

EQ Resources Limited

Quarterly Activities Report

Quarter ended 30 September 2022

EQ Resources Limited (EQR) is the 100% owner of the Mt Carbine Tungsten Mine near Cairns, Australia's only primary producer of tungsten, a critical metal. Production recommenced in 2020 with dual product streams of tungsten concentrate and by-product high-quality specialised aggregate and road-making materials.

HIGHLIGHTS

MT CARBINE OPERATIONS

- Second Tomra XRT Sorter successfully commissioned and driving 45% uplift in treatment rates for September quarter versus June quarter; Continuous improvement studies ongoing.
- Sales of Joint Venture tungsten concentrate seeing a 20% uplift over previous corresponding quarter.
- Debottlenecking of slurry pipe and trials of additional crushing capacity ahead of Gravity Plant deliver further improvements.

MT CARBINE DEVELOPMENT

- EQR and Regal Resources Royalties Fund have agreed non-binding terms on a first stage \$10 million royalty-based funding package for the Mt Carbine Tungsten Project, with the parties intending to negotiate terms for an additional (second stage) \$10 million royalty.
- EQR has started negotiations of the funding agreement in line with the award of a \$6 million grant from the Federal Government's Critical Minerals Accelerator Initiative (CMAI).

EXPLORATION

- Mineral Resource upgrade work delivers 85% increase in contained tungsten to Indicated Resource.
- Geological studies indicate four priority targets in close proximity to Andy White pit, with soil sampling reveals additional tungsten outcrops for follow up.
- Plans advanced for resource drill program in early 2023 to west of Andy White pit.

MT CARBINE OPERATIONS

MT CARBINE EXPANSION

With the [Early Works Program](#) completed at the end of June, the Company has focused on the optimisation of the integration and operation of the new plant and equipment incorporated to increase and streamline production towards design capacity. The upgraded wet screen and crushing plant has allowed for significantly higher throughputs of material with a current average feed throughput of 160tph, on track to achieve the original target of 170tph.



Figure 1 - Upgraded wet screen and crushing plant on track to achieve 2023 throughput targets

Ongoing optimisation allows increased efficiency over the 24/7 operating period. New maintenance schedules and wear rates of key consumables and equipment in the circuit have all been documented and recorded, this has led to increasing plant utilisation rates which continues to benefit production outputs and maximise production for the XRT Sorters and the Gravity Plant. With the installation of the second XRT Sorter and the optimisation of the wet screen and crushing plant, the Company continues to see itself on target with the production upgrade forecasting towards +/-90 tonnes of tungsten concentrate per month as seen in Figure 2.

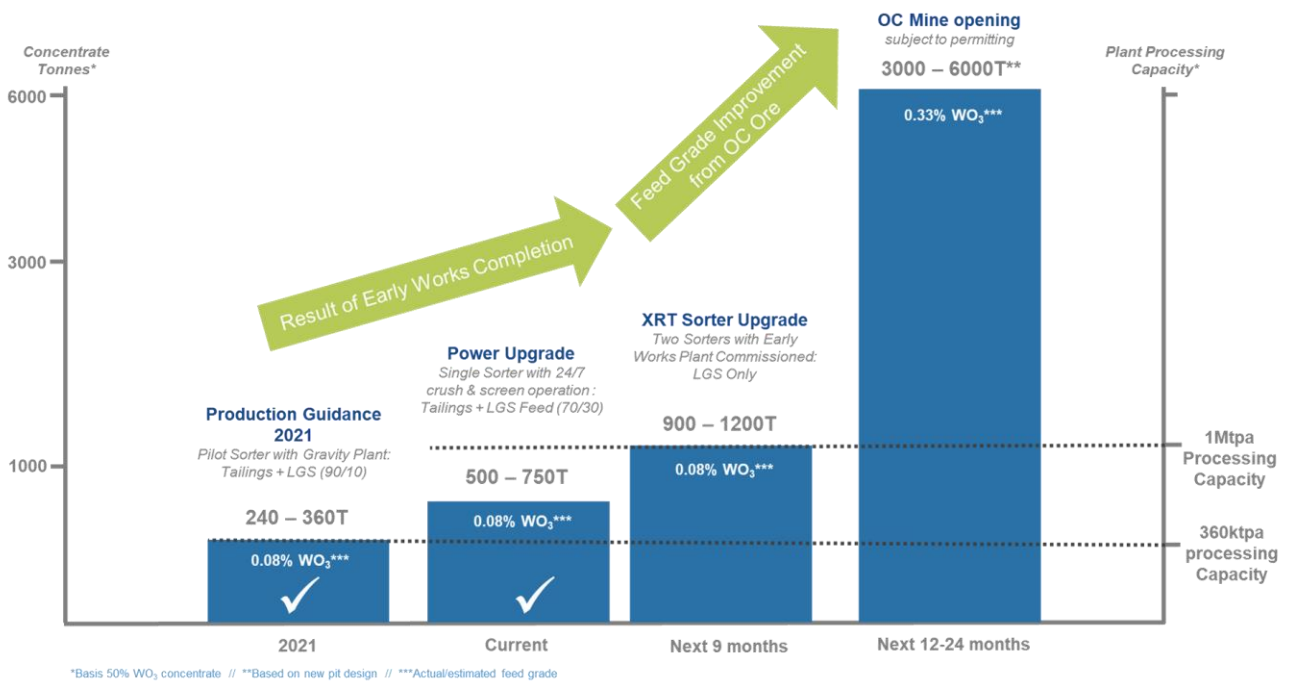


Figure 2 - Mt Carbine Production Forecast



Figure 3 - Tertiary Cone Crusher for XRT Sorter concentrate

An additional upgrade that has been included subsequent to the Early Works, is the installation of the tertiary crushing cone crusher circuit at the Gravity Plant, to be able to crush and screen the high grade XRT Sorter concentrate. Crushed fines are pumped straight into the Gravity Plant. The XRT Sorter concentrate being fed through the new crushing system will streamline operations and reduce overall cost as a contractor is no longer required to crush the XRT Sorter concentrate prior to feeding it into the Gravity Plant. The cone crusher along with the periphery equipment, conveyors, electricals, ramps and structure are already in place with hot commissioning started during October.

The Company continues to increase its production into a firm and steady market for tungsten concentrates and a strong, stable price for the major end product APT, currently around US\$340/MTU, compared with US\$320/MTU a year ago. CRONIMET continues to give strong support for the operation and have the capability to purchase and ship all concentrates produced at Mt Carbine.

XRT SORTER & GRAVITY PLANT PRODUCTION

The XRT Sorter Plant ramped up production significantly during this last quarter with the two TOMRA XRT Sorters fully operational. The plant experienced some short intermittent interruptions due to the integration of the new TOMRA unit, the operation is now seeing the benefit in having two XRT's available for operation. Interfacing of the double TOMRA system has allowed for the two TOMRA's to be run in parallel or individual, proving production efficiency and flexibility. The production of XRT Sorter concentrate has increased by 45% from 7,400 tons in Q4 FY2022 to 10,780 tons in Q1 FY2023, an average of almost 120 tons per day with 150 tons per day in September alone with the biggest jump in production in August '22 with commissioning of the double XRT Sorter system complete. This is an incredible step forward for the Company with production increased by 4x compared to last year Q1 FY2022 as seen in Figure 5. The scaled-up treatment amounting to record head feed throughput of 42,000 tons of low-grade stockpile (LGS) material in the month of August, and 44,000 tons in September alone compared to 65,529 tons treated in the entire Q4 FY2022 quarter. The XRT Sorter concentrate production went from 2,119 tons in July 2022 to 4,471 tons in September (Figure 6). The Sorter Plant will receive upgraded conveyors in Q2 FY2023 allowing larger stockpiles to accumulate under the conveyors for ease of operating due to the significant increase in production tonnages.



Figure 4 – Senior Managers Inspect Double XRT Setup

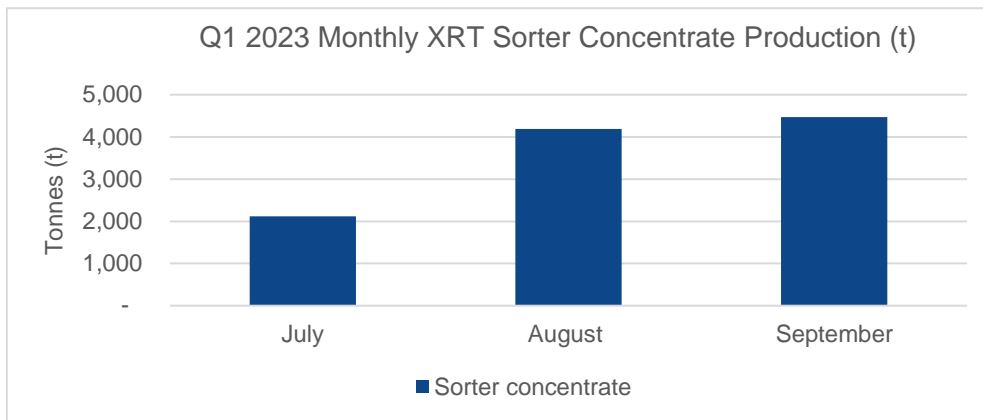


Figure 5 - Monthly XRT Sorter Concentrate Production Q1 2023

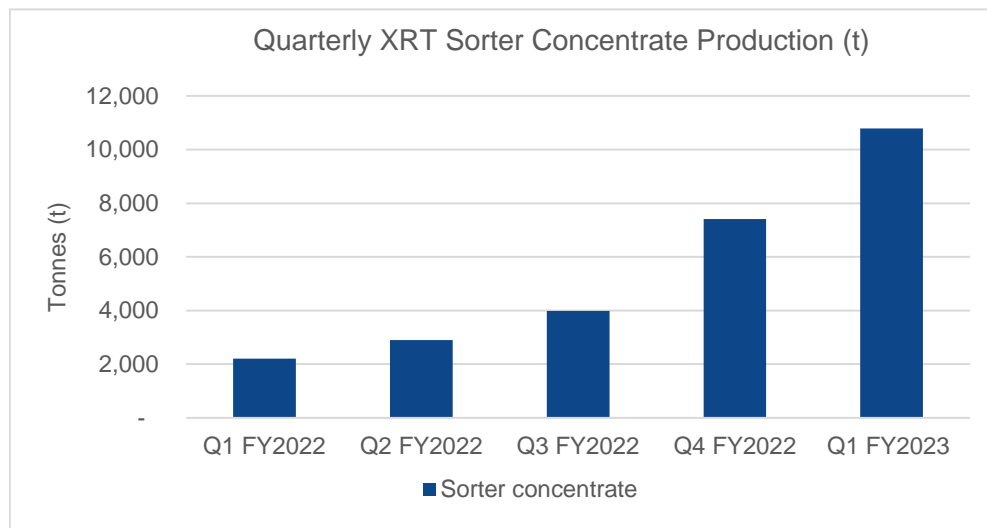


Figure 6 - Quarterly XRT Sorter Concentrate Production 2022-2023

The specialist crushing and screening contractor that started in mid-March for the period of the construction of wet screen and crushing plant has stopped operating on site at the end of this quarter. This contract was very worthwhile for the operation as it allowed the Mt Carbine team to continue producing concentrates during the construction and commissioning period of the wet screen. Now the Company is capable of screening and crushing its own XRT Sorter feed from the LGS and with the installation of the new tertiary crushing circuit in the Gravity Plant the Company is able to produce its own XRT Sorter concentrate increasing the Company’s self-reliance and effectively reducing the operational expenses.

With the installation of the tertiary crushing circuit, some of the XRT Sorter concentrate has been stockpiled for processing which slightly delayed ramp-up to the targeted 90t of final tungsten concentrate production on a monthly basis.

With the activities intensifying around site, the need for labour has remained very strong. Increased labour pressure exists in the macro environment around the resources industry with technical and operations personnel receiving large salary packages for coal and other commodities. This has led to a strong training culture by the Company where new-to-industry entrants, possessing transferrable skills, are trained as new operators with a core contingent of senior and skilled staff to manage, train and guide the operators and

operations. The competitive labor market conditions have had a limited impact on production, with a strong local recruitment policy, this is not anticipated to be a drawback going forward.

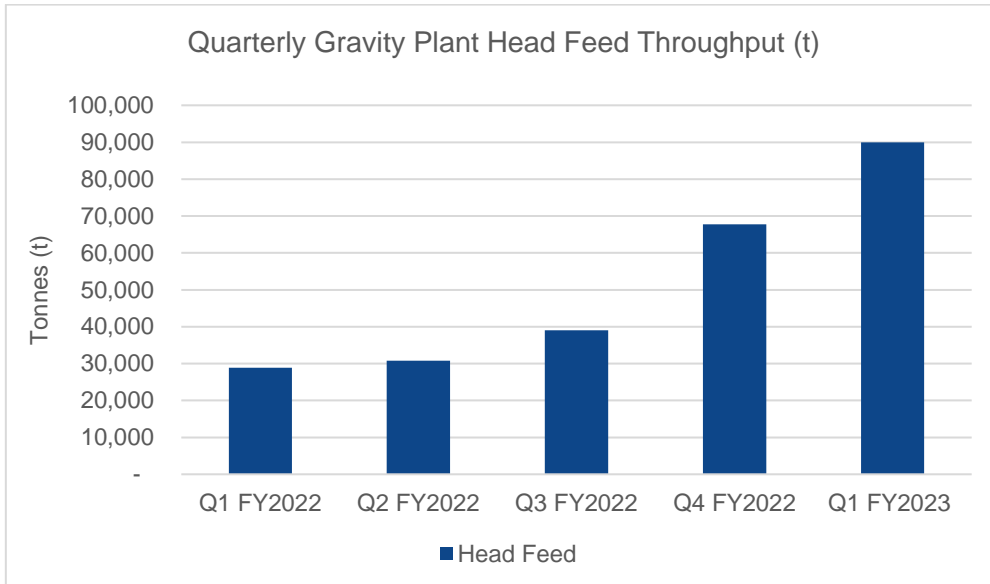


Figure 7 - Quarterly Gravity Plant Head Feed Throughput

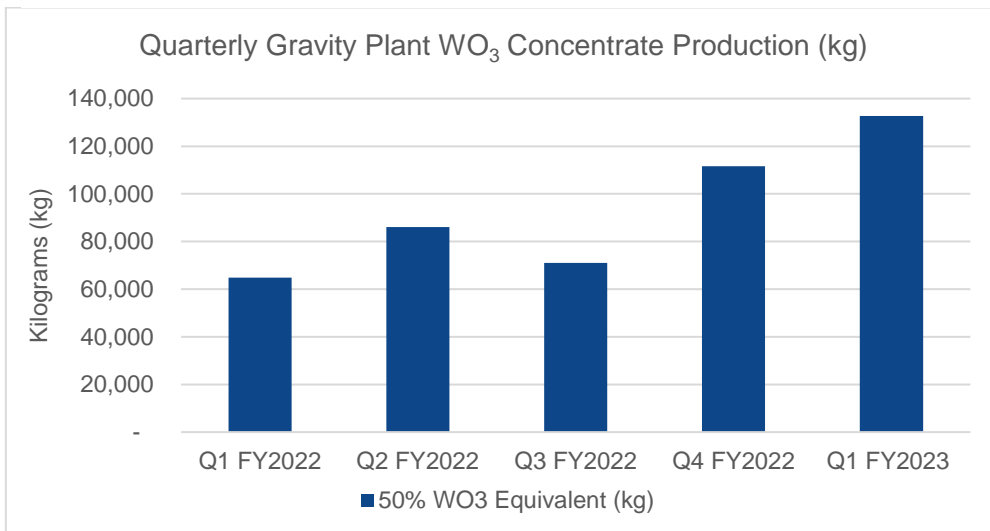


Figure 8 - Quarterly Gravity Plant Tungsten Concentrate Output

The Company continues to grow its tungsten concentrate production output quarter on quarter as seen in Figure 8. The Gravity Plant head feed throughput has increased from 68,000 tons in Q4 FY2022 to 90,000 tons in Q1 FY2023, a significant improvement when compared to Q1 FY2022 with 28,000 tons, which translate to a +300% increase in head feed throughput on a year by year comparison (Figure 7).

The Company solidifies its place as a reliable and sustainable critical minerals producer, demonstrating that its investment in high-tech ore-sorting technology is paying off.

The announcement of August’s production record concentrate delivery coincided with a visit on the 7th of September to Mt Carbine from Queensland Resources Minister, the Hon Scott Stewart, who inspected the results of the successful two-stage capital investment at the historic mine site and witnessed firsthand the development of the expansion project and the considerable upscaling of the operations. The Minister

expressed his support for the project, with the next major stage of development being reopening of open pit mining of primary tungsten ore from the existing 100% EQR owned Andy White open pit, subject to final permitting.



Figure 9 - Hon Scott Stewart MP witnesses the benefit of having two TOMRA XRT Ore Sorters installed on-site (left); Increased plant throughput leading to increased production of tungsten concentrate (right)

The Gravity Plant operated relatively consistently through the period, processing a combination of XRT Sorter concentrate milled from the contractor when available in conjunction with historic tailings material that is already sized and readily accessible. Due to the contractor's inability to consistently provide -6mm sized feed material for the Gravity Plant, the historic tailings are used as a blending material when required to keep production feed throughputs on target while the Early Works plant was being constructed. Now with the works finished, the new pipeline pumping LGS -6mm feed material (fines) straight to the Gravity Plant, positive results are being seen with increased concentrate outputs. The combined fines from the XRT Sorter and wet screen and crushing plant sent to the Gravity Plant has seen a 4.5x increase of fines throughput, from 8,000 tons in Q4 FY2022 to 36,000 tons in Q1 FY2023 as seen in Figure 10 below.

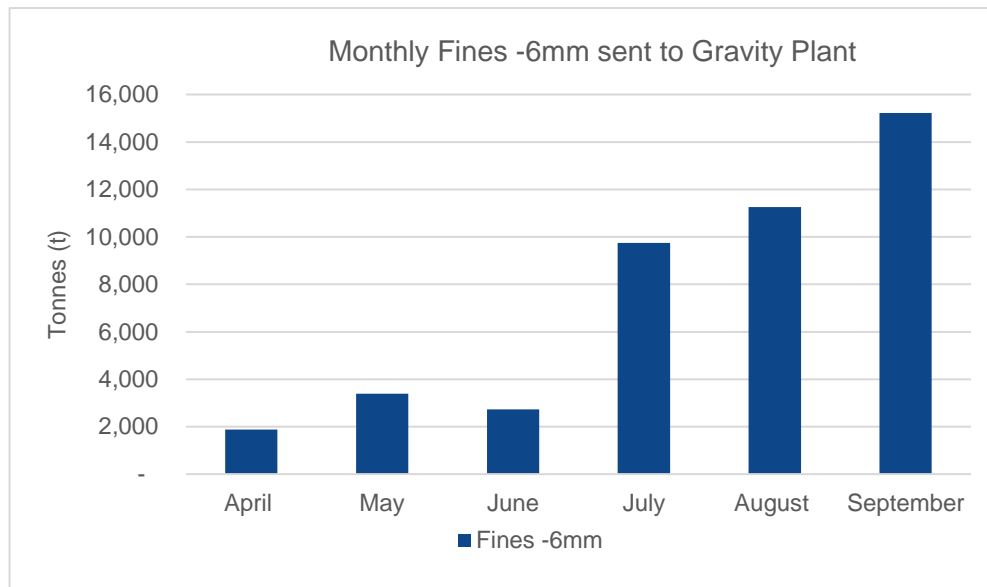


Figure 10 - Fines -6mm sent to Gravity Plant

The quarterly production results are the confirmation the Company is on the right track to consolidate its operations in Mt Carbine delivering a Year-on-Year increase of concentrate production of over 100% as seen in Figure 8. Refer to ASX announcement, [Mt Carbine Tungsten sets production record in August towards further ramp up](#), 9th September 2022.

QUARRY OPERATIONS

Quarry operations have focused on the satisfaction of road base production and deliveries for contracts in the Mt Carbine and Julatten region, mainly working with the Mareeba Shire Council to assist in deliveries for regional works being completed. In addition to this, the Quarry team have been making use of the large rock sourced from ongoing load and haul operations to be used in the development of the Yorkey’s Knob breakwater and boat ramp development. These contracts have been satisfied along with other ongoing smaller contracts to local contractors of various materials.

The Quarry continues to tender on regional developments and look for new ways to value-add its products. The quarry products from Mt Carbine are produced from recycled inert mine waste allowing EQR to focus on a circular economy approach to its operations.



Figure 11 - Large Rocks sold through the Quarry are used in key local building developments

ESG PROGRAM OVERVIEW

EQR is in the process of further developing its ESG Program including a governance framework and a Program Workbook which will underpin how the Company measures, tracks and reports on the program’s objectives. The Company’s ESG Program covers a wide range of Environmental, Social and Governance initiatives including GHG tracking program with ARTEH, implementation of XRT sorting technology to reduce mine waste, participating in wildlife conservation projects such as Quoll Habitat Homes, refinement of our Health and Safety training program, the continued support of local community fund-raising events such as Cancer-Council Morning Tea and Mt Carbine Bull & Bronc Ride, and the review and development of supporting corporate policy such as alignment with the Modern Slavery Act, development of a Sustainable Procurement Policy and a Climate Risk position statement.



Figure 12 - ESG Program Overview

SAFETY PERFROMANCE AT MT CARBINE

The following report demonstrates the positive safety performance achieved in this financial quarter. During this time numerous contractors and employees have been working side by side with no lost time injuries recorded for this quarter. To date, the operations are 482 LTI Days free. Employees at Mt Carbine are actively looking to reduce the risk to themselves and others by identifying hazards and addressing them before they conduct work activities. The Lost Time Injury Frequency rate is 0, the average LTIFR for the Quarry is 9, a fantastic achievement. Total Recordable Injury Frequency rates is 34.5. where industry standard is 20.

Below is a graph of the rolling frequency rate over a one-year period which is determined by data averaged over a yearly period. This is worked out over 1 million hours worked, Mt Carbine Operations have worked 128,048 hours in the last year period, therefore, to get a more accurate figure, one could divide these figures by 7.8 to get an actual predictive figure over a one-year period. In this case, all figures would be well below industry standards.

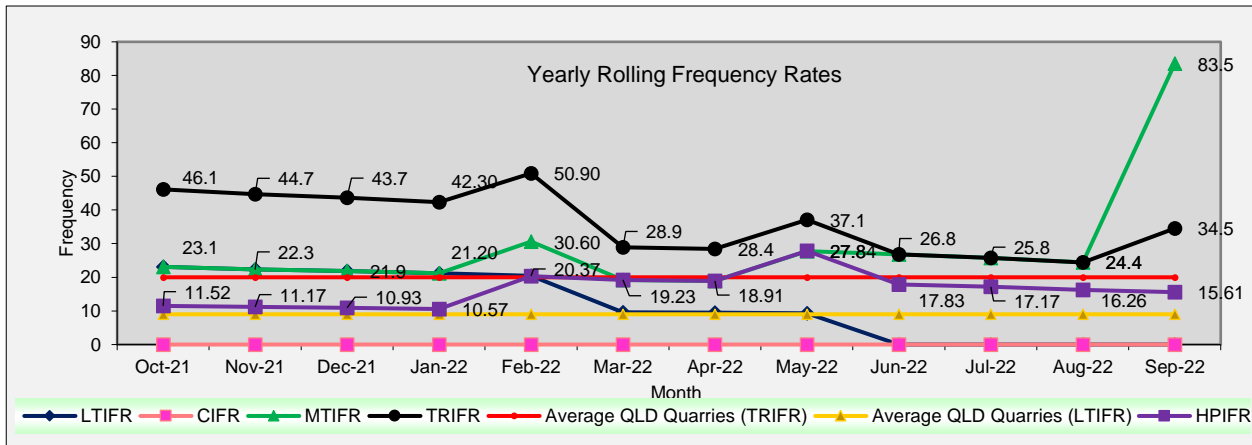


Figure 13 - Rolling Frequency Rates (Safety Statistics)

LTIFR = Lost Time Injury Frequency Rate **CIFR** = Critical Injury Frequency Rate
MTIFR = Medical Treatment Injury Frequency Rate **TRIFR** = Total Recordable Injury Frequency Rate
HPIFR = High Potential Incident Frequency Rate **Average QLD Quarry's (TRIFR)**
Average QLD Quarry's (LTIFR)

A total of 1,553 positive safety indicators have been recorded for this quarter. Area Foreman have increased workplace inspections which will help the overall safety onsite by ensuring the areas they are responsible for are being maintained & kept to the appropriate standard required by the Company. During September, Staff have been encouraged to report any small cuts, or treatable occurrences while on site, this led to an increase in the Medical Treatment Injury Frequency Rate, as seen in Figure 13.

3 employees have completed supervisor training, 3 employees have completed HR-B license upgrades, 185 Verification Of Competencies for mobile equipment were completed. 21 employees have been signed up with the RTO Skillstrain for Government funding to complete a Certificate III in Surface Extraction Operations.

A supervisor at the Mt Carbine Operations, Mr Andrew Umland, has been presented with the first 'Safety Legend' Award in QLD by the Hon S.Stewart, Minister of Resources, and the Department of Resources Director General, M. Cridland. Mr Umland has been with the Company since November 2021 and is exceptionally passionate and vocal about driving real safety change for the site and the mentality on shift. He is a strong advocate for his crew regarding safety practices and their wellbeing (physical & psychological), placing a focus on training them appropriately and keenly surveilling them in this regard. From pre-start to safety documentation, Mr Umland places a big emphasis on procedure, training, and safety-first mentality. Mr Umland has implemented morale-boosting and teambuilding techniques directly leading to minimal staff turnover in a labour market where it is a very common occurrence. This emphasizes the Company's effort to build a strong team of engaged employees that will continue to deliver strong results in a safe manner.



Figure 14 - Mr Uwland is the first recipient of the 'Safety Legend' Award in QLD

ENVIRONMENTAL ACTIVITIES AT MT CARBINE

During the quarter the Company continued to complete environmental studies required for the reopening of the open pit with the final EA Amendment planned for submission in November 2022. The final EA Amendment will allow the recommencement of the open pit mining operations set to commence in Q3 FY2023. As set out in the [Annual Report](#), several studies have been completed to inform the approval process associated with the Company's plans to recommence open pit mining and to de-risk the project in line with its core values of 'Treading Lightly' to minimise its environmental footprint and deliver positive societal impact. Some of the ongoing monitoring and activities undertaken at site are:

- Noise, Air & Vibration Studies;
- Water Management Plan Update;
- Waste Rock & Tailings Management;
- Enhanced Conceptual Groundwater Model which involved the drilling of 18 additional investigation bores;
- Flora and Fauna Studies; and
- Water Engineering Works.

MT CARBINE DEVELOPMENT

COMPLEMENTARY ROYALTY FUNDING FOR MT CARBINE DEVELOPMENT

EQR and Regal Resources Royalties Fund have agreed non-binding terms on a first stage \$10 million royalty-based funding package for the Mt Carbine Tungsten Project, with the parties intending to negotiate in good faith the terms for an additional second stage \$10 million royalty. The parties found an agreement for a royalty percentage of 3% with a buy back clause after recovery of the first stage royalty, and prior to the 7th anniversary of the execution of definitive agreements, and a payment of \$2.75 million reducing the royalty to 1.5%. A technical due diligence by Regal Resources Royalties Fund has been successfully completed and a (non-binding) term sheet executed which is now being advanced to sign the definitive agreement (pending tax and legal due diligence). The royalty funding complements the Company's already established funding plan as part of the Mt Carbine Bankable Feasibility Study, allowing acceleration of the 2023 drilling program comprising identified drill targets towards the Open Pit Western Extension.

For further details refer to the ASX Announcement [Complementary Royalty Funding for Mt Carbine Development](#), 21st October 2022.

CONTRACT NEGOTIATIONS WITH GOLDING FOR RESTART OF OPEN PIT MINING

The Company has executed an Early Engagement Contract with Golding Contractors Pty Ltd (Golding) for the restart of the open pit mining operations. The Company selected Golding as its preferred partner after working through a high-quality engagement and approval process. Over the coming months, key areas of engagement and focus to finalise the mining contract and ensure smooth transition to mining operations will include stakeholder engagement, equipment selection, final pit design and price finalisation.

For further details refer to ASX announcement [EQR executes early engagement contract with Golding for restart of open pit mining](#), 4th July 2022.

CRITICAL MINERALS ACCELERATOR INITIATIVE (CMAI)

Hon Madeleine King, Minister for Resources and Northern Australia, announced on the 16th September 2022, the new Federal Government's reconfirmation of the CMAI grant award to the Company. EQR is one of six companies to receive Australian Government support for accelerated critical minerals projects and job creation. The staged development has seen the installation of new crushing, screening, and sorting equipment and successful use of high-tech XRT ore-sorting in production from the historic LGS.

For further details refer to ASX announcement: [Federal Government funding for Mt Carbine reconfirmed](#), 19th September 2022.

EXPLORATION ACTIVITIES

MINERAL RESOURCE ESTIMATE & ORE RESERVE UPGRADED

A positive upgrade of Mt Carbine Mineral Resource added ~85% contained metal (in WO₃) to Indicated Resources. Results from the Phase 1, 2022 Drill Program around the West Dyke Area reported in previous quarterly reports have now been remodelled by independent consultancy company Measured Group and significantly adds metal (in WO₃) with the global in-situ metal inventory (Table 2) (Inferred- and Indicated Resources categories) increases by ~14%.

The success of current mining of the low-grade stockpiles (LGS) and the high upgrade that the Company's Ore Sorting Technology is achieving has demonstrated that a lower economic cut-off is viable. A summary is shown in Table 1 of the Resources at various cut-off grades. The fact that Mt Carbine Project has a high range of grades ensures that mining is robust in any market variation conditions.

Cut-off (% WO ₃)	Tonnes (Mt)	Grade (% WO ₃)	WO ₃ (mtu)
0.05*	20.32	0.32	6,578,300
0.1	15.9	0.39	6,246,300
0.15	12.6	0.46	5,792,270
0.2	10.6	0.52	5,522,540
0.25	8.1	0.61	4,941,960
0.5	3.6	0.95	3,364,790
0.75	1.7	1.30	2,235,490

* Cut-off used in this resource statement

Table 1 - Resources at various cut-off grades

The new updated Mineral Resource Estimate as follows:

Orebody	Resource Classification	Tonnes (Mt)	Grade (% WO ₃)	WO ₃ (mtu)
Low-Grade Stockpile	Indicated	12	0.075	900,000
In-Situ	Indicated	12.04	0.27	3,296,800
	Inferred	8.28	0.40	3,281,500
	<i>Sub-total</i>	<i>20.32</i>	<i>0.32</i>	<i>6,578,300</i>
All	Total	32.32		7,478,300

Notes:

1. Total estimates are rounded to reflect confidence and resource categorisation.
2. Classification of Mineral Resources incorporates the terms and definitions from the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012) published by the Joint Ore Reserve Committee (JORC)
3. No uppercut was applied to individual assays for this resource, a lower cut of 0.05% was applied to Southern Domain 1 block and 0.15% WO₃ to the area outside of this area was applied, which is the grade where the mineralisation forms distinct veins.
4. Drilling used in this methodology was all diamond drilling with 1/4 core sent according to geological intervals to ALS for XRF15b analysis.
5. Resource estimation was completed using the Kriging Methodology.
6. Indicated spacing is approximately 30 m x 30 m; Inferred is approximately 60 m x 60 m.
7. The deposit is a sheeted vein system with subparallel zones of quartz tungsten mineralisation that extend for >1.2 km in length and remain open. At depth, the South Wall Fault cuts the Iolanthe to Johnson's veins but the Iron Duke zones remain open to depth.

Table 2 - Mineral Resource Estimate 2022

The Indicated Resources have grown significantly from a contained 1,776,000 mtu to 3,296,800 mtu, an increase of 85.6%, which is a combination of newly located tungsten zones and an upgrade of some of the Inferred Resources.

Measured Group has subsequently remodelled the Ore Reserves for the deposit at this lower cut-off grade of 0.05% WO₃ and significantly upgraded the metal availability within the BFS Pit (see Table 3 below).

For further details refer to ASX announcement: [Increased Tungsten in updated Mt Carbine mineral resources](#), 4th August 2022.

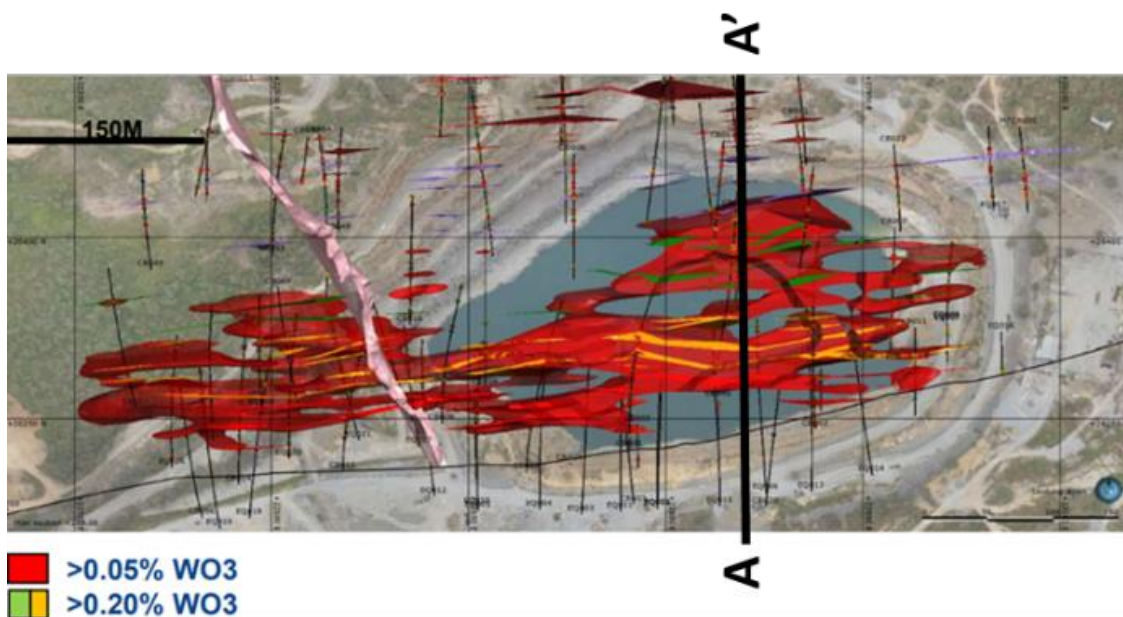


Figure 15 - Updated Mineral Resource Model used in BFS studies

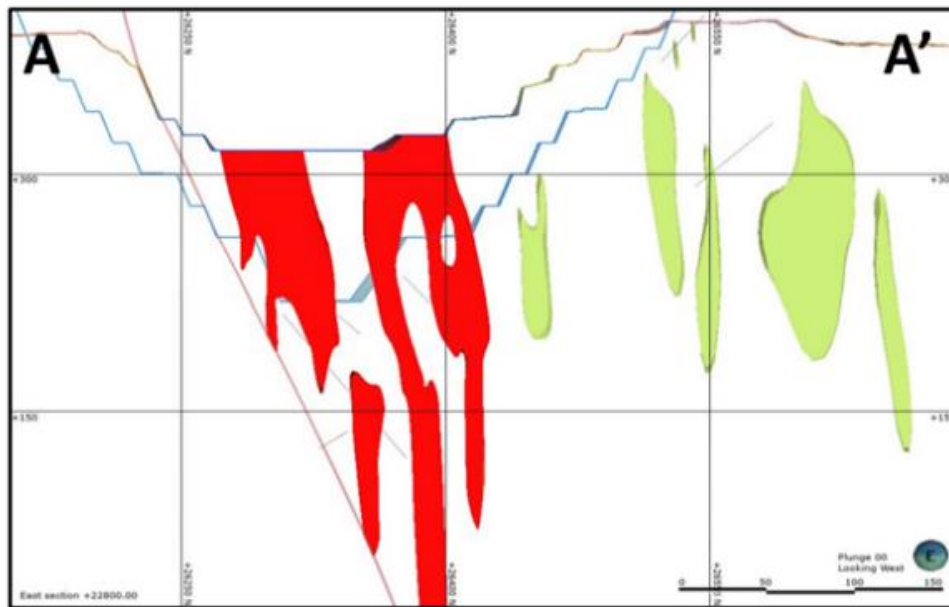


Figure 16 - Section of Indicated (Red) and Inferred Resources as known; Blue outline indicates planned BFS pit design

The low-grade stockpile (LGS) has been partially depleted since the previous Ore Reserve statement. The Ore Reserve statement is current as of 1 September 2022 and accounts for all LGS mining activities undertaken to this date.

Reserve Category	ROM Tonnes (mt)	WO ₃ %	Contained WO ₃ (mtu)
Open Cut - Proved	-	-	-
Open Cut - Probable	3.54	0.33%	1,161,693
Open Cut - Total	3.54	0.33%	1,161,693
LGS - Proved	-	-	-
LGS - Probable	10.00	0.075%	750,000
LGS - Total	10.00	0.075%	750,000
Total - Proved	-	-	-
Total - Probable	13.54	0.142%	1,911,693
Total	13.54	0.142%	1,911,693

Table 3 - Mt Carbine Ore Reserves 2022

A pit optimisation model was established in the Deswik mine planning software package. The package utilises pseudo flow algorithms to determine the economic pit limit based on several input parameters, including:

- Operational parameters such as loss, dilution, recovery,
- Processing parameters such as recovery, moisture adjustments, grade adjustments, etc.
- Geotechnical parameters to define the overall pit wall angles,
- Unit cost rates for all processes, and
- Revenue assumptions.

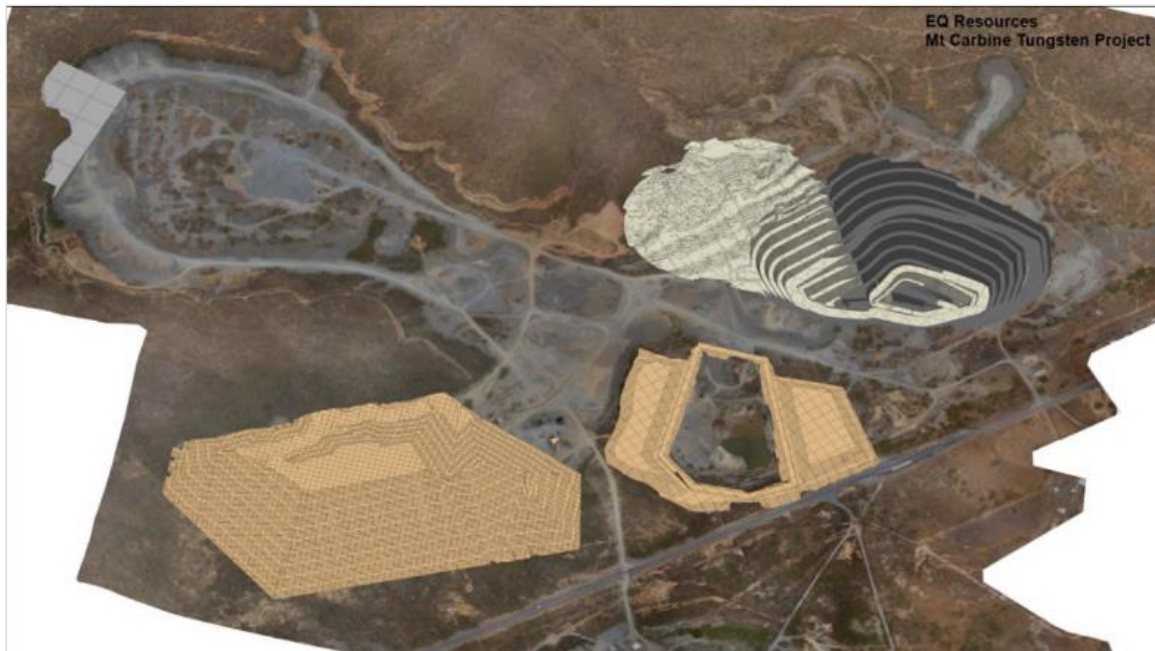


Figure 8 - Schematic of planned open cut with potential extension shown in white;
Pale orange are planned quarry stockpiles taken from the pit

OTHER EXPLORATION ACTIVITIES

Plotlogic R&D Project

A hyperspectral R&D project is underway at Mt Carbine using a multi sensor scanner. Currently 90% of our drill core has been scanned on a multispectral basis. The scanning recognizes various minerals including wolframite and will be utilized on a larger basis in delineation of ore zones within the open cut during mining. Understanding of the mineralogy of Mt Carbine assists in interpretation of the fluid flow and temperature models.



Figure 18 - Plotlogic's technology informs decision making through core sample scanning

Soil Sampling

Soils have been collected around the open pit using a -80 mesh size fraction. The soils are collected on a 25m x 25m grid pattern and are proving to be an effective tool for locating tungsten at Mt Carbine. In all, 2,200 soils have been collected with 5 zones located higher than 0.1% WO_3 . Field checking of these zones reveal outcropping tungsten mineralisation at surface (see Figure 19 below). Most of the zones appear to be dominated by scheelite mineralisation suggesting they may be peripheral to the main wolframite mineralisation.

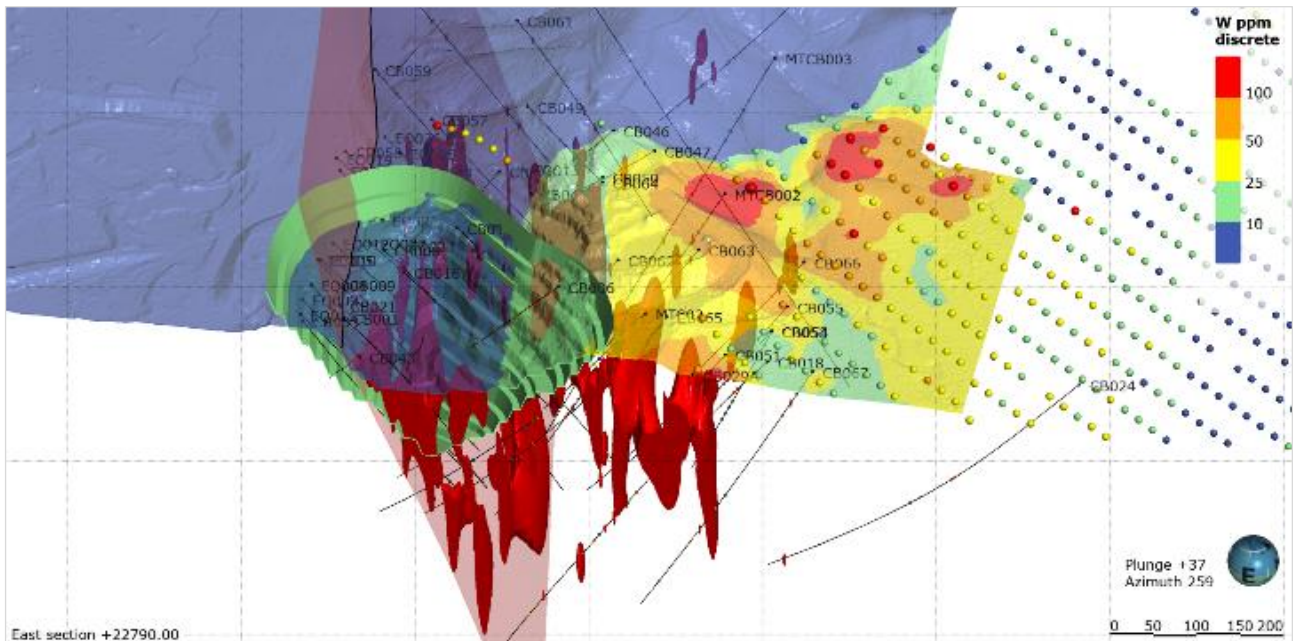


Figure 9 - Modelling of soil sample results around the open pit

Future Programs

The recent geological work confirms there exists 4 major targets that need continued work:

1. Upgrade of the Iron Duke Inferred Resources into Indicated Resources - Iron Duke contains 5.8Mt @ 0.59% WO_3 .
2. Continue to extend the known veins along strike extents both Grid West and East.
3. Drill to the depth. Away from the South Wall Fault the depth extent of the mineralisation remains open.
4. Evaluate and test the True Blue, Daisy, MacDonald's and Red Cap Package Zones.

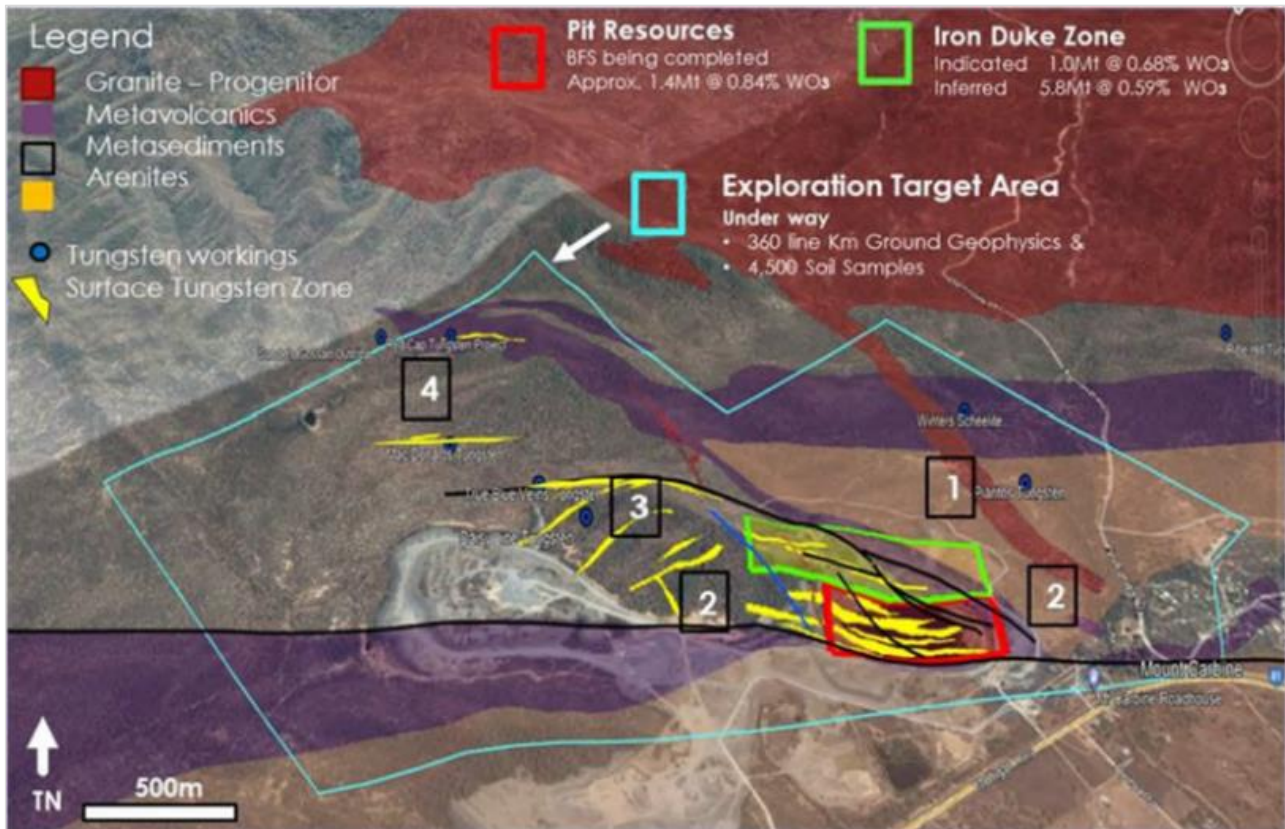


Figure 20 - Mt Carbine Exploration Potential and Work Areas (Numbering 1-4 as per description above)

Given the extent of surface vein traces, the open depth consideration and the immediate tungsten working areas, it is conceivable that the resource could significantly increase from its current size. The Company is targeting future drilling to continue to replace any future mined ore including drilling from the existing underground decline in 2023.

On a regional scale, there are over 50 locations with historical workings within EQR's exploration tenements, which have reported tungsten or tin mineralisation.

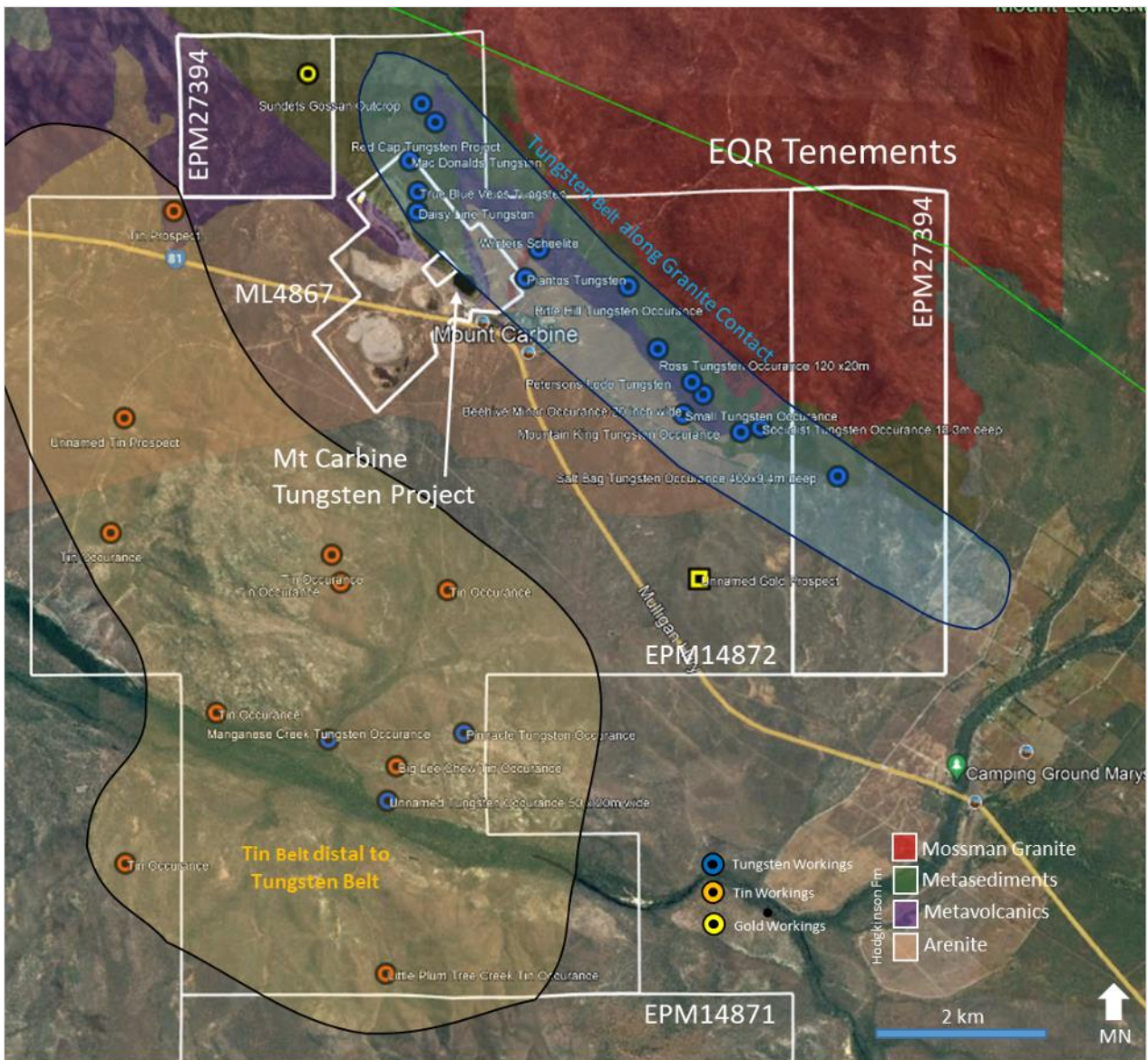


Figure 21 - Regional Historical Tungsten & Tin Workings relative to Mt Carbine

MT HOLMES – EPM 14871

An initial survey at Mt Holmes tin project revealed over 30 massive quartz veins cross the tenement at right angles to a major feldspar porphyry dyke swarm. 82 rock chip samples of these veins did not reveal any major mineralization but minor marginal zones of tin. The remainder of the license will be explored this field season commencing in July 2022.

NSW GOLD EXPLORATION TENEMENTS

Please refer to the Company's [Annual Report](#) for a detailed update on the NSW Gold Exploration activities.

TENEMENT INTERESTS

In accordance with ASX Listing Rule 5.3.3, the following table is submitted with respect to tenements held by the Company and its controlled entities:

Location	Holding Entity	Beneficial Interest	Interest Acquired / Farm-in or Disposed / Farm-out	Area	Expiry Date
Queensland, Australia		30 Sept 2022	30 Sept 2022		
ML 4867	Mt Carbine Quarries Pty Ltd	100%	-	358.5 ha	31/07/2022 ¹⁾
ML 4919	Mt Carbine Quarries Pty Ltd	100%	-	7.891 ha	31/08/2023
EPM 14871	Company	100%	-	10 sub-blocks	12/12/2025
EPM 14872	Company	100%	-	21 sub-blocks	11/12/2025
EPM 27394	Company	100%	-	4 sub-blocks	01/06/2025
New South Wales, Australia					
EL 6648	Company	100%	-	4 Units	19/10/2026 ²⁾
EL 8024	Company	100%	-	19 Units	29/11/2024 ²⁾
ML = Mining Lease; EPM = Exploration Permit for Minerals (Qld); EL = Exploration Licence (NSW)					
1) Renewal application submitted on 31 January 2022.					
2) Sozo farm-in arrangement.					

No farm-in or farm-out agreements were entered into during the period.

FINANCIAL PERFORMANCE

EQR's cash balance as at 30 September 2022 was \$0.510 million (compared with \$1.723 million for the quarter ended 30 June 2022), representing a net decrease of \$1.213 million for the quarter.

Cash receipts from customers totalled \$1.425 million (compared with \$0.976 million in the previous quarter) representing EQR's 50% share of tungsten concentrate sales for the quarter of \$1.985 million with the balance of the inflow generated from numerous quarry contracts. Cash inflows from operating activities were also boosted by the receipt of the Advanced Manufacturing Growth Centre (AMGC) grant funding of \$0.198 million together with traineeship subsidies of \$0.110 million.

In line with the Early Works Program, the Company invested \$1.001 million on property, plant and equipment with an additional \$0.516 million being expended on capitalised exploration and evaluation activities.

The increase in production costs of \$1.206 million is in line with the planned production capacity increases and the increase of production activities in this quarter.

The modest increase in staff costs to \$1.293 million is mainly due to higher staff numbers employed by the unincorporated joint venture in line with the implemented 24/7 production cycle at the wet screen and crushing

plant. Administration and corporate costs of \$0.366 million cover a significant portion of one-off expenses which won't be seen in the coming quarters.

Cash inflows from financing activities were improved with additional offtake advances of \$1.483 million, representing 50% of the additional offtake advances received in the quarter by the Joint Venture entity of \$2.966 million. The additional offtake advances are part of the overall funding plan for the Mt Carbine Expansion program as previously announced.

The Company continues to increase its quarry inventory stockpiles generated from the XRT Sorter waste stream and maintains a strong focus on cost control across its operating and corporate activities.

CORPORATE

NOTICE OF ANNUAL GENERAL MEETING

Notice was given that the Annual General Meeting of Shareholders of the Company will be held as a virtual meeting via a webinar conferencing facility at 3:00pm (AEST) on Wednesday, 23 November 2022.

You can access the Meeting Materials online at the Company's website <https://eqresources.com.au/site/invest-in-us/asx-announcements> or at the Company's share registry's website (<https://investor.automic.com.au/#/loginsah>) 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".

CHANGES IN EQR BOARD & LEADERSHIP TEAM

There have been no changes in the EQR Board or Management during the period.

RELATED PARTY PAYMENTS

In line with its obligations under ASX Listing Rule 5.3.5, the Company has advised in the Appendix 5B for the period ended 30 September 2022, that the only payments to related parties of the Company pertain to payments to Directors and Senior Executives for salaries, fees and consultancy including expense reimbursements.

Released on behalf of the Board by:

Kevin MacNeill
Chief Executive Officer
EQ Resources Limited

Further Enquiries:

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

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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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

EQ RESOURCES LIMITED

ABN

77 115 009 106

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,425	1,425
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(12)	(12)
(c) production	(1,206)	(1,206)
(d) staff costs	(1,290)	(1,290)
(e) administration and corporate costs	(366)	(366)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(9)	(9)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other		
- Diesel Fuel Tax Credits	36	36
- AMGC Grant	198	198
- Traineeship Subsidies	110	110
1.9 Net cash from / (used in) operating activities	(1,114)	(1,114)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(1,001)	(1,001)
(d) exploration & evaluation	(519)	(519)
(e) investments	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	11	11
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(1,509)	(1,509)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from Borrowings		
	- Offtake Advance Extension	1,483	1,483
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other		
	-Lease Repayments	(59)	(59)
3.10	Net cash from / (used in) financing activities	1,424	1,424

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,723	1,723
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,114)	(1,114)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,509)	(1,509)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,424	1,424
4.5	Effect of movement in exchange rates on cash held	(14)	(14)
4.6	Cash and cash equivalents at end of period	510	510

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	510	1,723
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	510	1,723

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	101
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Payments to Directors and Senior Executives for salaries (including superannuation), fees, consultancy, and expense reimbursements.</p>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Shareholder Loan	1,500	1,500
7.3 Convertibles Notes	4,000	4,000
7.4 Total financing facilities	5,500	5,500
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
7.2 Unsecured 15-month Loan at an interest Rate of 8.00% p.a.		
7.3 Unsecured 2-Year Convertible Notes with a Coupon Rate of 7.00% p.a. payable in shares or cash at the election of the Note Holders.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,114)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(519)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,633)
8.4 Cash and cash equivalents at quarter end (item 4.6)	510
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	510
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.3
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: The Company s expecting further quarter-on-quarter improvement of its net operating cashflows with this quarter's operating cashflows (excluding other receipts) improving 18.8% over the previous quarter. With the Early Works Program completed at the end of June 2022, the Company has focused on the optimisation, integration and operation of the new plant and equipment to increase and streamline production toward design capacity. The upgraded wet screen and crushing plant, coupled the second XRT Tomra Sorter, commissioned during this quarter, has allowed for significantly higher throughputs of material and production increases as detailed in the Company's Quarterly Activities Report. While the Company continues to implement its planned Capex Program, the operational expenses are stabilising with the benefit of increasing revenue.	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

Yes, the Company announced on 31 October 2022 that has raised \$4.56 million from the issue of new fully paid ordinary shares and free attaching options to institutional and sophisticated investors.

In the coming quarter, the Company also expects to finalise the funding agreement for the \$6 million grant from the Federal Government's Critical Minerals Accelerator Initiative ("CMAI") which was reconfirmed on 19 September 2022 and has agreed on non-binding terms for the first stage \$10 million royalty-based funding package with Regal Resources Royalty Fund (refer ASX Announcement "Complementary Royalty Funding for Mt Carbine Development" dated 21 October 2022).

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

The Company is confident that it will continue meeting its business objectives, as a result of the increased daily production output (a trend that the Company's expects to continue throughout the next quarter), the recent announcement of Government support (through above mentioned grant) and the progress on securing funding facilities for the wider Mt Carbine Expansion Project.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2022

Authorised by: By the board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.