the ore body reached in January 2025 in the level 345-335 RL as seen above. The upcoming 325m RL level will be accessed in H2 FY2025 and is expected to yield a significant grade increase, as indicated by extensive RC drilling in 2024 and January 2025 *(See RC Drilling Section below).*

Mt Carbine also switched to its own drilling operations and two Sandvik drill rigs were mobilised. With drilling operations shifted in-house, new staff with specialised skills have been successfully integrated into the team. Blasting is now managed by a newly appointed contractor to further optimise costs.

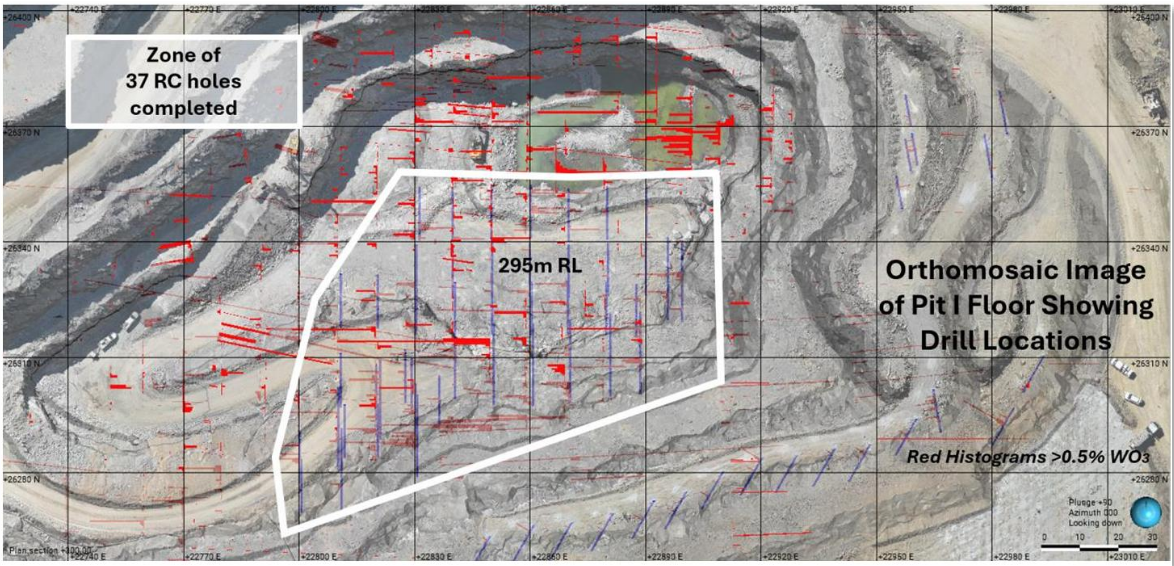
Meanwhile, the Terex Finlay 893 Scalper continues processing the historic LGSP in parallel, which is then upgraded through the Ore Sorter plant to maintain a steady feed for the Gravity Plant whenever stripping activities temporarily reduce ore deliveries.

In H1 FY2025, 15 blasts were conducted, 1.12 million tonnes of material were extracted with 318,292 tonnes of ore and 805,000 tonnes of waste for a strip ratio of 2.5 : 1. Since the Open Pit's reopening, a total of 2.43 million tonnes of waste have been stripped.


*Pictured: The new Sandvik drill rigs arriving at MtCarbine on commission day.*

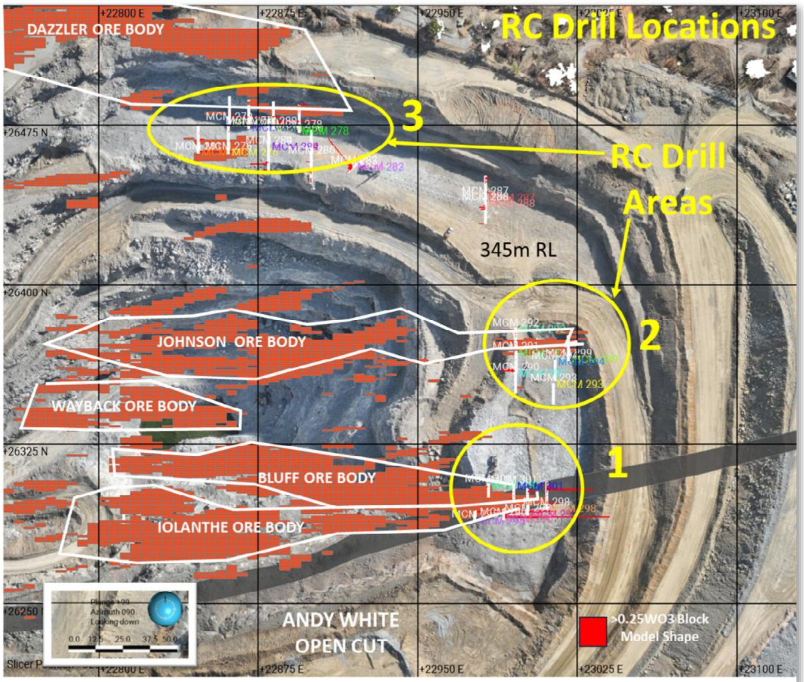
### Mt Carbine RC drilling campaign

In early H1 FY2025, the Company completed 37 additional infill Reverse Circulation (RC) drill holes, totalling 1,437 meters, targeting the main Ore Bodies of the Stage II Pit. Drilled from the current pit floor at approximately 295–305 meters RL, these holes delineated four principal zones of mineralisation spanning a 100-meter strike length and an 80-meter width. This area forms part of an extensive main vein system stretching 1.2 kilometres along strike, which also includes the parallel Iron Duke Vein system to the north. Both systems are believed to continue further west, and this confirmed continuity is expected to significantly contribute to the Company's underground ore body.



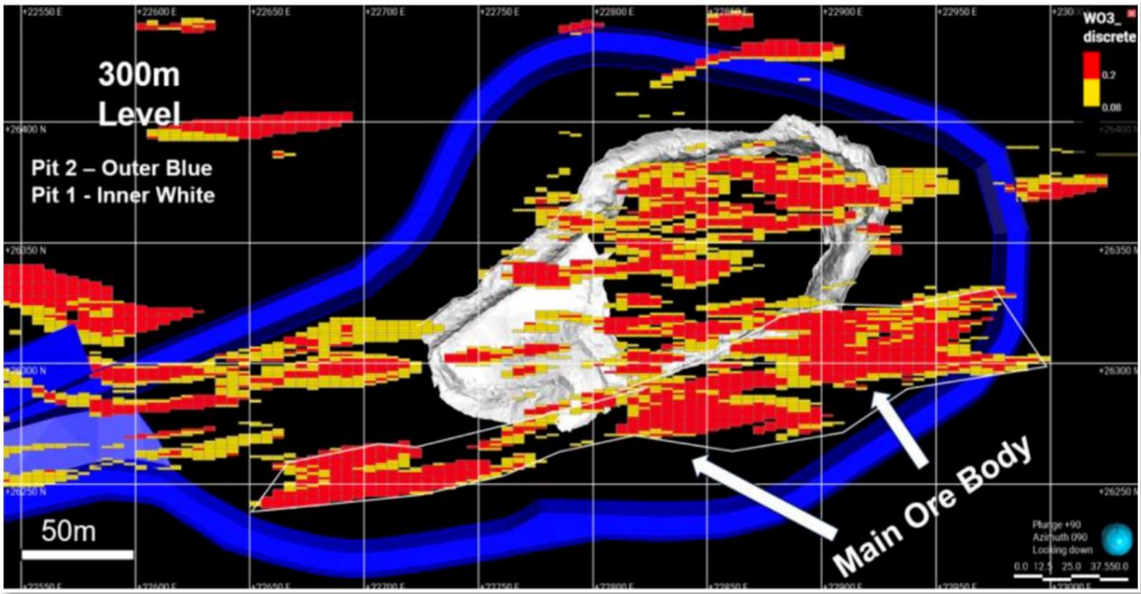

*Pictured: Orthomosaic image of the Pit I floor showing drill location for the 37 holes completed in July 2024.*

Building on these outcomes, the Company wrapped up its Eastern Cut Back RC drilling campaign in December 2024, totalling another 28 drill holes (741 meters) from the higher up 345-meter RL bench. This aimed to identify the emergence of main ore loads in the Eastern Cut Back Program, supported by a 1.2-million-tonne waste stripping initiative between October and December 2024. These efforts enabled early access to the main ore body at the Andy White Open Cut during Stage II. Drilling targeted three key zones—the Dazzler, Johnson, and Iolanthe ore bodies and confirmed significant high-grade mineralisation at the 345-meter bench, marking the top of the Iolanthe ore body. Initial blasts in H2FY2025 are expected to provide enhanced volumes of high-grade ore from this zone.




*Pictured: The location of the drilling campaign in December 2024 with an outline of the main vein packages targeted in Stage II with the ore blocks in red.*

The decision to prioritise stripping in the mine's eastern section has proven advantageous, with increased ore availability now realised as the operation enters the primary ore zone. Although stripping can be challenging, the benefits are becoming evident. Looking ahead, EQR remains focused on fully exploring the potential of the Mt Carbine tungsten deposit to ensure long-term resource stability and to reinforce its position as a leading tungsten producer.




*Pictured: Block model showing main high grade ore body relative to Open Pit Stage I (In white, currently mined) and Open Pit Stage II (in blue, next stage that has started)*

For more information on the RC drilling campaigns of 2024:

- *ASX Announcement 30th April 2024: '[Mt Carbine Infill Drilling Reveals High Garde 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 July 2024: '[High-Grade Drilling Results Confirm Main Mineralised Level at MtCarbine']*,
- *ASX Announcement 28th January 2025: '[Results of the Eastern Cutback RC Drilling Campaign']*

## Processing

In H1 FY2025, a total of 433,753 tonnes of ore were crushed, comprising 331,424 tonnes from the Open Pit and 102,329 tonnes from the historic LGSP. The Gravity Plant feed increased from 125,093 tonnes to 131,524 tonnes while the lower feed grade and low water levels in Q2 impacted the concentrate production that witnessed a small decrease with 35,071 mtus produced in H1 FY2025 from 38,224 mtus in H2 FY2024.

Q1 FY2025, has been a record quarter at Mt Carbine across all processing plants. 259,709 tonnes of ore have been crushed, and 165,779 tonnes of crushed ore have been processed through the XRT Ore Sorters, reflecting an 18% increase from the prior quarter. This rise in Sorter product is attributed to the newly commissioned ejection system at Tomra XRT Ore Sorter #2 (completed in mid-June 2024), and combined with a solid yield of over 10%, contributed to an increase of feed grade at the Gravity Plant from 0.438% $WO_3$ for Q4 FY2024 to 0.545% $WO_3$ for Q1 FY2025.


*Pictured: XRT Ore Sorters at Mt Carbine: A key driver of efficiency and economic success, playing a crucial role in maximising the economic viability of operations by optimising ore processing, increasing feed grades, and reducing waste—ensuring sustainable and efficient production.*

The Gravity Plant at Mt Carbine Mine recorded several new production records in the quarter with a new daily record of 641 mtus in 24hrs; a new monthly record of 10,702 mtus in September; and achieved a quarterly record of 26,028 mtu in Q1 FY2025. Improvements in concentrate production were due to:

- Increased feed grade thanks to the additional Sorter Product processed
- Increased recovery following the installation of the scavenger jig
- Increased overall Plant feed volume from 60,197 tonnes to 70,284 tonnes

During Q2 FY2025, water levels in the dam remained low, with Mt Carbine receiving just 130mm of rain, significantly lower than both the 808mm recorded in the same quarter of the previous year and the 10-year area average of 250mm. Although this wet season's rainfall was below expectations, EQR anticipates substantial precipitation in the March quarter, given historical norms (636mm average). Should these rains materialise, they are expected to replenish dam levels sufficiently to support operations for the remainder of CY2025.

In response to the low water levels, the Crushing, Screening, and Ore Sorting operations shifted from wet to dry processing in early November, prioritising water allocation to the Gravity Plant. Despite continued work on raising the dam, inadequate rainfall forced the temporary shutdown of the Gravity Plant in December. The focus thus shifted to mining operations and stripping, while crucial water recycling enhancements and maintenance were undertaken across all plants.

Modest rainfall in early January allowed the Gravity Plant to restart in the second week of the month, with stockpiled ore ensuring a multi-day feed buffer for potential maintenance or further interruptions. This initial ore blend, sourced from the top level of the ore body and the LGSP, has a relatively modest grade; however, higher-grade material from the next levels down should be accessed soon.

Looking ahead, plans are in place to double processing capacity in 2025. All equipment and supporting structures for the new Sandvik Crushing and Screening Plant have arrived on site, and preparatory work for assembly will commence shortly.

The strong ore grade from the 305 RL level in the Iolanthe vein package was a key factor in achieving the September 2024 processing record. Recent RC drilling campaigns have validated the block model, reinforcing confidence in the resources. Combined with record production from processing ore blocks sourced from the targeted main ore body, these results indicate a promising outlook for future production, particularly as mining progresses deeper to the 325 RL level and beyond in H2 FY2025, where grades are expected to further improve.

## Quarry Operations

Quarry sales saw steady growth in Q1 FY2025 following a successful tender for disaster recovery work in the aftermath of Tropical Cyclone Jasper. Ongoing bank retention remedial efforts throughout August and September restored road access for local residents. During the quarter, Mt Carbine Quarry also submitted multiple tenders and collaborated closely with local civil contractors, aiding additional recovery projects from restoring access to local farms and cattle stations to rehabilitating key roads extending to the Daintree River.

This positive trajectory continued into Q2 FY2025, with quarry sales further strengthened by civil construction firms rushing to complete projects ahead of the wet season. Mt Carbine Quarry maintained its close partnerships with local companies and Councils, supporting ongoing disaster recovery initiatives. The Company also awaits the outcome of a recently lodged Standing Offer Arrangement application with the Department of Transport and Main Roads, covering the supply and delivery of quarry materials.

# Saloro / Barruecopardo

## Open Cut Mining

In the first half of FY2025, operations at the Barruecopardo Mine focused on achieving production targets while optimising efficiency and preparing for future pit development. Key initiatives included trialing 10-metre bench blasting to improve cost-effectiveness, maximising water dam capacity through advanced evaporation systems, and advancing the Phase 6 Open Pit development in the Northern Zone.

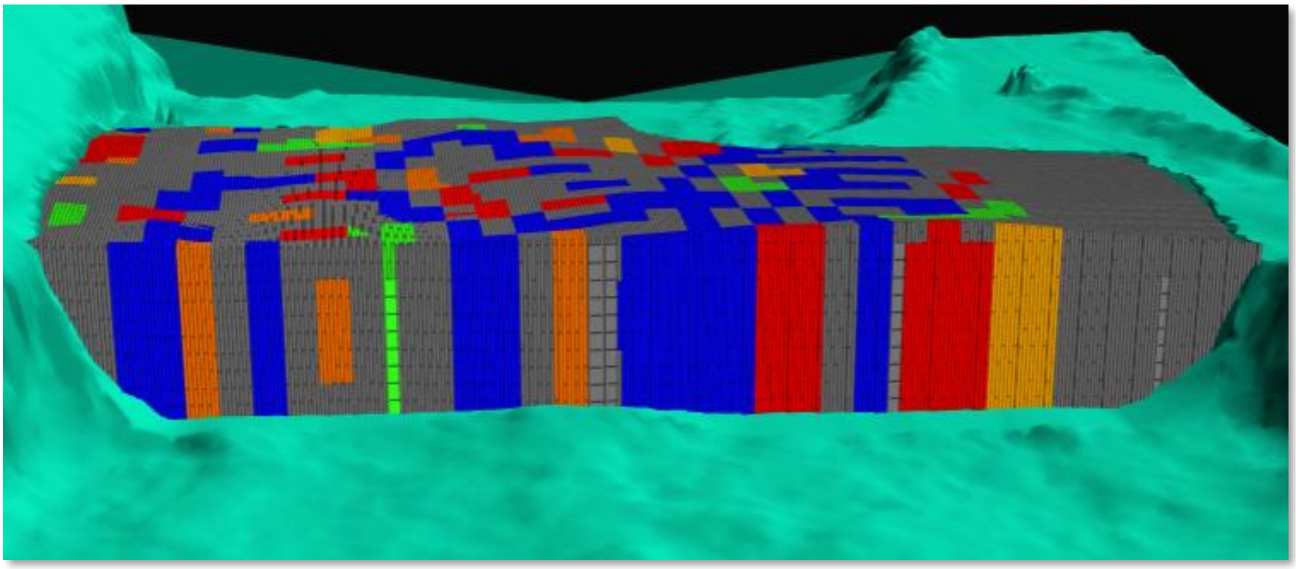
### Operational Performance and Mine Development

Throughout H1 FY2025, significant material movement was achieved, with over 4 million tonnes of material extracted, marking subsequent record quarter after quarter since EQR acquired the mine in January 2024. This meant a 17.6% increase from H2FY2024 and included 3.2 million tonnes of waste and 760,107 tonnes of ore, with production primarily focused on the central and southern areas of the pit between 590m RL and 575m RL. The same area was also the site for successful 10-metre bench blasting trials, a key operational efficiency project.

### Drilling and Blasting on 10-Metre Benches

Traditionally, drilling and blasting at Barruecopardo were conducted on 5-metre benches due to the specific characteristics of the mineralised zone. However, during H1 FY2025, five experimental blasts were carried out on 10-metre benches to assess potential improvements in operational efficiency.

*Pictured: A 10-metre bench face with the mineralised zones marked*



*Pictured: Block model imported into the OREPRO 3D software confirming the field observations made by geologists.*

The results have been promising, particularly in the central zone of the ore body, where geological continuity is more consistent. Key benefits observed include:

– Reduced drilling costs due to fewer drill meters required.

– Lower blasting costs, benefiting from economies of scale.

– Potential improvements in highwall stability.

– Enhanced blast fragmentation for more efficient ore handling.

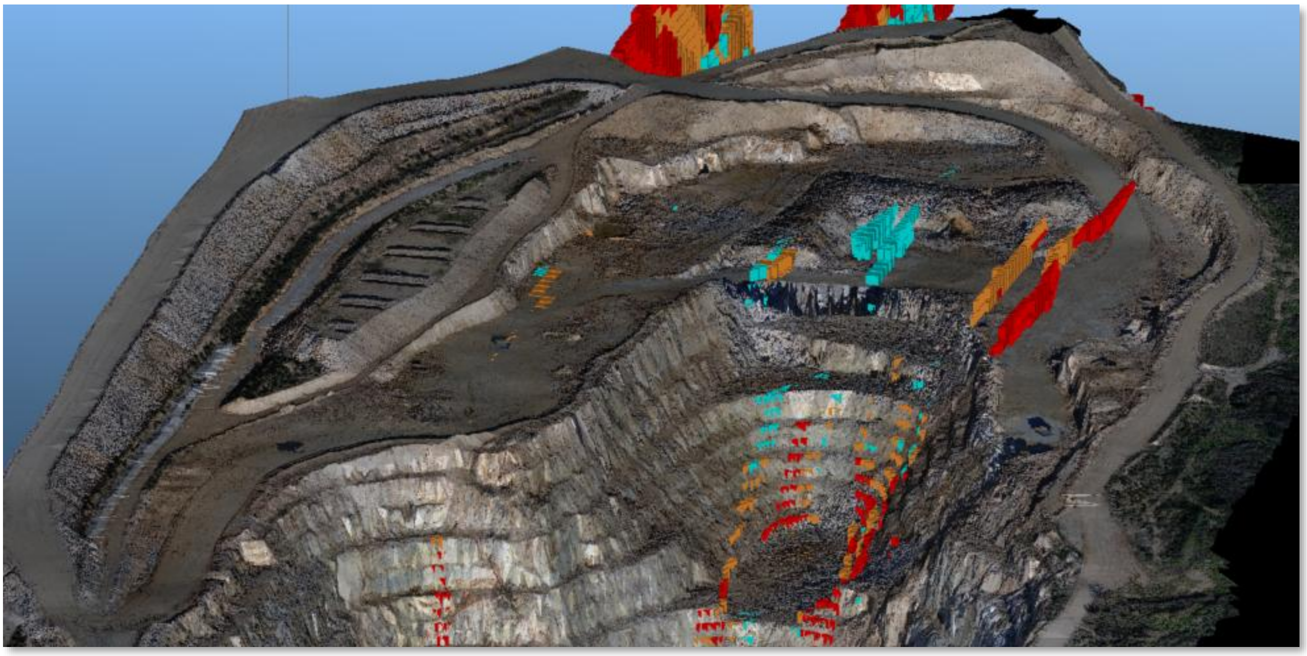
– Overall, these trials resulted in an estimated cost savings of AU$0.16 per tonne, supporting the potential long-term adoption of 10-metre bench blasting.

### Development of the Barruecopardo Open Pit – Phase 6 (Northern Zone)

Significant progress was made in the Northern Zone as part of the Phase 6 Open Pit expansion, which commenced following the end of the Black Stork and Egyptian Vulture breeding season, two protected species present at the site. Early works have progressed ahead of schedule, allowing the mining team to access mineralised zones sooner than initially anticipated.

In the western area, the switchback was established at 700m RL to facilitate efficient haulage access. In the northern and eastern areas, mining activities advanced from 730m RL down to 700m RL to expose additional mineralised zones. The latest resource block model confirms that as mining operations progress to deeper levels, ore grades are expected to increase, following the natural continuity of Barruecopardo mine's sheeted vein tungsten deposit.

*Pictured: The Northern Area will be the target of Phase 6, next phase of the Open Pit.*



*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% $WO_3$). Orange for lower grade (0.07-0.15% $WO_3$). Blue for very low grade (0.055-0.07% $WO_3$). 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.*

## Water Management and Efficiency Enhancements

Throughout H1 FY2025, operational efforts remained focused on maximising water dam capacity. Advanced evaporation systems were implemented alongside capacity enhancement measures to ensure a sustainable water supply for mining and processing operations. Despite currently low dam levels, these initiatives have positioned the operation better than in previous years, providing sufficient buffer capacity to handle any unexpected heavy rainfall events without risk of overflow or operational disruptions.

*Barruecopardo Mine Ore Reserve Update*

In October 2024, EQR released an updated Ore Reserve Statement for Barruecopardo Mine, 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.

*ASX Announcement 29th October 2024: 'EQR Releases Barruecopardo Ore Reserve Update'*

### Outlook

With strong material movement, operational efficiency improvements, and accelerated mine development, Barruecopardo is well-positioned for continued success in the second half of FY2025. The advancements in 10-metre bench blasting, Northern Zone development, and water conservation strategies will support increased production efficiency and improved ore grades as the mine progresses deeper into the deposit.

*Pictured: The rehabilitation of the waste dumps progressing well.*

## Processing

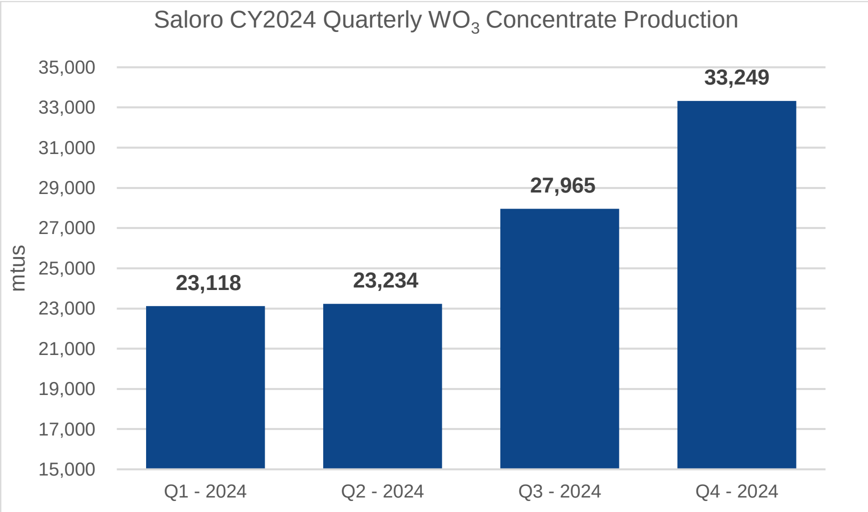
The first half of FY2025 marked a period of significant operational advancements and record-breaking performance at the Saloro Processing Plant. The quarter-on-quarter improvements were driven by targeted process optimisations, equipment upgrades, and workforce development initiatives, which together have enhanced throughput, recovery rates, and overall efficiency.

In H1 FY2025, 699,156 tonnes of Ore were crushed, 202,985 tonnes were processed through the XRT Ore Sorters with a yield of 40,254 tonnes of Sorter product, a staggering 422% increase from the 7,708 tonnes in H2 FY2024. While, 452,739 tonnes were fed in the Gravity Plant.

## Production Performance & Key Achievements

In Q1 FY2025, 278,952 tonnes of ore were crushed, with 110,762 tonnes processed through the XRT Ore Sorters, generating 16,469 tonnes of high-grade Sorter Product for the Gravity Plant, a major increase compared to just 4,600 tonnes in Q4 FY2024. This led to a notable rise in the Gravity Plant feed grade, climbing from 0.210% $WO_3$ in January 2024 to 0.275% $WO_3$ in September.

The momentum accelerated into Q2 FY2025, setting a new quarterly processing record, with 420,205 tonnes of ore processed through the Crushing Plant, a 51% increase over Q1 and a 35% improvement compared to the previous three-quarter average (310,715 tonnes). Additionally, 92,830 tonnes were processed through the Ore Sorter Plant, recovering 23,786 tonnes of high-grade ore. The quarter ended with Saloro recording its best-ever month in November 2024, producing 11,534 mtu, and setting a new quarterly production record of 33,249 mtu.




Saloro also achieved record-breaking recovery rates throughout Q2, consistently exceeding 60%. With further process optimisations in place, the team remains focused on pushing recovery rates beyond 70% in the coming quarters.

## Process Optimisations and Equipment Upgrades

A structured approach to process optimisation has been key to these achievements. Several enhancements were implemented across the Processing Plant:

**Crushing & Stockpile Management**: A continuous feed strategy stabilised stockpiles, ensuring a multi-day buffer for uninterrupted production. Crusher and cone mill calibrations optimised Ore Sorter Plant throughput beyond 100 t/h.

**Sorting System**: Equipment upgrades enabled processing of larger ore sizes, enhancing downstream performance.

**Spiral Circuit Adjustments**: Improved material flow distribution and installation of a cyclone on the spiral 512 feed significantly reduced losses and maximised recovery.

**Flotation Circuit**: Equipment upgrades reduced losses to below 1%, with key pumps replaced, including a large peristaltic pump in tank 404.

**Jig & Heavy Mineral Separation**: Jigs went through thorough maintenance and clean up combined with new operating methods improved jig performance, and adjustments to the spiral circuit expanded scavenging sections, reducing recirculation.

**Milling Circuit**: Fine particle generation improved through refinements in rod and ball mills, and the ball mill underwent comprehensive maintenance.

**Table Circuit**: Additional coarse and fine tables were installed, and process water management enhancements mitigated cyclone overflow risks.

**Copper Sulfate & PAX Dosing**: Optimised reagent dosing improved process control and cost savings.

The phased upgrades have already delivered measurable improvements, prompting the team to accelerate further enhancements, including Falcon concentrators, additional scavenging jigs, and spiral circuit screening upgrades.

*Pictured: Monitoring the Mineral Jigs at the Gravity Plant at Saloro.*

## Workforce Development & Operational Oversight

To support the continuous improvements, several initiatives were introduced:

**Real-Time Monitoring**: New online tracking tools for KPIs have enabled faster decision-making and improved operational oversight.

**Training & Team Development**: Ongoing training programs equipped the workforce with advanced skills, ensuring adaptability to process changes.

**Shift Optimisation**: Standardised handover procedures have improved workflow continuity and accountability.

## Ongoing & Future Improvement Projects

Building on the success of H1 FY2025, additional projects are currently underway to further enhance production, reduce downtime, and optimise safety:

**Metal Recovery Enhancements:**

The Falcon concentrator, set for commissioning in March 2025, will enhance fine and ultra-fine tungsten recovery, a multideck screen is also underway to improve feed preparation further. A scavenging jig will be integrated to the process flow to push recovery further. The first batch of reagents for flotation bench testing has been delivered, with in-house test work already initiated.

The metallurgy team is evaluating the potential addition of a new XRT Ore Sorter unit to further enhance feed grade for the Gravity Plant.


*Pictured: The multideck screen being commissioned will optimise further the feed preparation to the Gravity Plant*

**User-Friendly Plant Production**:

Replacement of the jig tailings cyclone with a sieve bend is in progress.

The preliminary commissioning of the concentrate drum filter has been successfully completed.

Enhancements in thickening and filtering systems are advancing.

**Reducing Downtime:**

Maintenance teams are manufacturing redundant parts (such as screen frames) to minimise downtime risks.

Online equipment status indicators have been deployed for real-time condition monitoring, ensuring higher availability.

**Safety Enhancements:**

Safety remains a priority, with each project incorporating risk mitigation measures to maintain a secure and efficient work environment.

## Outlook

H1 FY2025 was a milestone period for Saloro, with record-breaking production, significant efficiency gains, and major process improvements. The strategic initiatives implemented across the plant are already yielding strong results, and with further upgrades on track, the operation is well-positioned for continued success in the second half of FY2025.

# Financial and Corporate

## Acquisition of 100% of the Mt Carbine Retreatment Joint Venture

On 5 July 2024, EQR executed the definitive agreement to acquire 50% of the Mt Carbine Retreatment Joint Venture (Mt Carbine JV) from CRONIMET Asia Pte Ltd (CR Asia) and CRONIMET Australia Pty Ltd (CR Australia). The Agreement formalises the binding Heads of Agreement (HoA) entered into in October 2023, which was subject to the parties' financial and legal due diligence. EQR owns 100% of the Mt Carbine JV effective 30 June 2024.

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 enters into a marketing agreement under which CRONIMET will receive a net 1% marketing fee for marketing Saloro production over five years.

*ASX announcement 'Final Agreement to Acquire Mt Carbine JV from Cronimet' dated 5th July 2024.*

## The Queensland Government Invests in Ore Sorter Trials at Wolfram Camp Mine

EQR has been awarded A$250,000 in funding from the Queensland Government's METS Collaborative Project Fund. This grant will support the commencement of advanced XRT ore sorting trials at the Wolfram Camp tungsten mine, a historic site targeted for redevelopment. The funding is part of the Queensland Government's broader initiative to reinvigorate former mines, aligning with their Critical Minerals Strategy and Resources Industry Development Plan, focusing on economic growth and sustainable practices.

The initiative will be a collaborative project involving EQR, Tomra Sorting Pty Ltd ("Tomra"), and the University of Queensland's Sustainable Minerals Institute. Tomra will supply advanced XRT Ore Sorters and support technology optimisation, while the University of Queensland will conduct mineralogical and geochemical analysis to ensure the effectiveness of the ore sorting technology.

*ASX Announcement 'Queensland Government and EQR Invest In Ore Sorter Trials at Wolfram Camp Mine' dated 15th October 2024.*

## EQR and Elmet Technologies agree to a Strategic Collaboration and Long-Term Offtake Contract

EQR entered into a strategic collaboration and long-term offtake contract with leading US-owned and fully integrated tungsten manufacturer, Elmet Technologies LLC ("Elmet"). Elmet will purchase tungsten concentrate with an estimated value of A$30 million (at current market prices) over 5 years and will secure the offtake allocation through an advance payment of A$2.0 million. In recognition of the parties' intent to collaborate, EQR will grant Elmet 20,000,000 options with an exercise price of $0.10 and an expiry date of 2 years.

On 12 November 2024, the Company announced it had executed the definitive supply agreement with Elmet, for a 5-year tungsten concentrate offtake arrangement valued at approx. A$30 million. 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 production ine H1 FY2025.

*ASX announcement '[EQR and Elmet Technologies Agree to a Strategic Collaboration and Long-Term Offtake Contract]' dated 2nd September 2024.*

*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 H2 FY2025.

*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'*

### 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.

*ASX Announcement 13th December 2024:'EQR Successful A$4.9 Million Placement'*

### EQR Becomes A Member of the United States Defense Industrial Base Consortium

Subsequent to the half financial year's end, has been accepted as a member of the US Defense Industrial Base Consortium (DIBC), a platform established by the US Department of Defense (DoD) to facilitate research, innovation, and defense-related commercial solutions. The DIBC is overseen by the Manufacturing, Capability Expansion, and Investment Prioritization Directorate (MCEIP), which executes Defense Production Act (DPA) investments. Following the FY24 National Defense Authorization Act, Australia has been designated as a domestic source for DPA funding, opening new opportunities for investment. EQR's membership aligns with its strategic collaboration with US tungsten manufacturer, Elmet, with both companies having jointly submitted a white paper investment proposal to the DIBC, awaiting further feedback.

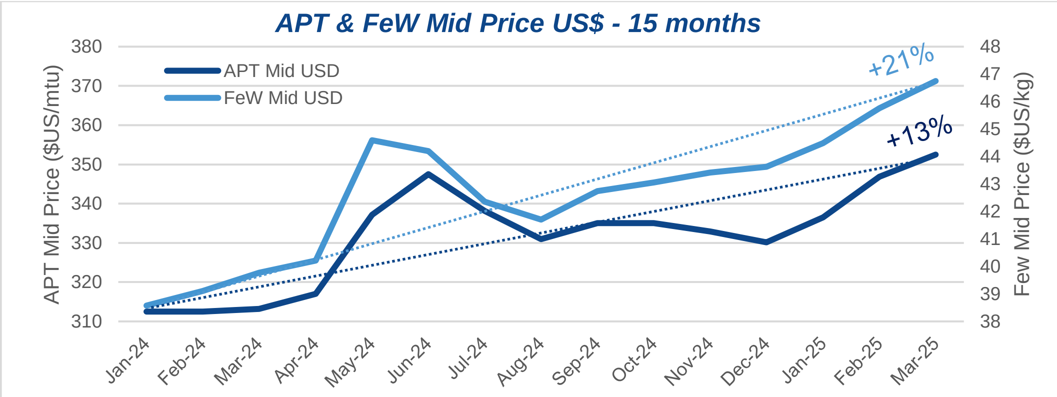
*Press Release 13th February 2025: 'EQR Becomes Member of the US Defense Industrial Base Consortium'*

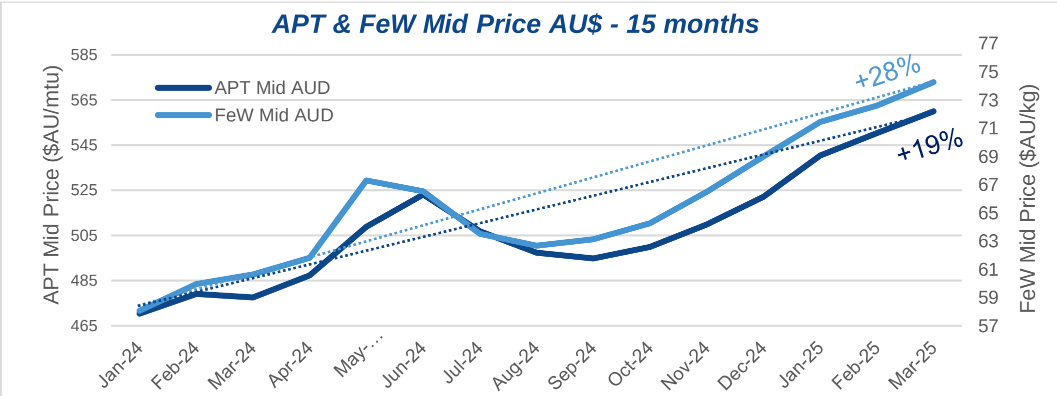
## Tungsten Markets

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$330/mtu. The trend in higher USD prices has aligned with broader trends in the global tungsten market, where growing demand for critical minerals, recent regulatory measures implemented by the US Department of Defence prohibiting the sourcing of tungsten from China and Russia, along with the currently low tungsten reserves of the US Defence Logistics Agency are contributing to a structural deficit of tungsten in the US. At the time of writing this report, following the end of H1 FY2025, the APT price has increased to US$ 335-370 /mtu by early March 2025, reflecting continued strengthening in the tungsten market.

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 15 months. As shown in the USD graph below, in January 2024, FeW prices were approximately US$39/kg of W-contained. However, since then the higher global demand for FeW has resulted in prices increasing to approximately US$47/kg of W-contained as of early March 2024, representing a 21% 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 15 months for mid-APT tungsten concentrate prices has increased by approximately 19% and for FeW the increase is approximately 28%. EQR 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% $WO_3$ min cif Rotterdam and Baltimore duty-free, $/mtu $WO_3$; Ferrotungsten (FeW) basis 75% W, in-whs dup Rotterdam, $/kg W. Mid Prices.*

*Pictured: Left, Scheelite-based Tungsten Concentrate at Barruecopardo; Right, Wolframite-based Concentrate at Mt Carbine.*

# Sustainability

See EQR's 2024 Annual Report (pages 11 - 17) for a recent, in-depth sustainability review. EQR reports its safety and ESG development according to its core values outlined in its ESG Program Framework. See: Sustainability Framework and Materiality Assessment**.** EQR also has a sustainability tab on its website that communicates the Company's ESG commitments and its ESG initiatives. See: What We Care About and ESG Showcase.

**The 2024 Salamanca Small & Medium Enterprise of the Year Award** has been granted by Banco Santander and the Chamber of Commerce of Salamanca to Saloro recognising the Company's role in job creation, its impact on society, and its clear understanding of its market.


*Pictured: Alvaro Serrano (CEO of Saloro; front row third from left), receiving the SME of the Year Award*

**Mt Carbine Climate Risk and Decarbonisation Workshop**: The Company 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.

**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 in Mossman Far North Queensland, 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.


**Saloro actively participated in the International Mining and Minerals Hall** (MMH 2024), with CEO Álvaro Serrano invited to a networking breakfast where he highlighted the company's environmental initiatives and recent operational advancements following its integration with EQ Resources Limited.

Held at the Seville Conference and Exhibition Centre (Fibes), MMH 2024 saw a significant expansion, featuring 257 exhibitors (+50% from the previous edition) and 1,300 registered congress participants (+30%). The event facilitated 4,626 business interactions, fostering new industry collaborations and project presentations.

**Saloro continues its wildlife monitoring program** started five years before construction as the Company operates within an environmentally protected area, coexisting with several protected species, including Egyptian Vultures, Black Storks, and Bonelli's Eagles. Remarkably, nesting birds have remained on-site, with successful breeding recorded annually. A remote-tracking program has tagged 29 Egyptian Vultures, 15 Bonelli's Eagles, and 3 Red Kites, while bat populations are now monitored with RFID technology. In addition, mammal activity, dust, and noise levels are continuously tracked to preserve biodiversity. These initiatives highlight the Company's commitment to sustainable mining, proving that responsible operations can thrive in an ecologically sensitive environment.

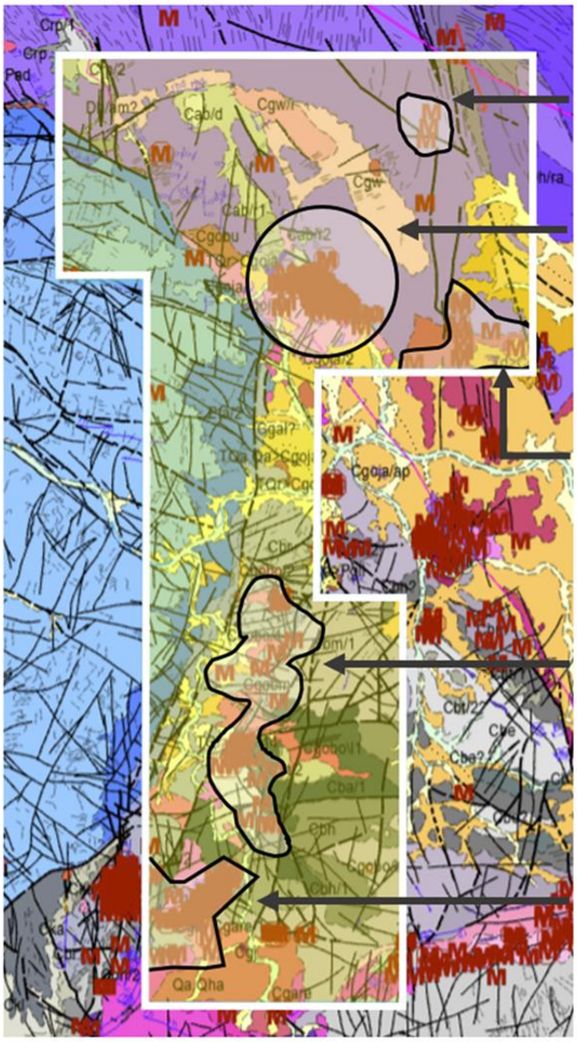
resourcing the new economy for a better tomorrow

# Exploration Activities, Reserves, and Resources

## Wolfram Camp

In June 2024, EQR secured an Exploration Permit-Minerals for the 477km² RA442 license at Wolfram Camp, QLD, Australia, aiming at to revitalise the Wolfram Camp and Bamford Hill areas, located within the Herberton Tin-Tungsten field and establish a regional Tungsten Cluster, potentially enhancing local economic and environmental outcomes. This effort has been supported by the Resources and Critical Minerals Minister Scott Stewart and is seen as an extension of EQR's successful operations at Mt Carbine Tungsten mine and is expected to include extensive exploration and drilling activities in the coming years. There are 5 major exploration targets within the boundaries with a soil sampling campaign conducted in H1 FY2025 and large-scale sampling with XRT Sorting trials on the existing historic stockpiles estimated at 2.95 million tonnes @ 0.279% $WO_3$, are scheduled to commence H2 FY2025 to further evaluate the sortability of the ore for potential re-development of the mine.

**Wolfram Camp: 5 Major Targets**



**1. Great Northern Prospect**
- Structural
- Veins – Base Metal Sn-W
- Soils & Mapping

**2. Wolfram Camp Mine Review**
- Porphyry Related Multiphase Intrusive Vein Deposit
- Drill Vein Extents
- Complete new Interpretation

**3. Lucky Strike Prospect**
- Structural
- Veins – Base Metal Sn-W
- Detailed structural mapping

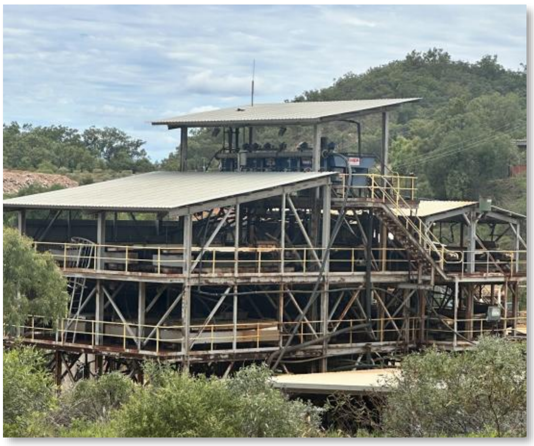
**4. Captain Morgan Prospect**
- Large area of workings & small scale W mining
- Structural Association with stocks & Dykes
- Veins – Base Metal Sn-W
- Regional Soil & Mapping

**5. Bamford Hill Project**
- Major Breccia Pipe Structural Intersection
- Walk Up Drill Targets on Outcrop

**Major targets will undergo:** 1) New Mapping 2 ) Geochem 3) High Resolution Magnetics, 4) Drill Testing.

*See ASX Announcement: '[EQR Identifies 5 Exploration targets For Wolfram Camp](#)' dated 7th October 2024.*

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 to TOMRA for characterisation and XRT Ore Sorter Testing in their facilities. A large-scale sampling with XRT Ore Sorter trials is planned to be conducted on site at Mt Carbine ahead of a Feasibility Study in H2FY2025.



*Pictured: Left, Historic waste dump at Wolfram Camp; Right, the existing Processing Plant.*

## Mineral Resources & Ore Reserves Estimates

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'*

# EQ Resources 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 as of 31st of December 2024.

| Location | Holding Entity | Beneficial Interest | Interest Acquired or Disposed | Area | Expiry date |
|---|---|---|---|---|---|
| Queensland, Australia | | | | | |
| ML 4867 | Mt Carbine Quarries Pty Ltd | 100% | N/A | 358.5 ha | 31/07/2041 |
| ML 4919 | Mt Carbine Quarries Pty Ltd | 100% | N/A | 7.891 ha | 31/08/2041 |
| EPM 14871 | EQ Resources Limited | 100% | N/A | 10 sub-blocks | 12/12/2025 |
| EPM 14872 | EQ Resources Limited | 100% | N/A | 21 sub-blocks | 11/12/2025 |
| EPM 27394 | EQ Resources Limited | 100% | N/A | 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% | N/A | 4 Units | 19/10/2026 1) |
| EL 8024 | EQ Resources Limited | 100% | N/A | 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 1ª Fracción, 6.432-11 | Saloro, SLU | 100% | 18/01/2024 | 29,300 Ha | 13 Aug.* |
| P.I. Saldeana 2ª 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.*

# FINANCIALS

# Directors' Report

The Directors of EQ Resources present the financial report of EQ Resources Limited (the **Company**) and its subsidiaries (the **Group**), for the half year ended 31 December 2024 (the **Period**).

## Directors

The names of the Directors of the Company during the whole of the period and up to the date of this report, unless otherwise stated, are:

- Oliver Kleinhempel
- Stephen Layton
- Richard Morrow
- Stephen Weir
- Zhui Pei Yeo

## Operating Results

The net result of operations after applicable income tax expense for the half year ended 31 December 2024 was a total comprehensive loss of $24,409,659 (2023 Half Year Loss $7,857,584). It should be noted that the 2024 figures include 100% of the revenues and expenses generated by Mt Carbine Retreatment Management Pty Ltd (2023 x 50%) upon the remaining 50% interest in Mt Carbine Retreatment Management Pty Ltd being acquired from Cronimet Australia on 1 July 2024. The total comprehensive loss also includes a full six-months of operational financial results for Saloro S.L.U., having been acquired on 18 January 2024.

## Review of Operations

Information on the operations and financial position of the group, its business strategies and prospects for future financial years is detailed in the Review of Operations section of this Report.

## Subsequent Events

There have been no matters or circumstances that have arisen since 31 December 2024 requiring disclosure, or amendment to these financial statements apart from those disclosed in Note 20.

## Auditor's Independence Declaration

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

Signed in accordance with a resolution of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

Oliver Kleinhempel
**Non-executive Chairman**

14 March 2025

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

## For the half year ended 31 December 2024

| | Note | 31/12/2024<br>$ | 31/12/2023<br>$ |
|---|---|---|---|
| Revenue | 2 | **34,840,573** | 6,053,799 |
| Other income | 2 | **864,602** | 914,037 |
| Total revenue & other income | | **35,705,175** | 6,967,836 |
| | | | |
| Administration expenses | | **(1,477,112)** | (477,443) |
| Consultancy expenses | | **(278,242)** | (135,789) |
| Depreciation | | **(5,577,331)** | (1,073,867) |
| Amortisation - deferred exploration and evaluation assets | | **(1,046,904)** | (457,267) |
| Impairment – deferred exploration and evaluation assets | | **(1,204,830)** | - |
| Development and testwork costs | | **(772,998)** | (439,042) |
| Exploration expenses written-off | | **-** | (206) |
| ESG initiatives | | **(25,818)** | (32,451) |
| Finance costs | | **(2,460,551)** | (861,640) |
| Foreign exchange gains (losses) | | **(1,570,480)** | 161,194 |
| Occupancy expenses | | **(778,862)** | (234,873) |
| Loss on disposal of fixed assets | | **(52,004)** | (21,974) |
| Production expenses | | **(28,451,243)** | (7,331,839) |
| Salaries and employee benefits expense | | **(11,793,263)** | (3,298,936) |
| Share based payments | | **(3,218,425)** | (250,601) |
| Superannuation | | **(636,227)** | (247,922) |
| Travel and accommodation | | **(46,378)** | (76,224) |
| Total Expenses | | **(59,390,668)** | (14,778,880) |
| **Loss before income tax expense** | | **(23,685,493)** | (7,811,044) |
| **Income tax expense** | | **-** | - |
| **Loss after income tax expense** | | **(23,685,493)** | (7,811,044) |
| | | | |
| **Other comprehensive income/(loss)** | | | |
| Loss on revaluation of financial assets | | **(516)** | (2,449) |
| Fair value loss on revaluation of financial liabilities | 4 | **(723,650)** | (44,091) |
| **Total Comprehensive Loss<br>Attributable to Owners of EQ Resources Limited** | | **(24,409,659)** | (7,857,584) |
| | | | |
| | | **Cents** | Cents |
| Basic loss per share | | **(1.18)** | (0.54) |
| Diluted loss per share | | **(1.03)** | (0.49) |

# Consolidated Statement of Financial Position

## As at 31 December 2024

| | Note | 31/12/2024 $ | 30/06/2024 $ |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | | **2,012,700** | 3,489,532 |
| Trade and other receivables | 7 | **4,827,057** | 16,482,084 |
| Prepayments | | **1,323,047** | 656,636 |
| Inventory | 5 | **16,376,333** | 17,145,002 |
| Financial assets | 6 | **753,060** | 840,973 |
| **Total Current Assets** | | **25,292,197** | 38,614,227 |
| | | | |
| **Non-Current Assets** | | | |
| Receivables | 8 | **1,754,857** | 1,248,267 |
| Plant and equipment | | **119,157,115** | 99,523,735 |
| Inventory | 5 | **26,447,687** | 8,159,128 |
| Deferred exploration and evaluation | 9 | **12,654,323** | 14,922,119 |
| Financial assets | 6 | **2,696,175** | 3,818,933 |
| **Total Non-Current Assets** | | **162,710,157** | 127,672,182 |
| **Total Assets** | | **188,002,354** | 166,286,409 |
| | | | |
| **Current Liabilities** | | | |
| Trade payables | 11 | **51,417,337** | 42,647,114 |
| Employee benefits | 10 | **1,022,389** | 516,930 |
| Lease liability | 16 | **5,869,636** | 1,324,113 |
| Convertible notes | 13 | **591,703** | - |
| Financial liabilities | 17 | **1,838,380** | 1,294,812 |
| Contract liability – offtake | | **10,455,203** | 4,906,401 |
| Contract liability – sublease | | **-** | 1,466,669 |
| Other borrowings | 15 | **41,221,885** | 42,025,474 |
| **Total Current Liabilities** | | **112,416,533** | 94,181,513 |
| | | | |
| **Non-Current Liabilities** | | | |
| Employee benefits | 8 | **102,511** | 22,383 |
| Lease liability | 16 | **8,558,403** | 1,823,620 |
| Convertible notes | 13 | **2,040,350** | 549,012 |
| Financial liabilities | 17 | **9,764,712** | 10,819,849 |
| Provisions | | **2,348,520** | 2,264,374 |
| Other payables | | **4,659,481** | |
| **Total Non-Current Liabilities** | | **27,473,977** | 15,479,238 |
| **Total Liabilities** | | **139,890,510** | 109,660,751 |
| **Net Assets** | | **48,111,844** | 56,625,658 |
| | | | |
| **Equity** | | | |
| Issued capital | 12 | **85,169,712** | 68,338,429 |
| Reserves | | **10,762,382** | 5,675,116 |
| Accumulated losses | | **(47,820,250)** | (17,387,887) |
| **Total Equity** | | **48,111,844** | 56,625,658 |

# Consolidated Statement of Cash Flows

## For the half year ended 31 December 2024

| | Note | 31/12/2024 $ | 31/12/2023 $ |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Proceeds from sales to customers | | **40,168,027** | 6,924,156 |
| Proceeds from diesel fuel rebate | | **789,037** | 257,983 |
| Payment to suppliers and employees | | **(43,657,719)** | (9,702,813) |
| Interest paid | | **(1,299,639)** | (250,868) |
| Interest paid for lease liabilities | | **(235,519)** | (56,114) |
| Interest received | | **18,395** | 8,573 |
| Other | | | |
| - Grants | | **-** | 600,000 |
| - Wage Subsidies | | **47,801** | - |
| Net Cash Flows Used in Operating Activities | | **(4,169,617)** | (2,219,083) |
| | | | |
| **Cash Flows from Investing Activities** | | | |
| Payment for the purchase of entities | | **(984,910)** | (449,468) |
| Payments for the purchase of tenements | | **(2,500)** | - |
| Payments for the purchase of plant and equipment | | **(1,645,293)** | (3,306,444) |
| Payments for capitalised exploration and evaluation expenditure | | **(169,773)** | (1,588,717) |
| Payments for other non-current assets | | **(4,784,186)** | - |
| Payments of loans made to other parties | | **-** | (822,500) |
| Payments for tenement security deposits | | **-** | (50,000) |
| Proceeds from the sale or disposal of plant and equipment | | **50,605** | 2,881 |
| Net Cash Flows Used in Investing Activities | | **(7,536,057)** | (6,214,248) |
| | | | |
| **Cash Flows from Financing Activities** | | | |
| Net proceeds from the issue of shares | | **5,130,000** | - |
| Net proceeds from the issue of convertible notes | | **3,000,000** | 750,000 |
| Net proceeds from the issue of share options | | **-** | 2,495,744 |
| Net proceeds from offtake and working capital loan (related party) | | **3,950,820** | - |
| Transaction costs related to issue of shares, convertible notes and options | | **(589,483)** | (71,567) |
| Payments for borrowings (related party) | | **(300,000)** | 1,037,500 |
| Payments for lease liabilities | | **(839,220)** | (355,166) |
| Payments of short-term loan | | **(6,933)** | - |
| Transaction costs related to loans and borrowings | | **(154,901)** | - |
| Net Cash Flows from Financing Activities | | **10,190,283** | 3,856,511 |
| | | | |
| **Net decrease in cash held** | | **(1,515,391)** | (4,576,820) |
| Add opening cash brought forward | | **3,489,532** | 5,335,596 |
| Effect of movement in exchange rates on cash held | | **38,559** | (20,947) |
| **Closing Cash Carried Forward** | | **2,012,700** | 734,829 |

# Consolidated Statement of Changes in Equity

## For the half year ended 31 December 2024

| Consolidated | Issued Capital $ | Accumulated Losses $ | Reserves $ | Total Equity $ |
|---|---|---|---|---|
| | Attributable to the Shareholders of EQ Resources Limited | | | |
| **At 1 July 2023** | **27,222,060** | **(14,440,909)** | **3,523,413** | **16,304,564** |
| Profit / (loss) for the period | - | (7,811,044) | - | (7,811,044) |
| Other comprehensive loss for the period | - | (46,540) | - | (46,540) |
| **Total comprehensive loss for the period** | **-** | **(7,857,584)** | **-** | **(7,857,584)** |
| Issue of share capital | 7,383,100 | - | - | 7,383,100 |
| Share issue costs | (45,218) | - | - | (45,218) |
| Equity component of convertible note | - | - | 225,000 | 225,000 |
| Share option / convertible note exercise | | | (2,034,689) | (2,034,689) |
| Share based payments | - | - | 250,601 | 250,601 |
| **Total transactions with owners in their capacity as owners** | **7,337,882** | **-** | **(1,559,088)** | **5,778,794** |
| **Balance at 31 December 2023** | **34,559,942** | **(22,298,493)** | **1,964,325** | **14,225,774** |
| | | | | |
| **At 1 July 2024** | **68,338,429** | **(17,387,887)** | **5,675,116** | **56,625,658** |
| Profit / (loss) for the period | - | (23,685,493) | - | (23,685,493) |
| Currency translation restatement prior year | - | 817,390 | (817,390) | - |
| Currency translation difference current year | - | - | 542,919 | 542,919 |
| Gain/(loss) on revaluation of financial assets | - | (723,650) | - | (723,650) |
| Retained loss derecognition upon acquisition of subsidiary | - | (6,840,094) | - | (6,840,094) |
| Other comprehensive loss for the period | - | (516) | - | (516) |
| **Total comprehensive loss for the period** | **-** | **(30,432,363)** | **(274,471)** | **(30,706,834)** |
| Issue of share capital | 12,301,186 | - | - | 12,301,186 |
| Share premium | 6,111,536 | - | - | 6,111,536 |
| Share issue costs | (581,439) | - | - | (581,439) |
| Convertible note equity portion | - | - | 900,000 | 900,000 |
| Share based payments | - | - | 3,461,737 | 3,461,737 |
| **Total transactions with owners in their capacity as owners** | **17,831,283** | **-** | 4,361,737 | 22,193,020 |
| **Balance at 31 December 2024** | **86,169,712** | **(47,820,250)** | **9,762,382** | **48,111,844** |

# Notes to the Consolidated Financial Statements

## 1. SUMMARY OF MATERIAL ACCOUNTING INFORMATION

### (a) Going Concern Basis for Preparation of Financial Statements

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

During the half-year ended 31 December 2024, the Consolidated Entity incurred a loss after tax of $23,685,493, had net cash outflows from operating activities of $4,169,617. As at 31 December 2024, the Consolidated Entity had cash and cash equivalents of $2,012,700, net assets of $48,111,844, and net working capital of negative $87,124,336.

Net working capital includes:

- Borrowings for Saloro (guaranteed by Oaktree) of $41,211,885, because at balance date the borrowings' maturity date was less than 12 months.
- Offtake advance facility of $10,455,203 (June 2024: $4,901,061 - 50%), due to the Consolidated Entity not having an unconditional right to defer settlement for at least 12 months after reporting date. The facility scheduled to be repaid from free cash-flows, over the life-of-mine, rather than within the next 12 months as depicted on the Statement of Financial Position.

Removing this debt from the net working capital calculation reduces the figure to $35,447,248.

There is a material uncertainty that the Consolidated Entity will be able to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Consolidated Entity's ability to continue as a going concern and pay its debts as and when they fall due is dependent upon the following:

- Increasing revenues from mined product at the Mt Carbine mine site (Queensland, Australia) and the Saloro mine site (Spain), including the commissioning of the new processing plant at Mt Carbine during quarter one of the 2026 calendar year leading to a significant ramp up of production;
- Continued engagement with strategic partners to secure offtake prepayments;
- Additional equity or debt financing during the first half of the 2025 calendar year. EQR has a strong track record of securing funding having raised $39.4m during the 2024 calendar year; and
- The extension of the Letter of Credit provided by Oaktree over the Saloro borrowings ($41.2m) before the end of the 2025 financial year. Post reporting period end EQR's directors have received a written confirmation that management have recommended Oaktree's Investment Committee extend their guarantee for an initial six-month period, and if a required a further 6 months, from the current date of expiry.

The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Consolidated Entity be unable to continue as a going concern and meet its debts as and when they fall due.

**(b) Basis of Preparation**

The half year financial report does not include all the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investment activities of the Company as the full financial report.

The half year financial report should be read in conjunction with the annual financial report of EQ Resources Limited as at 30 June 2024.

It is also recommended that the half-year financial report be considered together with any public announcements made by EQ Resources Limited during the half-year ended 31 December 2024 in accordance with its continuous disclosure obligations arising under the *Corporations Act 2001.*

**(c) Statement of Compliance**

The half year financial report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting.* Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting.*

The half year financial report has been prepared on a historical cost basis and financial assets have been measured at fair value through profit or loss.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

**(d) Significant Accounting Policies**

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's 2024 annual financial report for the financial year ended 31 December 2024. The accounting policies are consistent with the Australian Accounting Standards and the International Financial Reporting Standards.

**(e) Inventory**

Inventories are valued at the lower of cost and net realisable value as per AASB 102, except for:

- 7 million tonnes of stockpiled inventory which was recognised at fair value as part of the business combination upon the acquisition of Mt Carbine Quarries Pty Ltd on 28 June 2019. This inventory will be consumed on a units of operation basis.
- Low Grade Stockpile inventory recognition upon the acquisition of the remaining 50% interest in Mt Carbine Retreatment Management Pty Ltd from Cronimet Australia Pty Ltd on 1 July 2024. This figure is provisional pending the final valuation which under IFRS3 *Business Combinations* the Group has 12 months from date of acquisition to obtain.

Work in progress and finished goods are stated at the lower of average cost of production and net realisable value.

Cost of production comprises direct materials and delivery costs, direct labour, taxes, and an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## 2. REVENUE AND OTHER INCOME

| Revenue | 31/12/2024 $ | 31/12/2023 $ |
|---|---|---|
| Sales | **34,824,945** | 5,889,578 |
| Sub-lease rent (unincorporated joint venture) | **-** | 139,992 |
| Interest received – other persons/corporation | **15,628** | 24,229 |
| | **34,840,573** | 6,053,799 |
| **Other income** | | |
| Government wage subsidies | **47,915** | - |
| Grants | **-** | 600,000 |
| Diesel fuel rebates | **777,925** | 314,037 |
| Other income | **38,762** | |
| | **864,602** | 914,037 |
| **Total revenue and other income** | **35,705,175** | 6,967,836 |

## 3. ACQUISTION OF SUBSIDIARIES

### Saloro S.L.U.

Under IFRS3 *Business Combinations* the Group has 12 months from date of acquisition to obtain an independent valuation of the fair value of the acquired net identifiable assets and liabilities. The Company has engaged ECOVIS Grosclaude & Partners, a Spanish-based audit firm to undertake this work. Any subsequent adjustments will be recognised in the Full Year Annual Report.

### Mt Carbine Retreatment Management Pty Ltd x 50% Interest

On 1 July 2024, the Group acquired the 50% share of the issued share capital of Mt Carbine Retreatment Management Pty Ltd (MtCRM) from CROMINET Australia Pty Ltd (CROMINET). MtCRM's activities cover the crushing, screening, and processing of ore from the open cut mining operations supplemented by the Low Grade Stockpile at the Mt Carbine Mine Site. The acquisition of CROMINET's 50% interest dissolved the joint venture, giving the Group full control of these activities.

| | 31/12/2024 $ |
|---|---|
| Assets and liabilities acquired at fair value: | |
| Financial assets | 576,397 |
| Inventory | 19,709,330 |
| Property, plant and equipment | 4,834,859 |
| Identifiable intangible assets | - |
| Financial liabilities | (13,661,457) |
| Deferred tax assets/(liabilities) | - |
| **Total identifiable assets acquired and liabilities assumed** | **11,459,129** |
| | |
| Satisfied by: | |
| Equity instruments (127,323,657 ordinary shares of the Company) | 11,459,129 |
| **Total consideration transferred** | **11,459,129** |

[1] The total identifiable assets acquired and liabilities assumed arising on the acquisition are provisional pending the final valuation of the identifiable assets acquired and liabilities assumed.

# 4. FAIR VALUE REVALUATION OF FINANCIAL LIABILITIES

| Fair value gain | 31/12/2024 $ | 31/12/2023 $ |
|---|---|---|
| Convertible note[1] | **-** | 569,890 |
| **Fair value loss** | | |
| Financial liability – Regal Royalty Funding[2] | **(723,650)** | (613,981) |
| **Fair value revaluations recognised through profit & loss** | **(723,650)** | (44,091) |

[1] The fair value gain arose due to the liability component of the 6 million convertible notes issued in 2021 being estimated at issuance date using an "Interest Rate Differential" methodology which discounted the convertible notes cash flows at a commercial discount (interest) rate to a present value. Upon their conversion to shares in 2023 the difference between the commercial discount (interest) rate and the actual coupon rate were brought to account through the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

[2] The fair value loss relates to the fair value revaluation, as at balance date, of the financial liability relating to the Royalty Funding Package with the Regal Resources Royalties Fund.

# 5. INVENTORY

| | 31/12/2024 $ | 30/06/2024 $ |
|---|---|---|
| **Current** | | |
| Finished goods[2] | **1,398,441** | 1,454,731 |
| Work-in-progress | **10,387,949** | 12,152,075 |
| Raw materials[1] | **641,389** | 19,064 |
| Workshop inventory | **3,948,554** | 3,519,132 |
| | **16,376,333** | 17,145,002 |
| **Non-current** | | |
| Finished goods[2] | **2,102,305** | 1,789,426 |
| Raw materials[1] | **24,345,382** | 6,369,702 |
| | **26,447,687** | 8,159,128 |
| | **42,824,020** | 25,304,130 |

[1] Raw materials incorporates the fair value of:

- The estimated 7 million tonnes of stockpiled inventory acquired as part of the acquisition of Mt Carbine Quarries Pty Ltd on 27 June 2019, along with the work-in progress and finished goods inventory which has been created from this stockpiled material since acquisition; and
- Low Grade Stockpile inventory was recognised upon the acquisition of the remaining 50% interest in Mt Carbine Retreatment Management Pty Ltd from Cronimet Australia Pty Ltd on 1 July 2024. This figure is provisional pending the final valuation which under IFRS3 *Business Combinations* the Group has 12 months from date of acquisition to obtain.

[2] Finished goods and work-in-progress incorporate the fair value of ROM inventory of tungsten concentrate produced but not sold at year end.

Inventory is consumed on a units of operation basis in accordance with AASB102. All inventory, regardless of type and stage in the production process has been valued at the lower of cost and net realisable value (NRV). Inventories expected to be processed or sold within twelve months after the balance sheet date are classified as current assets. All other inventories are classified as non-current assets.

The cost of inventories recognised as an expense includes $11,732 of write-downs of inventory to NRV.

# 6. FINANCIAL ASSETS

| | 31/12/2024 $ | 30/06/2024 $ |
|---|---|---|
| Shares in listed companies:[1] | | |
| Critical Resources Limited (ASX: CRR) | **645** | 1,160 |
| | **645** | 1,160 |
| Capitalised borrowing costs:[2] | | |
| Current | **40,342** | 90,117 |
| Non-current | **253,853** | 556,096 |
| | **294,195** | 646,213 |
| Unexpired interest:[2] | | |
| Current | **580,790** | 678,582 |
| Non-current | **1,277,557** | 2,081,492 |
| | **1,858,347** | 2,760,074 |
| Deferred acquisition costs:[3] | | |
| Current | **131,928** | 72,274 |
| Non-Current | **1,164,120** | 1,180,185 |
| | **1,296,048** | 1,252,459 |
| | **3,449,235** | 4,659,906 |

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

2 The capitalised borrowing costs represent those costs directly attributable to securing the Royalty Funding Package with Regal Resources Royalties Fund and will be amortised over the period in which the first stage royalty of $10 million will be repaid.

The unexpired interest component will be recognised over the life of mine in line with each of the scheduled periodic repayments to Regal Resources Royalties Fund. A discounted cash flow method using a discount rate of 5.455% (2024: 5.455%) was used to capture the net present value of the revenues for the life of mine as determined in the May 2023 Update of the BFS.

3 Deferred acquisition costs represent those costs directly attributable to the acquisition of leading European tungsten producer Saloro S.L.U. from global investment manager, Oaktree along with those attributable to the acquisition of CRONIMET's 50% joint venture interest in the Mt Carbine Tungsten Operation. These costs will be amortised over the life of mine.

# 7. TRADE AND OTHER RECEIVABLES

| | 31/12/2024 $ | 30/06/2024 $ |
|---|---|---|
| Trade receivables | **2,611,190** | 6,733,194 |
| Less: allowance | **-** | (10,634) |
| | **2,611,190** | 6,722,560 |
| Other taxation | **2,094,235** | 3,516,956 |
| Other receivables – related entities | **-** | 5,531,580 |
| Other receivables – other person/corporation | **121,632** | 710,988 |
| Total trade & other receivables | **4,827,057** | 16,482,084 |

**Trade Receivables**

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

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

# 8. RECEIVABLES

| | 31/12/2024<br>$ | 30/06/2024<br>$ |
|---|---|---|
| Tenement security deposits | **1,693,542** | 1,189,102 |
| Quarry sales permit surety | **50,000** | 50,000 |
| Other security deposits | **11,315** | 9,165 |
| | **1,754,857** | 1,248,267 |

The tenement deposits are restricted so that they are available for any rehabilitation that may be required on the mining leases and/or exploration tenements (refer to Note 13).

# 9. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

| | 31/12/2024<br>$ | 30/06/2024<br>$ |
|---|---|---|
| Costs brought forward | **14,922,119** | 14,273,131 |
| Costs incurred during the period | **250,543** | 1,934,696 |
| Exploration and evaluation impairment[1] | **(1,204,830)** | - |
| Capitalised portion of R&D tax offset | **-** | (24,462) |
| **Total deferred exploration and evaluation** | **13,967,832** | 16,183,365 |
| Amortisation deferred exploration and evaluation | **(1,313,509)** | (1,261,246) |
| **Costs carried forward** | **12,654,323** | 14,922,119 |
| Exploration expenditure costs carried forward are made up of: | | |
| Expenditure on joint venture areas | **-** | - |
| Expenditure on non-joint venture areas | **12,654,323** | 14,922,119 |
| **Costs carried forward** | **12,654,323** | 14,922,119 |

[1] The impairment relates to those costs associated with the mobilisation of the Golding plant and equipment that was removed from site upon EQ Resources Limited transition to owner/operator for the open cut mining activities in August 2024.

The above amounts represent costs of areas of interest carried forward as an asset. The ultimate recoupment of deferred exploration and evaluation expenditure in respect of an area of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect of the relevant area of interest, is not charged in the development phase until production commences.

The Directors reassess the carrying value of the Group's tenements at each half year, or at a period other than that, to determine whether any indication of impairment exists.

### Farm-In and Joint Venture Agreement – NSW Projects

EQ Resources Limited entered into a binding Farm-In and Joint Venture Agreement with Sozo Resources Pty Ltd ("Sozo") in November 2021 whereby Sozo can earn up to an 80% interest in EQR's 100% owned NSW projects, Crow Mountain (EL6648) and Panama Hat (EL8024), by completing expenditure of $1.6 million over 4 years. For further details refer to ASX announcement "EQR Farms-Out NSW Projects to Focus on Mt Carbine Tungsten Mine" dated 26 November 2021.

# 10. EMPLOYEE BENEFITS

| | 31/12/2024 $ | 30/06/2024 $ |
|---|---|---|
| **Current** | | |
| Annual leave provision | **995,660** | 488,203 |
| Long service leave provision | **26,729** | 28,727 |
| | **1,022,389** | 516,930 |
| **Non-current** | | |
| Long service leave provision | **102,511** | 22,383 |
| | **1,124,900** | 539,313 |

# 11. TRADE AND OTHER PAYABLES

| | 31/12/2024 $ | 30/06/2024 $ |
|---|---|---|
| Trade payables | **32,490,046** | 31,992,515 |
| Other taxation | **1,193,642** | 497,830 |
| Unearned revenue | **12,895,290** | 805,920 |
| Accrued expenses | **2,717,414** | 2,403,296 |
| Other payables – other persons/corporations | **2,120,945** | 5,443,290 |
| Other payables – related parties | **-** | 1,504,263 |
| Total trade and other payables | **51,417,337** | 42,647,114 |

# 12. ISSUED CAPITAL

| Shares | 31/12/2024 $ | 30/06/2024 $ |
|---|---|---|
| **Share Capital** | | |
| 1,929,708,794 (30 June 2024: 1,787,288,465) ordinary shares fully paid | **48,403,287** | 43,031,133 |
| 405,323,657 (30 June 2024: 278,000,000) ordinary shares fully paid under escrow | **36,766,425** | 25,307,296 |
| | **85,169,712** | 68,338,429 |

### Movements in Ordinary Share Capital

| 1 July 2024 to 31 December 2024 | Date | Number of Shares | Issue Price | $ |
|---|---|---|---|---|
| Balance b/fwd | | 2,065,288,465 | | 68,338,429 |
| Issue of 127,323,657 shares @ $0.0900 per share to Cronimet Asia Pty Lte as consideration to acquire the Mt Carbine Retreatment Joint Venture Interest under a voluntary escrow restriction for 12 months (refer ASX Announcement dated 5 July 2024 and 29 July 2024) | 29/07/2024 | 127,323,657 | $0.0900 | 11,459,129 |
| Issue of 39,304,733 shares @ $0.045 to Director ZP Yeo as approved by shareholders at the EGM on 29 July 2024 (refer ASX announcement dated 14 August 2024) | 14/08/2024 | 39,304,733 | $0.0458 | 1,798,570 |
| Issue of 5,111,111 shares @ $0.0450 per share to Directors as approved at the Company's EGM on 29 July 2024 (refer ASX announcement dated 14 August 2024) | 14/08/2024 | 5,111,111 | $0.0450 | 230,000 |
| Issue of 542,384 shares @ $0.0496 per share for Senior Financial Advisor Service Fees (refer ASX announcement dated 5 November 2024) | 5/11/2024 | 504,485 | $0.0496 | 25,023 |

| **1 July 2024 to 31 December 2024** | **Date** | **Number of Shares** | **Issue Price** | **$** |
|---|---|---|---|---|
| Issue of 97,500,000 shares @ $0.0400 per share to sophisticated investors (refer ASX announcement dated 13 December 2024 and 24 December 2024) | 24/12/2024 | 97,500,000 | $0.0400 | 3,900,000 |
| Shares issue costs | | | | (581,439) |
| **Balance as at 31 December 2024** | | **2,335,032,451** | | **85,169,712** |

### Movements in Share Options

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

| | Number | WAEP | $ |
|---|---|---|---|
| Balance at 1 July 2024 | 203,748,395 | 0.086 | 17,589,555 |
| Amortisation share based payments | 231,605,281 | 0.076 | 16,166,606 |
| Forfeited / cancelled | (600,000) | 0.100 | (60,000) |
| Exercised | - | - | - |
| Expired | - | - | - |
| Balance at 31 December 2024 | 434,753,676 | 0.081 | 35,046,161 |

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

| | Number outstanding | Number vested and exercisable | Exercise price | Expiry Date | Remaining Contractual Life (Years) |
|---|---|---|---|---|---|
| Options | | | | | |
| Issue EQRAL | 19,751,674 | 19,751,674 | 0.0650 | 07/11/2025 | 0.85 |
| Issue EQRAM | 16,400,000 | - | 0.0100 | 07/11/2025 | 1.50 |
| Issue EQRAN | 1,250,000 | 1,250,000 | 0.0650 | 31/01/2025 | 1.08 |
| Issue EQRAO | 78,000.000 | - | 0.1000 | 18/01/2026 | 1.05 |
| Issue EQRAP | 103,452,002 | 103,452,002 | 0.0675 | 29/05/2027 | 2.41 |
| Issue EQRAQ | 117,500,000 | 117,500,000 | 0.0675 | 29/05/2027 | 2.41 |
| Issue EQRAR | 20,000,000 | 20,000,000 | 0.1000 | 29/05/2027 | 2.41 |
| Issue EARAS | 79,300,000 | 57,800,000 | 0.0700 | 29/11/2027 | 2.91 |
| Outstanding at 31 December 2024 | 434,753,676 | 335,253,676 | | | |

### Performance Rights

No performance rights were outstanding at the end of the reporting period.

## 13. CONVERTIBLE NOTES

On 6 November 2023 the Company issued 750,000 convertible notes with an aggregate principal value of $750,000. The notes are convertible at the option of the noteholders into ordinary shares at a conversion price of $0.100 per share at any time after issuance and up to the close of business on the date of maturity. Noteholders have an option to redeem the notes at the end of 2 years at face value plus any accrued interest. The notes carry interest at a coupon rate of 9.00% per annum (effective interest rate of 0.86% per month based on a 2-year amortisation period on estimated cashflow timing in line with the 2-year redemption option) which is payable annually in arrears.

A further issuance of 3,000,000 convertible notes occurred on 29 November 2024 with an aggregate principal value of $3,000,000. The notes are convertible at the option of the noteholders into ordinary shares at a conversion price of $0.075 per share at any time after issuance and up to the close of business on the maturity date. Noteholders have an option to redeem the notes at the end of 1 year at face value plus any accrued interest. The notes carry interest at a coupon rate of 9.00% per annum (effective interest rate of 0.86% per month based on a 1-year amortisation period on estimated cashflow timing in line with the 1-year redemption option) which is payable annually in arrears.

Any convertible notes not converted will be redeemed at maturity, at the principal amount together with accrued but unpaid interest thereon.

The convertible notes issued and redeemed during the period have been split into liability and equity components as follows:

| | Debt ($) | Equity ($) | Number |
|---|---|---|---|
| **Opening balance at 1 July 2024** | 525,000 | 225,000 | 750,000 |
| Nominal value of convertible notes issued 6 November 2023 | 525,000 | 225,000 | 750,000 |
| Nominal value of convertible notes issued 29 November 2024 | 2,100,000 | 900,000 | 3,000,000 |
| Notes converted during the period | - | - | - |
| **Balance as at 31 December 2024** | **2,625,000** | **1,125,000** | **3,750,000** |

| Debt Component – Convertible Notes | 2024 $ |
|---|---|
| **Opening balance at 1 July 2024** | 544,637 |
| Convertible note issue 29 November 2024 | 2,100,000 |
| Accrued interest at effective interest rate | 48,353 |
| Interest paid at coupon rate | (67,500) |
| Capitalised borrowing costs | 6,563 |
| Liability derecognition upon conversion | - |
| **Balance as at 31 December 2024** | **2,632,053** |
| | |
| **Current** | **591,703** |
| **Non-current** | **2,040,350** |
| | **2,632,053** |

| | 2023 $ |
|---|---|
| **Opening balance at 1 July 2023** | 3,494,215 |
| Convertible note issue 6 December 2023 | 525,000 |
| Accrued interest at effective interest rate | 199,829 |
| Interest paid at coupon rate | (280,000) |
| Capitalised borrowing costs | 28,150 |
| Liability derecognition upon conversion | (3,422,557) |
| **Balance as at 30 June 2024[1]** | **544,637** |
| | |
| **Current** | **(4,725)** |
| **Non-current** | **549,012** |
| | **544,637** |

*Accounting Policy*

The component of convertible notes that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. The increase in liability due to passage of time is recognised as a finance cost. The remainder of the proceeds are included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible notes based on the allocation of proceeds to the liability and equity components when the instruments are first recognised. The liability component of the convertible notes has been classified as a current liability in accordance with *AASB 101 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* due to the Company not having a right to defer settlement for at least twelve months after the reporting period

## 14. CONTINGENT LIABILITIES

The Group has provided guarantees totalling $1,743,542 in respect of mining exploration tenements, environmental bonds and the quarry sales permit. These guarantees are secured against deposits with the relative State Department of Mines and Department of Agriculture & Forestry. The Company does not expect to incur any material liability in respect of the guarantees.

## 15. BORROWINGS

| | 31-Dec-24 | 30-Jun-24 |
|---|---|---|
| | $ | $ |
| Unsecured borrowing at amortised cost | | |
| Loan from related parties | - | 1,798,570 |
| | - | 1,798,570 |
| **Secured borrowing at amortised cost** | | |
| Spanish bank loans | **41,848,008** | 40,348,612 |
| Spanish bank loans – undrawn | **(748,639)** | (572,450) |
| Spanish bank loans – capitalised Interest | **122,516** | 450,742 |
| | **41,221,885** | 40,226,904 |
| Current | **41,221,885** | 42,025,474 |
| Non-current | - | - |
| | **41,221,885** | 42,025,474 |

Principal features of the Group's borrowings are as follows:

- A loan of $13,391,363 (€8,000,000) was taken out on 31 March 2021, comprising interest-only payments at a rate of 4.92%. The loan is due for renewal on 10 December 2024 and is secured by a Letter of Credit from Oaktree Capital Management L.P. As at reporting date $12,984,459 (€7,756,916) of the loan was drawn.
- A loan of $8,369,602 (€5,000,000) was taken out on 21 October 2020, comprising interest-only payments at a rate of 5.00%. The loan is due for renewal on 11 October 2024 and is secured by a letter of credit from Oaktree Capital Management L.P. As at reporting date $8,356,644 (€4,992,259) was drawn.
- A loan of $5,858,721 (€3,500,000) was taken out on 1 October 2021, comprising interest-only payments at a rate of 5.00%. The loan is due for renewal on 15 September 2024 and is secured by a letter of credit from Oaktree Capital Management L.P. As at reporting date $5,842,524 (€3,490,324) was drawn.

- A loan of $5,858,721 (€3,500,000) was taken out on 31 January 2022, comprising interest-only payments at a rate of 5.00%. The loan is due for renewal on 10 December 2024 and is secured by a letter of credit from Oaktree Capital Management L.P. As at reporting date $5,824,513 (€3,479,564) was drawn.
- A loan of $8,369,602 (€5,000,000) was taken out on 7 September 2022, comprising interest-only payments at a rate of 5.42%. The loan is due for renewal on 21 June 2025 and is secured by a letter of credit from Oaktree Capital Management L.P. As at reporting date $8,091,229 (€4,833,700) was drawn.

## 16. EQUIPMENT LEASES

| Right-of-use assets | 31/12/2024 $ | 30/06/2024 $ |
|---|---|---|
| Opening balance | **3,450,296** | 2,376,049 |
| Additions: | | |
| - Plant & equipment | **7,385,400** | 1,751,191 |
| - Heavy & light vehicles | **7,335,290** | 466,010 |
| Disposals | **(50,232)** | (42,935) |
| Depreciation charge for the year | **(2,028,758)** | (1,100,019) |
| **Closing balance** | **16,091,996** | 3,450,296 |
| | | |
| **Lease Liability - Maturity Analysis** | | |
| Less than 1 year | **5,869,636** | 1,324,113 |
| 1 to 5 years | **8,558,403** | 1,823,620 |
| 5+ years | **-** | - |
| | **14,428,039** | 3,147,733 |
| **Amounts Recognised in profit or loss** | | |
| Interest on lease liabilities | **235,519** | 153,110 |
| Expenses relating to short-term leases | **-** | - |
| **Amounts recognised in statement of cash flows** | **235,519** | 150,111 |
| **Total cash outflow for leases** | **1,124,739** | 937,693 |

## 17. FINANCIAL LIABILITIES

| | 31/12/2024 $ | 30/06/2024 $ |
|---|---|---|
| Financial liabilities carried at fair value through profit or loss:[1] | | - |
| Current | **1,787,719** | 1,245,147 |
| Non-current | **9,460,745** | 10,538,413 |
| | **11,248,464** | 11,783,560 |
| Deferred interest:[2] | | |
| Current | **50,661** | 49,665 |
| Non-current | **303,967** | 281,436 |
| | **354,628** | 331,101 |
| **Total Financial Liabilities** | **11,603,092** | 12,114,661 |

[1] A discounted cash flow method using a discount rate of 5.455% (2024: 5.455%) was used to capture the net present value of the revenues for the life of mine as determined in the May 2023 Update of the BFS.

[2] Deferred interest relates to that portion of the Regal Resources Royalties Fund where actual payments did not satisfy the interest component due to the staged ramp-up of Open Cut operations. These costs will be amortised over the period in which the first stage royalty of $10 million is scheduled to be repaid.

The Company entered into a Royalty Funding Package with Regal Resources Royalties Fund with the Group receiving $10 million in two separate tranches. The financing consists of a royalty percentage of 3% with a buy-back option after the recovery of the first stage royalty, $10 million, (and prior to the 7 anniversary of the definitive agreement execution) and a payment of $2.75 million reducing the liability to 1.5% for the life of mine.

# 18. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

***Adoption of New Standards and Interpretations***

*Changes in accounting policies on initial application of Accounting Standards*

From 1 July 2024, the Group has adopted all the standards and interpretations mandatory for annual periods beginning on or after 1 July 2022. Adoption of these standards and interpretations did not have any effect on the statements of financial position or performance of the Group. The Group has not elected to early adopt any new standards or amendments.

# 19. OPERATING SEGMENTS

**Segment Information**

### Identification of Reportable Segments

During the half year to 31 December 2024, the Company operated in two business segments being mining and mineral exploration within Australia and Spain.

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

| | 31/12/2024 | | | 31/12/2023 | | |
|---|---|---|---|---|---|---|
| | **Total $** | **Australia $** | **Spain $** | **Total $** | **Queensland $** | **NSW $** |
| **REVENUE** | | | | | | |
| Revenue & other income | **35,705,175** | **13,572,056** | **22,133,119** | 6,967,836 | 6,967,836 | - |
| **Total segment revenue** | **35,705,175** | **13,572,056** | **22,133,119** | 6,967,836 | 6,967,836 | - |
| **RESULTS** | | | | | | |
| Net (loss) before income tax | **(23,685,493)** | **(18,100,842)** | **(5,584,651)** | (7,857,584) | (7,857,584) | - |
| Income tax | **-** | **-** | **-** | - | - | - |
| **Net profit / (loss)** | **(23,685,493)** | **(18,100,842)** | **(5,584,651)** | (7,857,584) | (7,857,584) | - |

| | 31/12/2024 | | | 31/12/2023 | | |
|---|---|---|---|---|---|---|
| | **Total $** | **Australia $** | **Spain $** | **Total $** | **Australia $** | **Spain $** |
| **ASSETS AND LIABILITIES** | | | | | | |
| Assets | **187,858,055** | **95,655,882** | **92,202,173** | 166,286,409 | 75,734,356 | 90,552,053 |
| Liabilities | **(139,890,510)** | **(58,021,701)** | **(81,868,809)** | (109,660,751) | (34,628,093) | (75,032,658) |

# 20.SUBSEQUENT EVENTS

There have been no material events subsequent to 31 December 2024 that have not previously been reported other than:

- On 14 January 2025 the Company announced that Kevin MacNeill (CEO of the EQR Group) will be transitioning into a new role of Chief Technical Officer ("CTO") effective from1 April 2025. The Board of Directors has commenced a process to build further leadership capacity within the management team and Board, with the aim to add further industry competencies and to improve oversight of the Company's operational strategies and growth initiatives. Refer ASX Announcement "Changes in Leadership Team in Line with Growth Strategy" dated 14 January 2025.
- Chief Financial Officer, Andrew Mooney, resigned from his position with the Company effective from 3 February 2025. Following Mr Mooney's resignation, the Company announced the appointment of VISTRA Australia (Vistra) to provide CFO advisory solutions. The Vistra CFO advisory team will be led by Mr Tony Di Pietro, a Chartered Accountant (CA) and Associate of the Governance Institute of Australia (AGIA). Refer ASX Announcement "Management Changes at EQ Resources" dated 22 January 2025 and "EQ Resources Appoints CFO Advisor" dated 6 February 2025.
- The results of the Eastern Cut Back RC Drilling Campaign completed in December 2024 identified that mining operation were now entering the Iolanthe Vein Package, part of the main Ore Body at Mt Carbine. Blasting scheduled for February 2025 should start to uncover some of the high-grade ore modelled in the Stage 2 Open Pit. Refer ASX Announcement "RC Drilling on Eastern Cutback shows Mt Carbine Stage 2 Open Pit now entering main ore body" dated 28 January 2025.
- The Company provided an update on the status of the proposed acquisition of the Ferrotungsten producer, Tungsten Meals Group Limited (a public unlisted company) and its subsidiaries (together the 'TMG Group'). Under the Heads of Agreement (HoA), the parties agreed to an exclusivity period, ending 31 January 2025, for each party of complete due diligence and enter into definitive agreements. Whilst the parties have undergone a detailed due diligence process, the definitive agreements are yet to be executed. Accordingly, the exclusivity period has expired, but discussions are continuing. Refer ASX Announcement "EQR Provides Update to Ferrotungsten Producer Acquisition" dated 14 February 2025.
- The Saloro operation in Spain has commenced a plant expansion project comprising of the installation of a 3rd XRT Ore Sorter. The installation of the 3rd XRT Sorter and the upgrade to the existing Ore Sorter Plant will increase capacity by 50%, and upfront wet screening of sorter feed will further improve overall sorting efficiency. Refer ASX Announcement "Saloro to Expand XRT Sorting Capacity by 50% to Support Further Production Growth" dated 17 February 2025.

# Directors' Declaration

In the opinion of the Directors:

1. The financial statements and notes of the Company:
   (a) give a true and fair view of the Company's financial position as at 31 December 2024 and the performance for the half-year ended on that date; and
   (b) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board

Oliver Kleinhempel
**Non-executive Chairman**

14 March 2025

# Auditor's Independence Declaration

Nexia Melbourne Audit Pty Ltd
Level 35, 600 Bourke St
Melbourne VIC 3000
E: info@nexiamelbourne.com.au
P: +61 3 8613 8888
F: +61 3 8613 8800

nexia.com.au

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF EQ RESOURCES LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2024 there has been:

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

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

Nexia

**Nexia Melbourne Audit Pty Ltd**
**Melbourne**

**Ben Bester**
**Director**

Dated this 14th day of March 2025

**Advisory. Tax. Audit.**

# Independent Auditor's Report

Nexia Australia

Nexia Melbourne Audit Pty Ltd
Level 35, 600 Bourke St
Melbourne VIC 3000
E: info@nexiamelbourne.com.au
P: +61 3 8613 8888
F: +61 3 8613 8800

nexia.com.au

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF EQ RESOURCES LIMITED

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of EQ Resources Limited, which comprises the Consolidated Statement of Financial Position as at 31 December 2024, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the half-year ended on that date, notes comprising material accounting policy information and other explanatory information, and the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of EQ Resources Limited does not comply with the *Corporations Act 2001* including:

i) giving a true and fair view of EQ Resources Limited's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and

iii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates that the Company incurred a total loss after tax of $23,685,493 (December 2023: $7,857,584) and a net cash outflow from operating and investing activities of $4,169,617 (December 2023: $2,219,083) during the period ended 31 December 2024. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Nexia Australia

### Responsibility of the Directors for the Financial Report

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

### Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Nexia

| | |
|---|---|
| **Nexia Melbourne Audit Pty Ltd** | **Ben Bester** |
| **Melbourne** | **Director** |

Dated this 14th day of March 2025

# Forward Looking Statements

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

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

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

**REGISTERED OFFICE:**

Level 4, 100 Albert Road, South Melbourne, VIC 3205

**ABN:** 77 115 009 106 (ASX: EQR)

**T:** (07) 4094 3072

**W:** eqresources.com.au