



25 October 2021

Dear Shareholder

EQ Resources Limited – Annual General Meeting of Shareholders, 25 November 2021

Notice is hereby given that the Annual General Meeting of Shareholders of EQ Resources Limited (**Company**) will be held virtually via a webinar conferencing facility at 2:00pm (AEDT) on Thursday, 25 November 2021 (“Annual General Meeting”, “AGM” or “Meeting”). Notice is also given that the Company’s Annual Report for the year ended 30 June 2021 (“Annual Report”) is available.

In accordance with the Treasury Laws Amendment (2021 Measures No1) Bill 2021, the Company will not be dispatching physical copies of the Notice of Meeting. Instead, the Notice of Meeting, accompanying explanatory statement and Annual Report (Meeting Materials) are being made available to shareholders electronically. This means that:

- You can access the Meeting Materials online at the Company’s website <https://www.eqresources.com.au/site/invest-in-us/investor-welcome> or at the Company’s share registry’s website (<https://www.automicgroup.com.au/>) through Investor Centre.
- A complete copy of the Meeting Materials has been posted to the Company’s ASX Market announcements page at www.asx.com.au under the Company’s ASX code “EQR”.
- If you have provided an email address and have elected to receive electronic communications from the Company, you will receive an email to your nominated email address with a link to an electronic copy of the Meeting Materials and the voting instruction form.

If you would like to receive electronic communications from the Company in the future, please update your communication elections online at <https://www.automicgroup.com.au> . If you have not yet registered, you will need your shareholder information including SRN/HIN details.

If you are unable to access the Meeting Materials online please contact our share registry Automic Group Limited via email: meetings@automicgroup.com.au or by phone on +61 2 9698 5414 or 1300 288 664 (within Australia), to obtain a copy.

As a result of the potential health risks and the Governments restrictions in response to the COVID-19 pandemic, the Meeting will be held via a webinar conferencing facility. Details of how to register to attend the Meeting are contained in the Meeting Materials. The Company strongly recommends to Shareholders to lodge a directed proxy as soon as possible in advance of the meeting even if they are planning to attend the meeting online.

Yours sincerely,

Melanie Leydin
Company Secretary
EQ Resources Limited



resourcing the new economy for a better tomorrow

EQ RESOURCES LIMITED
ABN 77 115 009 106

Notice of Annual General Meeting

Explanatory Statement and Proxy Form

Date of Meeting:
Thursday, 25 November 2021

Time of Meeting:
2:00pm AEDT

Location of Meeting:
Via a video-conferencing facility

*This Notice of General Meeting and Explanatory Statement should be read in its entirety.
If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant,
solicitor, or other professional advisor without delay.*

EQ RESOURCES LIMITED

ABN 77 115 009 106

Registered office: Level 4, 100 Albert Road, South Melbourne, VIC 3205

Notice is hereby given that a meeting (**Meeting**) of Shareholders of EQ Resources Limited (**the Company**) will be held virtually by a video-conferencing facility on Thursday 25 November 2021 at 2:00pm (AEDT) ("**Annual General Meeting**", "**AGM**" or "**Meeting**").

The health and safety of members and personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances as a result of COVID-19. While the COVID-19 situation remains volatile and uncertain, based on the best information available to the Board at the time of the Notice, the Company will conduct a poll on the resolutions in the Notice using the proxies filed prior to the Meeting.

Shareholders are encouraged to submit their proxies as early as possible, and in any event, prior to the cut-off date for proxy voting as set out in the Notice. To lodge your proxy, please follow the directions on your personalised proxy form.

Shareholders attending the AGM virtually will be able to ask questions and the Company has made provision for Shareholders who register their attendance before the start of the meeting to also cast their votes on the proposed resolutions at the AGM. Shareholders who intend to join the Meeting are asked to dial-in 15 minutes prior to the start of the meeting to allow the Company to take your details.

The virtual meeting can be attended using the following details:

When: 25 November 2021 at 2:00pm (AEDT)

Topic: EQ Resources Limited General Meeting

Register in advance for this webinar:

https://us02web.zoom.us/webinar/register/WN_DJ59nMjbRgOuSehvcgnADQ

After registering, you will receive a confirmation email containing information about joining the meeting. As noted previously, the Company strongly recommends its shareholders to lodge a directed proxy as soon as possible in advance of the meeting even if they are planning to attend the meeting online. The Company will conduct a poll on each resolution presented at the meeting. The Company will accept questions during the meeting either by submitting a question through the Q&A box located on screen or by raising the hand function also located on screen at which point the Company will allow your question verbally.

The Company is happy to accept and answer questions submitted prior to the meeting by email to mleydin@leydinfreyer.com.au. The Company will address relevant questions during the meeting or by written response after the Meeting (subject to the discretion of the Company not to respond to unreasonable and/or offensive questions). If the situation in relation to COVID-19 were to change in a way that affected the position above, the Company will provide a further update ahead of the Meeting by releasing an announcement to ASX.

Any shareholders who wish to attend the AGM online should therefore monitor the Company's website and its ASX announcements for any updates about the AGM. If it becomes necessary or appropriate to make alternative arrangements for the holding or conducting of the meeting, the Company will make further information available through the ASX website at asx.com.au (ASX: EQR) and on its website <https://www.eqresources.com.au/site/content/>.

AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, include defined terms and describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the proxy form in their entirety.

ORDINARY BUSINESS

Receipt and consideration of Accounts & Reports

To receive and consider the 2021 Annual Report of the Company and its controlled entities for the year ended 30 June 2021, which includes the Financial Report, the Directors' Report and the Auditor's Report.

Note: Except as set out in Resolution 1, there is no requirement for shareholders to approve these reports. Accordingly, no resolution will be put to shareholders on this item of business.

Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report (included in the Directors' report) for the financial year ended 30 June 2021 be adopted."

The voting exclusions applied to this Resolution are set out in the Note 6.

Resolution 2: Re-election of Mr Zhui Pei Yeo as a Director of the Company

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, Mr Zhui Pei Yeo who retires by rotation pursuant to the Constitution of the Company in accordance with Rule 17.5 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

A voting exclusion does not apply to this Resolution.

Resolution 3: Election of Mr Richard Morrow as a Director of the Company

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr. Richard Morrow, having been appointed as a Director during the year, vacates office in accordance with Rule 17.1 of the Constitution of the Company and, being eligible, offers himself for election as a Director of the company"

A voting exclusion does not apply to this Resolution.

Resolution 4: Ratification of Prior Issue of Convertible Notes under Listing Rules 7.1

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of up to 6,000,000 Convertible Notes to professional and sophisticated investors (Non-Related Parties) on the terms and conditions set out in the Explanatory Statement."

The voting exclusions applied to this Resolution are set out in the Note 6.

SPECIAL BUSINESS

Resolution 5: Approval of 10% Placement Facility

To consider and, if thought fit, pass the following resolution as a special resolution:

“That, under and for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement.

The voting exclusions applied to this Resolution are set out in the Note 6.

By the order of the Board

A handwritten signature in black ink, appearing to read 'Melanie Leydin', written over a horizontal line.

Melanie Leydin
Company Secretary
25 October 2021

Notes

1. **Entire Notice:** The details of the resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined that for the purposes of the General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7pm on the date 48 hours before the date of the General Meeting. Only those persons will be entitled to vote at the General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.
3. **Proxies**
 - a. Votes at the General Meeting may be given personally or by proxy, attorney or representative.
 - b. Each shareholder has a right to appoint one or two proxies.
 - c. A proxy need not be a shareholder of the Company.
 - d. If a shareholder is a company, it must execute under its common seal or otherwise in accordance with its constitution or the Corporations Act.
 - e. Where a shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
 - f. If a shareholder appoints two proxies, and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands.
 - g. A proxy must be signed by the shareholder or his or her attorney who has not received any notice of revocation of the authority.
 - h. To be effective, Proxy Forms must be received by the Company's share registry Automic Pty Ltd, no later than 48 hours before the commencement of the General Meeting, i.e. no later than Tuesday 23 November 2021 at 2:00pm (AEDT). Any proxy received after that time will not be valid for the scheduled meeting.
 - (i) By post to Automic Pty Ltd, 477 Collins Street Melbourne Victoria 3000
 - (ii) In person to Automic Pty Ltd, 477 Collins Street Melbourne Victoria 3000
 - (iii) By fax to 1800 783 447 (within Australia) or +61 9473 2555 (outside Australia)
 - (iv) Online by going to www.automicgroup.com.au or by scanning the QR code found on the enclosed proxy form with your mobile device
 - (v) For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions

4. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the General Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the General Meeting or handed in at the General Meeting when registering as a corporate representative.

5. How the Chair will vote Undirected Proxies

Subject to the restrictions set out in Note 6 below, the Chair of the General Meeting will vote undirected proxies in favour of all the proposed resolutions.

6. Voting Exclusion Statement:

Resolution 1

In accordance with sections 250R(4) and 250BD(1) of the Corporations Act, a vote must not be cast (in any capacity, including as a proxy), and the Company will disregard any votes purported to be cast, on this resolution by, or on behalf of, a member of the Key Management Personnel, details of whose remuneration are included in the remuneration report, or a Closely Related Party of such a member (KMP voter), unless the KMP voter is casting a vote on this resolution on behalf of a person who is not a KMP voter (including as a proxy) and either:

- (a) the KMP voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the KMP voter is the Chair of the meeting and the appointment of the Chair as proxy:
 - a. does not specify the way the proxy is to vote on the resolution; and
 - b. expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company or the consolidated entity.

If you appoint the Chairman as your proxy and you do not direct the Chairman how to vote, you will be expressly authorising the Chairman to exercise the proxy even if the relevant resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

If the Chair of the Meeting is appointed as a proxy for a person who is permitted to vote on Resolution 1, the Chair will vote any proxies which do not indicate on their Proxy Form the way the Chair must vote, in favour of Resolution 1. In exceptional circumstances, the Chair may change his or her voting intention on the Resolution, in which case an ASX announcement will be made. Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Resolution 2 and 3

There is no voting exclusion on these resolutions.

Resolution 4

The Company will disregard any votes cast in favour of this Resolution 4 by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved (namely the professional and sophisticated investors who participated in this issue) or an associate of that person or those persons.

However, the Company need not disregard a vote on this Resolution 4, if:

- (a) it is cast by a person as a proxy or attorney for a person who is entitled to vote on Resolution 4, in accordance with the directions on the Proxy Form or given to the proxy or attorney to vote on Resolution 4 in that way;
- (b) it is cast by the person chairing the meeting as proxy or attorney for a person who is entitled to vote on Resolution 4, in accordance with a direction on the Proxy Form or given to the chair to vote on Resolution 4 as the chair decides; or
- (c) it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on Resolution 4; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 5

As at the date of dispatch of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.2.

However, if, between the date of dispatch of this Notice and the date of the Meeting, the Company proposes to make an issue of Equity Securities under Listing Rule 7.1A.2, the Company will disregard votes cast in favour of Resolution 5 by or on behalf of:

- (a) any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder or ordinary securities in the Company); or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 5; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. Enquiries

Shareholders are invited to contact the Company Secretary, Melanie Leydin on +61(3) 9692 7222 if they have any queries in respect of the matters set out in this Notice.

EXPLANATORY STATEMENT

Purpose of Information

This Explanatory Statement (“Statement”) accompanies and forms part of the Company’s Notice of Annual General Meeting (“Notice”) for the 2021 Annual General Meeting (“Meeting”) will be held virtually via a video-conferencing facility at 2.00pm (AEDT) on Thursday, 25 November 2021.

The Notice incorporates, and should be read together, with this Statement.

Receipt and consideration of Accounts & Reports

A copy of the Annual Report for the financial year ended 30 June 2021 (which incorporates the Company’s financial report, reports of the Directors (including the Remuneration Report) and the auditors) is not enclosed as there is no longer a requirement for the Company to incur the printing and distribution cost associated with doing so for all Shareholders. You may obtain a copy free of charge in hard copy form by contacting the Company by phone at +61 3 9692 7222, and you may request that this occurs on a standing basis for future years.

Alternatively, you may access the Annual Report at the Company’s website www.eqresources.com.au or via the Company’s announcement platform on ASX. Except as set out in Resolution 1, no resolution is required on these reports.

Shareholders will have the opportunity to ask questions about or make comments on, the 2021 Annual Report and the management of the Company. The auditor will be invited to attend, to answer questions about the audit of the Company’s 2021 Annual Financial Statements.

Resolution 1: Adoption of Remuneration Report

Background

Section 250R (2) of the Corporations Act requires that a resolution to adopt the Remuneration Report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors’ Report in the Company’s 2021 Annual Report. The Remuneration Report sets out the Company’s remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the Remuneration Report at the Annual General Meeting.

In accordance with Division 9 of Part 2G.2 of the Corporations Act, if twenty five (25%) per cent or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a “spill resolution”) that another meeting be held within 90 days at which all of the Company’s Directors (other than the Managing Director) must go up for re-election.

It is noted that at the Company’s last Annual General Meeting, the votes cast against the Remuneration Report represented less than twenty-five (25%) per cent of the total votes cast on that resolution and accordingly, a spill resolution will not under any circumstances be required for the Meeting.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company’s remuneration policies.

Directors Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described in the voting exclusions on this resolution (set out in the Notice of AGM), that each Director (or any Closely Related Party of a Director) is excluded from voting their shares on this resolution, the Directors unanimously recommend that Shareholders vote in favour of Resolution 1 to adopt the Remuneration Report.

Voting Exclusions

A voting exclusion statement for this resolution is set out in Note 6 above.

Resolution 2: Re-election of Mr. Zhui Pei Yeo as a Director of the Company

Background

Zhui Pei was appointed Non-executive Director on 12 August 2019 and elected in the Annual General Meeting held on 18 November 2019. Zhui Pei has held executive, management and supervisory roles and has a wide range of experience from project planning to resource management to commercial negotiations. He has been working at a leading system integrator in the telecommunications industry in South-East Asia and is currently also an executive director of a steel-product manufacturer.

Directors Recommendation

The Board (with Mr Yeo abstaining), recommends that shareholders vote in favour of the re-election of Mr Yeo. The Chairman of the meeting intends to vote undirected proxies in favour of Mr Yeo's re-election.

Voting Exclusions

A voting exclusion does not apply to this Resolution.

Resolution 3: Election of Mr. Richard Morrow as a Director of the Company

Background

Mr Richard Morrow was appointed as a Non-Executive Director of the Company on 16 March 2021 and is eligible for election under the Company's Constitution.

Mr Morrow, who resides in Melbourne, has more than 30 years' experience as a sharebroker in Melbourne and in London, with a particular interest in the resources space. He is a long-serving Chairman of the Melbourne Mining Club, Australia's foremost networking organisation for the Australian resources sector.

Mr Morrow's investment experience includes a current role as director of Lowell Resources Fund Management, manager of the ASX-listed Lowell Resources Fund. He is a Fellow of the AusIMM and an honorary member of the AusIMM Investment Advisory Committee.

Directors Recommendation

The Board (with Mr Morrow abstaining) recommends that shareholders vote in favour of the election of Mr Morrow. The Chairman of the meeting intends to vote undirected proxies in favour of Mr Morrow's election.

Voting Exclusions

A voting exclusion does not apply to this Resolution.

Resolution 4: Ratification of Prior Issue of Convertible Notes under Listing Rules 7.1

Background

On or about 12 September 2021, the Company entered into Convertible Note Term Sheets with professional and sophisticated investors (Non-Related Parties) to raise up to A\$6 million by the issue of up to 6,000,000 convertible notes, being securities exercisable into Shares (**Convertible Notes**).

Terms of Convertible Notes

A high-level summary of the key terms of the Convertible Note Term Sheets and the Convertible Notes proposed to be issued is set out in Annexure A of this Explanatory Memorandum.

ASX Listing Rules 7.1 and 7.4

ASX Listing Rule 7.1 provides that a company must not, within a 12-month period, issue or agree to issue equity securities (which includes convertible securities) representing more than 15% of its total fully paid ordinary securities on issue at the commencement of that 12-month period unless a specified exception applies, or the issue is made with the prior approval of shareholders.

The issue of the Convertible Notes does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Convertible Notes. However, after Shareholder approval is obtained, any Shares issued on conversion of the Convertible Notes will fall under Exception 9 in ASX Listing Rule 7.2. Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Convertible Notes.

Shareholder approval is now sought to ratify the issue of the Convertible Notes in accordance with ASX Listing Rule 7.4.

Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Convertible Notes will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Convertible Notes.

If Resolution 4 is not passed, the Convertible Notes will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Convertible Notes.

It is noted that the Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 5 being passed at this Meeting.

Specific Information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following additional information is provided in relation to Resolution 4:

- (a) the Convertible Notes were issued to professional and sophisticated investors.
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were:
 - a. related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - b. issued more than 1% of the issued capital of the Company;
- (c) the Company issued 6,000,000 Convertible Notes on 17 September 2021, each for an issue price and with a face value of up to A\$1.00 (A\$6,000,000 million in total), on the terms and conditions contemplated in the Convertible Note Term Sheet. A Convertible Note will be convertible into a number of Shares calculated based on the principal outstanding under the Convertible Note, and the initial conversion price of A\$0.065 (6.5 cents);
- (d) the number of Shares issued upon on conversion of the Convertible Notes will depend on when and if the Convertible Notes are converted by the Company or professional and sophisticated investors;
- (e) the amount drawn down by the Company pursuant to the Convertible Notes is A\$6,000,000;
- (f) the Convertible Notes have a maturity date of 16 September 2023 unless previously redeemed or converted. A Convertible Note may be converted at professional and sophisticated investors' election at any time before

the maturity date, and otherwise in accordance with the terms and conditions of the Convertible Note Term Sheet;

- (g) the Convertible Notes were issued in accordance with and subject to the terms and conditions set out in the Convertible Note Term Sheet, as summarised in Annexure A;
- (h) the purpose of the issue of the Convertible Notes was to raise A\$6,000,000 which will be applied towards the development of the Mt Carbine project and power upgrade; and
- (i) a voting exclusion statement is included in the Notice preceding this Explanatory Statement.

Board Recommendation

The Board of Directors recommend that Shareholders vote in favour of Resolution 4.

Voting Exclusions

A voting exclusion statement for this resolution is set out in Note 6 above.

Resolution 5: Approval of 10% Placement Facility

Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12-month period after the Annual General Meeting ("**10% Placement Facility**"). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

Resolution 5 seeks Shareholder approval by way of a special resolution to have the ability, if required, to issue Equity Securities under the 10% Placement Facility. The effect of Resolution 5 will be to allow the Company to issue Equity Securities under Listing Rule 7.1A during the 10% Placement Period without any further Shareholder approval, in addition to the Company's 15% placement capacity under Listing Rule 7.1.

If Shareholders approve Resolution 5, the number of Equity Securities permitted to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below).

If Resolution 5 is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities to issue equity securities without Shareholder provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholder's present and eligible to vote at this Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an Annual General Meeting. This means it requires approval of 75% of the votes cast by Shareholder's present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue two classes of quoted Equity Securities, Fully Paid Ordinary Shares and Quoted Options.

(c) *Formula for calculating 10% Placement Facility*

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12-month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

- A** is the number of shares on issue at the commencement of the “relevant period” (which, for the Company, is the 12 month period immediately preceding the date of the issue or agreement):
- (A) plus the number of fully paid shares issued in the relevant period under an exception in Listing Rule 7.2, other than exception 9, 16 or 17; plus the number of fully paid shares issued in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where:
 - (i) the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - (ii) the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under rule 7.1 or rule 7.4;
 - (B) plus the number of fully paid shares issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:
 - (i) the agreement was entered into before the commencement of the relevant period; or
 - (ii) the agreement or issue was approved, or taken under the Listing Rules to have been approved, under rule 7.1 or rule 7.4;
 - (C) plus the number of fully paid shares issued in the relevant period with approval under Listing Rules 7.1 or 7.4;
 - (D) plus the number of partly paid shares that became fully paid in the relevant period;
 - (E) less the number of fully paid shares cancelled in the relevant period.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by Shareholders under Listing Rule 7.1 or 7.4.

(d) *Listing Rule 7.1 and Listing Rule 7.1A*

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer above).

(e) *Nature of consideration for issue and Minimum Issue Price*

The Equity Securities issued under Listing Rule 7.1A must be issued for a cash consideration per security which must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) *10% Placement Period*

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A commences on the date of the Annual General Meeting at which the approval is obtained and expires on the first to occur of the following:

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

(10% Placement Period).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) If Resolution 5 is approved by Shareholders, the period for which the Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A commences on the date of the Annual General Meeting at which the approval is obtained, being 25 November 2021, and expires on the first to occur of the following:
 - (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained, being 25 November 2022;
 - (ii) the time and date of the Company's next annual general meeting;
 - (iii) the time and date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- (b) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the securities; or
 - (ii) if the Equity Securities are not issued within 10 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (c) The purposes for which the funds raised by an issue of Equity Securities under rule 7.1A.2 may be used by the Company include:
 - (i) consideration for the acquisition(s) of new assets and investments, including the expenses associated with such acquisition(s); and
 - (ii) continued expenditure on the Company's current business and/or general working capital.
- (d) If this Resolution is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Listed Options, only if the Listed Options are exercised). Shareholders may also be exposed to economic risk and voting dilution, including the following:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date.

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the market price of Shares as at 14 October 2021 (**Current Share Price**) and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Issue Price		
		\$0.032 50% decrease in Current Share Price	\$0.064 Current Share Price	0.128 100% increase in Current Share Price
Current Variable A 1,334,540,403 Shares	10% Voting Dilution	133,454,040 Shares		
	Funds raised	\$4,270,529	\$8,541,059	\$17,082,117
50% increase in current Variable A 2,001,810,605 Shares	10% Voting Dilution	200,181,060 Shares		
	Funds raised	\$4,925,080	\$9,850,160	\$19,700,319
100% increase in current Variable A 2,669,080,806 Shares	10% Voting Dilution	266,908,081 Shares		
	Funds raised	\$8,541,059	\$17,082,117	\$34,164,234

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- No Options (including existing Quoted Options and/or any Quoted Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Quoted Options, it is assumed that those Quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- The Current Share Price is 0.05 (5.0 cents), being the closing price of the Shares on ASX on 14 October 2021.

- (e) The Company will comply with the disclosure obligations under Listing Rule 7.1A(4) upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

- (f) The Company:
- (i) has not issued, nor agreed to issue, any Equity Securities under Rule 7.1A.2 in the 12-month period preceding the date of the Meeting; and
 - (ii) had not agreed, before the 12-month period referred to in the preceding paragraph, to issue any Equity Securities under rule 7.1A.2 where such securities remain unissued as at the date of the Meeting.

Board Recommendation

The Board believes that this Resolution is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this Resolution.

Voting Exclusions

A voting exclusion statement for this resolution is set out in Note 6 above.

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“\$” means Australian Dollars;

“**10% Placement Facility**” has the meaning as defined in the Explanatory Statement for Resolution 5;

“**10% Placement Period**” has the meaning as defined in the Explanatory Statement for Resolution 5;

“**Annual Report**” means the Directors’ Report, the Financial Report, and Auditor’s Report, in respect to the year ended 30 June 2021;

“**ASX**” means ASX Limited ABN 77 115 009 106 or the Australian Securities Exchange, as the context requires;

“**ASX Settlement Operating Rules**” means the rules of ASX Settlement Pty Ltd which apply while the Company is an issuer of CHESS approved securities;

“**Auditor’s Report**” means the auditor’s report on the Financial Report;

“**AEDT**” means Australian Eastern Daylight Time.

“**Board**” means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

“**Chairman**” means the person appointed to chair the Meeting of the Company convened by the Notice;

“**CHESS**” has the meaning in Section 2 of the ASX Settlement Operating Rules;

“**Closely Related Party**” means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act;

“**Company**” means EQ Resources Limited ACN 115 009 106;

“**Constitution**” means the constitution of the Company as at the date of the Meeting;

“**Convertible Notes**” means a security of the Company which is convertible into shares;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a Director of the Company;

“**Directors Report**” means the annual directors’ report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**Equity Security**” has the same meaning as in the Listing Rules;

“**Explanatory Statement**” means the explanatory statement which forms part of this Notice;

“**Financial Report**” means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**Key Management Personnel**” means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company;

“**Listing Rules**” means the Listing Rules of the ASX;

“**Meeting**” has the meaning given in the introductory paragraph of the Notice;

“**Notice**” means this Notice of Meeting including the Explanatory Statement;

“**Proxy Form**” means the proxy form attached to the Notice;

“**Remuneration Report**” means the remuneration report which forms part of the Directors’ Report of the Company for the financial year ended 30 June 2021 and which is set out in the 2021 Annual Report.

“**Resolution**” means a resolution referred to in the Notice;

“**Section**” means a section of the Explanatory Statement;

“**Share**” means a fully paid ordinary share in the capital of the Company;

“**Shareholder**” means shareholder of the Company;

“**Trading Day**” means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

“**VWAP**” means volume weighted average Price.

ANNEXURE A

SUMMARY OF KEY TERMS AND CONDITIONS OF THE CONVERTIBLE NOTES

Terms Conditions of the Convertible Notes Terms Sheet		
1.	Face Value	The total aggregate face value of the Convertible Notes is \$6,000,000 (with a face value of \$1.00 per Convertible Note)
2.	Term (Repayment Date)	The Convertible Notes will be issued on the Subscription Date and shall be converted or otherwise redeemed within 24 months following the date of execution of this Terms Sheet (Repayment Date).
3.	Security	Convertible Notes are unsecured.
4.	Events of Defaults	<p>It is an event of default, whether or not it is within the control of the Company, where:</p> <ol style="list-style-type: none"> 1. Failure to pay: the Company fails to pay or repay any amount due by it under this Terms Sheet; 2. Non-remediable failure: the Company fails to perform or observe any material undertaking, obligation or agreement expressed in this Terms Sheet and the Company does not remedy such failure within 14 days, or a longer period determined by the Subscriber, after receipt by the Company of a notice from the Subscriber specifying the failure; 3. Receiver: a receiver, manager, official manager, trustee, administrator or similar official is appointed, or steps taken for such appointment, over any of the assets or undertaking of the Company; 4. Insolvency: the Company is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act or is presumed to be insolvent under the Corporations Act; 5. Administrator: an administrator is appointed or a resolution is passed or any steps are taken to appoint, or to pass a resolution to appoint, an administrator to the Company; 6. Winding up: an application or order is made for the winding-up or dissolution of the Company, which application is not dismissed or withdrawn within 21 days or a resolution is passed or any steps are taken to pass a resolution for the winding-up or dissolution of the Company otherwise than for the purpose of an amalgamation or reconstruction; and 7. Suspends payment: the Company suspends payment of its debts generally, <p>(together, Events of Default)</p>
The rights, privileges and restrictions attaching to the Convertible Notes		
1.	Face Value	\$1.00 per Convertible Note
2.	Redemption	<ol style="list-style-type: none"> (a) The Company will be required to redeem the Convertible Notes for their Face Value (plus any unpaid interest) on the Repayment Date unless the Convertible Notes are redeemed under clause 8 or converted into Shares prior to the Repayment Date. (b) The Company will also be required to redeem the Convertible Notes for their Face Value (plus any unpaid interest) within 10 business days

		of a demand by a Subscriber on the occurrence of an Event of Default which has not been remedied within the prescribed time.
3.	Conversion Price	Each Convertible Note will be convertible into Shares at a fixed conversion price of \$0.065 per Share (the Conversion Price).
4.	Conversion	<p>(a) At any time after the date and prior to the Repayment Date, at the election of the Subscriber by written notice to the Company (Conversion Notice), the Convertible Notes may be converted in whole or in part into Shares at the Conversion Price (the Conversion Shares).</p> <p>(b) Once a Conversion Notice has been issued, it cannot be withdrawn.</p> <p>(c) The Company must, as soon as is reasonably practicable:</p> <p>(i) issue that number of Shares equal to the number of Convertible Notes noted in the Conversion Notice divided by the Conversion Price;</p> <p>(ii) apply for quotation on ASX of all Shares issued (if it is admitted to the official list of the ASX at that time); and</p> <p>(iii) procure that a holding statement for the securities issued is sent to the Subscriber.</p> <p>(d) Fractional entitlements to Shares under clause 8(c)(i) will be rounded up to the nearest whole number.</p> <p>(e) The Subscriber is prohibited from being issued Shares on conversion of the Convertible Notes or in lieu of accrued interest with the effect that the Subscriber (together with its associates) would hold a relevant interest exceeding 19.99% or more in the issued share capital of the Company, unless the issue of Shares to the Subscriber satisfies any of the exemptions in Section 611 of the Corporations Act.</p>
5.	Conversion Notice	If the Noteholder wishes to convert all or part of the Convertible Notes into Shares, the Noteholder must deliver to the Company a duly completed and executed conversion notice and the Convertible Note's note certificate, or such other evidence of title as to ownership of the Convertible Notes as is acceptable to the Company
6.	Interest Rate	From the Subscription Date until the Convertible Notes are either redeemed or converted into Shares at a rate of 7% per annum, calculated monthly and payable annually in arrears/accruing daily from the Subscription Date and computed on a daily basis on a year of 365 days.
5.	Interest Payments	Interest is repayable: <p>(i) in cash, in the event that the Convertible Notes have not been converted into Shares; or</p> <p>(ii) in Shares, in the event that the Convertible Notes have been converted into Shares, calculated at a price of \$0.065 per Share.</p>
6.	Conversion to satisfy Convertible Notes	<p>(a) The issue of Conversion Shares by the Company on conversion of the Convertible Notes under this Terms Sheet will be deemed to have satisfied the Company's obligations to the Subscriber in respect of the Principal Amount on the Convertible Notes.</p> <p>(b) Upon the Convertible Notes being either redeemed by the Company or converted in accordance with clause 11, all the Company's obligations under this Terms Sheet will come to an end other than in respect of any accrued but unpaid interest outstanding at the time of conversion or redemption (as applicable).</p>
7.	Voting rights and Participation Rights	<p>(a) The Subscriber will be able to attend general meetings of the Company but is not entitled to vote prior to conversion of the Convertible Notes into Shares.</p> <p>(b) Before conversion, the Subscriber is not entitled to participate in rights issues, returns of capital, bonus issues or capital reconstructions of the Company.</p>

Holder Number:

Your proxy voting instruction must be received by **2.00pm (AEDT) on Tuesday, 23 November 2021**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

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