

EQR HITS NEW PRODUCTION RECORD AS CHINA AND US TRADE TENSIONS IMPACT TUNGSTEN MARKET

EQ Resources Ltd is a global tungsten producer with mining activities in Australia and Spain.

Highlights:

- EQR Group recorded a new monthly production record of 20,721 mtu* (WO₃ in concentrate) for September, with daily production records at both its operations (641 mtu at Mt Carbine and 518 mtu at Barruecopardo)
- Expanded production in September represents an overall 51% increase of tungsten output on EQR Group level, compared to the average monthly output recorded in Q4FY2024
- Production increase coincides with China tightening export control measures for a range of critical minerals (incl. tungsten) and the US imposing a 25% tariff on Chinese tungsten products, effective from end of September

*1mtu = 10kg WO₃

EQ Resources Limited (“EQR” or “the Company”) is pleased to announce that both its tungsten operations, at Mt Carbine and Barruecopardo, delivered production improvements throughout September leading to a month-on-month increase of 15% in mtu (WO₃ in concentrate) output. This marks another record month for the EQR Group, based on improving ore grade at Mt Carbine and the successful implementation of recovery-enhancing upgrades at Barruecopardo. Quarter-on-quarter, the EQR Group recorded a 31% increase, from 41,188 mtu in Q4FY24 to 53,876 mtu in Q1FY25.

The September monthly production record reflects a 51% increase in tungsten output at the EQR Group level, compared to the average monthly output recorded in Q4FY2024. Both operations saw daily production records improving to 641 mtu at Mt Carbine (previously 571 mtu) and 518 mtu at Barruecopardo (previously 497 mtu).

EQ Resources’ CEO, Kevin MacNeill, commented: “Production continues to ramp up at Mt Carbine since we re-entered the Andy White open pit in June of last year, while our teams at Barruecopardo have been implementing and installing a capital-lite continuous improvement program since EQR assumed ownership of the mine in January”.

EQR’s expanded production coincides with China’s recent update of its export regulations for selected critical minerals (incl. tungsten), which put additional restrictions on exporting companies. At the same time, the US Government enforced an additional tariff of 25% on Chinese tungsten products coming into the US, effective 27 September 2024.

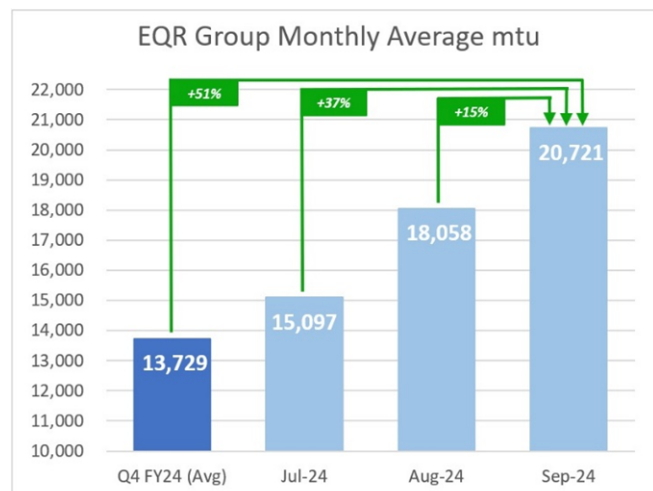


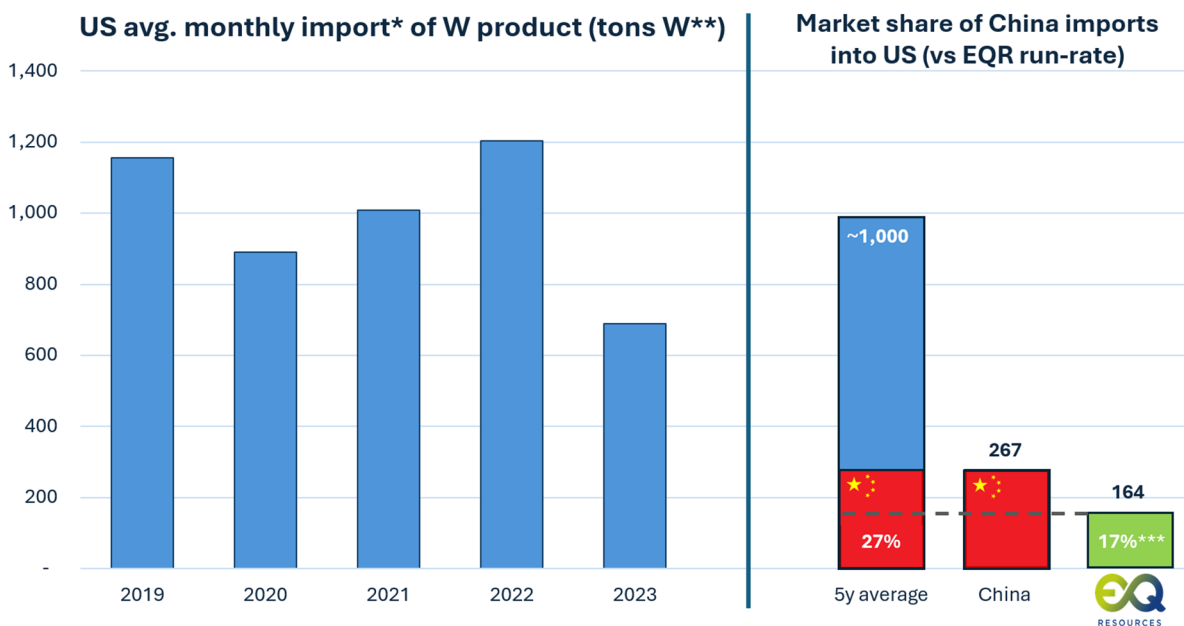
Fig.1 - Production output EQR Group (monthly average, in mtu)

Furthermore, in May 2024, the US Department of Defense (DoD) issued a final rule implementing Section 844 of the National Defense Authorization Act (NDAA), which restricts the DoD from acquiring tungsten from China and Russia (which together represent approximately 87% of the world supply) and prohibits even earlier inputs in the supply chain from these countries.

Analysts suggest that those regulatory escalations, combined with the current low strategic tungsten stockpile held by the US Defense Logistics Agency (DLA), inflate the US structural deficit for tungsten.

“We are pleased, and our people are proud to be a growing supplier of metal as critical to the global economy as tungsten. There is no doubt that end users in Europe and North America are nervous about supply disruption out of China following the recent announcement that China is further tightening export controls for several critical metals, especially those used in defense and semiconductor applications. China controls more than 80% of global tungsten output, and in the past 15 years, the Western world had only brought four tungsten mines into operation – two of them are operated by EQ Resources”, MacNeill adds.

Despite the Company working on its expansion programs to extend its market share, the current production run-rate has already reached a level equivalent to 17% of the last five years’ average monthly tungsten imports into the US – in comparison to the US’ largest import source China with a 27% share.



* Source: US Geological Service

** Conversion factors: 1 mtu → 10kg WO₃ → 7.93kg W

*** Graph to compare EQR Group September production as **theoretical share** of total US imports

“We are actively pursuing cooperation and funding opportunities not only domestically but also through US and EU agencies. EQR’s positioning with two operating mines in the Western world is perceived as a unique value proposition that gains interest from policymakers”, MacNeill concludes.

Released on authority of the Board by:

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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.

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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