



RESOURCES

*resourcing the new economy
for a better tomorrow*



EQ RESOURCES LIMITED

A Globally Significant Critical Mineral Producer

Investor Update / Webinar

21 November 2024

ASX : EQR



Disclaimer

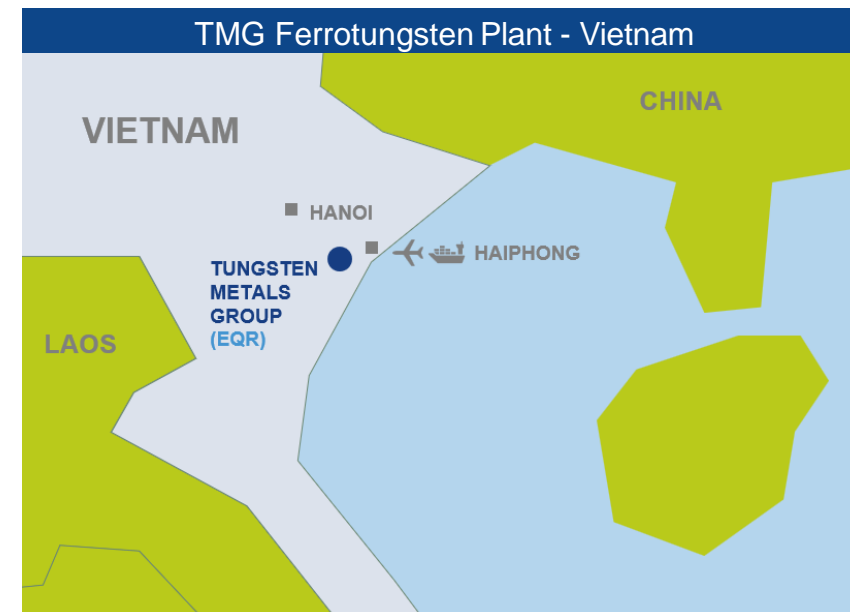


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Summary Deal Terms - TMG Acquisition



- **Acquisition Structure:** EQR has executed a binding Heads of Agreement (HoA) to acquire 100% of the shares in Tungsten Metals Group Limited, and subsidiaries, including Mr. George Chen's interest in Asia Tungsten Products Co Ltd, securing 100% ownership of the TMG Group.
 - TMG Group own and operate the largest ferrotungsten (FeW) plant outside of China, located in Vietnam, with a potential production capacity of 4,000tpa FeW.
- **Indicative Valuation:** A\$13.5M, inclusive of acquisition of TMG Group shares and liabilities, subject to conditions precedent and applicable adjustments at closing, per the terms of the HoA.
- **Consideration:**
 - **Equity:** ~170M new EQR shares issued to TMG shareholders
 - **Cash:** A\$2.5M funded via customer prepayments for FeW
- **Exclusivity Period:** Parties committed to exclusivity until 20 December 2024.
- **Conditions Precedent:**
 - Completion of due diligence
 - Signing of definitive agreements
 - Regulatory and shareholder approvals
 - Standard transactional conditions
- **Expected Completion:** Targeted for H1 2025, pending fulfilment of conditions.
- **Escrow Arrangements:** Related parties receiving EQR shares will face a 12-month voluntary escrow, ensuring long-term alignment.



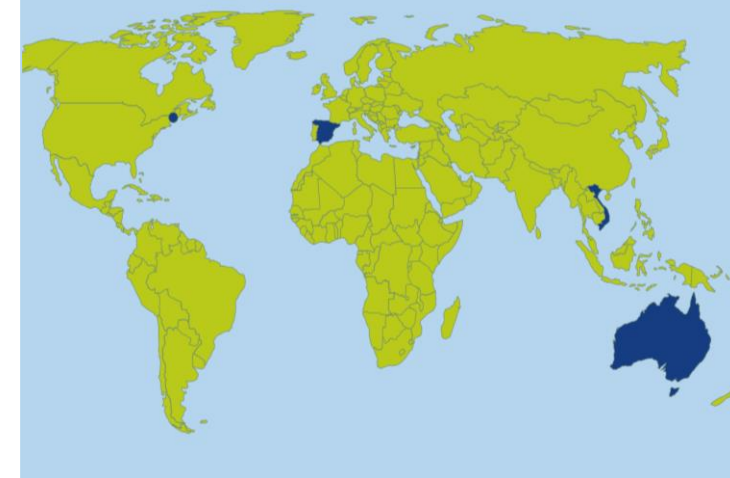
EQ Resources to Acquire 100% Interest in Producer of High-Quality Ferrotungsten. 18 Nov 2024 ([link](#))

TMG Acquisition - Strategic Rationale



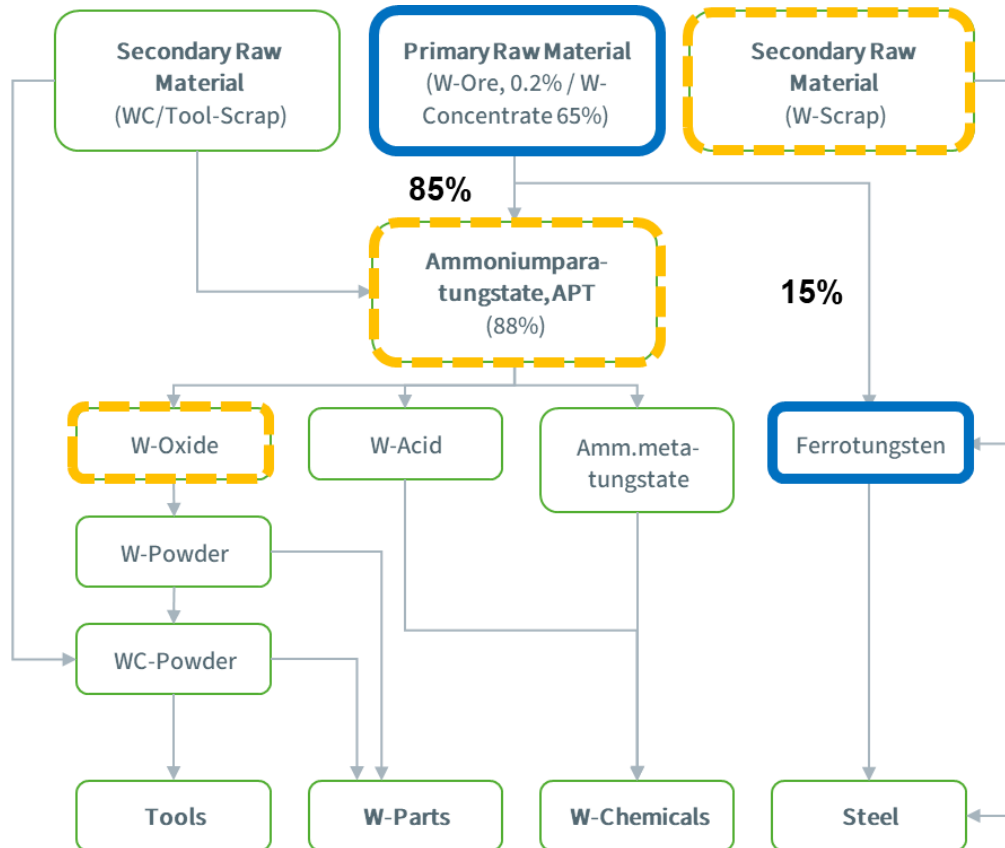
- **Raw Materials Supply:** The Vietnam facility is the largest tungsten smelter outside China. Prior success of the operations was limited by a lack of quality raw materials to produce FeW at scale. EQR resolves this by providing a stable supply chain from its tungsten operations in Australia and Spain.
- **Vertical integration** of EQR's upstream operations aligns with EQR's corporate strategy to leverage its existing substantial resource base and production output along the tungsten supply chain.
- **Leadership position gained**, with largest FeW plant (by capacity) outside of China.
- **Capture higher margins** from conversion of tungsten concentrate to value-added FeW product, achieving approx. 20% value addition to concentrate and accessing higher margin markets where FeW has outperformed APT prices.
- **Diversification and de-risking:** EQR will 100% own and operate tungsten operations on three continents with access to a global customer base. Tungsten concentrate shifted to FeW production, may have positive benefits for the APT price segment, which is the price basis for EQR's concentrates.
- **Policy shift by Western Governments:**
 - Strategic / Critical Minerals classification (funding opportunities)
 - Sanctions / Tariffs / Incentivise decoupling
- **Strengthening ties between Vietnam and Australia** (recently entered into a Comprehensive Strategic Partnership) and solid growth outlook for Vietnam's overall economy.

TMG acquisition expands EQR's footprint to three continents - Australia, Spain, and Vietnam - strengthening its position as a leading Western tungsten producer.



Market / FeW Product

Tungsten supply chain (simplified):

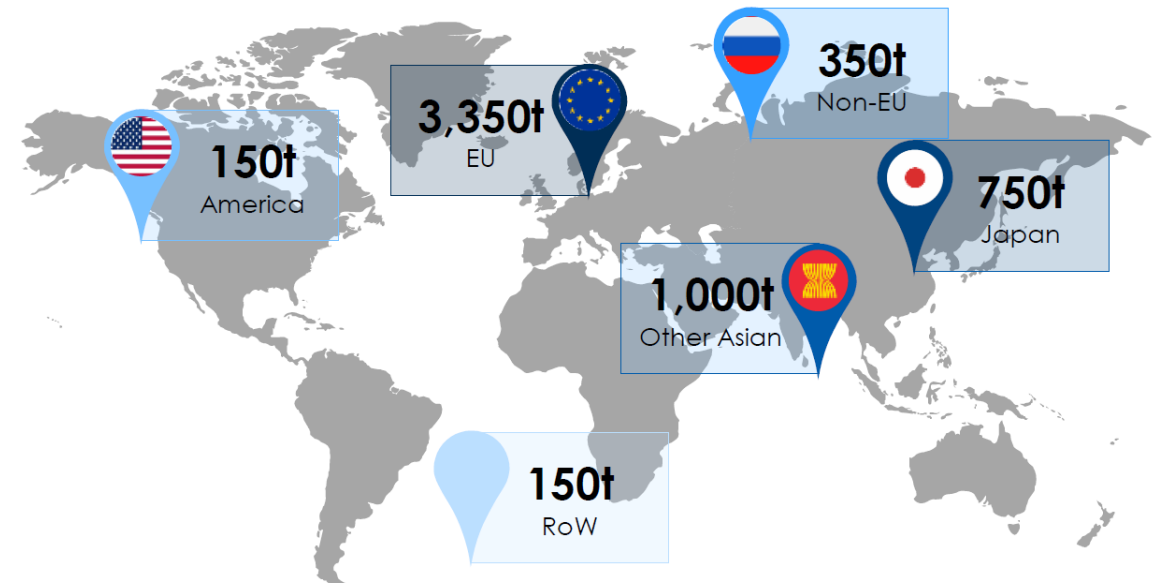


Expanded product portfolio (post TMG transaction)

Partnerships

- FeW market representing approx. 15% of concentrate consumption
- FeW capacity outside China very limited, higher dependency on China for FeW as compared to APT

Outside of China, the main consumers of FeW are steelmakers located in Japan & Europe:



FeW Production & Applications



TMG Ferrotungsten Plant



Arc furnace



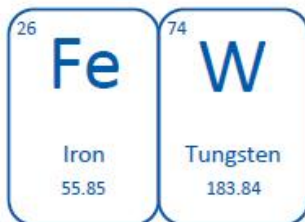
Metal extraction machine



Crushers



Properties of FeW



- 1 Increases the melting point of Alloys
- 2 Increases the hardness of alloys without increasing breakability
- 3 Increases the electrical conductivity of alloys

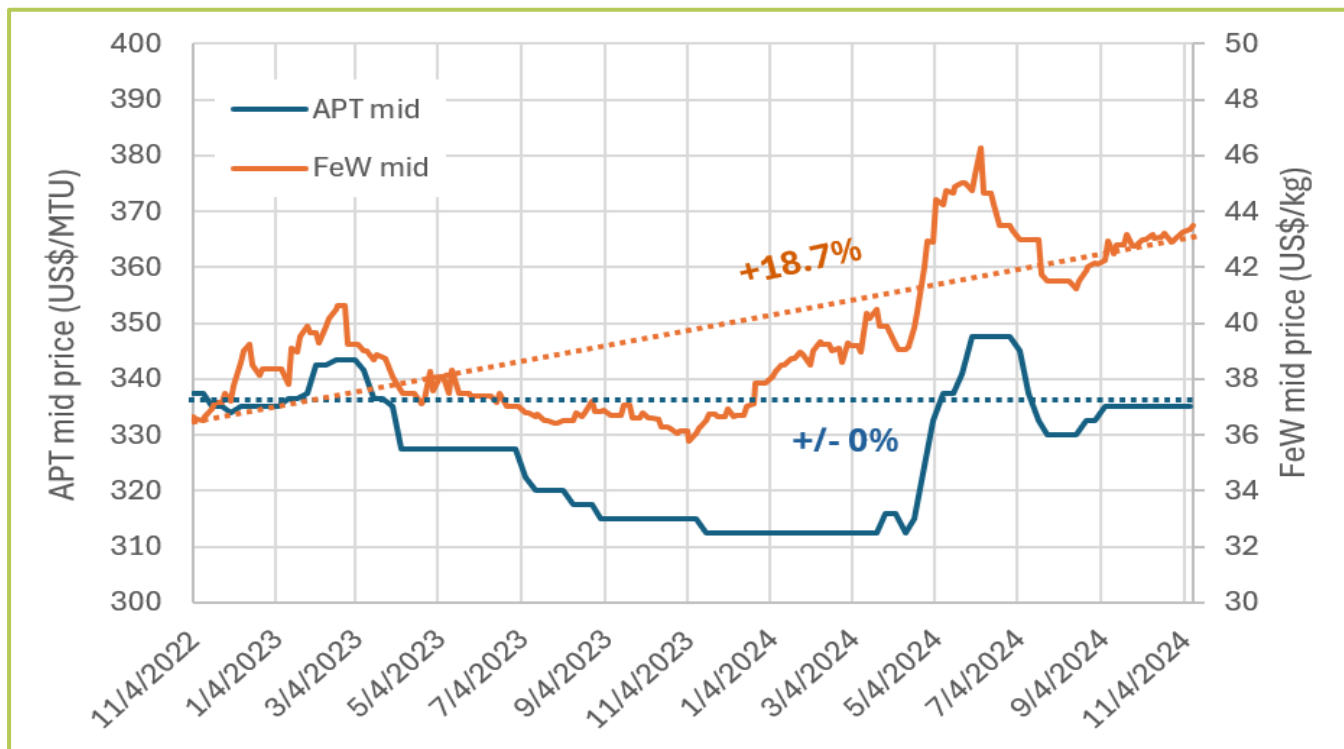
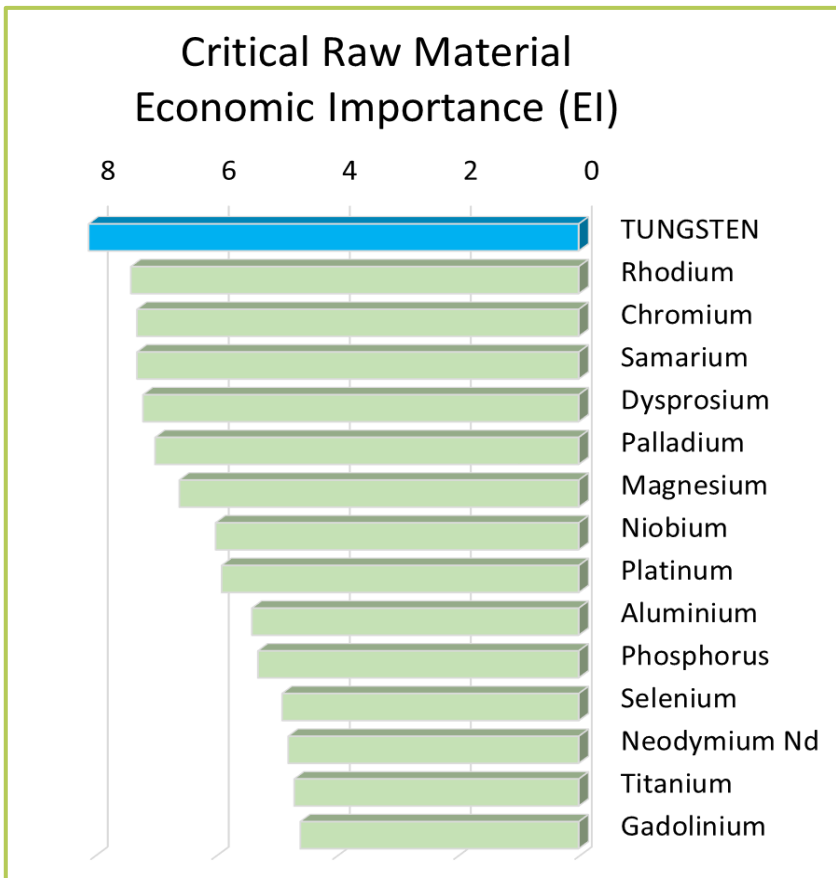


High speed steels	Tool steels	Structural steels
Defence steels	Super alloys	Others

Critical Metal – Margin uplift from processing to FeW

Tungsten is defined by the EU as the Critical Metal which has the **highest economic importance to industry.**

Estimated margin uplift of 20% upon processing of tungsten concentrate into FeW



Source: www.rmis.jrc.ec.europa.eu/?page=crm-list-2020-e294f6

Source: Company data; FastMarkets

EQR-Elmet Deal: Key Terms and Strategic Rationale



- **Definitive Agreement:** 5-year tungsten concentrate offtake agreement with Elmet Technologies valued at A\$30 million.
- **Production Excellence:** Barruecopardo (Saloro) achieved a record production of 11,007 mtu in October 2024, reinforcing supply reliability.
- **Supply Commitment:** Tungsten concentrate will be sourced primarily from Barruecopardo Operations in Spain.
- **Strategic Collaboration:** Joint pursuit of US Government funding under the Defence Industrial Base Consortium (DIBC) to enhance critical material supply and integrate EQR tungsten into the US supply chain.
- **Strengthening US-Australia Relations:** Supports critical mineral supply chain security between allied nations, reducing reliance on China.
- **Geopolitical Significance:** Addresses surging demand for critical minerals driven by global tensions and industrial needs in defence, aerospace and renewable energy.
- **Green Economy Alignment:** Highlights tungsten's vital role in EVs, renewable energy, and advanced manufacturing for economic resilience and decarbonisation.
- **Value Creation:** Provides a long-term revenue stream while advancing downstream integration and innovation in the US tungsten supply chain.



Tungsten Concentrate to Commence for Elmet Technologies. 12 Nov 2024 ([link](#))

EQR Business Update



Operations Update

- **Spain:** October record production with recovery rates up to 65-70% (previously 38%). Focus on increasing throughput rates with sorter's performing well.
- **Mt Carbine:** Recovering from equipment downtime; accelerated stripping underway to access High Grade ore in Iloanthe vein package.
- **Group target:** Maintain Q4CY production levels similar to Q3CY.

Funding & Market Outlook

- Strong customer demand for EQR products.
- Geopolitical concerns on future sources for tungsten and other rare earth materials by western countries increasing.
- TMG deal generating significant industry interest with customer offtake and potential funding offers being collected.

Focus: Building momentum in operations, funding, and strategic partnerships.



Recent Media – TMG Acquisition

Small Caps

EQ Resources to acquire Vietnam's largest ferrotungsten plant in \$13.5m deal

Leading tungsten mining company EQ Resources (ASX: EQR) has made a strategic move to acquire the largest ferrotungsten (FeW) plant outside...



AKM.RU

Australian EQ Resources acquires tungsten producer TMG Group

Australian EQ Resources acquires tungsten producer TMG Group TMG Group operates the largest ferrovolfam production plant in Vietnam.



Mining Technology

EQ Resources seals deal to acquire Tungsten Metals Group

EQ Resources, a tungsten producer with operations in Australia and Spain, has entered a binding heads of agreement to acquire the entire...



Yahoo

EQ Resources seals deal to acquire Tungsten Metals Group

The deal is valued at \$13.5m (A\$20.88m) and is expected to close in the first half of 2025 (H1 2025).



Mining.com.au

EQ picks up 'largest' non-Chinese ferrotungsten plant

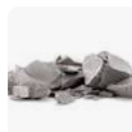
EQ Resources (ASX:EQR) is set to become the owner and operator of the "largest and most advanced" ferrotungsten plant outside of China with...



Mining Magazine Australia

EQ Resources' tungsten acquisition

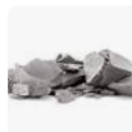
EQ Resources has executed a binding heads of agreement (HoA) to facilitate diversification and vertical integration of its upstream...



Australian Mining

Australian tungsten producer stakes claim in third continent

Australian-based EQ Resources (EQR) is set to gain another global tungsten foothold thanks to a promising deal in Vietnam.



Theinvestor.vn

Australia's EQ Resources acquires TMG Group with Vietnam-based ferrotungsten factory

Australia-based EQ Resources Limited has acquired its fellow firm Tungsten Metals Group (TMG), which owns and operates the largest...



SUPPLY CHAIN

China to tighten export curbs on critical metals ahead of Trump's return

Tungsten, magnesium and aluminum alloys face more restrictions



Tighter Chinese export controls covering so-called dual-use items take effect on Dec. 1. © Reuters

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