

12th April 2022

UNDERGROUND SCOPING STUDY GIVES CONFIDENCE TO PROCEED WITH PRE-FEASIBILITY WORK

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

Highlights:

- Positive results from the Mt Carbine Underground Mine ("UG Mine") Scoping Study gives confidence to proceed with pre-feasibility work
- Mt Carbine UG Mine has potential for a long life, technically and economically viable project (at current tungsten price*)
- The Company intends to upgrade the remaining resource with additional drilling later in the year where it is expected a considerable amount of the resource will be included in the pre-feasibility study ("PFS")
- Scoping Study utilised parameters for a significant underground mine that targets reaching 1,500tpd within the first 4 years, followed by a further 6 years of steady state operations. The study utilised the drilled out areas where mineralisation continuity was demonstrated ie. 2.36Mt @ 1.05% WO₃ of the Mt Carbine resource inventory (78% Inferred & 22% Indicated)**
- UG Mine Economics are more sensitive to ore grade (mined metal content) and tungsten price, as compared to a lower sensitivity on Capex and Opex
- Scoping Study demonstrates that underground mining could be done in parallel to the open cut operation leaving a geotechnical buffer around the open cut mine
- Tungsten prices remain strong at US\$350/mtu currently up from US\$275/mtu in the previous 12 months

* Tungsten Price: APT (ammonium paratungstate) price index reported by FastMarkets, currently at US\$350/mtu (mtu=10kg WO₃)

** See ASX announcement: ['Mineral Resource Update Drives Mt Carbine BFS Optimization'](#), September 23rd, 2021

Queensland Tungsten producer EQ Resources ("EQR" or "the Company") is pleased to announce the completion of the Scoping Study on the Mt Carbine UG Mine development. The Scoping Study was completed by Deswik Mining Consultants (Australia) Pty Ltd ("Deswik"), with the goal to explore the potential of delineating and creating an underground mining inventory (design, schedule and economics).

The results on the Scoping Study have provided the Company with significant confidence to progress to a Pre-Feasibility Study on the potential for an underground operation together with committing to an underground drill program that is expected to commence later in the year, upon full inspection and refurbishment of the existing, fully permitted 440-meter decline.

EQR’s Chief Executive Officer, Mr Kevin MacNeill, commented, “The results of the Scoping are pleasing and demonstrated the potential to significantly increase production at Mt Carbine post the mining of the proposed Open Pit.”

“The Scoping Study supports the potential technical and financial viability for an underground operation which could form part of Mt Carbine’s long-term plan for sustainable tungsten production. The work performed will allow EQR to follow up in a clear direction with a pre-feasibility study assessment.”

“With the potential underground operation being part of the Mt Carbine development targets, we are taking another key step towards becoming one of the world’s top tier tungsten producers.”

Previously, EQR released a Bankable Feasibility Study (“BFS”) covering a 12-year operation with the early years focused on the high grade Open Pit development supplemented by the Low-Grade Stockpile (see ASX announcement ‘[Mt Carbine BFS Delivers Low Capex, Strong Early Cash Flow Operation With Significant Development Potential](#)’ dated 13 December 2021). Undertaking the Scoping Study for the UG Mine has provided dynamics around the remaining hard rock resources not used in the Open Cut Inventory (see Fig.1 below) and has identified the potential for this to be mined economically.

It is important to note that 78% of the resource used in the Scoping Study is in the Inferred category and does not allow for the economics of this study to be reported. EQR is significantly encouraged to move forward into the PFS. With the planned drilling campaigns, the Company aims to further define the remaining 5.74Mt @ 0.43% WO₃ of Inferred resources (currently outside the planned Open Cut and UG Mine scoped mineralisation) towards Indicated resources.

The waterfall diagram below shows the Indicated and Inferred resources examined in the Scoping Study (2.36Mt @ 1.05% WO₃):

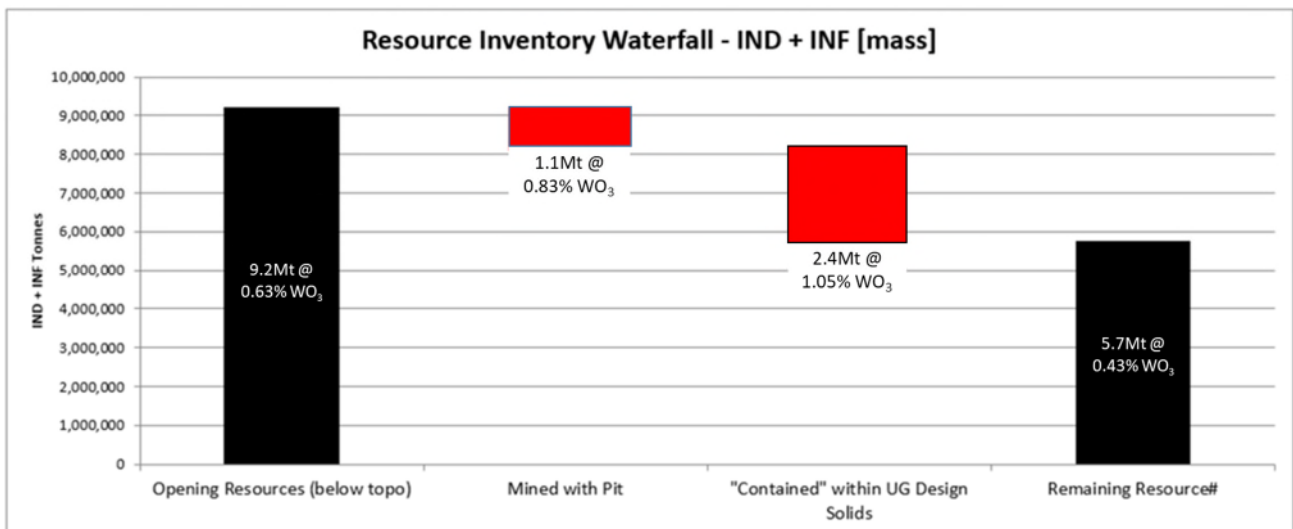


Fig.1 - Resource Inventory Waterfall

The Scoping Study broadly consisted of:

- Geological review (to understand geology, structural controls, grade distribution, resource status, inventory to be assessed for underground potential);
- Slope optimiser runs (to spatially delineate stopes greater than 0.25% WO₃);
- Mining method review (appropriate methods, assessment and exclusion exercise);
- Review and update of supplied first-principles cost build up for underground mining costs;

- o Level by level, stope by stope assessment of potentially economic stopes;
- o Preliminary design, task creation, sequencing and scheduling of concept design; and
- o (Internal) financial cost model and SWOT analysis.

Fig.2 below visually highlights the areas of the UG Mine modelling covered in the Scoping Study. The green areas represent Indicated resources whilst the blue are Inferred resources. Fig.3 shows an example of the effect of the sheeted vein system for UG mining at Mt Carbine in a level plan on 80m RL level. The illustration highlights that multiple stopes may occur on each level. Colours reflect Inferred grades for the mineralisation.

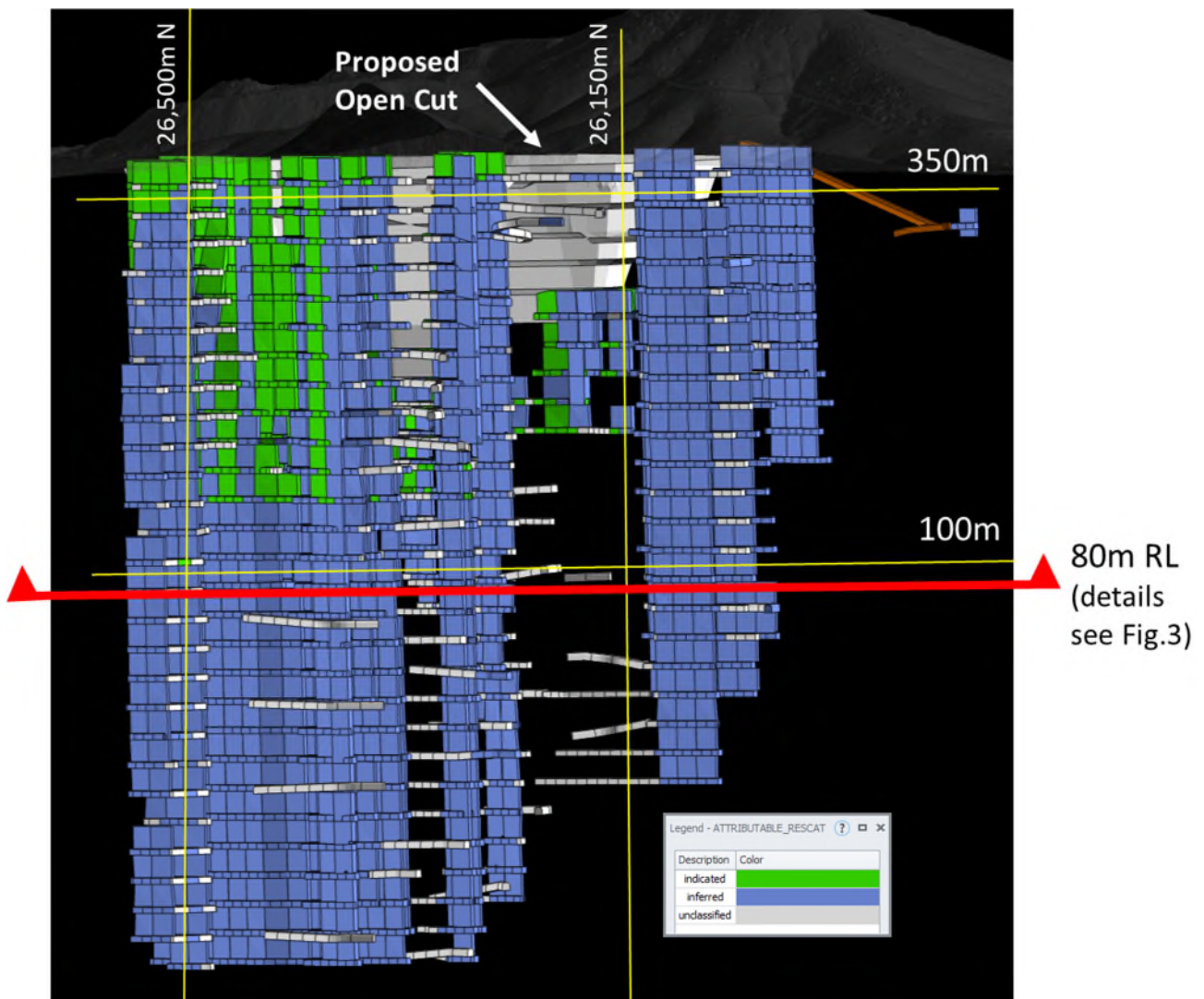


Fig.2 - Inferred and Indicated resources outside the Open Cut modelled as part of the UG Scoping Study

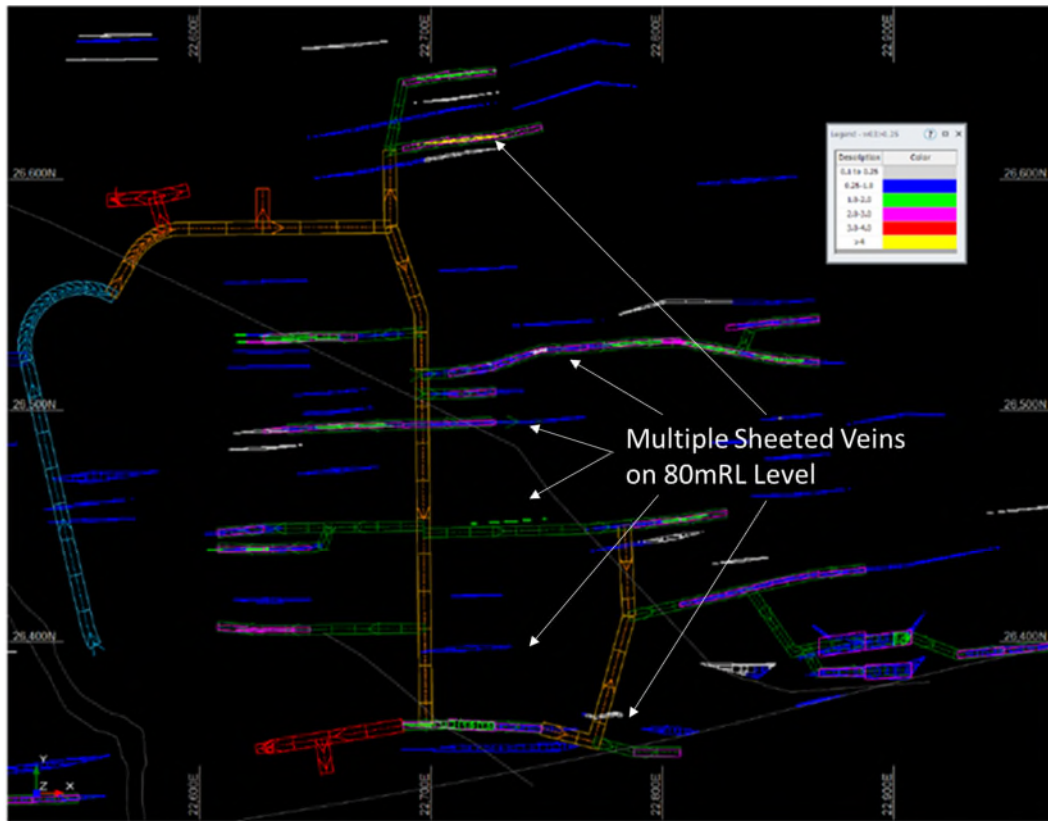


Fig.3 - Scoped layout of the 80m RL Level (block model slice included)

The Company is currently awaiting final assays from its first phase 2022 drilling program for a possible west extension of the Open Pit (see ASX announcement '[Drilling Confirms Mineralisation At Western Pit Extension](#)' dated 15 March 2022). As part of the Scoping Study the Company investigated the potential of a parallel open cut and underground mining operation, which had been confirmed by the underlying Scoping Study work.

The most sensitive parameters examined in the Scoping Study were ore grade and tungsten price, with the latter having risen substantially (+27%) in the recent 12 months (from US\$275/mtu in March 2021 to US\$350/mtu currently).

Released on authority of the Board by:

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Chief Executive Officer

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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.

Competent Person's Statements

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

The technical information contained in this announcement relating to the Company's drilling program are based on, and fairly represents, information compiled and/or assessed by Mr Bainbridge. Mr Bainbridge has verified and approved the data disclosed in this release, including the analytical and test data underlying the information. Mr Bainbridge has consented to the inclusion in this release of the matters based on his compiled information in the form and context in which it appears in this announcement.

Cautionary Statements

In accordance with ASX Guidance: Reporting Scoping Studies, the ASX Listing Rules and ASIC Information Sheet 214, the Company understands that Mineral Resource classification is a determining factor in project viability and the Mineral Resource Estimate for the Mt Carbine Project (see ASX announcement '[Mineral Resource Update Drives Mt Carbine BFS Optimization](#)', September 23rd, 2021) will need to be upgraded before an underground production target or forecast financial information based on a production target is reported. Given the uncertainties involved, investors should not make any investment decisions based solely on the Scoping Study.

Forward-looking Statements

The Scoping Study referred to in this announcement is a preliminary technical and economic study of the potential viability of an underground mine at Mt Carbine. It is based on low level technical and economic assessments that are not sufficient to support the estimation of ore reserves. Further exploration and evaluation work and appropriate studies are required before the Company will be in a position to estimate any ore reserves or to provide any assurance of an economic development case. Additionally, there is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

The Scoping Study is based on the material assumptions. These include assumptions about the availability of funding. While the Company considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Scoping Study will be achieved.

Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study. The announcement itself 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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