

6th January 2023

EQR COMPLETES FIRST DRAWDOWN OF \$5M ROYALTY FUNDING FOR MT CARBINE TUNGSTEN

EQ Resources Limited is the 100% owner of the Mt Carbine Tungsten Mine near Cairns, Australia's only primary tungsten producer.

EQ Resources Limited ("EQR" or "the Company") is pleased to announce that it has completed the first \$5 million drawdown from Regal Resources Royalties Fund under the terms of a \$10 million royalty-based funding package for the redevelopment of the historic Mt Carbine tungsten mine ("the Project"), 130km north of Cairns, in Queensland, Australia.

A definitive agreement was signed following the successful completion of the technical, tax and legal due diligence conducted by independent advisors engaged by the parties. The second \$5 million drawdown can be executed upon receipt of final environmental permitting for the restarting of open pit mining operations and satisfaction of stipulated Conditions Precedents in the term sheet signed between EQR and Regal Resources Royalties Fund. Submission to the Government was made in the fourth quarter last year, with approval expected within the first quarter of 2023.

As part of the initial term sheet, the parties intend to negotiate in good faith the terms for an additional (second stage) \$10 million royalty-based funding package. **For details on the term sheet** see Annex 1 in ASX announcement '[Complementary Royalty Funding for Mt Carbine Development](#)', dated 21 October 2022.

EQR is Australia's only primary producer of tungsten concentrate, a listed critical mineral by the US and EU. The royalty funding complements the Company's already established funding plan as part of the Updated Mt Carbine Bankable Feasibility Study. The funding plan comprises capital already invested in the processing plants, the \$6 million grant funding under the Federal Government's Critical Minerals Accelerator Initiative (see ASX announcement '[EQR Receives First Drawdown From \\$6M Federal Grant](#)', dated 02 December 2022), a financing package from global processing equipment supplier Sandvik, a shareholder loan, offtake partner support and \$4.56 million raised via a share placement (see ASX Announcement '[EQR Raises \\$4.56 Million in a Well Supported Placement](#)' dated 31 October 2022).

EQR's Chief Executive Officer, Mr Kevin MacNeill, commented, "We are pleased to have continued support from such a high-profile fund in the Australian resource space. The timing of this first drawdown is perfect as we aggressively work toward restarting the open cut mining from the Andy White pit in the second quarter of this year and actively drill our planned targets to expand our pit to the west and below."

The growing global tungsten market is being supported by increasing demand for traditional metal hardening additives and is being fuelled by further developments relating to its important role in the future of lithium-ion battery technologies and in the manufacturing of photovoltaic cells as the world economies look toward decarbonisation technologies.

The ongoing expansion project at Mt Carbine will continue EQR's commitment to building a sustainable mining operation. Once fully commissioned, the Project is expected to create a permanent workforce of more than 100 at Mt Carbine, where the current headcount is around 70. EQR will be a major employer in the Mt Molloy district, a thriving hub of pioneering tin, tungsten and gold mining more than 100 years ago.

About Regal Resources Royalties Fund:

Regal Funds Management Pty Limited is the investment manager and trustee of the Regal Resources Royalties Fund ("the Fund").

The Fund aims to provide exposure to a portfolio of natural and renewable resource royalty investments that can provide both income and growth while seeking to minimise some of the downside risks usually associated with investing in mining activities, such as costs and exploration expenditure.

The Fund will invest in a mix of natural and renewable resource royalties, commodity streams and royalty-related products, including listed and unlisted securities, such as equities, warrants, debt and similar instruments. The Fund will utilise Regal's in-house expertise and strong corporate relationships to gain exposure to these opportunities.

For more information, please refer to the Regal Resources Fund Information Memorandum which can be obtained by contacting Regal (www.regalrm.com).

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About the Company

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

Forward-looking Statements

This announcement may contain forward-looking statements. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements. Particular risks applicable to this announcement include risks associated with planned production, including the ability of the Company to achieve its targeted production outline due to regulatory, technical or economic factors. In addition, there are risks associated with estimates of resources, and there is no guarantee that a resource will have demonstrated economic viability as necessary to be classified as a reserve. There is no guarantee that additional exploration work will result in significant increases to resource estimates. Neither the Australian Securities Exchange nor its Regulation Services Provider (as that term is defined in policies of the Australian Securities Exchange) accepts responsibility for the adequacy or accuracy of this announcement.

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