

8 May 2024

QIC APPROVES A\$20M FUNDING FOR MT CARBINE TUNGSTEN MINE EXPANSION

Highlights:

- The Queensland Critical Minerals and Battery Technology Fund will provide EQR's Mt Carbine Tungsten Mine with an up to \$20 million 3-year loan facility
- Tranche A: \$12m will assist in doubling processing capacity and commencing underground drill testing
- Tranche B: \$8m will continue underground drill testing and start underground trial mining
- The lightly explored underground resource, accessible from the existing open pit, using a 1980s decline, offers higher grades and considerable resource upside
- Expansion program to assist securing global supply of the critical mineral ahead of forecast global shortages and as prices started to increase (+10% quarter-on-quarter)

EQ Resources Limited ("EQR" or "the Company") is pleased to announce that the Queensland Investment Corporation ("QIC") has executed an agreement to provide a 3-year funding facility for up to \$20 million from the Queensland Critical Minerals and Battery Technology Fund ("QCBMTF"). The QCBMTF's primary objective is to assist miners and refiners of critical minerals and the development and manufacturing of battery technologies and advanced materials in Queensland.



Fig.1 – Mt Carbine Tungsten Mine Open Pit 2024

The 3-year loan facility will accelerate the Company's capacity expansion plan at the Mt Carbine Tungsten Mine, as recently announced (see ASX announcement '[Mt Carbine Receives Additional Equipment for Doubling of Throughput Capacity](#)' dated 20 March 2024). It will allow the Company to advance the Phase 1 2024 drilling program for underground drill targets and incorporate results into a detailed underground feasibility study (see ASX announcement '[Major Drilling Campaign at Mt Carbine to Infill Underground Resources and explore Extents of Known High-Grade Zones](#)' dated 30 January 2024).

Utilisation of the loan facility is subject to the satisfaction of customary conditions precedent, including project completion testing. The Company will update the market as it draws down the loan facility.

Deputy Premier, Treasurer and Minister for Trade and Investment Cameron Dick commented:

"Our investment through the Queensland Critical Minerals and Battery Technology Fund provides a pathway for EQ Resources to extend the existing mine by further exploring tungsten resources accessible through underground mining. New plant equipment, drill testing and trial mining is forecast to increase capacity and extend the mine's life by at least five years, ensuring global demand for tungsten continues to deliver local opportunities for Far North Queenslanders."

Minister for Resources and Critical Minerals Scott Stewart commented:

"The resurgence of tungsten production is another remarkable success story in Queensland's critical minerals boom. Since returning to operation in 2019, Mt Carbine Tungsten Mine has become a major employer in the Far North, where 175 workers and contractors are on track to produce about 3,000 tonnes of tungsten concentrate every year. The existing open-cut mine is forecast to reach its end of life by 2029, but the Miles Government is committed to supporting these workers and the communities they call home."

QIC's State Chief Investment Officer Allison Hill commented:

"Securing additional tungsten mineralisation will strengthen Queensland's position as a significant contributor to global critical minerals supply chains. There are relatively few mines globally in a position to fill anticipated supply-demand gaps for tungsten as existing outputs are challenged and demand for clean energy technologies grows."

EQR's Chief Executive Officer, Kevin MacNeill, commented:

"We are pleased that the opportunity has arisen for such extensive and attractive funding support from the Queensland Government. The provision of financing will support our recently announced expansion program to double capacity at Mt Carbine, but we also consider this a strong endorsement of the Company's corporate strategy to further establish ourselves as a leading and responsible producer of globally relevant critical minerals."

EQR is being advised by Steinepreis Paganin and Rock Financial Advisory. The Critical Minerals Fund's advisers on this loan facility are BurnVoir Corporate Finance and Allens.

For more information about the Queensland Critical Minerals and Battery Technology Fund, visit www.qic.com/qcmbtf

Key terms and conditions are outlined in the table below.

Key Terms and Conditions

Borrower	<ul style="list-style-type: none"> EQ Resources Limited (EQR)
Loan Amount	<ul style="list-style-type: none"> Up to \$20 million (Loan)
Term (Maturity)	<ul style="list-style-type: none"> 3 years from the date of first Utilisation of the Loan.
Use of Funds	<ul style="list-style-type: none"> Tranche A: \$12m for the crushing and processing plant and initial underground drill testing. Tranche B: \$8m for remaining underground drill testing and mine trials; cost overruns with the processing plant (Underground Development Program).
Usage Period	<ul style="list-style-type: none"> Tranche A: 9 months from the date of the first Utilisation of Tranche A Tranche B: 24 months from the date of the first Utilisation of Tranche B and within 6 months of the date of the first Utilisation of Tranche A.
Coupon	10% p.a.
Interest Payments	Capitalised monthly and repaid at Maturity
Conditions Precedent to Utilisation of Loan	<p>Utilisation of the Loan is subject to the satisfaction of customary conditions precedent, including:</p> <ul style="list-style-type: none"> Execution of various inter-creditor agreements between the Lender and third party creditors; Completion of due diligence to the satisfaction of the Lender.
Utilisation	<ul style="list-style-type: none"> Means a utilisation of a Tranche of the Loan, being the transfer of funds from QIC to EQR's Disbursement Account.
Utilisation Date	<ul style="list-style-type: none"> Means the date of a Utilisation, being the date on which the relevant Loan is to be made (i.e. funds are transferred from QIC to EQR's Disbursement Account).
Repayment	<ul style="list-style-type: none"> Repayment of loan to be made upon expiry of Term including any interest and fees.
Issue of Options to QIC	<ul style="list-style-type: none"> 60 million options issued on draw of Tranche A and 40 million options issued on draw of Tranche B each with a 4-year term (Options). The Options will have a strike price set at a 20% premium to the 5-day volume weighted average sales price ("VWAP") of EQR's shares calculated prior to issue. QIC may elect to convert Options into shares in EQR or alternatively elect to receive a cash settlement equivalent (Cash Settlement). If QIC elect a Cash Settlement and EQR does not provide payment in cash at the time, the unpaid Cash Settlement amount will automatically convert into a senior secured loan with a 12-month maturity bearing 10% interest

	capitalised monthly. EQR can voluntarily repay any Cash Settlement Amount owing at any time during the 12 months.
Minimum Cash Balance	<ul style="list-style-type: none"> EQR must maintain a minimum cash balance of \$5 million at all times from the time of first withdrawal from the Disbursement Account until maturity of the Loan.
Withdrawal Requirements	<p>In order to make a withdrawal from the Disbursement Account, amongst other things, EQR must:</p> <ul style="list-style-type: none"> Provide the Lender with evidence that it is able to meet the cost to complete test with respect to the processing plant expansion; and Provide evidence that it has maintained the Minimum Cash Balance.
Establishment Fee	<ul style="list-style-type: none"> 2% of the Loan Amount payable on the Utilisation Date.
Collateral	<ul style="list-style-type: none"> Means, in relation to a Grantor, all the Grantor's present and after-acquired property. It includes anything in respect of which the Grantor has at any time a sufficient right, interest or power to grant a security interest.
Security	<ul style="list-style-type: none"> First-ranking senior security over the new processing plant and Australian exploration leases. Senior secured pari passu on tenement mortgage of mining leases ML4867 and ML 4919. A general security over the Collateral of EQR and its group companies (excluding European Tungsten) is provided to secure payment of all monies outstanding under the Loan.
Events of Default	<ul style="list-style-type: none"> The events of default are usual and customary for Loans of this type.

Explanations around the QIC facility will be provided at the upcoming **Webinar on Thursday 9th of May 2024 at 11am AEST**. Following other topics will be discussed:

- Corporate Update – Kevin MacNeill (CEO)
- Mt Carbine Infill Drilling Results & Interpretation – Tony Bainbridge (Chief Geologist)
- Tungsten Market Dynamics – Oliver Kleinhempel (Chairman)

To join the Webinar on Thursday, please click the link below, following the discussion there will be an opportunity to submit questions to the Company.

<https://us02web.zoom.us/j/88026338295>

Released on the authority of the Board by:
Kevin MacNeill
Chief Executive Officer

Further Enquiries:
Peter Taylor
Investor Relations
0412 036 231
peter@nwrcommunications.com.au

About the Company

EQ Resources Limited is a leading tungsten mining company dedicated to sustainable mining and processing practices. The Company is listed on the Australian Securities Exchange, with a focus on expanding its world-class tungsten assets at Mt Carbine in North Queensland (Australia) and at Barruecopardo in the Salamanca Province (Spain). The Company leverages advanced minerals processing technology and unexploited resources across multiple jurisdictions, with the aim of being a globally leading supplier of the critical mineral, tungsten. While the Company also holds gold exploration licences in New South Wales (Australia), it aims to create shareholder value through the exploration and development of its current project portfolio whilst continuing to evaluate corporate and exploration opportunities within the new economy and critical minerals sector globally.

About QIC

QIC is a trusted investment manager and adviser providing risk adjusted returns for the clients we serve. As one of the nation's leading institutional investment managers, we deliver alternative real asset solutions across infrastructure, real estate, private debt, private equity and natural capital, in addition to a liquid market offering, for approximately 115 Australian and global clients. We also act as the Queensland Government's independent investment advisor, managing a fully-funded Defined Benefit scheme and the Queensland Future Fund, both of which deliver on the State's long-term investment objectives. We have A\$106bn in assets under management (as at 31 Dec 2023) and are headquartered in Brisbane, Australia, with offices in Sydney, Melbourne, New York, San Francisco, London and Singapore.

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.

Follow us:  