

25 February 2021

EQR Progresses Mt Carbine Underground Permitting and Funding Options

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

DEBT FUNDING DEVELOPMENT

EQ Resources Limited (**EQR** or the **Company**) is pleased to advise that, with the benefit of the specialist advice received from Rock Financial Advisory (appointed by the Company [as announced to ASX on 8 February 2021](#)), the Company has on 22 February 2021, submitted a preliminary briefing report to Northern Australia Infrastructure Facility (**NAIF**) for strategic assessment of debt funding for the upgrade and expansion of the Mt Carbine tungsten mine and quarry operations.

EQR believes the Mt Carbine project upgrade and expansion aligns with the Commonwealth Government's intention to support security of critical minerals — tungsten being a raw material with high economic importance and supply risk — and strengthen regional development. With the location of the project, and plans including the enhancement of infrastructure development in Northern Australia, the Company looks forward to engaging with NAIF to determine the project's eligibility and satisfaction of the NAIF criteria.

Mt Carbine Tungsten Mine is the most significant economic enterprise in Mt Carbine and the surrounding area within the Mareeba Shire. It is located inland from the tourism hub of Port Douglas/Cairns and accessible via sealed roads. The mine, first discovered in 1895, is being brought back to life to supply tungsten to global manufacturing industries. China is currently the world's dominant tungsten producer and the Mt Carbine project expansion offers a diversified source of supply for global customers. The project currently employs approximately 40 people and engages with various contractors from the local region, including from the towns of Mt Molloy, Julatten, Mareeba and extending to Kuranda and Port Douglas. The next stage of expansion would see the project support approximately 100 jobs in an economic zone which has been severely impacted by the global and domestic tourism downturn resulting from the Co-vid 19 pandemic. The mine expansion plans aim to exploit existing known on-surface and underground resource previously identified but requiring further investigation for economic development. EQR will use smart mining and treatment techniques including high-grade mining methodology and adoption of sophisticated algorithmic ore-sorting technology.

PROGRESS TOWARDS UNDERGROUND DEVELOPMENT

EQR continues to progress the development of the underground resource at Mt Carbine and has recently achieved management sign-off of the Facilitation Description Report (**the Facility Report**) required for the re-opening of the historic 430m decline at Mt Carbine.

EQR will submit the Facility Report to the Queensland Department of Resources in the coming week, with feedback from the Department expected within 2-months of submission. [As announced to ASX on 13 January 2021](#), EQR has already obtained the environmental approval required for the underground exploration and sampling campaign, and will be ready to commence the work program upon receipt of the Department's approval for the Facility Report.

Key outline of the Facility Report and proposed work program is as follows:

- **Resource drilling:** The proposed drill plan will see drilling from both surface and underground. The drill program is set to define at least two years of high-grade resource within the current overall resource. EQR intends to use the data and knowledge gained from the first two years' resource trial mining period to inform EQR's ongoing feasibility work and target possible conversion to reserves.
- **Vein continuity & bulk grade tests:** EQR plans to open the decline and complete sufficient drives to establish if the narrow veins can be traced continuously. The decline opening will also provide access for close spaced sampling. The geology and mining teams are targeting a better understanding of the nugget effect of the coarse tungsten found at Mt Carbine and the pinch and swell characteristics of the veins.
- **Mining method determination:** Drives will be examined on several levels to determine if the Avoca or modified Avoca methods would be suitable for the deposit and to add to the geotechnical database on ground conditions. This has key design implications going forward and will be used to inform the underground feasibility study.
- **Test the optimal 'sortability' of the underground ore:** Using the XRT Sorter Pilot Plant on site, the operations team will conduct test work to understand the upgrade ratios of the +8mm primary ore from the deposit.

EQR CEO Kevin MacNeill commented, *"From December 2020 until now, the team has been able to take significant steps forward for Mt Carbine in line with the timeline set out in the November AGM. As we ramp-up our work programs on the development and expansion of Mt Carbine, we are leveraging the insight and support from the expert consultants engaged for the mining, processing, and funding initiatives. Engagement with various government departments and programs has been, to date, extremely positive and encouraging, and we look forward to building on the momentum and continuing our work to secure the future and strategic development of critical minerals in Queensland and Australia."*

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.

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