

EQ Resources Limited

Quarterly Activities Report

Quarter ended 31 March 2023

EQ Resources Limited (EQR) is the 100% owner of the Mt Carbine Tungsten Mine near Cairns, Australia's only primary producer of tungsten, a critical metal. Production recommenced in 2020 with dual product streams of tungsten concentrate and by-product high-quality specialised aggregate and road-making materials. Re-Opening and mining of the historical Andy White Open Pit is set to commence in June 2023.

HIGHLIGHTS

MT CARBINE OPERATIONS

- Pit dewatering imminently complete.
- Open pit mining contractors, Golding on site.
- Upgrading of slurry pipe connecting crushing plant with gravity plant set to deliver improvements and trials of additional crushing capacity continue to deliver further improvements.
- Environmental Authority to resume open pit mining secured in March.
- Mt Carbine notches up 603 days of no lost time injuries.

MT CARBINE DEVELOPMENT & FUNDING

- EQR and Regal Resources Royalties Fund complete \$10 million funding in March 2023.
- Updated Mt Carbine Mineral Resource Estimate* ("MRE") confirms an increase of 64% metal contained in Indicated Resources (In-situ), adding ~2.11 million mtu**.
- EQR signs partnership MOU with Masan High-Tech Materials while Australia and Germany enter Critical Minerals cooperation.

EXPLORATION

- Mt Carbine mining leases renewed for 19 years.
- Phase 2 2022 drilling campaign successfully added value through focus on life of mine, area definition and orebody extension; Work program included completion of the Western Extension drill out which confirmed economics of the potential Phase III Pit Extension***.
- The Company is currently reviewing and optimising the latest open pit design which together with the significant MRE upgrade will form a very strong basis for a revision of the Mt Carbine Ore Reserves, leading into an imminent update of the Mt Carbine Project Economics.

* 0.05% WO₃ cut-off grade

** mtu = metric ton unit, equals 10kg WO₃

*** Details on Phase III Pit Extension see 'Mt Carbine Tungsten Project Update (slide 23/24)' dated 21 September 2022

MT CARBINE OPERATIONS

The March quarter has been extremely successful for EQ Resources from a development point of view. The Company's acceleration towards the re-start of open pit mining is on-rack and underway. Open pit dewatering is nearly finished with the final bench of the open pit exposed, with the next milestone being the floor of the historic Andy White open pit. The water that is being pumped out of the open pit has predominantly been used in the various processing plants around the Mt Carbine site. In the coming quarter, a grade control drill program will be undertaken in the lead up to restarting the open pit, along with clean-up, survey and safety measures all being completed prior to the restart. A joint team between Golding Contractors Pty Ltd ("Golding") and EQR has been established to integrate health and safety systems and manage the restart of the open pit mining operations.



Figure 1 – Final Stages of pit dewatering underway.



Figure 2 – Mining contractors, Golding, on site for open pit preparations.

MT CARBINE PROCESSING PLANT OPERATIONS

During the last quarter, the overall performance of the crushing and screening plant throughout the wet season at the Mt Carbine Tungsten Mine was positive, despite the challenges posed by record rainfall in January and February and continued rains through March. The dedicated operations team persevered, and significant improvements were achieved in the crushing and screening processes. The wet screen was able to continue processing throughout the entire wet season, a feat that was extremely difficult in previous years that employed dry processing.

Optimisation efforts continue in the crushing plant with the implementation of process automation and sequencing, enabling the operations team to effectively manage heavy rainfall scenarios and reduce downtime. Along with this, an order was placed for the upgrade of the slurry pipeline. The pipeline upgrade installation is scheduled for completion in April.



Figure 3 – Electricians installing PRC wiring for automation control on the crushing circuit.



Figure 4 – Upgrading of slurry pipeline.

XRT SORTER & GRAVITY PLANT PRODUCTION

The conversion of the dry screen to a wet screen at the XRT Sorting plant yielded positive results, as evidenced by the increased quarterly throughput. Systems have been continuously streamlined to improve sorting production and increase XRT Sorter concentrate output as the operation nears the restart of open pit mining. The high-grade crushing circuit in the gravity plant is working well and in parallel with the -6mm processing streams to crush all XRT Sorter concentrate produced.

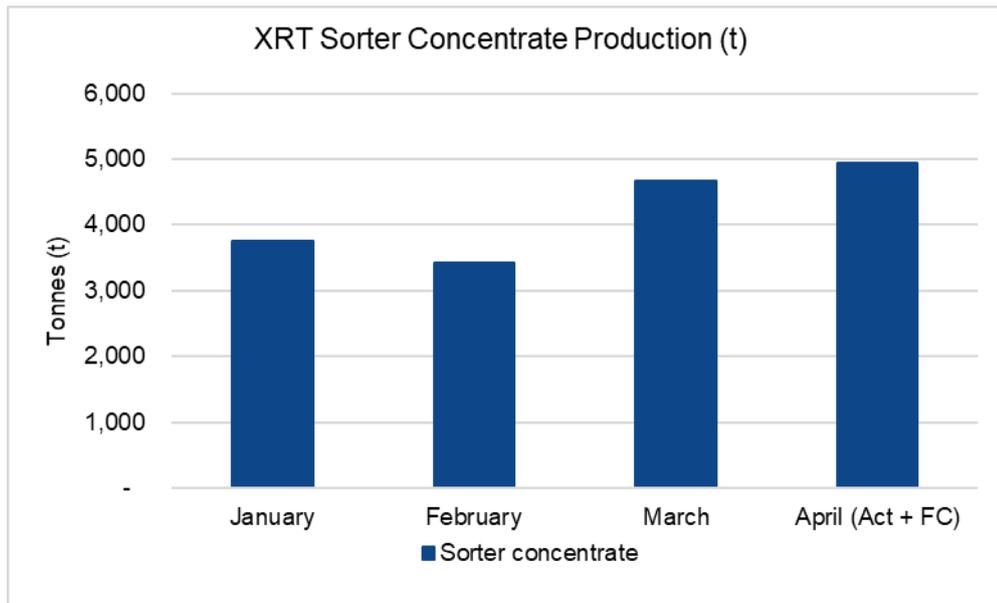


Figure 5 - Monthly XRT Sorter Concentrate Production Q3 FY2023

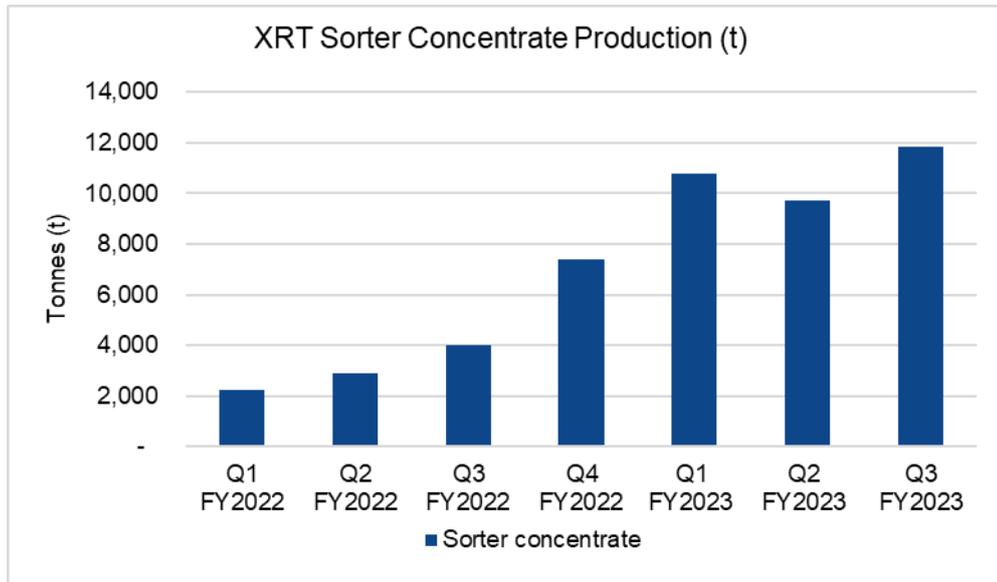


Figure 6 - Quarterly XRT Sorter Concentrate Production 2022-2023

Gravity processing operations were positive over the period with operations achieving an average run time of 80% for the quarter, with ongoing continuous improvement programs targeting an 85% average. Feed rates were down slightly with the heavy rains slowing the processing of dry feeds as additional top-up for the

processing plant. Recoveries have remained strong with constant sampling of the relevant streams and external assaying through ALS Ltd.

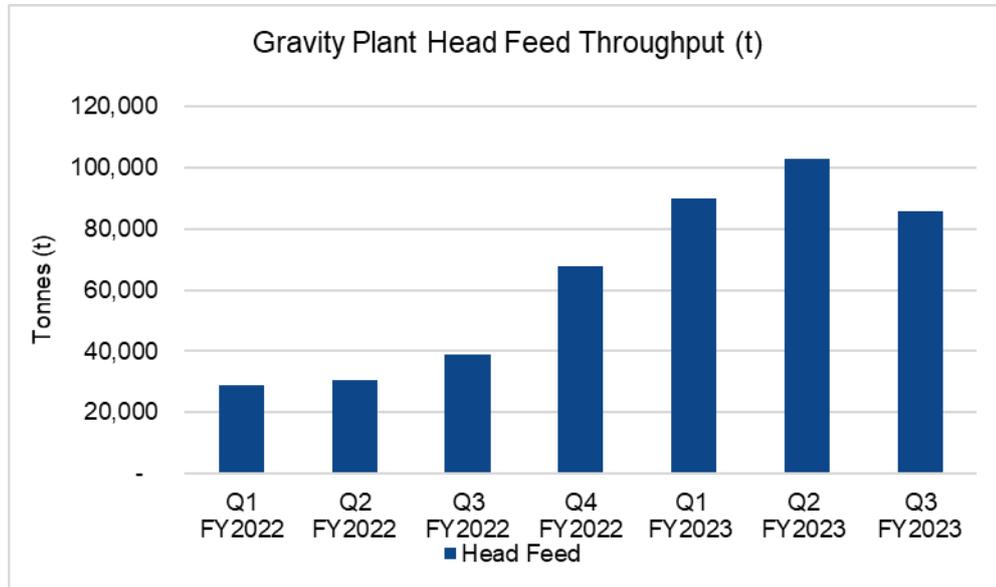


Figure 7 - Quarterly Gravity Plant Head Feed Throughput 2022-2023

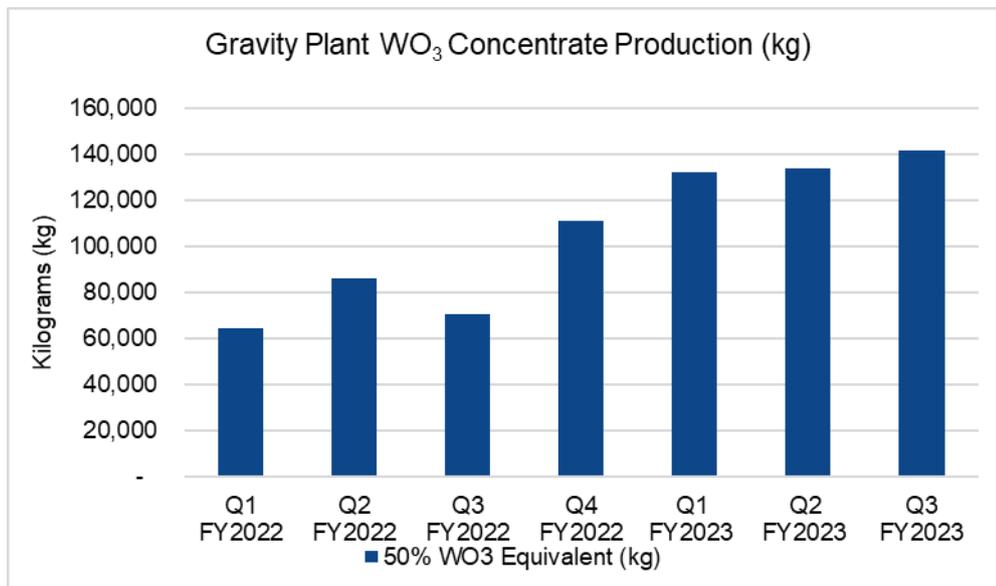


Figure 8 - Quarterly Gravity Plant Tungsten Concentrate Output 2022-2023

Several upgrades are underway in preparation for the increased head feed grade of the -6mm to be received from the open pit mining operation. Over the quarter, the Company placed several orders and initiated multiple engineering packages for expansion and handling of the increase in concentrates expected. Equipment orders included a second pulse jig, additional large rolls crushers to handle the increase in jig concentrates including the required engineering for structural amendments and additional tables for the table section expansion.



Figure 9 - Concentrate production growth continues, solidifying Mt Carbine as a reliable and sustainable critical minerals producer.



Figure 10 – Gravity Plant upgrades and improvements continue to streamline processes in preparation for restart of open pit mining.



Figure 11 – Warehousing and Laboratory improvements continue to streamline processes in preparation for restart of open pit mining.

Furthermore, a new stores warehouse has been constructed, and the slab for a larger core shed and site laboratory was laid in April to accommodate the increased volume of samples from the open pit and maintain streamlined operations across all channels of the business.

As the operation emerges from the wet season, the focus shifts towards increasing concentrate outputs to strengthen its market presence in a firmly priced tungsten market and to establish itself as a flagship tungsten operation for the Western world.

QUARRY OPERATIONS

The quarter continued to see local contracts focusing on the sale of road base materials and select fill for the local regional area. Through the end of the wet season, which is generally quieter for the associated industries, the Quarry has begun to produce key aggregates for the upcoming dry season. Focus now moves on to the strategic growth plan for the quarry business. This includes the building and launching of a separate quarry website to aid promotion which is currently in content creation and population phase and will be followed by testing and quality assurance before deployment and then promotion.

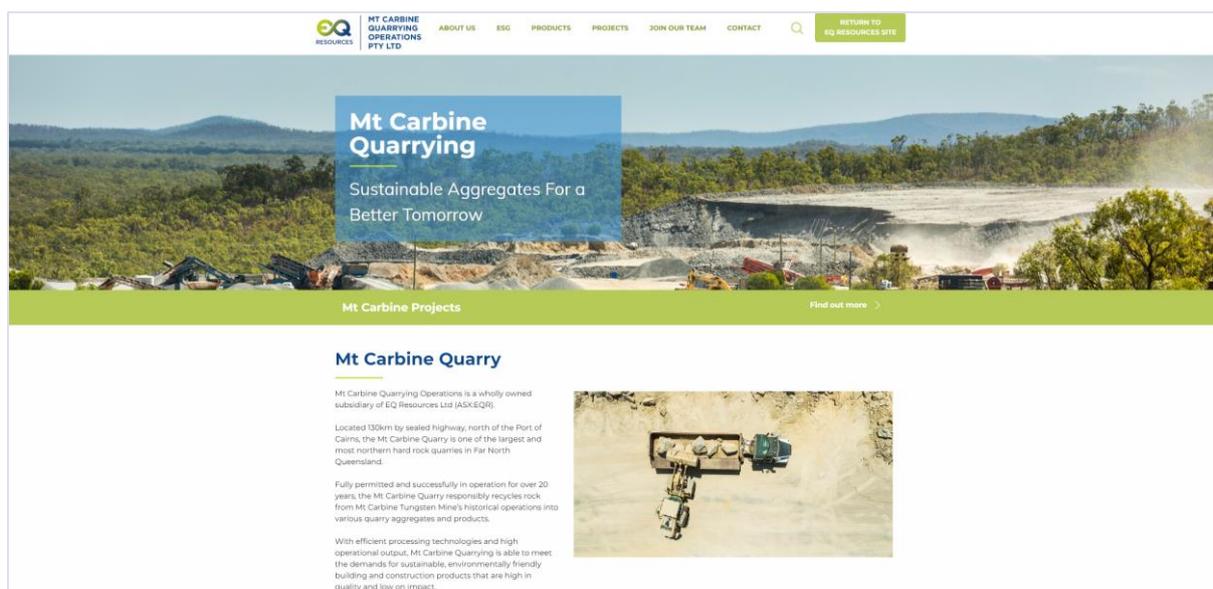


Figure 12 - Mt Carbine Quarrying set to receive its own dedicated website.

The Quarry continues to tender on regional developments and look for new ways to value-add its products. The quarry products from Mt Carbine are produced from recycled inert mine waste allowing EQR to focus on a sustainable and responsible circular economy approach to its operations.

The quarry recently facilitated an informational site tour for the FNQ branch members of the Institute of Quarrying Australia (IQA). On behalf of the FNQ Sub-Branch committee, Natalie Scott, the Events and Engagement Coordinator for the Institute of Quarrying Australia, extended their gratitude to our team for opening the doors to the Mt Carbine Quarry. The feedback received was highly positive, with participants finding the tour to be informative and enjoyable. See: [LinkedIn Post](#)



Figure 13 – Stakeholder Engagement: IQA site tour at Mt Carbine.

ESG PROGRAM OVERVIEW

The Company continued to solidify its ESG position in the last quarter and continues to build a workplace culture that embodies these values as the mining operations expand. It continues to action a proactive ESG program delivering tangible outcomes against its documented commitments.

Utilising the Turner & Townsend JukesTodd ESG Categorisation framework to manage its ESG program, the Company’s ESG program and Foundational Commitments align to its values and purpose, and where possible, include metrics for reporting. (see: [Quarterly Activities Report, page 7. Dated 31 January 2023](#)).

The program incorporates the environmental and social aspects most material to its stakeholders as identified in EQR’s 2021 Stakeholder Sentiment Survey. It includes a governance framework and a program workbook which underpins how the Company measures, tracks and reports on the program’s objectives.

The Company is committed to continuously updating and improving ESG Policies as it grows and evolves. The policies and programs continue to be reviewed and guided by the Turner & Townsend JukesTodd ESG consultancy team which is ensuring practical application and implementation in line with the Company’s values and Shareholder requirements.

The Company is proud to continue its membership with the Association of Mining and Exploration Companies (“AMEC”) and has signed on for the 2023 year. This membership aligns with all EQR’s values and continues to receive valuable support from the organisation.

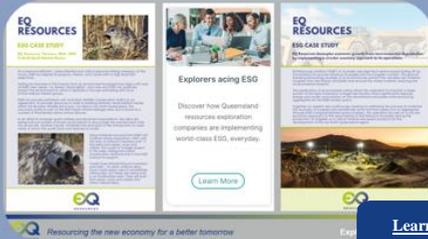


- Community outreach: Contribution to Julatten State School in preparation of their Centenary Celebration scheduled for August 2023.



[Learn More](#)

- QE Connect website : case study feature.



[Learn More](#)

- Partnership MOU: Masan High-Tech Materials.



[Learn More](#)

- Local partnership: Toddy's Machinery Maintenance.



[Learn More](#)

- 600 Days NLTI - Regular, scheduled training.



[Learn More](#)

- Active dust management process continues.



Act Safe.
Feel Safe.

Embrace
Difference

Lead with
Integrity

Q3
ESG SHOWCASE



RESOURCES

resourcing the new economy
for a better tomorrow

Buddy
Up

Tread
Lightly

Dig Deep

- ARTEH sign up & partnership.



[Learn More](#)

- Plotlogic mining technology program concludes.



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- AMEC membership renewal 2023.



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- Internship and traineeship programs continue.



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- Updated water management plan and included alignment to ICMM Water Stewardship Statement



- Stakeholder engagement IQA site tour.



[Learn More](#)

ENVIRONMENTAL ACTIVITIES AT MT CARBINE

During the quarter the Company received positive confirmation from the Department of Environment (“DES”) on the amendment of the Environmental Authority (EPML00956913) to mine the Andy White Open Pit. (see ASX announcement [‘Environmental Authority to Resume Open Pit Mining Secured’](#) dated 6 March 2023).

Over the past year the Company has engaged Cairns firm, Natural Resource Assessments (NRA) Pty Ltd, to complete several component studies as well as coordinate the design and upgrade of existing infrastructure to meet world-class standards.

As set out in the Annual Report, several studies were completed to inform the approval process associated with the Company’s plans to recommence open cut mining and to de-risk the project in line with its core values of ‘Treading Lightly’ to minimise its environmental footprint and deliver positive societal impact.

Some of the ongoing monitoring and activities undertaken through this process at site are:

- Noise, air & vibration studies.
- Water management plan update.
- Updated hydrogeological study based on new shallow and deep monitoring water wells.
- Blast management plan.
- Waste rock & tailings management plan.
- Enhanced conceptual groundwater model where 18 additional investigation bores were drilled.
- Flora and fauna studies.
- Water engineering works by strategic engineering consulting firm ATC Williams Pty Ltd, a recognised leader in tailings and water management, who updated water balances and designed the upgrade of the Mt Carbine water dam.
- Updated stakeholder engagement program (based on a detailed review of heritage sites around Mt Carbine).

The Company’s long-term agreement with Australian Wildlife Conservancy (“AWC”) as part of its renewed mining lease continues with a focus on general co-operation in several areas relating to Brooklyn Wildlife Sanctuary which surrounds the Mining Licence. The execution of ecological well-being initiatives continues, including an extensive aquatic study. The initiatives continue to support social aspects through job provision in the conservancy area. (see ASX announcement [‘EQR Responsibly Mining For The Future and Engaging in Wildlife Conservation’](#), dated 23 November 2022).



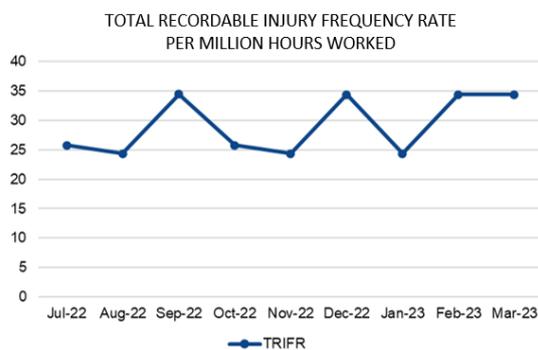
Figure 14 - EQR employees actively participate in consistent ecological health monitoring initiatives in the area.

SAFETY PERFORMANCE AT MT CARBINE

The Company remains focused on cultivating an authentic Safety Culture in which employees at Mt Carbine actively look to reduce the risk to themselves and others by identifying hazards and addressing them before they conduct work activities. Reporting is encouraged with a goal to facilitate constant improvement.

During the quarter, increasing numbers of contractors and employees have been working side by side in preparation of restarting open-pit mining with only 4 minor lost time injuries recorded for this quarter. The Company achieved a record of 603 Lost Time Injury (“LTI”) free days during the quarter before a LTI was experienced, the Company is now at 63 days LTI free.

Area Foreman continue to focus on workplace inspections and task preparation by their teams to demonstrate improved overall safety on site by ensuring the areas they are responsible for are being operated & maintained to the appropriate standard required of EQR.



+10%

Increase TRIFR Quarter on Quarter

+13%

Total Man Hour Increase Quarter on Quarter

PROACTIVE SAFETY INDICATORS Q3

2 967

Positive safety indicators recorded

28

JSEA Job Safety Environment Analysis

0

Fatalities

2

Toolbox Talks per month

2

Prestart Safety meetings per day

TRAINING INDICATORS

1

Testing Officer Training: Drugs of Abuse

7

Work Safely at heights Students

6

Confined Space Students

6

Gas Test Atmosphere Students

9

First Aid Students

2

Supervisor Training

2

Brisbane- based management Training

TRAINING INDICATORS

30

CERT III Surface Extraction Apprentices

1

HR – B License Upgrade

650-800

Take 5 Safety Assessments per month

1

Electrical Apprentice

60

VOC's Mobile Equipment Completed

MT CARBINE DEVELOPMENT

COMPLEMENTARY ROYALTY FUNDING FOR MT CARBINE DEVELOPMENT

During the quarter EQR completed two drawdowns of \$5 million from Regal Resources Royalties Fund under the terms of a total \$10 million royalty-based funding package for the redevelopment of the historic Mt Carbine tungsten mine (see ASX announcement ‘[EQR completes first drawdown of \\$5M for Mt Carbine Tungsten](#)’ dated 6 January 2023, and ‘[EQR Receives Second Tranche of Regal Royalty Payment](#)’ dated 31 March 2023).

The drawdown is to be used by EQR to continue progressing preparations for the resumption of mining from the historic Andy White open pit which will deliver primary ore feed to the existing processing plant. The engagement with mining contractor Golding is progressing with development and safety teams established at site undertaking final preparations to resume open cut mining.

EXPLORATION ACTIVITIES

DRILLING & DISCOVERIES

During the quarter, drilling of 7 diamond holes for 1,646.30m was completed with the goal to extend the drill out of indicated resource for the western pit extension and to explore the extensions of the Iron Duke System to the North and the Western Extension High-Grade Zone. As EQR’s open cut mining start-up rapidly approaches, and in line with the Company’s strategic work on continuous resource improvement. During April, EQR has brought a reverse circulation drill rig to site. In the coming weeks the rig will be used to define the daily mine blocks for each panel and is intended for use in continuous exploration drilling to extend on the targets areas mentioned above.

Both phases of the 2022 Drill Program were very successful with high-grade mineralisation adding resource and showing the deposit remained open in strike and depth. The figure below shows the location of the drilling this period relative to the proposed BFS designed open cut.

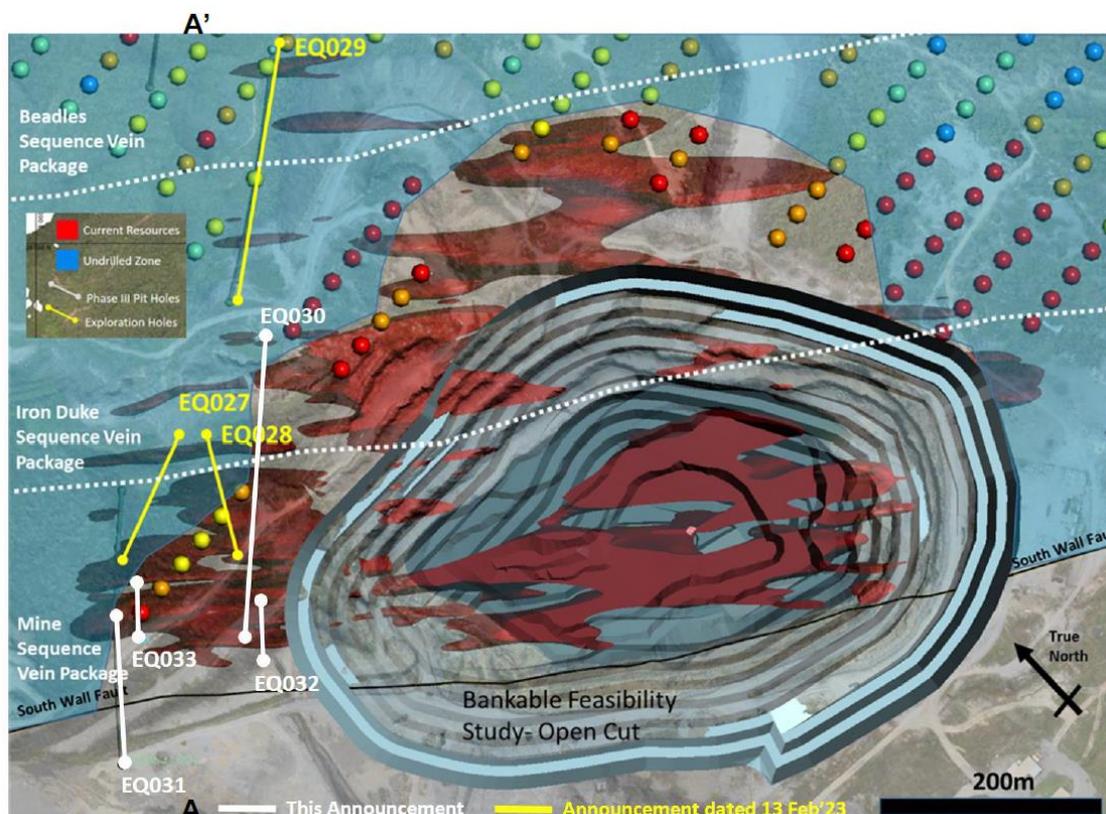


Figure 15 - Location map: Excellent results from the Phase 2 2022 Drill Program demonstrate exploration potential westward.

For further details see ASX announcements '[Iron Duke Discovery and Potential Pit Extension](#)' dated 13 February 2023 and '[Drilling confirms high-grade mineralised system](#)' dated 27 February 2023).

Some of the highlights of the drilling include the following intercepts:

- 2.36m @ 0.88% WO₃ from 195.68m (EQ027)
- 3.63m @ 0.40% WO₃ from 233.18m, incl. 0.20m @ 6.01% WO₃ from 233.18m (EQ028)
- 9.76m @ 0.46% WO₃ from 140.84m, incl. 2.25m @ 1.90% WO₃ from 140.84m (EQ029)
- 2.64m @ 0.76% WO₃ from 218.50m (EQ029)
- 2.48m @ 0.69% WO₃ from 75.11m (EQ030)
- 1.00m @ 1.90% WO₃ from 213.42m (EQ030)
- 18.24m @ 1.00% WO₃ from 387.25m, incl. 5.51m @ 3.20% WO₃ from 387.25m (EQ030)
- 2.82m @ 1.81% WO₃ from 140.10m, incl. 1.19m @ 3.89% WO₃ from 140.84m (EQ031)

GEOLOGICAL INTERPRETATION

Iron Duke Extension

Two holes west of the pit, EQ027 and EQ028, confirmed the geological model identifying the most prospective target zone for tungsten enriched veining, which appears to be a roughly vertical zone below '200m Reduced Level (RL)'. A third hole, EQ029, confirmed a northern extension of the high-grade Iron Duke veining.

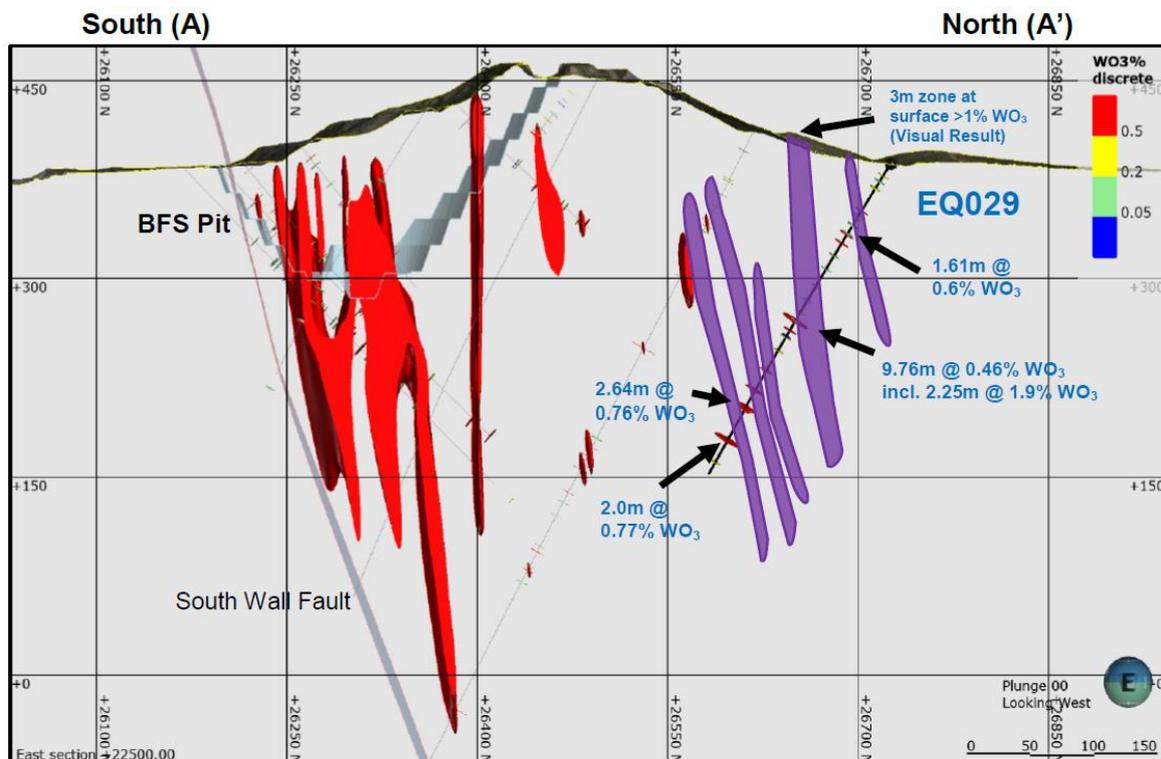


Figure 16 - Cross-section of EQ029 confirming continuation of high-grade mineralisation in the Iron Duke Vein Package (shown in purple).

This now highlights that high-grade extends for over 200m in the Iron Duke region and is open in all directions. Further drilling of this zone is warranted and will significantly add to the resource base of the deposit for future years.

Western Extensions

Since the review of the Mt Carbine deposit two years ago it has long been postulated that a second high-grade lobe of the deposit would plunge off westwards. In November 2022, EQR outlined to target this concept and look for extensions of Hole EQ026 that reported 5.95m @ 0.94% WO₃ (see ASX announcement [‘Drilling Targeting New Discoveries and Potential Western Pit Expansion’](#) dated 17 November 2022).

The two holes of EQ030 & EQ031 were drilled for the postulated down dip extension of these high-grade zones. The success of hitting high-grade intercepts in these holes indicates an additional high-grade system exists and confirms the fluid flow direction from the west that provides the vectors for ore repeats along westerly structures. The high-grade nature of the intercepts is perfectly situated for underground mining off the existing decline. The results will add significantly to the Mt Carbine Underground Scoping Study where the Company modelled taking 2.36Mt @ 1.05% WO₃ from underground (see ASX announcement [‘Underground Scoping Study Gives Confidence To Proceed With Pre-Feasibility Work’](#) dated 12 April 2022).

In Hole EQ030 the results contain the highest per meter tungsten (WO₃ contained) intersected outside the BFS Pit with Hole EQ030 (5.51m @ 3.20% WO₃ from 387.25m) having 10-times the grade of the Open Pit Ore Reserve as reported (0.33% WO₃).

Holes EQ032 & EQ033 were above the main mineralised level being at the 330-350m RL mark with the zone reflected as narrower more separated veins, i.e. intercepts of 0.13m @ 1.03% WO₃, 0.29m @ 0.53% WO₃ and 0.33m @ 1.33% WO₃ were intersected. At a level 100m below these intercepts the mineralisation widens, and veins come together.

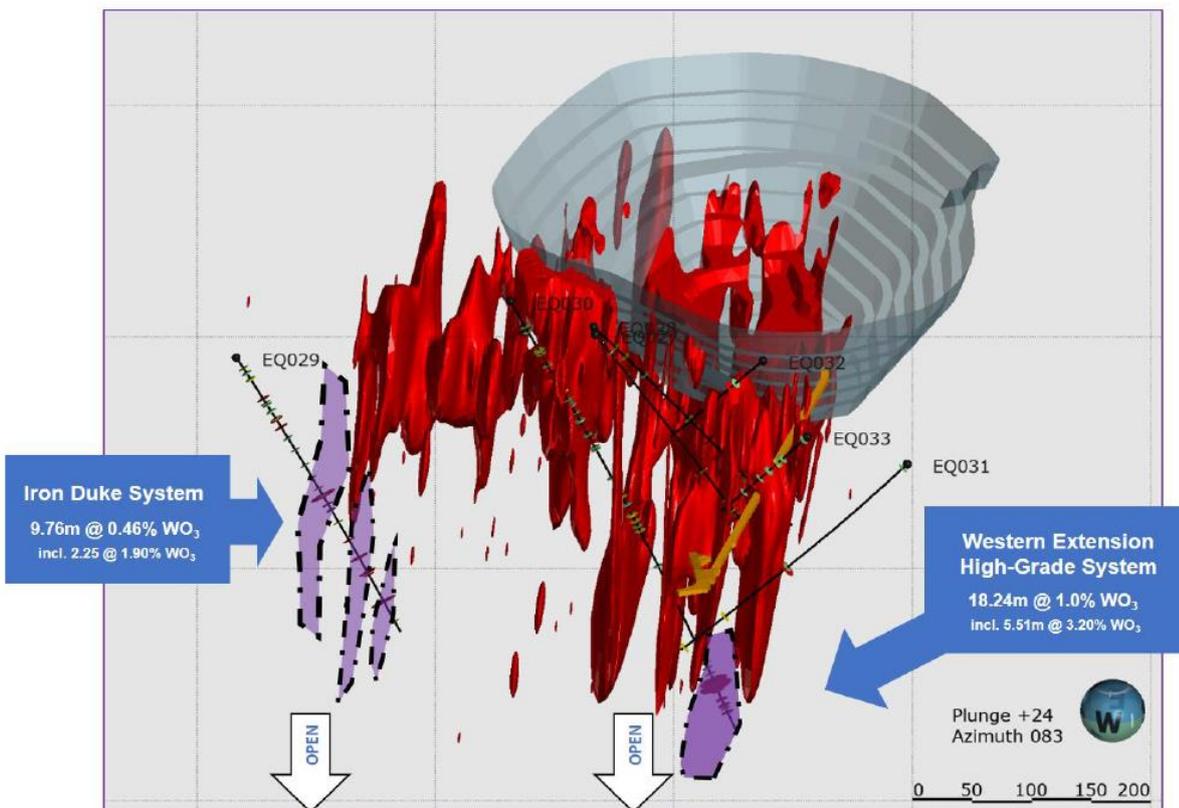


Figure 17 - Phase 2 2022 Drill program confirmed two significant high-grade mineralised systems open along strike and at depth.

Shown above, an orthographic projection of the Mt Carbine Mineral Resource (in red) including the new systems, confirmed this drill program with purple showing the high-grade intersected zones. The BFS Pit is shown in grey, and the historic decline highlighted in orange.

INTERPRETATION OF HIGH-GRADE ZONES EXTENDING WEST

Traditionally in the main pit area, the best tungsten occurs between 200 to 350m RL, where the veins are typically 0.1 - 0.5m in width. Below the 200m RL, the veins thicken up to >1m in width and the tungsten content tends to be lower. Above the 350m RL, the mineralised veins are seen to become very narrow down to 'leader' vein size of approximately 2 to 10 cm in width. An exception to this general RL controlled observation is the fact that strong veins occur at surface (460m RL) in the Talis zone where 3 x 30cm veins show significant outcrop tungsten. Hole EQ030, which will be reported on imminently when assays are available, has intersected the Talis veins near surface.



Figure 18 - Drill Core: High-grade wolframite-scheelite mineralisation from Hole EQ031 (showing intercept of 2.82m @ 1.81% WO₃).

RESOURCE UPDATE

During this quarter the Company has updated its JORC resources (see ASX announcement [64% INCREASE OF MT CARBINE INDICATED RESOURCES \(IN-SITU\)](#) dated 4 April 2023). This resource was a significant update particularly to the Indicated resources with a 64% increase from previous published resource (see ASX announcement [INCREASED TUNGSTEN IN UPDATED MT CARBINE MINERAL RESOURCE](#) dated 4 August 2022).

Highlights of the resource update are as follows:

- Updated Mt Carbine Mineral Resource Estimate ("MRE") confirms an increase of 64% metal contained in Indicated Resources (In-situ), adding ~2.11 million mtu.
- Global MRE (Inferred- & Indicated category) increases by 28.6% to ~9.61 million mtu.
- Indicated Resources (In-situ) expanded from 12Mt @ 0.27% WO₃ to 18.1Mt @ 0.30% WO₃, adding significant metal value to the Company's inventories.

- The high-grade mineralisation located in the Dyke West Zone and the Northern Iron Duke Zone in recent drilling program is driving this MRE expansion, with mineralisation remaining open at depth and along strike.
- Work continues to update the Mt Carbine Ore Reserves through a potential Western Pit Expansion and additional drilling to commence in the coming weeks.

The update resulted in a 64% increase in the Indicated Resources (In-situ) Category by adding 2,109,101 mtu. Global MRE inventory went up by 28.6% for a total increase of 2,136,338 mtu. The extension drilling around the Dyke West Zone and Northern Iron Duke Zone was principally responsible for the significant increase in metal inventory at Mt Carbine.

The Company is currently reviewing and optimising the latest open pit design, which together with the significant MRE upgrade, will form a very strong basis for a revision of the Mt Carbine Ore Reserves.

The Company is now in a position to model a larger pit to expand from the current 4-year BFS pit as per the revised BFS Economic Update of November 2022. The high-grade mineralisation recently intersected still remains open further to the west, north and to depth and the Company flags it will continue to drill this year to further expand this world-class tungsten resource.

The updated MRE is reported in accordance with the 2012 JORC Code and summarised as follows:

Orebody	Resource Classification	Tonnes (Mt)	Grade (%WO ₃)	WO ₃ (mtu)
Low-Grade Stockpile	Indicated	10.126	0.075	759,450
	Indicated	2.75	0.07	178,517
	Inferred	0.83	0.06	53,789
	Subtotal	13.71	0.07	991,756
In-Situ	Indicated	18.06	0.30	5,405,901
	Inferred	10.68	0.30	3,217,311
	Subtotal	28.74	0.30	8,623,212
All	Total	42.45		9,614,968

Notes:

1. Total Estimates are rounded to reflect confidence and resource categorisation
2. Classification of Mineral Resources incorporates the terms and definitions from the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012) published by the Joint Ore Reserve Committee (JORC)
3. No uppercut was applied to individual assays for this resource; lower cuts of 0.05% & 0.08% WO₃ were applied to the resource and reported as Low Grade Insitu and In Situ respectively. These cuts are where mineralisation forms distinct vein zones.
4. Drilling used in this methodology was all diamond drilling with 1/2 core sent according to geological intervals to ALS for XRF-15b analysis
5. Resource estimation was completed using the Kriging Variable Orientation Estimation Methodology
6. Indicated spacing is approximately 30 x 30m inferred is approximately 60 x 60m.
7. The deposit is sheeted vein system with subparallel zones of quartz tungsten mineralisation that extends for >1.2km in length and remains open to the west and north. At depth the South Wall Fault cuts the Iolanthe to Johnson's veins but the Iron Duke zones remain open to depth.

Figure 19 - Mt Carbine Mineral Resource Estimate as of April 2023.

The Company remodelled this MRE with a similar set of parameters as defined by the Measured Group when calculating the June 2021 and August 2022 Resource Statements with only minor modifications. The calculation used a 'Kriged Variable Orientated Estimation' methodology for the model. It was found the single variogram applied in previous estimations was not suitable for the western extensions where changes in vein orientations were observed. The strike changes of the veins in this area moved from grid east-west to grid south-west and was recorded from surface mapping of the veins as well as reflected in the recent orientated drill core.

The updated MRE uses the same 0.05% WO₃ cut-off as defined in our previous Resources and Reserves Statements (see [Updated Bankable Feasibility Study](#) dated November 2022). The lower-grade portion of these resources is designated for storage into the Company’s low-grade stockpiles which are currently being mined at a grade of 0.075% WO₃, whilst the >0.08% WO₃ portion is marked into the Company’s In-situ Resources Category.

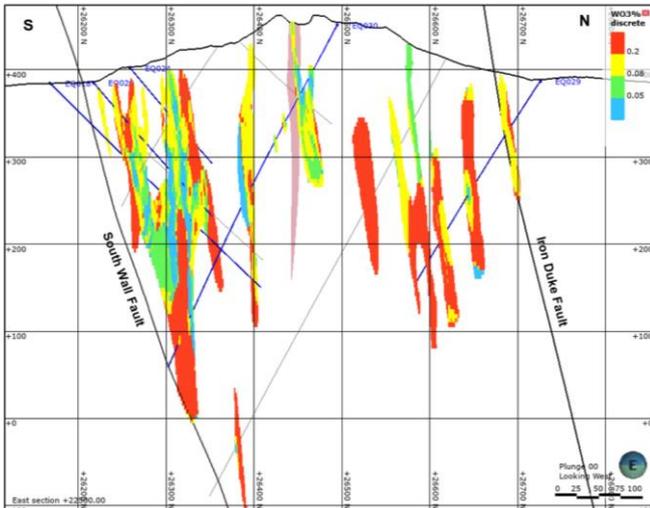


Figure 3. Cross Section 22500E with WO₃ Grade Indication. Recent EQ drill holes shown in dark blue.

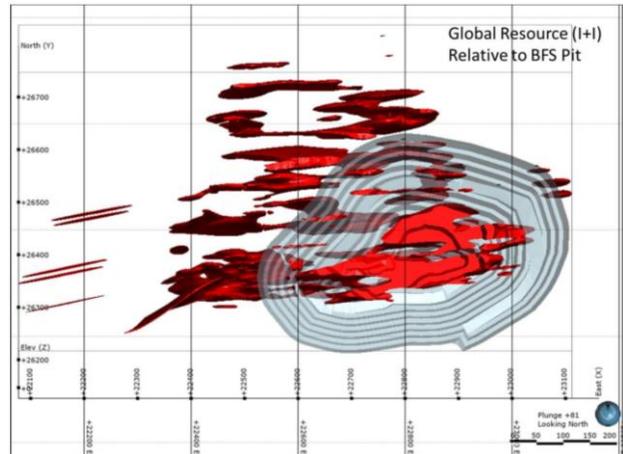


Figure 3 - Plan view showing the global resource shape (Indicated + Inferred).

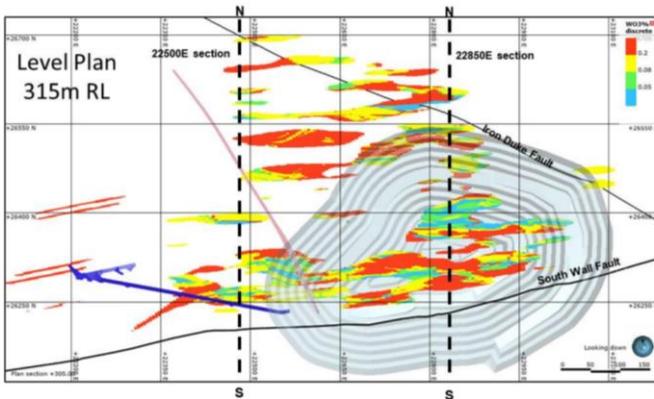


Figure 2 - Plan View with WO₃ Grade Indication, BFS pit (light blue), decline (dark blue), and felsic dyke (pink).

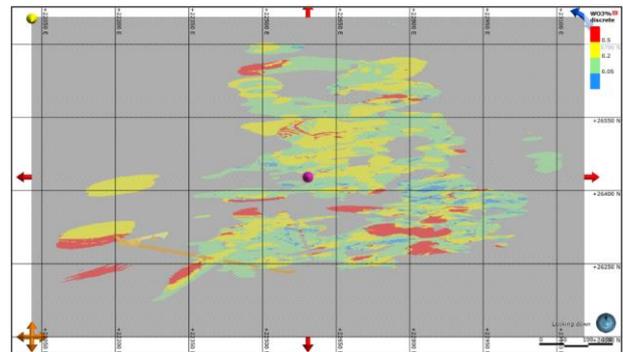


Figure 4 - Plan of Block Model showing Tungsten Grades (WO₃ %) for entire resource.

Figure 20 - Figures illustrating resource update. See ASX announcement “64% INCREASE OF MT CARBINE INDICATED RESOURCES (IN-SITU)” dated 4 April 2023.

The Following table highlights selected cut-off grades with corresponding metal contained (in WO₃):

Cut-off	Tonnes	Grade	WO₃
(% WO₃)	(Mt)	(% WO₃)	(mtu)
0	35.83	0.25	8,957,737
0.05*	32.33	0.27	8,855,518
0.08**	28.74	0.30	8,623,212
0.1	26.53	0.32	8,423,949
0.15	21.32	0.36	7,774,790
0.2	16.61	0.42	6,952,182
0.25	12.72	0.48	6,079,893
0.5	3.37	0.85	2,878,938
0.75	1.30	1.25	1,634,882
* Cut-off used to define Low Grade Stockpile (0.05-0.08% interval)			
** Cut-off used to define ROM Stockpile (>0.08% WO ₃)			

Figure 21 - Variable cut-off grades for Mineral Resource Estimate (In-Situ)

One of the key aspects of the Mt Carbine tungsten deposit is the potential to lift the grade mined to match any variations in economic circumstances. Much of the world's tungsten deposits do not have the high-grade core that exists at Mt Carbine. The Company is well advanced to commence open pit mining operations at the Andy White Pit with plans for 760,000t @ 0.44% WO₃ ore in the first year. Earthmoving contractor Golding begins mobilisation in May 2023 for mining to commence shortly thereafter.

TENEMENT INTERESTS

The lodgement process for renewal of ML4867 & ML4919 was undertaken during the past year and was granted during this period (see ASX Announcement "[MT CARBINE MINING LEASES RENEWED FOR 19 YEARS](#)" dated 24 March 2023). This renewal included a new landowner agreement with Australian Wildlife Conservatory (AWC) and a submission of an Initial Mine Plan for the first 5 years of mining.

This plan outlined the open pit and potential future underground operations at Mt Carbine. It includes information from the Company's revised Bankable Feasibility Study and the more recent, Environmental Authority documentation. Mt Carbine is an historic mining centre since the late 1800's with EQR having started with a staged pilot operation two years ago and pressing ahead with evaluation and development plans for what is expected to be a significant Australian producer of tungsten, a critical metal with many industrial uses globally.

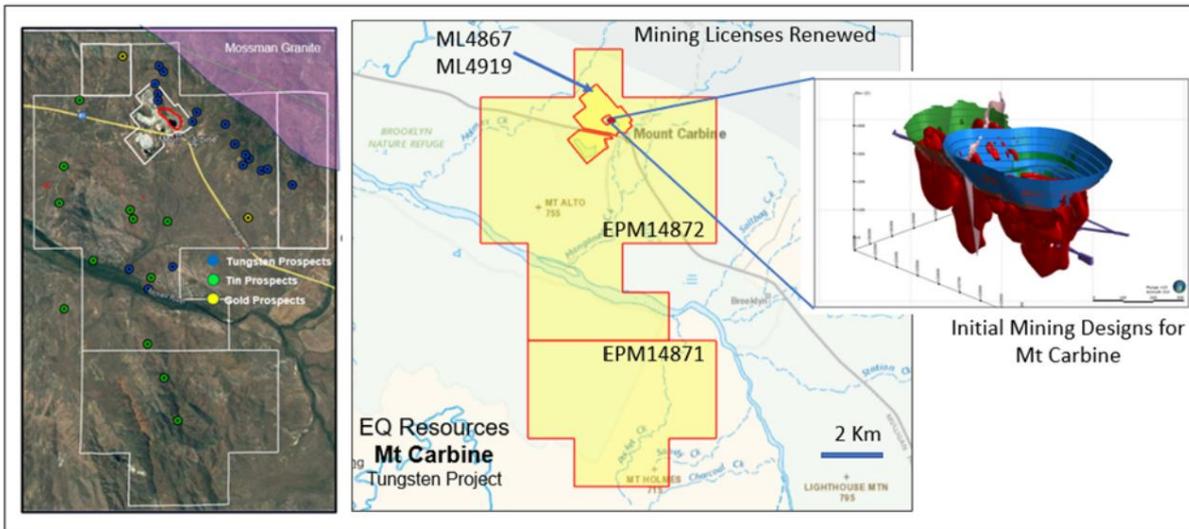


Figure 22 - Mining Licenses Renewed for 19 Years

The Permit Renewal is a big step forward in the development plan for Mt Carbine and should be seen as a vote of confidence in the project. Mt Carbine is already a major jobs provider in the region and will grow further in coming months as production of primary ore from the re-opened Andy White Pit cements the economics of the project and changes the company profile.

Mt Carbine will graduate from producing tungsten concentrate from low-grade previously-mined waste to full-scale mining and treatment of higher-grade primary ore. EQR is looking to make a major contribution to economic development in the Cairns hinterland, upgrading services and providing employment opportunities in a region hit hard by the Covid pandemic lockdowns.

Mt Holmes – EPM 14871

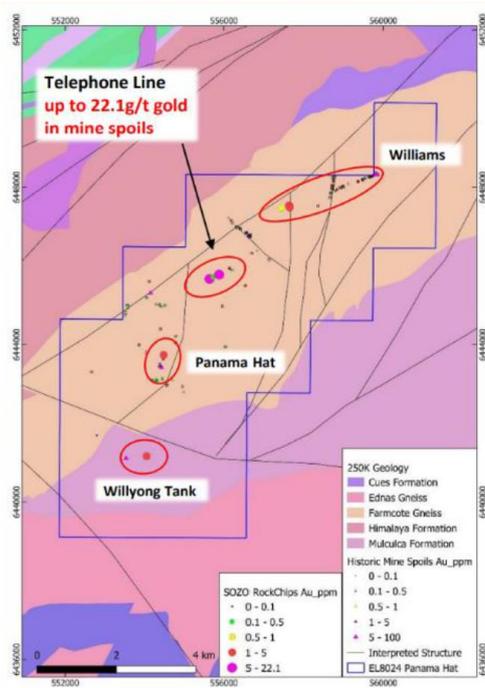
No work was conducted on Mt Holmes during the quarter.

As noted in ASX announcement, "[Quarterly Activities Report Quarter ended 31 December 2022](#)", An initial survey at Mt Holmes tin project revealed over 30 massive quartz veins cross the tenement at right angles to a major feldspar porphyry dyke swarm. 82 rock chip samples of these veins did not reveal any major mineralisation but minor marginal zones of tin.

The remainder of the license will be explored this field season commencing in July 2023.

NSW Gold Exploration Tenements

EL8024 Panama Hat



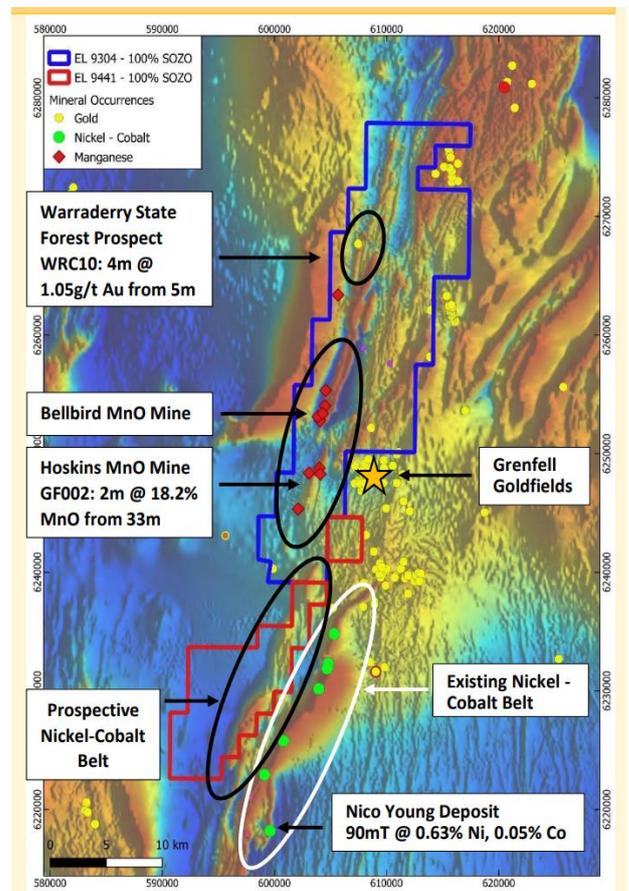
Exploration focused on the Telephone Line Prospect, where historic artisanal mine workings lie within a structural corridor of over 300m in length. Previous SOZO rock chip samples from these workings have returned high grade gold as evidenced in sample PH0018, which contains 22.1g/t gold from ferruginous quartz vein mine spoils.

The corridor was targeted with detailed geological mapping and soil samples. The mapping shows the target corridor is associated with a sub vertical shear zone trending to the north-east, while gold bearing structures, commonly associated with quartz veins, are located orthogonal and dip steeply back to the south west. 277 soil samples (-2mm fraction) were also collected at a combination of 50m x 50m and 25m x 25m centres. As expected, a subtle gold response was detected across the historic workings, however, a stronger gold response has been located distal to the workings. Further soil sampling is currently underway to validate this distal gold anomaly.

EL6648 Crow Mountain

A further 20 rock chip samples were taken across the project area, predominantly targeting surface expressions of historic Induced Polarization (IP) Chargeability anomalies. Of note is rock chip sample CMRC025 which returned 4.9g/t gold on the eastern margin of an IP chargeability anomaly and approximately 1000m south-east of the Magnesite Hill gold discovery. CMRC025 is located in the Woolowin Group cherts and thereby provides strong support for a drillhole testing an IP target east of the Peel Fault.

In addition to the grab sampling, 23 drill pulps from the historic ICK001 drillhole were selected and have been submitted for a complete Rare Earth Element analysis.



TENEMENT INTERESTS

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

Location	Holding Entity	Beneficial Interest	Interest Acquired / Farm-in or Disposed / Farm-out	Area	Expiry Date
Queensland, Australia		31 Dec 2022	31 Dec 2022		
ML 4867	Mt Carbine Quarries Pty Ltd	100%	-	358.5 ha	31/07/2041
ML 4919	Mt Carbine Quarries Pty Ltd	100%	-	7.891 ha	31/08/2041
EPM 14871	Company	100%	-	10 sub-blocks	12/12/2025
EPM 14872	Company	100%	-	21 sub-blocks	11/12/2025
EPM 27394	Company	100%	-	4 sub-blocks	01/06/2025
New South Wales, Australia					
EL 6648	Company	100%	-	4 Units	19/10/2026 ¹⁾
EL 8024	Company	100%	-	19 Units	29/11/2024 ¹⁾
<i>ML = Mining Lease; EPM = Exploration Permit for Minerals (Qld); EL = Exploration Licence (NSW)</i>					
1) Sozo farm-in arrangement.					

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

FINANCIAL PERFORMANCE

EQR's cash balance as at 31 March 2023 was \$5.930 million (compared with \$2.708 million for the quarter ended 31 December 2022), representing a net increase of \$3.222 million for the quarter.

Cash receipts from customers totalled \$0.772 million (compared with \$2.281 million in the previous quarter) as a result of timing differences between invoicing and actual shipment of concentrate around the calendar year end. For better illustration a 6-month period comparison of customer receipts confirm the positive development of revenue building by the Company:

- Q4/22 and Q1/23 customer receipts in aggregate \$2.401 million
- Q2/23 and Q3/23 customer receipts in aggregate \$3.053 million (representing a +27% increase vs. Q4/22 and Q1/23)

The quarry related sales revenue was down significantly mainly due to the wet season in the far north Queensland.

The Company continues its investment of \$0.579 million on property, plant and equipment with an additional \$0.559 million being expended on capitalised exploration and evaluation activities.

CORPORATE

EQR RAISES \$200,000 DIRECTORS' PLACEMENT

The Company has received \$200,000 (before costs) from Directors' placement of new fully paid ordinary shares ("New Shares") with one (1) free attaching unlisted option for every four (4) New Shares ("Option") subscribed for and issued ("Placement").

Issue price for the Placement of \$0.04 (4 cents) per share, being a 18% discount to the most recent closing price and a 14% discount to the 15-day VWAP.

Details of Placement

Total of 5,000,000 New Shares (raising \$200,000) and 1,250,000 free attaching unlisted options issued with shareholders' approval at the General Meeting held on 25 January 2023. This tranche comprises all Directors (or their associated / related parties) Placement participation.

Use of Funds

Proceeds from the Placement will be used to fund the ongoing Mt Carbine expansion program as per the Bankable Feasibility Study, additional drilling towards the open pit west extension and exploration work related to the recently identified geophysical and soil anomalies north of the Andy White open pit.

CHANGES IN EQR BOARD & LEADERSHIP TEAM

There have been no changes in the EQR Board and leadership team during this quarter.

RELATED PARTY PAYMENTS

In line with its obligations under ASX Listing Rule 5.3.5, the Company has advised in the Appendix 5B for the period ended 31 March 2023, that the only payments to related parties of the Company pertain to payments to Directors and Senior Executives for salaries, fees and consultancy including expense reimbursements.

Released on behalf of the Board by:

Kevin MacNeill
Chief Executive Officer
EQ Resources Limited

Further Enquiries:

Peter Taylor
Investor Relations
0412 036 231

peter@nwrcommunications.com.au

About the Company

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

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Appendix 5B

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

Name of entity

EQ RESOURCES LIMITED

ABN

77 115 009 106

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	772	4,478
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(3)	(167)
(c) production	(2,475)	(6,917)
(d) staff costs	(1,445)	(4,099)
(e) administration and corporate costs	(386)	(935)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	7
1.5 Interest and other costs of finance paid	(12)	(34)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other		
- Diesel Fuel Tax Credits	86	167
- AMGC Grant	-	209
- CMAI Grant	-	1,800
- Traineeship Subsidies	65	266
- Other (provide details if material)	-	14
1.9 Net cash from / (used in) operating activities	(3,392)	(5,211)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(579)	(1,729)

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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) exploration & evaluation	(559)	(1,863)
(e) investments	-	-
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	104	117
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	(2,500)	(2,700)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(3,534)	(6,175)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	200	4,812
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(296)
3.5 Proceeds from Borrowings		
- Offtake Advance Extension	-	1,483
- Other Working Capital Loans (unincorporated joint venture)	425	425
-Regal Royalty Fund Financing	10,000	10,000
3.6 Repayment of borrowings	(225)	(425)
3.7 Transaction costs related to loans and borrowings	(205)	(205)
3.8 Dividends paid	-	-
3.9 Other		
-Lease Repayments	(50)	(154)
3.10 Net cash from / (used in) financing activities	10,145	15,640

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,708	1,723
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,392)	(5,211)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,534)	(6,175)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	10,145	15,640
4.5	Effect of movement in exchange rates on cash held	3	(47)
4.6	Cash and cash equivalents at end of period	5,930	5,930

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,930	2,708
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,930	2,708

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	113
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Payments to Directors and Senior Executives for salaries (including superannuation), fees, consultancy, and expense reimbursements.</p>		

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Shareholder Loan	1,500	1,500
7.3 Convertibles Notes	4,000	4,000
7.4 Total financing facilities	5,500	5,500
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
7.2 Unsecured 15-month Loan at an interest Rate of 8.00% p.a.		
7.3 Unsecured 2-Year Convertible Notes with a Coupon Rate of 7.00% p.a. payable in shares or cash at the election of the Note Holders.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(3,392)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(559)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(3,951)
8.4 Cash and cash equivalents at quarter end (item 4.6)	5,930
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	5,930
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.5
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: The Company is expecting further quarter-on-quarter improvement of its net operating cashflows, driven by a further increase of production output. Relevant improvements to the plant have been implemented in the past 12 months and the start of the open pit mining with higher-grade feed available for production is due within the next quarter. It shall also be noted that the Company initiated a large Capex Expansion Program (as outlined in the Bankable Feasibility Study) which already saw increasing labour and equipment expensed in the current quarter. Those costs are partly offset with the imminent receipt of funds from the CMAI grant provided by the Australian Government to the Company.	

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

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

Answer: As mentioned above, within the coming quarter, the Company will furthermore receive the second tranche of the CMAI grant, which is considered a cost reimbursement for expenses realised in the current and upcoming quarters. The second tranche of the CMAI grant is scheduled for quarter ending June 2023 with a final payment expected by end of 2023.

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

Answer: Funding of the Company's expansion plans has been well structured and secured through various funding instruments, supported by the CMAI grant. While production ramp up has been slower than anticipated in recent months, the Capex program and related improvements show first positive results and with the conclusion of the wet season, the Company expect production to meet target levels.

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

Compliance statement

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

Date: 28 April 2023

Authorised by: the Board

(Name of body or officer authorising release – see note 4)

Notes

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