Annual Report
2022

EQ RESOURCES

Corporate Directory

Directors

Oliver Kleinhempel
Non-executive Director
Non-executive Chairman

Stephen Layton
Non-executive Director

Richard Morrow
Non-executive Director

Zhui Pei Yeo
Non-executive Director

Company Secretaries

Melanie Leydin
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Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX)

ASX Code: EQR

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Contents

Chairman's Address

EQR has progressed towards being a responsible and industry-recognised producer of tungsten – a critical metal for industrialised nations and with emerging importance in the New Economy.

Dear Fellow Shareholders

Welcome to the 2022 Annual Report for EQ Resources Limited (EQR or Company). The past 12 months have been defined by continuous progress, primarily on the ground at mighty Mt Carbine, seeing production ramping up and exploration efforts delivering promising results. Secondly as an organisation overall, our Leadership Team has established a strong operational and administration support crew.

The Company has further progressed towards being a responsible and industry-recognised producer of tungsten – a critical metal for industrialised nations and with emerging importance in the New Energy Economy.

In this year's address I would like to recognise three important factors for the Company's recent and upcoming successes. The 3P's if you like – People, Partners & Potential:

OUR PEOPLE

The Leadership Team has structured and trained a team of hard-working employees coming from the region around Mt Carbine, Queenslanders who understand and have experienced the positive impact the project has had in their communities. Success builds upon people and their individual efforts. We have a resilient organisation which adapted throughout difficult COVID-19 times. We are now proudly looking at a team that ensures a 24/7 operation. We have an advanced health, safety and training system in place, accepted by all employees as a basis for their wellbeing at site. We have recruited a large number of female colleagues who provide diversity around our workplaces. We simply have one of the best teams out there of which we can all be proud, while the workforce can also be proud of the work they do together and the progress they have made breathing new life into Mt Carbine.

OUR PARTNERS

Our operations would not function without the additional support from a wide range of partners who believe in the potential of the Mt Carbine operations and the Company's long-term strategy. The Leadership Team continuously engages with regional communities, regional contractors and suppliers and other important stakeholders of the ecosystem around Mt Carbine. We receive positive feedback about our open engagement and transparency. Final product offtakers from Mt Carbine are frequently visiting site to stay engaged with our team, recognising the progress and offering support for the expansion plans. Together with our partners we have grown into a more technology-driven operation, highlighted by our successful XRT Sorting operation and recent developments with Plotlogic a partner which provides sophisticated technology to precisely understand the location and material properties of every rock in our mine, in real-time. Last but not least, the Company has received continuous support from State and Federal Governments and their agencies – our work has been recognised by providing the Company with three grants in the short time that the Company has been in development.

OUR POTENTIAL

Technology leadership enables the Company to maximise resource recovery at Mt Carbine and any future project the team engages with. As shown with the recent Reserve update, the success around XRT Sorting enabled the Company to extend the open pit mine life – with more to come! The Company's approach towards a sustainable mining operation has resulted in and continues to generate significant co-contributions from the sale of quarry products. Recent drilling offers additional potential to extend the open pit even further. The West Extension exploration work will be a main focus for the months to come, with the Geology Team already having identified new drill targets. We have no doubt that our teams are delivering on the Company's Value Proposition, providing long-lasting positive impact for our communities, the industry overall and for all of us as shareholders!

We invite you to continue to support us in our journey to realise the full potential of EQ Resources.

Oliver Kleinhempel
Non-Executive Chairman

Chief Executive Officer's Letter

The past year has once again been a year of strong growth and definitive value addition for the business driving the long-term growth of the Company.

Dear Shareholders

Since the release of last year's Annual Report, EQR's Mt Carbine team have been working tirelessly to execute the Bankable Feasibility Study ("BFS"), define additional resource, drive operational growth and execute the Early Works capital expansion. In this regard, the EQR Team, with the support of its employees, shareholders, and contracting partners have been able to achieve all of the above, delivering on the goals for the year and in doing so, giving confidence to the market on EQR's ability to deliver a world class tungsten operation which has so often been seen as a significant challenge for companies in Western economies.

Some of my key highlights for the year are set out below:

1. We have successfully redefined the Mt Carbine Tungsten Resource resulting in the design of a new open pit that currently allows at least 4-years of open pit mining along with 10 years of Low Grade Stockpile ("LGS") mining. In this same regard, hole 26 from the Company's latest drilling sees the ore body extending strongly to the west and at depth. This is very exciting, as we look toward the coming year and planning a drill campaign with the intention of converting additional resource in the Western Extension into Reserves and to better understand the extent of the ore body through the Western Extension as it appears to have the potential to extend the open pit life of mine. Lastly, in regard to the mining, EQR was able to complete a Scoping Study on the Underground Resource at Mt Carbine which gives the team additional confidence to drill out and convert the study to pre-feasibility in the near future.
2. The completion of the BFS has shown the strong fundamentals of the Mt Carbine Tungsten Project and set the foundation for further resource definition, expansion, and positive project economics. In the coming months, the Company is targeting the republication of an updated BFS showing the economics of the new Open Pit from the recent Reserve Upgrade.
3. Since the completion of the BFS, we have been able to upgrade, acquire and install several key pieces of equipment at the Mt Carbine operations that have proven their positive economic impact. The exact upgrades are discussed in detail within the Mt Carbine Expansion section of the Report, however, the past year has seen a second XRT Sorter purchased and commissioned, the crushing and screening capacity increased through the Early Works capital expansion, along with the upgrade of the overhead power lines. Several of these upgrades were part of the BFS capital requirements and therefore reduce future spend requirements for the execution of the BFS.
4. EQR has had strong support from the Government getting behind their Critical Minerals Strategy for Australia. This has been shown through the Company receiving Federal Grants from Advanced Manufacturing Growth Centre ("AMGC"), accelerating the purchase of a second XRT Sorter and the Critical Minerals Accelerator Initiative, which is a grant for $6M focused on the execution of the BFS capital expansion. These grants greatly benefit the development of the Mt Carbine Tungsten Project as it is non-dilutive to long-term shareholders.

Mt Carbine Low Grade Stockpile and Quarry Operations

EQR has had the opportunity to build on the progress achieved last year, further growing and developing a strong work force and management team for its operations in a sustainable and incremental manner as this project has developed. This has allowed the foundation to be set for continued growth and expansion with minimal disruption as the Company has requisite policies, systems, structures and leadership in place. Coupled with this, EQR continues to have a strong ESG focus, working across all three pillars of Environment, Social and Governance, through the newly established ESG Advisory Group made up of local stakeholders.

Mt Carbine is the only primary tungsten producer in Australia at this point, and it has not come without a significant effort from all involved. It is now benefiting from a strong tungsten price, which I personally believe will continue to get stronger as Western supply pressure grows and demand constraints remain.

I would like to take this opportunity to once again acknowledge that this growth would not have been possible without the ongoing efforts of the leadership and site teams working together and the healthy interaction of the EQR Board for their strategic input, guidance, and involvement in bringing the Company to where it is today, bolstered by exciting plans for the future.

The Company continues to deliver measurable outcomes towards the short, medium and long-term goals, with a diverse, collaborative and highly motivated team.

The team at EQR is grateful for the support of all shareholders and partners that see and appreciate the value in what we are doing and how we as a Company continue to deliver on our milestones as we walk the path of sustainable, accretive growth.

Kevin MacNeill
Chief Executive Officer

Operating and Financial Review

The 2022 financial year has been a progressive year for EQ Resources Limited ("EQR" or "the Company") and its flagship project at Mt Carbine in Far North Queensland.

Highlights

The highlights of this year were:

- Positive results from EQR's Bankable Feasibility Study for the Mt Carbine Expansion Project, were received over the period, with a project NPV of $131.5 million and an IRR of 154%. Subsequent to this, further drilling has been completed, increasing the Mt Carbine Reserves and redefining the open pit mining plan resulting in the processing of addition ore. Revised economics will be completed on the updated Reserve statement in the near future;
- Consistent and ongoing production at the Mt Carbine Gravity Plant, operated under an unincorporated joint venture between EQR and CRONIMET Australia Pty Ltd with trial shipments to leading tungsten consumers in Europe, the US and across Asia;
- Binding Farm-in and Joint Venture Agreement entered into with Sozo Resources Pty Ltd whereby Sozo can earn up to an 80% interest in EQR's Panama Hat and Crow Mountain Projects (EL's 6648 and 8024) by completing expenditure of A$1.6M over 4 years;
- Secured $600,000 in co-investment from the Federal Government's Advanced Manufacturing Growth Centre (AMGC) for the upscaling of the XRT Sorter plant;
- The Federal Government's Critical Minerals Accelerator Initiative (CMAI) supports EQR's expansion program at Mt Carbine with a $6 million grant; and
- The Company achieved a major milestone with the successful financing and completion of the Mt Carbine Early Works Program, construction and commissioning of associated equipment and infrastructure done.

A further review of the Company's operating and financial activities for the 2022 financial year, up until the date of this report, is set out in this section.

Health, Safety, Environment and Social Engagement

Health & Safety

Safety is the Company's highest priority. The Company is committed to providing a safe, healthy and inclusive workplace for its people and to conduct business safely and responsibly. Our approach is to not only provide training and support to our employees but to also promote self-development through obtainment of new qualifications. The Company's strong focus on constant improvement in safety has led to the development and implementation of an Integrated Management System ("IMS").

Risk planning and management is central to the Company's activities, EQR's operations are only conducted when the risk is within acceptable limits and as low as reasonably practicable (ALARP).

The risk planning and management processes developed and implemented at the Mt Carbine site aim to provide a logical and systematic method of identifying, analysing, evaluating, treating, monitoring, and communicating risks.

The following hierarchy of controls is applied to mitigate risk to a level which is ALARP:

- Elimination/Removal;
- Substitution;
- Engineering/Isolation Control;
- Administration;
- Personal Protective Equipment; and
- Human Behaviour.

The hierarchy of controls is used to control hazards identified for all risk management processes. Less reliable control measures (e.g., administrative, PPE or safe behaviour controls) have been implemented as part of a holistic control strategy in addition to controls from the other more effective measures and are also used on their own where the level of current risk is ALARP.

In an effort to continuously improve systems at the Mt Carbine site, EQR:

- Conducts systematic reviews of the corporate guidelines, standards, systems, and processes to verify the current standards and controls in place;
- Conducts audits and assessments at determined frequencies to measure the level of compliance and progress to the standards, and assist in the correction and prevention of any systemic issues;
- Reviews performance and accountability processes to indicate progress or deviations for early corrections; and
- Ensures procedures for Management Review and Health and Safety Objectives detail the processes to be applied.

Employee Training

Due to the local workforce having considerable transferable skills but limited experience working within the mining industry, the Company continues to invest in extensive training for its workforce. The Company is committed to being a significant provider of local employment and is committed to the upskilling of its employees to ensure it has a safe and productive workplace focused on continual safety performance improvement.

The Company also constantly monitors its safety performance and engages in a proactive, positive reporting culture with Safety Resets, Toolbox Talks, development and improvement of the Safety Management System and increased focus on the quantity and quality of risk management tools such as the Job Safety Analysis and "Take 5" protocols.

The Company ensures it is complying with all relevant health and safety legislation, industry codes and guidelines but also conducts studies to measure occupational exposures. The focus is on planning, designing, operating and maintaining facilities to guarantee the safest workplace environment, while protecting its people from illness, potential exposure and psychosocial hazards.

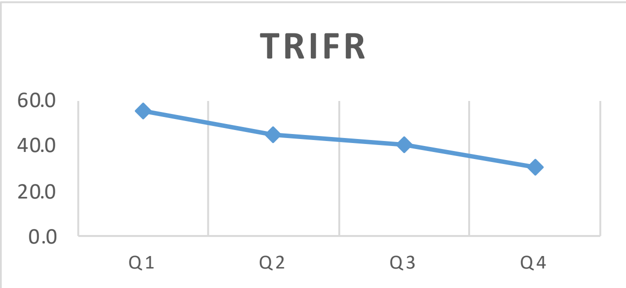
See Section 14 of the Bankable Feasibility Study for the Company's risk management approach.

EQR Supervisor, Andrew Uwland (middle) is presented with the first 'Safety Legend' Award in QLD by the Hon Stewart, Minister of Resources (left) and Department of Resources Director General, M. Cridland.

Mr Uwland, a Supervisor at the Mt Carbine Operations, 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 surveiling them in this regard. From pre-start to safety documentation, Mr Uwland places a big emphasis on procedure, training, and safety-first mentality. He has also trained a full crew of new-to-the-industry employees (barring 2 individuals on his crew) and has had no reportable incidents while developing a sense of safety pride within his crew. Mr Uwland has implemented morale-boosting and team-building techniques directly leading to minimal staff turn-over in a labour market where it is a very common occurrence.

Operating and Financial Review continued

Total Recordable Injury Frequency Rate per million hours worked 2021-2022



-44% Decrease Total Recordable Injury Frequency

0 Lost Time Injury Frequency Rate

+167% Total Man Hour Increase Year on Year

0 Fatalities

PROACTIVE SAFETY INDICATORS

2,806 Take 5 Safety Assessments

114 JSEA Job Safety Environment Analysis

24 Toolbox Talks

2 Prestart safety meetings per day

28 Traineeships started

Environment

The Company is committed to actively identifying and responding to all risks associated with its operational activities that could have an adverse impact on the environment and the local communities in which it operates.

The Environmental Programs maintained by EQR are used to establish, implement, control, and maintain processes to meet the requirements of EQR's IMS and implement the environmental objectives identified by the Company. The environmental data generated is used to identify potential environmental risks that require management and to assess the achievement of the environmental objectives in line with the Company's strategic development plan.

During the year the Company has undertaken extensive environmental studies to both inform the approval process associated with its plans to recommence open cut 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 activities undertaken were:

- 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.

The recent water engineering studies are focused on not only ensuring adequacy of the Project's water storage facilities at Mt Carbine but also addressing water security, the mitigation of the effects of extreme weather events (drought and flood) through a reduction in total water demand, increased water reuse, water storage and stormwater, sediment and erosion best practice.

Over the period, the Company has continued its sponsorship and involvement with the Mitchell River Watershed Management Group. Together with the Mareeba Shire Council officers, management of invasive species is continuing in the Frogbit Sentinel network.

During the quarter ended March 2022, the Company announced that due to the heavy rainfall and flooding experienced through January and February 2022, the water dam at Mt Carbine experienced a controlled release with no harm to the receiving environment. This was supported by the monitoring undertaken during the release and the findings of the Company's annual Aquatic Ecology Study. The Company worked

Mt Carbine Tailings Dam is clean and toxin-free, remaining host to the area's diverse wildlife.

with environmental group NRA over this period to ensure full compliance with sampling requirements for reporting were met and completed in a timely matter.

A major achievement for the Company during the period was the receipt of approval for the processing of greater than 100,000 tonnes of tungsten bearing feed material each year through its Retreatment Plant. This is a significant step forward in maintaining environmental compliance and meeting planned production targets for the operation.

Social, Community and Engagement

ESG has grown in prominence thanks to capital investment pressures, heightened consumer and stakeholder expectations, and global regulatory pressures for greater ESG reporting disclosures. Underpinning this is the broad realisation that its relevance is not only about addressing climate change, but also providing organisational long-term performance insights, both operationally and financially. ESG is not a separate business strategy, but the application of shared values and principles that realise commercial benefits whilst achieving positive social and environmental outcomes.

EQR appreciates the opportunities that an ESG focus can provide. As a resource-efficient, value-oriented and critical resource mining company of the future, EQR has already aligned its purpose, mission, and values with some high level ESG objectives. The Company aims to contribute to sustainable development and align to the United Nations Sustainable Development Goals, refer to Table 1.

EQR defines their ESG adoption profile as an 'early adopter'. Existing ESG environmental initiatives include:

- The implementation of a new waste sorting technology;
- A review of pollution prevention treatment options; and
- Ongoing participation in a pilot greenhouse gas (GHG) emissions tracking scheme in partnership with the University of Queensland.

The Company also have several 'S' centric employee attraction and retention programs underway centering on improving employee diversity and capability. Additionally, EQR sponsors a range of community programs and events, engaging regularly and collaboratively with the community to develop initiatives that positively impact employees and the local community. The Company is committed to providing career development opportunities in a friendly and inclusive workplace where all employees can express themselves freely, feel valued, included and socially recognised.

Operating and Financial Review continued

Table 1: EQR ESG Alignment with United Nations Sustainable Development Goals (SDG)

	ESG Framework SDG Alignment	
Environment	We are committed to embedding and embracing resource efficiency in our operations. As a producer of a new economy critical mineral, we aim to minimize our impacts on the environment and prevent degradation through the optimal extraction of tungsten from a secondary source and through the integration of advanced processing technology.	
Social	Safety is a core value and a strategic priority, and we are committed to promoting and enhancing a safety culture in our operations. Our commitment to society includes promoting workforce diversity and inclusion, empowering local communities through creating employment opportunities, sourcing materials locally where possible and investing in our employees and communities for social development.	
Governance	As a value-oriented resources company, we are committed to acting in a transparent, accountable, and responsible manner in all our business dealings and operations.	

Through active engagement with local communities, environmental experts, and supply chains, the Company is building solid credentials for the future. Underpinning a philosophy of pragmatism and effectiveness, EQR has taken a multi-process approach including:

- Working sessions with the Leadership Team on purpose, core values and key principles;
- Revision of the Risk Management Policy; and
- The completion of an independent ESG Stakeholder Sentiment Survey and ESG status report.

During the period an ESG Stakeholder Sentiment Survey was disseminated to 22 EQR stakeholders, with 19 respondents. Across the EQR Leadership Team and stakeholders surveyed, shared perceptions and aspirational goals were prevalent. The close alignment between stakeholder feedback and current ESG positioning and intentions reinforces EQR's high degree of confidence in its evolving ESG program. Multiple threads were identified, with five material themes highlighted:

- Employee and contractor health, safety, and wellness (Social);
- Proactive management of risk and compliance management (Governance);
- Creation of meaningful jobs and the creation of local talent pipelines (Social);
- Water, energy, and resources management and efficiency (Environmental); and
- Commitment to the accelerated transition to a low carbon future (Environmental).

Societal Challenges:
When applying a societal lens, additional opportunities were uncovered, including:

- Reducing site environmental impacts especially noise and dust;
- Reducing, recycling or repurposing waste;
- Providing local and regional employment especially for disadvantaged and minority groups;
- Maximising the opportunity for female participation in non-traditional work areas (currently at 25%);
- Stimulating a sustainable local supply chain including accommodation and essential services; and
- Supporting community health, wellbeing and resilience through sponsorships and volunteer work.

Strategic Positioning:

The outputs from the leadership workshops and a sentiment survey provided both insight and foresight. Recognising that ESG is a tightly intertwined series of processes and practices across all business operations, EQR has adopted the following approach:

- Be an early adopter of 'Environmental' opportunities using technology and robust systems that deliver highly efficient extraction processes, minimising its physical footprint, developing low carbon operations, and minimising waste and consumables such as water, energy, explosives;
- Lead across a range of 'Social' opportunities especially, supporting sustainable communities and local supply chains, driving diversity and inclusion, preferencing local employment and developing a long-term pipeline of regional talent; and
- Deliver transparency and compliance regarding 'Governance', reporting and public disclosures, recognising that compliance is the floor not the ceiling of its obligations.

An ESG focus affords the Mt Carbine mine with significant opportunities to maximise positive environmental and social impacts both now and into the future. The EQR Leadership Team is committed to advancing its current ESG program with material consideration being given to both immediate opportunities and those longer term. From prospects for employment and industry expansion created within the local community, to the potential for a development of green energy via solar powered farms on rehabilitated stockpile and tailings areas, there are many areas under consideration for future incorporation.

Insight into current stakeholder priorities and suggestions will shape the future direction of the EQR ESG program, with a particular focus on further developing a robust ESG framework that delivers environmental and social benefit with a positive and sustainable commercial return.

As EQR continues to develop the Mt Carbine project, it is very aware of the immediate and regional community in the area and will strive to continuously have a genuine and positive engagement with these parties. The guiding principles for community and stakeholder engagement are summarised in Table 2.

Table 2: EQR Stakeholder Engagement - Guiding Principles

We will be	**Proactive**	**Flexible and inclusive**	**Genuine**	**Respectful**	**Responsive**
This means	We will engage with communities early and often, so that we understand and respond to their interests and concerns.	We will offer a range of engagement opportunities that are tailored to the variety of needs and preferences of the community.	We will have authentic conversations with the community, clearly explaining what can and can't be influenced.	We understand that not everyone will support our projects. We will create an environment to have professional conversations.	We will close the loop, providing feedback to the community on how input has been taken into consideration.

Operating and Financial Review continued

Mt Carbine welcomed indigenous elder, Mr Rodney Riley for talks about opportunities for First Nations employment in the growing project workforce. EQR is committed to creating jobs and opportunity while fostering co-existence through genuine relationships to build sustainable communities.

EQR CEO, Kevin MacNeill with Gary Battensby, SSE; Mr Rodney Riley indigenous elder and EQR Chairman, Oliver Kleinhempel. Pictured from left to right.

EQR and the operations at Mt Carbine encourage diversity, inclusion and representation throughout the workplace. The Company has focused on upskilling young individuals from the surrounding communities eager to enter the mining industry which has led to a thriving and vibrant young group of people that are making a difference daily in the upliftment of the community, production of Critical Minerals for Australia and growing a sustainable career path.

Diversity within the Mt Carbine Operations Team.

Ms Nikita Lis, pictured below, is 23 years old and has become an integral part of the Mt Carbine team after joining the company while taking a gap year after completing her bachelor's degree in Biomedical Science. Since working at Mt Carbine, Ms Lis has been inspired to continue studying part time while staying on roster at Mt Carbine. Ms Lis will now be completing a post graduate degree in Engineering to use within the mining industry. Management will continue to work with Ms Lis to provide career path guidance, mentorship, and support. Growing young people to be value-add proponents of the mining industry while having a long-term future with the Company is something EQR continuously promotes.

Nikita Lis, on the path for a great career in the mining industry.

EQR has been a participant in AMEC's "More Resourceful Than Ever" campaign which has a strong environmental focus on clean energy and renewables, recycling and waste minimisation, conservation, and shows Australians the different ways our industry is working to protect and improve the environment. EQR embraces these values and practices in all of its operational activities and supports AMEC in its goal to increase community support for the industry through an understanding of the work being done to dispel the widely held assumption that the mining industry is wasteful.

Senior Management inspecting the Mt Carbine Tailings Dam.

EQR's Mt Carbine Operations continues its annual support of the Mt Carbine Bull & Bronc Ride community event and fun day. Established in 2000 by a mix of local residents, employees and businesses, The Mt Carbine Rodeo Association is a voluntary, not-for-profit organisation with the aim to promote local tourism and encourage visitors to the area. The Rodeo raises funds to maintain and upgrade the facilities so other charities can use the grounds for their fundraising activities. In addition to its sponsorship, EQR also provided a hospitality tent for staff and their families to facilitate the development of close relationships, reinforce team spirit and promote the Company as a key stakeholder within the community.

Annual Mt Carbine Rodeo.

More than 100 people joined together at Mt Carbine recently for a Morning Tea event organised by regional local Karen Pedersen, which raised $3,267 for the Cancer Council.

Local resident, Karen Pederson, accepts employee donations from Mt Carbine Foreman, Myles Egan.

Our Values

Act Safe Feel Safe	Embrace Difference	Tread Lightly
Dig Deep	Buddy Up	Lead with Integrity

Act Safe, Feel Safe – Act safe at work. Care and respect each other. Feel safe to be yourself.

Embrace Difference – Diversity of thinking, skills and background creates value and drives innovation.

Tread Lightly – Embed resource efficiency to minimise environmental footprint and deliver positive societal impact.

Dig Deep – Go one better. Strive to continuously learn and improve. Challenge the status quo.

Buddy Up – Collaboration is key to realising shared value.

Lead with Integrity – Have courage to do the right thing. Be accountable.

Operating and Financial Review continued

Mt Carbine Operations

Project Timeline

The Company has worked hard implementing the operational and execution strategy for its Mt Carbine assets, this has seen the update of the Company's Resource Statement which has delivered the information required to publish a Bankable Feasibility Study ("BFS") for the Company in December 2021. The Company has worked hard to ensure timelines published were adhered to over the past 18-months, with the schedule holding within approximately 3-months of original forecast over the period and through the COVID-19 supply chain delays. The past 12-months have focused on the upgrade of the Resource Statement, publication of the BFS and expansion of processing capacities and plant outputs with the Early Works program. Over this period the Company worked hard to secure the funding for the next phase of expansion at Mt Carbine, which will see the purchase of a new Sandvik crushing and screening plant to increase capacity throughput once more, increasing efficiencies and reducing overall costs of the future operations as the open cut mine comes online. On top of this, the Company was able to continue executing relevant approvals for the reopening of the Open Pit mining operations.

The original results from EQR's BFS for the Mt Carbine Expansion Project were positive and predicted to produce operational pre-tax cash flow of \$38 million and \$95 million in years 3 and 4 respectively, with an NPV of \$131.5 million and an IRR of 154%. However, after the reporting period, the Company completed additional drilling around the defined Open Pit area and toward the Western Extension and is now planning to release an updated BFS with the new information available.

The coming 12-months for the Company will focus on the re-opening of the open pit, extraction and processing of primary ore, and additional Resource definition at Mt Carbine to define the further development plan and mining strategy for the Company at its operations.

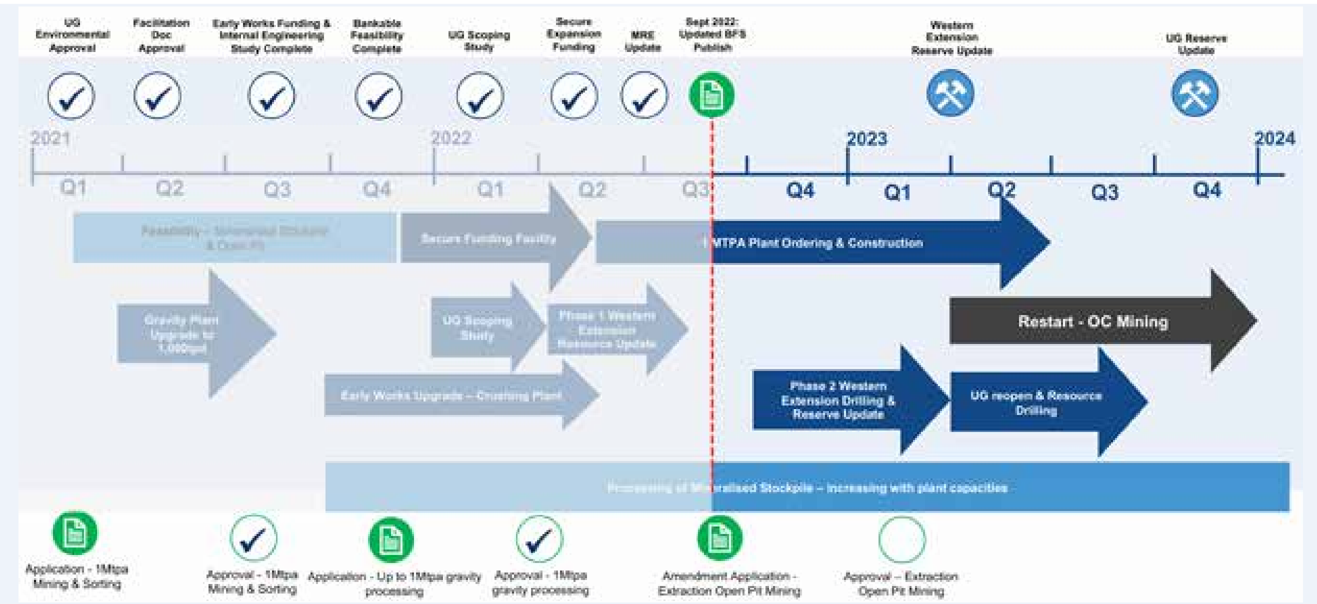


Figure 1: Timeline of the Mt Carbine Development.

Mt Carbine Expansion

During the second quarter of the financial year, the Leadership Team developed an early works strategy to increase revenues during the period from the completion of the BFS through to the final funding, design, engineering and project execution. This strategy saw minimal capital outlay for the upgrade of specific facilities or equipment to be upgraded for the BFS which would also allow increased production outputs. The Early Works consisted of several upgrades, including not only the Crushing and Screening Plant, but also, in summary the following which are all critical contributors to the accelerated growth and success of the Mt Carbine development:

- Installation of a Second TOMRA XRT (partial funding through the Advanced Manufacturing Growth Centre – "AMGC" Grant);
- Design, engineering, installation, and integration of a high-volume Sandvik wet screen (170tph) into Mt Carbine's crushing circuit;
- Slurry pipeline from the crushing area to the Gravity Plant for fines pumping (OPEX reduction);

- Power supply line and substation installation/upgrade;
- Installation of water monitoring bores required prior to submission of Environmental Approval to reopen the open pit;
- Office upgrade utilising inhouse personnel to execute an optimised layout making room for the growing Mt Carbine team;
- Dewatering screen purchase for installation in the Gravity Plant; and
- Purchase of tertiary crushing circuit for the crushing of sorter concentrate.

The plant allows for significantly higher throughputs of material targeting a minimum throughput of 170tph. With the plant designed specifically for the application, the operations team will run the crushing and screening on a 24/7 basis to maximise feed production for the TOMRA XRT Processing Circuit and the Gravity Plant. All of the points above were key upgrades for the BFS processing plant. Completing these upgrades early has allowed the Company to increase revenue generation through growing concentrate outputs.

The Company now has 1 million ton per annum (Mtpa) processing capacity and is set to achieve a forecast 90 tonnes ("t") of concentrate produced per month at current rates. The next production step change will come from the processing of significantly higher feed grade material from the open pit operation set to kick-off in 2023. This forecast can be seen in Figure 2.

Since the publication of the BFS, the company has achieved several significant milestones toward the execution of the BFS and expansion of the Mt Carbine operation. These points are highlighted in Figure 2.

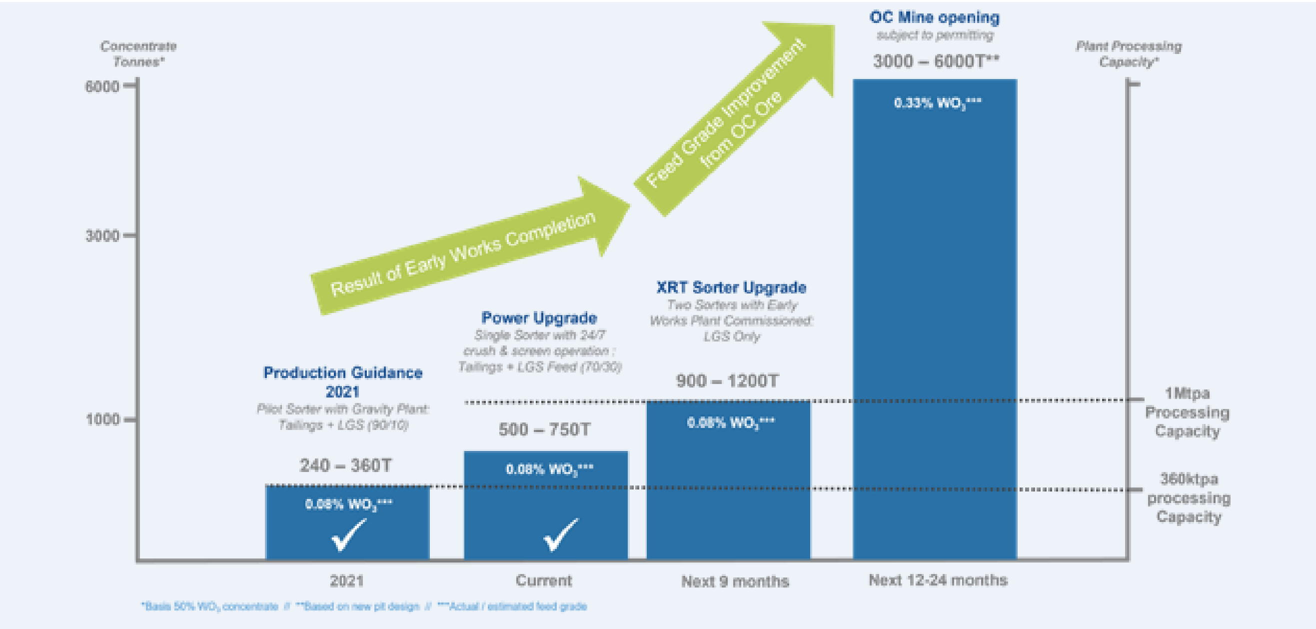


Figure 2: Mt Carbine Tungsten Concentrate Production Forecast.

Federal Government Co-Invests in High-Tech Ore-Sorting Process

EQR successfully secured $600,000 in co-investment from the Federal Government's Advanced Manufacturing Growth Centre ("AMGC") via the $30 million Commercialisation Fund. Combined investment from EQR, its partners and AMGC, totalling $1.97 million, will assist in commercialising industrial-scale operations for advanced minerals processing flowsheet developed for the Mt Carbine Expansion Project.

Technologies to be incorporated include the advanced XRT ore sorting technology from TOMRA Sorting Pty Ltd, as well as hyperspectral imaging sensors developed by Plotlogic Pty Ltd. The implementation will further be supported by CRONIMET Australia Pty Ltd and The University of Queensland – Sustainable Minerals Institute.

The formal co-funding agreement between AMGC and the Company has been finalised and signed. AMGC is an industry-led, not-for-profit organisation established through the Australian Government's Industry Growth Centres Initiative. AMGC's vision is to transform Australian manufacturing to become an internationally competitive, dynamic, and thriving industry with advanced capabilities and skills at its core.

Operating and Financial Review continued

Agreement with Sandvik on Binding Terms for Financing of Crushing & Screening Plant

In March 2022, EQR agreed with leading mining technology company Sandvik on the binding terms for the delivery and financing of the crushing and screening mechanical and structural equipment for the Company's expansion program at Mt Carbine (refer ASX Announcement "EQR and Sandvik Agree on Binding Terms for Financing of Crushing & Screening Plant" dated 8 March 2022).

The scope of supply comprises the primary, secondary and tertiary crushing stations, as well as a screening station and all related structures. The new crushing and screening plant will have a capacity of 350 metric tonnes per hour, which is 2.5-times the throughput of the crushing and screening plant currently in operation.

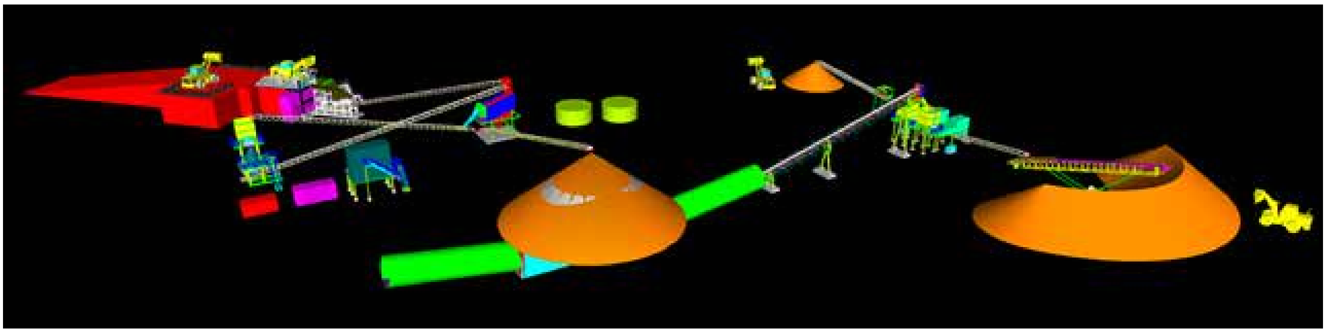


Figure 3: 3D design for new crushing, screening and XRT sorting plant.

As part of the binding terms agreed between EQR and Sandvik, Sandvik Financial Services Pty Ltd ("SFS") has extended financing terms as following:

- The agreed delivery scope amounts to $4.8 million, with the financing facility being subject to a 30% deposit by EQR;
- The facility considers (up to) 48 monthly instalments and a fixed interest rate of 5.75% p.a.; and
- Industry standard security arrangement agreed, subject to SFS standard documentation, including a first rank priority pledge over the Sandvik supplied equipment

Critical Minerals Accelerator Initiative ("CMAI")

CMAI is supporting EQR's expansion program at Mt Carbine with a $6 million grant (refer ASX Announcements "Federal Government Funding for Mt Carbine Critical Minerals Program" dated 28 April 2022 and "Federal Government Funding for Mt Carbine Reconfirmed" dated 19 September 2022). This funding will be utilised to accelerate the Mt Carbine Expansion Program which focuses on the transformation of historic mine waste into a sustainable source of tungsten along with the commencement of open-cut mining of the Andrew White Open Pit.

Specifically, it will be used to fund plant and equipment, drilling and additional studies, as well as expand on innovative technologies to efficiently produce tungsten concentrate from relatively low-grade ore currently stockpiled aboveground and from high-grade resources identified in the accessible Andrew White Open Pit.

- Combined investment from EQR, Cronimet and CMAI, totalling approximately $15 million, in line with the Company's BFS, while considering the Early Works Program as currently being completed.
- The formal co-funding agreement will be finalised in the coming weeks.

Expansion Funding (BFS Scope)

As communicated to the market across various platforms, the Company is working to close out the best possible options of funding arrangements that it has been negotiating over the past several months to ensure the best interests of the Shareholders are upheld. This has led the Company to secure two Government Grant facilities as well as binding financing terms from Sandvik for the provision of their crushing and screening plant. The Company is working to finalise additional finance offers and will announce to the market as finalised. The continued development of the expansion project and restart of the open pit mining operations remains the key focus of the Company. The Board and Management are endeavouring to do this in what they believe is the most beneficial way for shareholders.

Mt Carbine Process Flow & Beneficial Reuse

The material process flow at Mt Carbine focuses on the beneficial reuse of the products available from the LGS and historic tailings.

Ore : Low Grade Stock Pile

- **Currently 12 Mt low grade historical stockpile and 2Mt historical tailings resource is feeding production.**
- Free-dig mining of stockpile material is directly fed to crushing and screening facilities for sizing prior to downstream beneficiation

Ore : Open Cut Mine

- Existing infrastructure, pit and 430m decline allows cost- and time-efficient start of OC and UG works that will feed high-grade ore into production from day 1.
- OC Strip Ratio = 5.11 over LOM

Primary Crush & Screen

- Processing facilities are designed for **steady-state production of 1Mtpa**
- From crushing, materials are fed into **dry and wet screening** facilities **currently in operation**
- **6-40mm ore material is fed into the 2x Tomra XRT sorters for upgrading**
- **-6mm fines are directly pumped in a wet slurry to Gravity Plant for beneficiation.**

Oversize stockpiled for Quarry Sale

- Oversize, uneconomical rock is stockpiled for beneficial reuse through quarry sales.
- Used in the building of regional breakwaters, boat ramps and infrastructure development

6- 40mm Sorter feed

-6mm Fines feed

XRT Ore Sorter Plant

- Sorter Feed undergoes **10x upgrade utilising X-Ray Technology** and is transported to Gravity Plant for tertiary crushing prior to gravity processing

-6mm tungsten sorter concentrate

Gravity Beneficiation Plant

- High-capacity Gravity Separation Tables separate heavy valuable tungsten material from the lighter-weight, barren tailings.
- Production process has a calculated **overall Tungsten recovery of 79.5%**, for the crushing/screening/sorting and Gravity Plant

6- 40 mm Sorter By-product

-6 mm Tailings

WO_3 Concentrate

Stockpiled for Quarry Sales

- 6-40mm barren by- product for sale in quarry as aggregate product
- Production of 18 environmentally friendly profit-generating quarry products – beneficial reuse promoting circular economy
- -6mm inert manufactured sand for sale in quarry

Final Concentrate Exported

- Accelerated Production Continues
- Mt Carbine Produces a premium Ammonium Paratungstate product that contains 50% WO_3
- Tungsten concentrate currently produced at site is loaded into bulk bags, sealed and sold ex-gate at Mt Carbine for export.

Operating and Financial Review continued

Crushing, XRT Sorting & Gravity Plant Activities

Due to the technologies used at Mt Carbine, the Company constantly works to achieve a circular economy approach to production and the use of its inert waste materials which can be converted into by-products. With the Company currently mining and processing the historic Low-Grade Stockpile ("LGS"), there is a variety of materials available in this regard. Oversize rock is used for various products such as armour rock, gabion stone or mattress rock. The Process Flow, shown on the previous page, allows the Company to make use of the inert sorter waste material for the production of various aggregate materials and the Gravity Plant tailings are able to be used as a manufactured sand that is then sold as is or mixed into various road bases or blended material combinations for the Company's quarry business.

Through the completion of the Early Works program, the Company is now able to crush and screen material at much higher throughput capacities and pump the fines material directly into the Gravity Plant. This plant was installed to overcome the challenges of the Far North Queensland wet season which has extremely heavy rainfall over a condensed period of time. The new high-volume wet screening application mitigates production challenges surrounding this by pumping tungsten carrying fines and dust to the Gravity Plant, reducing material handling requirements, mobile machinery usage and minimising material build up on conveyors, chutes and throughout all plants, reducing down time for clean up.

Newly installed screening and crushing plant.

Prior to the Early Works upgrade, crushing and screening was done through mobile processing equipment, the use of all electric equipment for this circuit will increase operational availability going forward and reduce maintenance cost and operating cost through reduced diesel consumption and hauling of -6mm material as it is now pumped through a pipeline. The wet screening application also allows the use of poly panels for the screen media which has a much higher life span in comparison to conventional steel mesh screen decks.

The operations team now run the upgraded Crushing and Screening Gravity Plant on a 24/7 basis and as the primary crushing and screening method for the downstream XRT Sorters and Gravity Plant processing operations.

During the 2021/22 financial year, the Mt Carbine XRT Sorting and Gravity Plants operated on a continuous basis of ramping up production outputs from Mt Carbine. The operation has progressed from processing primarily historic tailings material with trials of LGS fines and sorter concentrate to currently processing primarily LGS and sorter concentrate. Ongoing plant improvements were completed on the Gravity Plant targeting increased running time capabilities, higher overall tungsten recoveries and higher-grade concentrate product.

Over the period, EQR was able to successfully secure a second XRT Sorter for the Mt Carbine operations making use of the AMGC Grant awarded to the Company in January 2022. This allowed the acceleration of the installation of a second XRT Sorter into the operations allowing for doubling of the throughput capacity of the sorting operations.

The second XRT Sorter has been installed and commissioned with the benefits of the second XRT Sorter being felt in the operation with over 4,000t of sorter concentrate produced in August 2022. Interfacing of the double XRT Sorter system has also been completed and commissioned which allows for the two units to be run in parallel or individually.

Table 3: XRT Sorter Concentrate Production

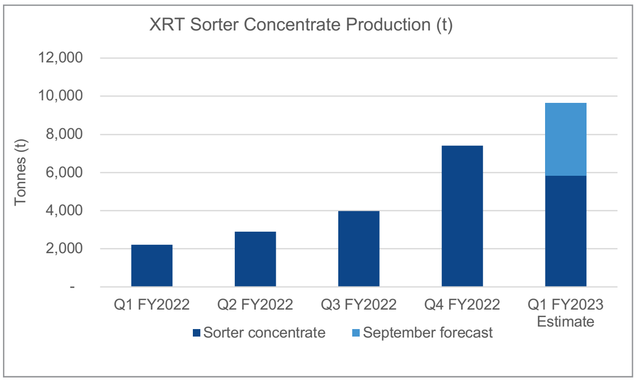


Table 4: Gravity Plant Feed Materials Processed

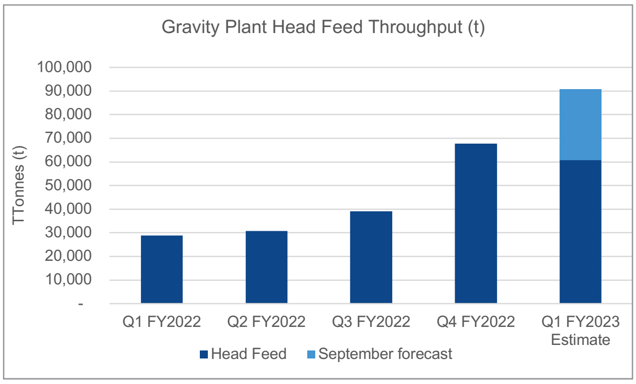
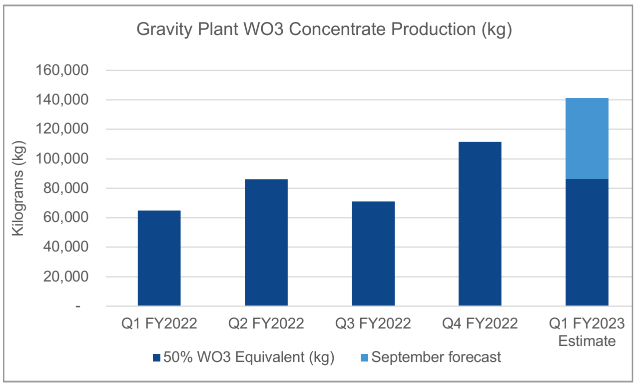


Table 5: Gravity Plant Quarterly Concentrate Production



The future Phase 2 process plant design as set out in the BFS will also see the current two XRT Sorters fed in parallel. The system is planned to reutilise the two sorters currently in operation to reduce further capital outlay around the XRT Sorters. The two XRT Sorters operate at +/-120tph with a continued +90% tungsten recovery. The results over the past year have further reinforced the early results seen through the bulk testing of the LGS and continue to prove the robustness of the technology and specifically the adaptability of the technology to the Mt Carbine LGS material. The grade of the LGS has been consistent with the bulk test work completed on the LGS, reinforcing the Company's confidence in this technologically innovative and XRT Sorter Concentrate Production cost-effective method of pre-concentration to reduce downstream processing costs.

The Gravity Plant has continued to operate on a 24/7 basis throughout the year. The processing methodology and capability over the year has stayed fundamentally the same after the 2021 Financial Year saw several changes and continuous improvements throughout. The Gravity Plant has benefitted greatly from the upgrades during 2022, mainly through the simplification of the piping circuit for more direct routes with less pumping combined with rubber lining throughout the various high wear areas in the Gravity Plant.

Scan this QR code with your phone's camera to see how EQ Resources is mining for the future by using the Tomra XRT Sorters to deliver an economically-proven, technologically-driven, circular economy.

With the mining, crushing, and screening capacities now increased, the material processed has moved from primarily historic tailings to primarily LGS material. Some of the benefits of processing the LGS material is that it is much less abrasive on the Gravity Plant, has higher tungsten grades for the -170mm fraction of the LGS being processed and has a much higher portion of recoverable tungsten. Recoveries of the LGS and sorter concentrate feed material sit at 79.5%. A big portion of being able to achieve such high recoveries for a tungsten processing operation is attributed to the use of XRT Sorters early in the process to pre-concentrate feed material for the Gravity Plant in combination with a strong focus on not over griding the plant feed. Due to the extremely friable nature of tungsten, yet the requirement to liberate the tungsten, there is a tendency in the industry to over grind creating losses during the separation of materials and extraction of tungsten. The Mt Carbine operation has been able to eliminate overgrinding through the use of cone crushers and rolls crushers throughout the process flow, giving the operation the benefit of increased tungsten recoveries on LGS material.

Operating and Financial Review continued

The continuous improvement programs over the prior financial year paid off with higher running times in the current financial year with an average 72% running time for the period achieved. Going forward, the Gravity Plant is continuing to build redundancy into the process flow which will allow the running times to continue increasing to a targeted +80% availability.

From Top left to bottom right: Gravity Plant, XRT Sorter, Tungsten Concentrate and Crushing & Screening Plant.

As with the previous financial year, operations continued during the COVID-19 pandemic which presented challenges over the period. The Company had to explore new ways of sourcing its equipment as logistics were disrupted, shipping costs increased more than anticipated and deliveries of equipment were considerably delayed. Whilst the operation was not directly affected by any enforced shutdowns, logistical constraints for the delivery of spare parts and additional equipment continued to be experienced as it was in the previous period and led to some delays in expansion activities. The operational team at site has created strong inventory management systems and slightly higher inventory holdings to combat supply delays. New equipment was also sourced from local providers wherever possible, providing local business opportunities whilst reducing freight costs and minimizing project delays. These challenges have helped strengthen and broaden a network of connections with suppliers and vendors across the industry.

The operation now has over 65 employees with many of the employees from the local surrounding communities. Mt Carbine operations are proud to have so many local employees that have been trained through the operations and feeding back into the community. All operations at Mt Carbine operate on a 24/hr roster.

In accordance with the Offtake Agreement between the unincorporated JV, between the Company and CRONIMET Australia Pty Ltd, and CRONIMET Asia Pte Ltd, by the end of the financial year CRONIMET Asia has taken delivery of over 300 tonnes of concentrate. Individual production lots are tested against agreed quality parameters, upon which CRONIMET determines the acceptance of concentrate. Trial deliveries to large tungsten consumers in Asia, the US and Europe were successfully completed and were of utmost importance, given the specific composition of the Mt Carbine concentrate (containing mixed mineralisation of Scheelite and Wolframite).

Risks & Opportunities

The effective management of risks and opportunities is essential to the successful development and execution of the Mt Carbine Project and its expansion activities. Section 14 of the Bankable Feasibility Study defines the framework which:

- Describes the process for identifying risks and opportunities that could impact the Project;
- Describes the process for assessing risks using consistent risk management guidelines;
- Identify and assess the material risks associated with Project execution and define appropriate measures to control these risks;
- Establish a process to ensure that risks and opportunities continue to be identified and compliance obligations satisfied throughout the life of the Project; and
- Ensure that the process is communicated to relevant stakeholders.

Operational Risks

An operational event can cause disruptions to our operations, damage assets, affect our reputation with the community and other stakeholders, or cause long term damage to our license to operate. It can also impact our financial performance, reduce business prospects and can limit future opportunity development.

The Mt Carbine site is a mature operating site that has been running since the Gravity Processing Plant started hot commissioning in February 2020. EQR's CEO, Mr Kevin MacNeill, is involved through strategically guiding the operation and Company from an explorer to a fully-fledged operation. Mr MacNeill has over 30 years' of experience in managing mining operations through North America, Europe, and Africa. This experience has aided the development of a cohesive, hands-on management approach and operations team development and while restricting the reporting chain to ensure employees are empowered in their roles for efficient decision making and optimal outcomes.

EQR is an equal opportunity employer with a zero tolerance for bullying and harassment in the workplace as it works to build a team of skilled individuals from surrounding communities. The operation has an Intergrated Health and Safety Management System that protects employee's physical safety and mitigates operational risks which are guided by the Integrated Management System (IMS) which addresses the intended outcomes of ISO 9001:2015 Quality Management Systems, ISO 14001:2015 Environmental Management Systems and IOS 45001:2018 Occupational Health and Safety Management Systems.

External factors

The Company is committed to developing the capabilities necessary to identify threats as well as opportunities that risk factors present, and act upon them to guarantee a continuous improvement of its business resilience strategy. There is an ever-growing necessity for companies to assess the changes in their macro environment and their associated risks. While risks have always existed, the Company has faced new threats that emerged globally in the last year. These stem from geopolitical developments like ongoing military conflicts or the threat of pandemics and resulting in increased economic volatility, global disruptions in logistics, manufacturing congestion, trade tensions and uncertain economic growth.

These resulting global political tensions can trigger changes to laws, regulations or to trade agreements, tariffs and exports quota.

Operating and Financial Review continued

These disruptions whether international or national, have the ability to affect sales volume, sales price, production costs and impact the planning and development of the Company's projects. From threats, opportunities also arise and governments have expressed a growing interest in developing critical mineral strategies. As part of the Company's risk mitigation it:

- Monitors the macroeconomic and geopolitical developments to prepare scenarios and response plans for variations in the economic environment;
- Assesses its capabilities to maintain sales plans, develop strategic partnerships and mutually beneficial relationships with its stakeholders;
- Maintains control of the supply chain to limit costs volatility; and
- Organises systems to navigate through global instability and minimise volatility.

The increase in the severity of extreme weather events we have witnessed nationally and internationally cannot be ignored and can have longer term repercussions than what the Company could have expected in the past.

There is an increase in unpredictability in the local weather that can disrupt operations, slow project completion, delay future developments, lead to a potential change in geotechnical conditions or could potentially cause unforeseeable incidents. To decrease the Company's vulnerability to such events it monitors potential and unpredictable conditions and plans on-site activites according to these predictions and prepares responses for different scenarios.

Quarry Activities

The Mt Carbine Quarry is the largest and one of the most northern hard rock quarries in Queensland. It is a fully permitted, established business which has been in operation for over 20 years within the Mt Carbine Mining Leases. The Company's cost competitiveness is primarily due to all of its feed stock being sourced from readily available stockpiled mined rock, meaning no drill and blast activities are necessary. The synergies between the Quarry and the Company's mining activities through beneficial waste reuse, reinforces the Company's commitment to reducing its environmental footprint and maximising value from all resources on site.

Newell Beach boat ramp newly built with Mt Carbine's green waste rock.

The Company has once again had another productive year through its Mt Carbine Quarry operations, which has completed the supply of 7,500 tonnes of various repurposed products for the Newell Beach boat ramp development located north of Port Douglas. This was the largest tender awarded to the Quarry during the financial year. Demand for Mt Carbine rock and aggregate is being driven by increased regional infrastructure investment by the government.

The Company was able to produce the products through the stockpiled oversize rock from the mining of the LGS. The Company envisages making use of all materials available at Mt Carbine, being in a coastal setting, this oversize rock is used for armour rock in local breakwater developments. The Company will continue to target opportunities of this nature as it is a by-product of the operation, has a low cost of production and is effectively a recycled material falling under the Company's strategy to beneficially reuse all of its materials.

EQR has also been able to work with the Mareeba Shire Council in the delivery of materials for the repair and upgrade of roads in the regional area.

While EQR is aiming for a leadership role in the sustainable development of critical mineral projects, we are continuously looking at non-conventional waste treatment options. The Quarry provides a complementary revenue stream to the Company's primary product being tungsten concentrate. Additional revenue drives down unit costs and helps Mt Carbine build a mine for the future. The Company's ambition is to build a mine with low impact and maximum use of mined materials, a truly circular enterprise.

In addition to satisfying the Newell Beach contract, over the period several other smaller contracts were also completed and several tenders submitted, with the Quarry seeing the benefit of these submissions picking up during the first quarter of the new financial year.

Large Rocks are used in the construction of breakwaters for local marinas.

Quarry stockpiles.

The Quarry currently produces more than 18 products, of which, the regular products are stockpiled on site and ready for despatch. As contracts continue to be successfully completed, the modernisation of the Quarry gains traction and is allowing the Quarry to tender on larger jobs in more distant regions when combined with the beneficial reuse of the XRT Sorter waste materials as a product supply for quarry aggregates.

The Company continues to look for innovative solutions for the Quarry that will allow for sustainable and continuous income. In this connection, the Company has continued investigating potential value-add technologies to transform rock waste into higher-value, lower-carbon intensive building products, mainly for construction materials and innovative road making materials for the time being.

Operating and Financial Review continued

Exploration Activities

Mt Carbine Expansion

EQR completed a BFS on 13 December 2021 using updated Resource and Reserve Statements completed in September 2021, with an updated Reserve Statement completed in September 2022. Measured Group has designed an updated pit shell that covers the first 4 years of open cut mining. A summary of these statements can be found within the Mineral Resource and Reserve Statement on page 34.

The updated pit has a two stage design extracting 14.4Mt of rock for 3.5Mt of Ore at 0.33% WO_3 grade. The Stage 1 pit relates to the first year of mining, where the Company begins mining from the bottom of the existing pit while stripping for a larger pit is underway. Stage 2 Pit follows with a further 3 years of open cut mining to give a current total mine design of 9 years (including the LGS Reserves). A further Stage 3 pit expansion is under conceptual design, with a drill program needed to complete the drill out of 43% of the volume of this large extension.

The increase in reserves is primarily due to the addition of a 'Halo' of lower grade ore at 0.26% WO3 grade that surrounds the high grade veins and has added an additional 250,000 mtu units to the mining schedule. A reduction in the original BFS strip ratio from 11.1:1 down to 3.1:1 is due to the larger shaped ore body allowing for the planning of larger trucks to affect a reduction in mining costs.

The excellent price of tungsten with APT pricing in the US$345-$350 range, at time of reporting, in combination with the excellent results of the XRT Sorting justifies the cut off grade to be lowered from 0.15% WO_3 in the Resource Statement dated September 2021 down to 0.05% WO_3 for the Resource Statement of August 2022. The effect of using this lower cut off grade increases the contained reserves in the BFS pit by 29% (refer ASX Announcement "Material Increase in Mt Carbine Reserves" dated 16 September 2022). A further drilling campaign conducted in March 2022 targeted the western pit boundary to increase the confidence level of this mineralisation from Inferred Resources into Indicated Resources. The holes were drilled within the Mt Carbine ML's 4867 & 4919 license boundaries. This drilling consisted of 10 holes for 2,121.9m in the locations depicted below at the western end of the BFS Pit. See Appendix 1 Table for drill results.

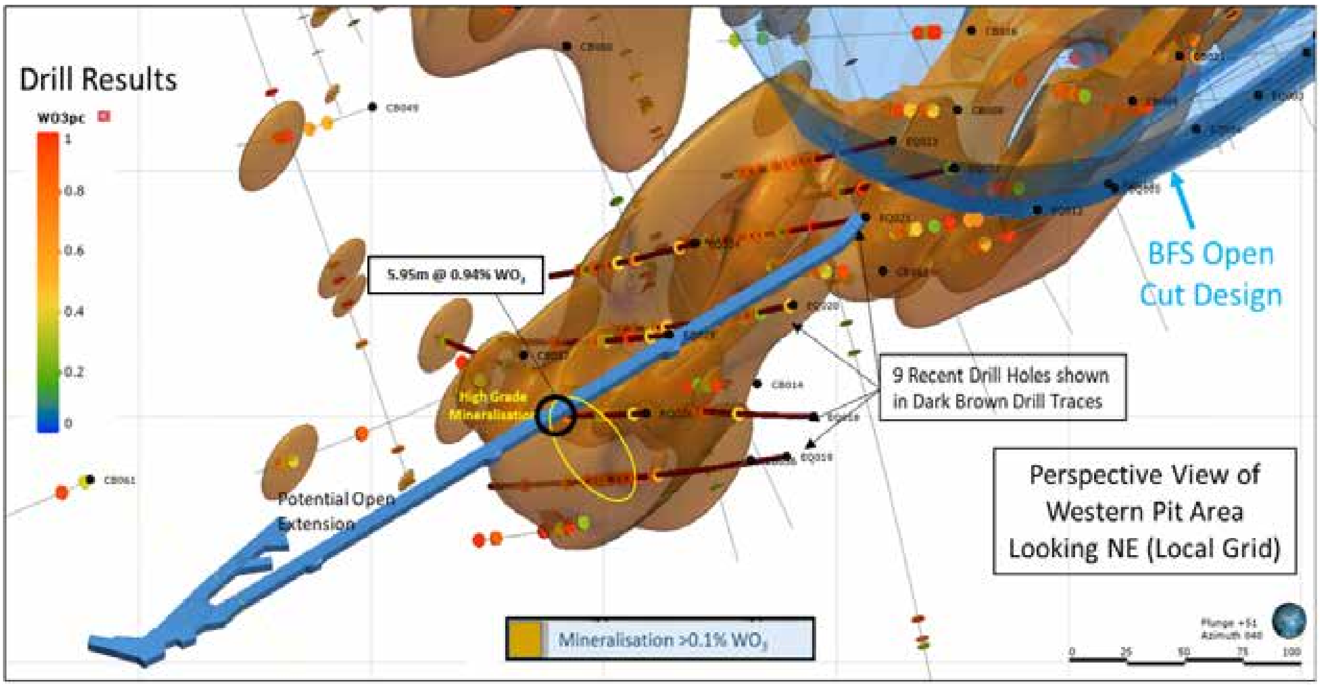


Figure 4: Map of 9 out of 10 Hole Drilling Program in 2022.

The results of the 10 hole diamond drilling program were used to then update the Resource Statement released in August 2022 (refer Appendix 1 "Summary of Significant Results for 10 Drill Holes Drilled in 2022"). The success of ore sorting has enabled grades similar to the LGS (LGS – 10.26Mt @ 0.075% WO_3) to be economic.

Operating and Financial Review continued

When compared to EQR's September 2021 Maiden Resource there is a significant increase of +86% in the Indicated Resources category with an increase in global contained metal of 14%. The Company will be continuing to model the western extensions with the target to increase the life of the BFS Pit. The increase in the halo ore zone resources within the pit will add 29% more metal to the BFS and the economics will be updated in coming weeks.

Increased Tungsten in Mt Carbine Mineral Ore Reserves

	Orebody	Reserve Classification	Tonnes (Mt)	Grade ($\%WO_3$)	WO_3 (Mtu)
September, 2022	**Low Grade Stockpile**	LGS - Proved	-	-	750,000
		LGS - Probable	10	0.08%	
	In- Situ	Open Pit - Proved	-	-	1,161,693
		Open Pit - Probable	3.54	0.33%	
	All	**TOTAL**	13.54		1,911,693

+29%

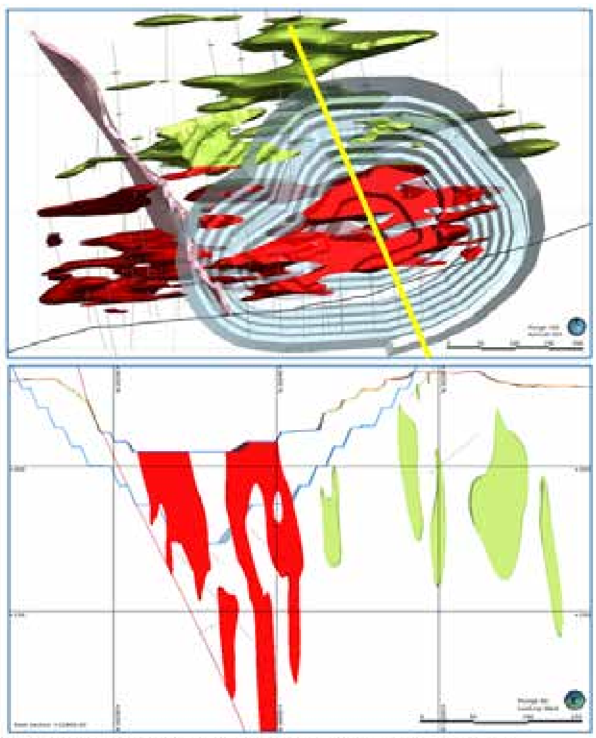
	Orebody	Reserve Classification	Tonnes (Mt)	Grade ($\%WO_3$)	WO_3 (Mtu)
December, 2021	**Low Grade Stockpile**	LGS - Proved	-	-	759,750
		LGS - Probable	10.13	0.075%	
	In- Situ	Open Pit - Proved	-	-	898,380
		Open Pit - Probable	1.26	0.713%	
	All	**TOTAL**	11.39		1,658,130

Key take-aways:

- Increase in Reserves by 263,313 MTU in a smaller pit design as we bring in the 'halo' ore
- Pit designed so 95% of this increase comes into Year 1
- Strip Ratio drops from 11:1 to 3:1
- Reserves are anticipated to grow into Stage 3 Pit

Figure 5: Mineral Ore Reserves Comparison 2021 to 2022.

Measured Group has been working closely with EQR to independently calculate the Resources and Reserves for Mt Carbine. They have optimised the updated Reserves and designed an economic pit shell that is currently used to update the BFS Report. Measured Group has recommended to continue drilling westward and to the north to bring in further Indicated Resources into mining Reserves (refer [2022 Reserve Report September]).



Mineral Resources Estimate (JORC Code, 2012), cut-off @ 0.05% WO_3*

Figure 6: Red - Indicated Resources | Green – Inferred Resources.

Operating and Financial Review continued

Underground Scoping Study

A Scoping Study was undertaken to see the viability of underground operations. This study was done on the green Inferred Resources shown in Figure 5. As 78% of the Resources used in the Scoping Study are in the Inferred category this does not allow for the economics of the Study to be published.

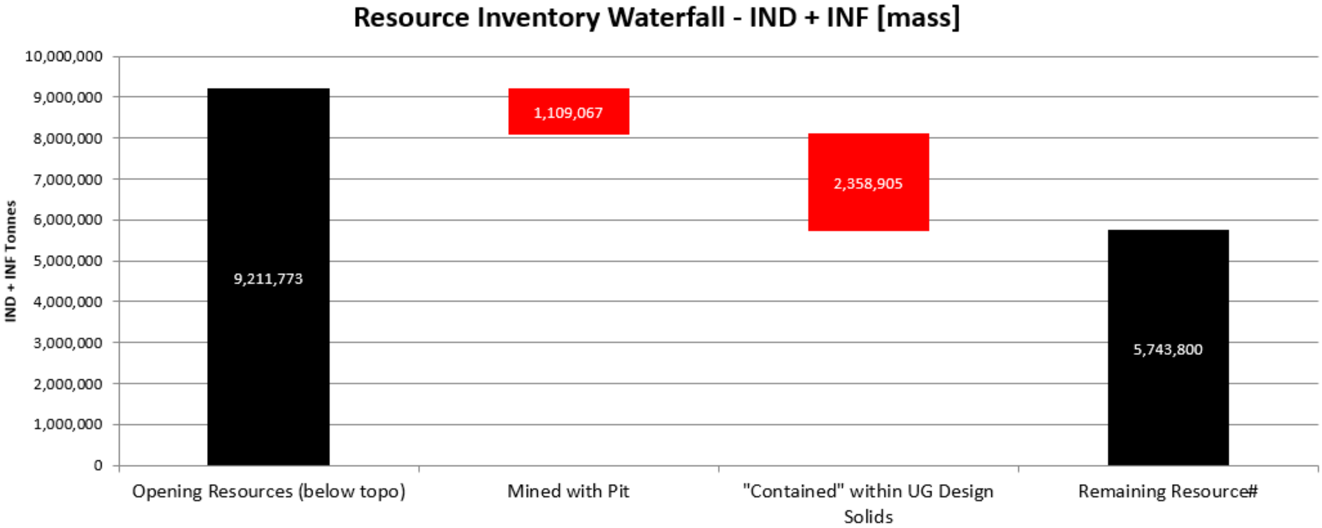
EQR is significantly encouraged to move forward into the Pre-feasibility Study ("PFS"). With the planned drilling campaigns, the Company aims to further define the remaining 8.28Mt @ 0.40% WO_3 of Inferred Resources (currently outside the planned Open Pit) towards Indicated Resources. This is best achieved from an Underground Drilling Program using the existing 430m decline already installed.

The Scoping Study broadly consisted of:

- Geological review (to understand geology, structural controls, grade distribution, resource status, inventory to be assessed for underground potential);
- Stope optimiser runs (to spatially delineate stopes greater than 0.25% WO_3);
- Mining method review (appropriate methods, assessment and exclusion exercise);
- Review and update of supplied first-principles cost build up for underground mining costs;
- resourcing the new economy for a better tomorrow;
- Level by level, stope by stope assessment of potentially economic stopes;
- Preliminary design, task creation, sequencing and scheduling of concept design; and
- (Internal) financial cost model and SWOT analysis.

The Waterfall Diagram below shows the Indicated and Inferred Resources examined in the Scoping Study (2.36Mt @ 1.05% WO_3):

Table 6: Resource Inventory Waterfall



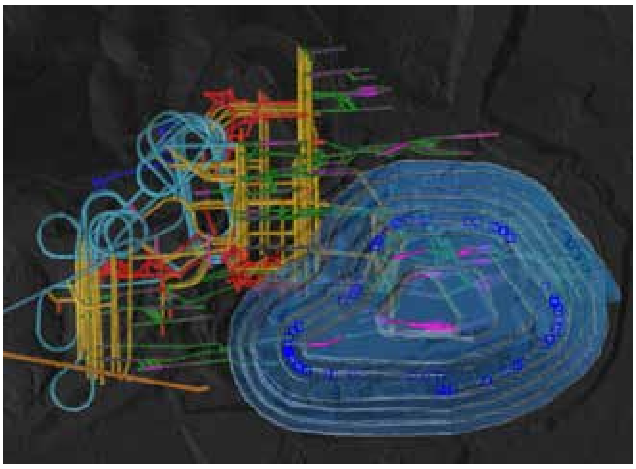


Figure 7: Early Stage Design work for Underground Mining to understand potential for mining remaining resources.

Targets and Future Exploration

As part of its Stage 3 Drilling Program EQR plans to continue drilling westwards to add valuable resources in areas that could potential make it into future reserves. The diagram below shows the area that remains to be drilled within the Stage 3 Pit extension. Currently 43%of this pit extension remains undrilled. Drill plans show 2,500m of drilling will infill this zone into Indicated Resource.

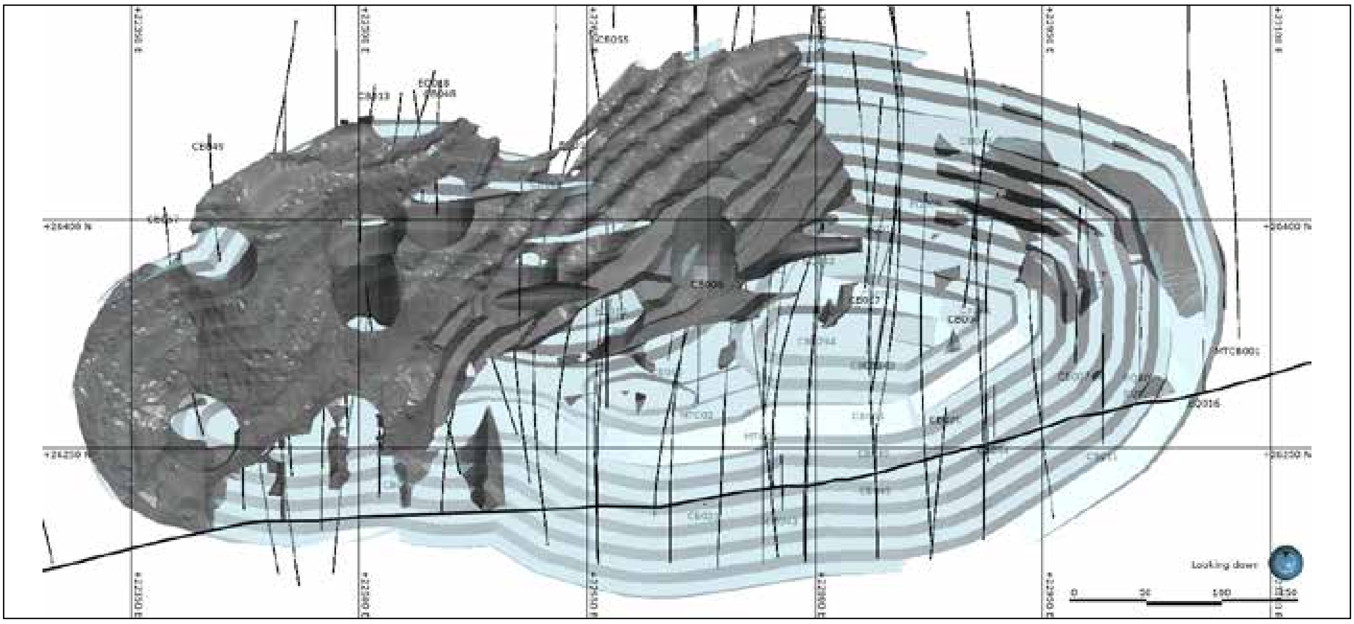


Figure 8: Pit Extension.

Strike Extent Mineralisation

Mapping and Geophysics of the Mt Carbine deposit has shown there are vein packages similar and parallel to the Mt Carbine Open Pit package. These have been referred to as the Iron Duke Package (Dazzler, Talis & Crown Veins) and the Daisy Package (Daisy and True Blue Veins). The narrow surface exposure of the veins is now known to be a function of the RL of the zone (+400m RL) and they are expected to blossom into more productive tungsten zones between 200-350m RL.

A 25 x 25m grid soil program and ground magnetic program is being undertaken to cover the three tungsten package zones described above.

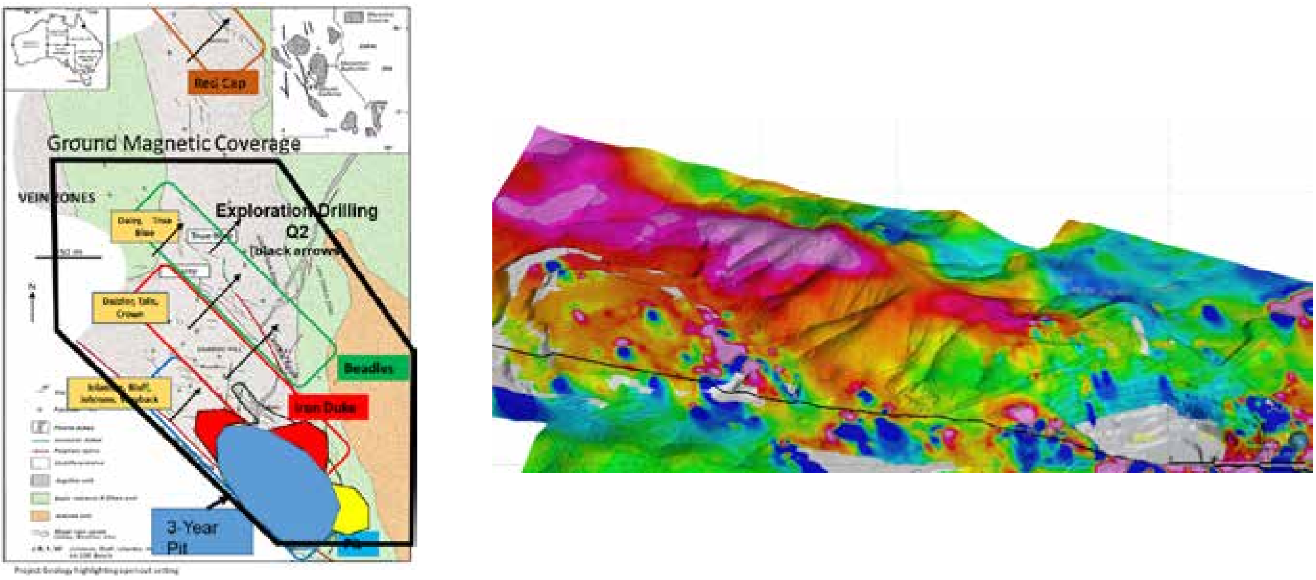


Figure 9: Ground TMI Geophysics drapped on topography. Currently under interpretation.

Operating and Financial Review continued

New South Wales - Gold Exploration Tenements

EL6648 Crow Mountain tenement was renewed on 3 February 2022 for a period until 19 October 2026. EL8024 remains current until 29 November 2024.

Currently a private group called Sozo Resources Ltd is farming into the NSW gold tenements. The team at Sozo has a long history of exploration success. The terms require Sozo to spend $1.1M over the next 4 years to earn a 80% stake in the licenses. EQR has rights to contribute back to the JV.

Work undertaken by Sozo Resources Limited in the last year is summarised in the sections below.

Panama Hat – Broken Hill

- Land Access agreements in place with Huonville and Sunnydale Stations. This was a lengthy process for various reasons.
- A field trip was postponed several times due to weather events with the first opportunity to get on the ground being in June 2022. 20 x rock chip samples were taken from the main prospects and analysed for fire assay gold and a 33 element 4 acid digest. Noteable assays include:
  - Sample PH0004: 2.03g/t Au on south western extension of Williams Prospect;
  - Sample PH0020: 4.45g/t Au from Willyong Tank Prospect;
  - Sample PH 0014: 4.34g/t Au from Panama Hat Prospect; and
  - Sample PH0018: 22.1g/t Au from Telephone Line Prospect.
- The dominant strike of the broader Farmcote Gneiss host rock is in a northeasterly direction and cross cutting this semi-regional fabric are NW trending shear zones These shear zones contain sheeted and sub vertical quartz veins and where sampled returned good gold grades as discussed above. Other, more homogenous laminar quartzites/ quartz veins exist but look rather uninteresting and were not sampled as part of this field trip, more or less due to available exposures positioned off of our ground.

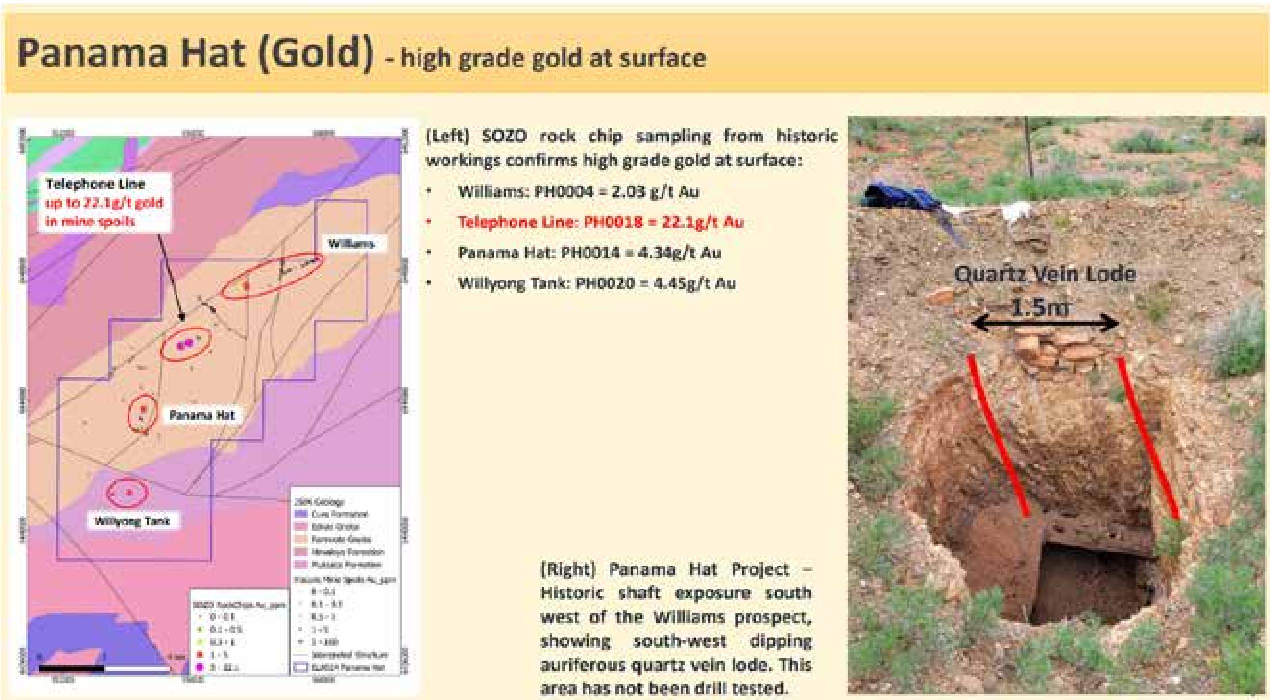


Figure 10: Panama Hat, EL8024.

- The Panama Hat Project appears structurally complex and the intersection of the NE and NW trending structures represent target areas for drilling. The Telephone Line Prospect has:
  1. High grade gold rocks existings at surface (Visable);
  2. Multiple historic pits;
  3. Positioned on a small rise showing harder rocks; and
  4. No evidence of historic drilling.
- A field mapping and sampling campaign will start at the Telephone Line Prospect. If required, a structural geologist will assist. This information will determine where and on what azimuth for future drilling.

Crow Mountain – New England

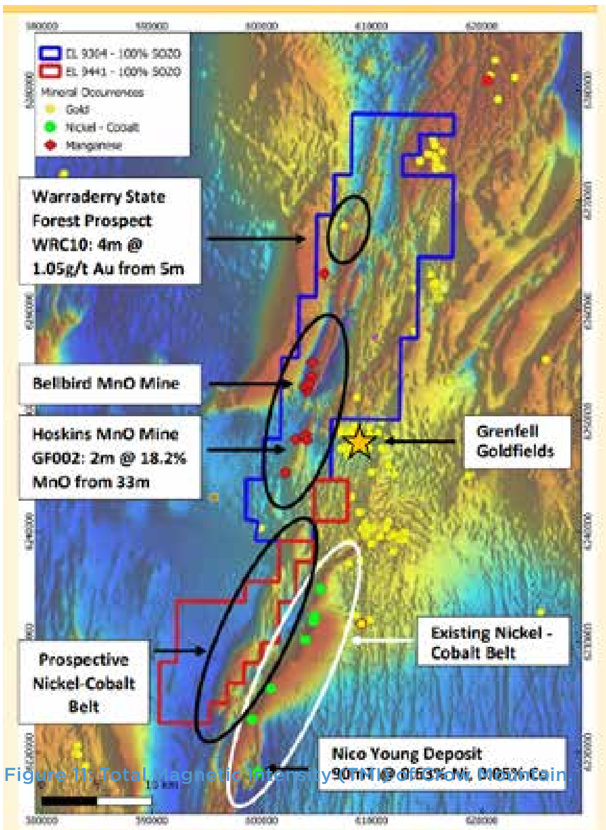


Figure 11: Total Magnetic Intensity (TMI) of Crow Mountain.

- Land Access Agreement in place with the main station owner being Kilpara. Sozo is paying monthly rent for the shipping container which houses the Icon (former name of EQ Resources Limited) era drill core.
- Sozo has secured the contiguous exploration ground to the Crow Mountain Exploration Licence with EL 9406
- Preliminary field trip conducted in February 2022 where the following 17 rock chip samples were taken:
  - o Sample CMRC008: 9.71g/t Au from the Crow King Prospect and CMRC011: 5.23g/t Au from the Princess Mine area. These prospects are east of the Peel Fault and hosted in schistose sediments and quartz veins. Looks structurally controlled and more akin to an orogenic gold system. Abigano drilled in this area in the 80s and intersected gold mineralisation close to surface such as: 17m @ 0.75g/t Au from 6m incl 2m @ 1.85g/t Au from 16m. Ultimately Abigano abandoned the area due to the low gold price of circa US $300/Oz. Obvious opportunity therefore exists to work this area up with prospect scale mapping, soil sampling and then shallow percussion drilling.
- Multiple rock chip samples were taken of the Listwanite (silica-carbonate altered serpentinite) outcrop in the vicinity of the historic Icon drill holes and as expected, low level gold was returned, up to a maximum of 58ppb. Note: the gold in Listwanites are related to the early Permian-Triassic batholiths which drove hydrothermal cells and led to the silica-carbonate or "Listwanite" alteration of the serpentinites. This alteration scavenges gold from magnetite and is transported large distances as a Au-S complex, typically along fault planes. The gold in our case, has most likely dropped out of solution when it encountered the carbonaceous fault gouge of the Peel Fault, upon inspection of the drill core. So, more drilling is required directly targeting the Peel Fault itself. There is enough information to generate targets now, but further Electromagnetics may assist in fleshing out the stronger conductive carbonaceous areas. And of course, the IP chargeability anomalies (obtained by EQR's predecessor, Speciality Metals International Limited) are coincident with Au-As-Hg anomalism at surface remain valid drill targets.
- No PGEs associated with the Listwanite alteration

Tungsten Market Outlook and Concentrate Production

Throughout the last year APT (Ammonium Paratungstate; as the underlying price reference for tungsten concentrate) prices between US$255/mtu (metric ton unit; equals 10 kg) in July-August 2021 and US$350/mtu, as of the date of this report, have been seen. This represents an increase of approximately +25% within the period, and confirms the strong underlying fundamentals the tungsten market is in at the moment.

Operating and Financial Review continued

EQR has developed a market value model as a basis for revenue modelling for the Mt Carbine Project through the BFS completed in December 2021. The model was informed by the current contractual elements that are in place for the sale of concentrate from the Mt Carbine site as well as considering end-user purchase prices as known to EQR. The project economics continue to look favourable for EQR with a strong price forecast looking forward due to market pressure on the supply side from the Western economies.

Market value modelling was developed to adjust the baseline reference prices to reflect the value of Mt Carbine products in the global market. The parameters selected for price adjustments were:

- Base Price: Calculated on a metric tonne unit (MTU) of WO_3 contained in a dry metric tonne delivered FCA Mt Carbine (INCOTERMS 2010);
- Index: London Metal Bulletin (LMB) European APT;
- Pricing: Low and High European APT averaged for the calendar month of delivery for the tungsten concentrate;
- APT payable: A floating payable is considered, covering the period under the fixed off-take contract with CRONIMET and for the period afterwards;
- Payment terms: 95% payment upon delivery of product and 5% balance payment upon final settlement based on weighing and assay results.

Currently CRONIMET is the sole off-taker for the Project from the rights secured through early investment into the Mt Carbine Project. Since the start of the Project, concentrate has been sold to customers in Europe, the United States, Vietnam, and China. CRONIMET is also partnered with EQR through a Joint Venture to process the Low Grade Stockpile along with the historic tailings materials.

Based on the Off-take Agreement in place between CRONIMET Australia Pty Ltd, CRONIMET Asia Pte Ltd and Mt Carbine Retreatment Pty Ltd (a wholly owned subsidiary of EQR), the specifications for tungsten concentrate produced at Mt Carbine are provided in Table 7.

Table 7: Tungsten Concentrate Specifications

Name of Element	Specification
WO_3	50% min
S	1.5% max
Sn	0.50% max
Mo	0.40% max
Sb	1.0% max
As	0.15% max
H_2O	1.0% max

Tungsten concentrate being loaded for shipment.

These specifications are in line with the overall market requirements for tungsten concentrate and shall remain applicable on the new products being defined in the future.

Corporate Activities

Leadership Team

The Leadership Team has remained stable through the period with no changes. EQR is focused on stability within the Senior Management team in the development of the Mt Carbine Project and future growth and expansion of the Company.

Financing Activities

Convertible Notes – September 2021

In September 2021, the Company raised a further $6.0 million via the issuance of 2 year convertible notes with a conversion of 6.5 cents per share, a ~45% premium to the last price of 4.5 cents per share ("Convertible Notes"). The funds will be used to commence early works for its Mt Carbine tungsten mine, well ahead of the release of the Company's Bankable Feasibility Study.

Details:

Amount:	A$6.0 million
Term:	Two years with the ability to be converted early by the Note Holders.
Coupon:	7% per annum. Coupon payable in shares or cash at the election of the Note Holders.
Conversion Price:	$0.065 per ordinary share, a ~45% premium to the last close on 8 September 2021.
Conversion Terms:	Converted into new ordinary shares or repayment of the loan at the Note Holders election. The Note Holders may elect to convert the Convertible Notes into new shares early during the term.

CAPEX Funding – Mt Carbine Project

As announced on 2 May 2022 the following commitments have been secured which will fully fund the circa $15 million Mt Carbine plant expansion to transform the historic mine waste and the high-grade resources into a sustainable source of tungsten, along with a green aggregate by-product. For further details refer ASX Announcement "CAPEX Funding for Mt Carbine Expansion Secured" dated 2 May 2022.

Table 8: CAPEX Funding – Mt Carbine Project

Facility	Amount ($, up to)	Interest p.a. / Cost / T&C
CMAI Grant *	$6.0 million	No cost; Grant support
Sandvik Supply & Finance **	$4.8 million	5.75% interest p.a.; 30% deposit; up to 48 months repayment
Offtake Prepayment	$4.2 million	Interest free; Extension of existing Cronimet offtake contract
Shareholder Loan	$1.5 million	8% interest p.a.; Unsecured; 6 months repayment
Total	**$16.5 million**	

* see ASX announcements 'Federal Government Funding For Mt Carbine Critical Minerals Program' dated 28 April 2022 and "Federal Government Funding for Mt Carbine Reconfirmed" dated 19 September 2022

** see ASX announcement 'EQR And Sandvik Agree On Binding Terms For Financing Of Crushing & Screening Plant' dated 8 March 2022

Financial Risk

Refer Note 26 in the "Notes for the Consolidated Financial Statements".

Operating and Financial Review continued

Appendix 1 – Summary of Significant Results for 10 Drill holes drilled in 2022.

Hole	East	North	RL	EOH	Dip	Azm		From	To	Interval	WO_3%	Zone
EQ017	23050	26422	380.2	345.4	-62.1	45.5		201.85	203.00	1.15	0.60	**Talis**
EQ018	22483	26159	384.4	465.2	-45.0	55.0		***116.66***	***116.94***	***0.28***	***1.51***	**Iolanthe**
								124.09	***125.50***	***1.41***	***1.06***	**Iolanthe**
							Incl.	***124.09***	***124.50***	***0.41***	***2.73***	**Iolanthe**
								146.64	***147.05***	***0.41***	***1.01***	**Bluff**
								174.50	175.53	1.03	0.83	**Bluff**
							Incl.	***175.30***	***175.53***	***0.23***	***3.45***	**Bluff**
								182.65	185.81	3.16	0.37	**Bluff**
							Incl.	***182.65***	***182.81***	***0.16***	***5.53***	**Bluff**
							Incl.	***185.68***	***185.81***	***0.13***	***2.15***	**Bluff**
								209.15	210.58	1.43	0.54	**Bluff**
							Incl.	***209.15***	***209.37***	***0.22***	***1.54***	**Bluff**
							Incl.	210.09	210.58	0.49	0.89	**Bluff**
								231.62	***235.51***	***3.89***	***0.52***	**Johnson**
							Incl.	***231.62***	***231.80***	***0.18***	***1.56***	**Johnson**
							Incl.	***232.89***	***233.15***	***0.26***	***3.28***	**Johnson**
							Incl.	***235.40***	***235.51***	***0.11***	***8.01***	**Johnson**
EQ019	22461	26159	384.4	249.3	-44.5	40.8		***124.55***	***124.80***	***0.25***	***3.21***	**Iolanthe**
								131.55	165.19	33.64	0.22	**Iolanthe / Bluff**
							Incl.	***131.55***	***132.03***	***0.48***	***2.57***	**Iolanthe / Bluff**
							Incl.	***137.39***	***137.59***	***0.20***	***3.98***	**Iolanthe / Bluff**
							Incl.	***145.63***	***146.11***	***0.48***	***4.94***	**Iolanthe / Bluff**
							Incl.	147.00	147.71	0.71	0.72	**Iolanthe / Bluff**
							Incl.	***152.04***	***152.72***	***0.68***	***1.24***	**Bluff**
							Incl.	***156.77***	***157.21***	***0.44***	***2.09***	**Bluff**
							Incl.	***164.77***	***165.19***	***0.42***	***1.46***	**Bluff**
EQ020	22513	26217	385.1	204	-50.0	52.0		39.82	48.34	8.52	0.19	**Iolanthe**
							Incl.	***39.82***	***40.02***	***0.20***	***5.16***	**Iolanthe**
							Incl.	***47.88***	***48.34***	***0.46***	***1.27***	**Iolanthe**
								61.45	72.96	11.51	0.16	**Iolanthe**
							Incl.	***61.45***	***61.76***	***0.31***	***4.84***	**Iolanthe**
							Incl.	***72.74***	***72.96***	***0.22***	***1.29***	**Iolanthe**
								89.63	93.50	3.87	0.22	**Bluff**
							Incl.	***89.63***	***89.80***	***0.17***	***1.91***	**Bluff**
							Incl.	91.86	92.28	0.42	0.95	**Bluff**
								141.27	147.53	6.26	0.18	**Bluff**
							Incl.	141.27	141.58	0.31	0.68	**Bluff**
							Incl.	***142.73***	***143.17***	***0.44***	***1.41***	**Bluff**
							Incl.	147.06	147.53	0.47	0.63	**Bluff**
								165.56	167.35	1.79	0.79	**Johnson**
							Incl.	165.56	166.25	0.69	0.89	**Johnson**
							Incl.	***167.16***	***167.35***	***0.19***	***4.25***	**Johnson**
								185.41	190.62	5.21	0.20	**Johnson**

Hole	East	North	RL	EOH	Dip	Azm		From	To	Interval	WO_3%	Zone
							Incl.	***185.41***	***186.12***	***0.71***	***1.24***	Johnson
							Incl.	190.37	190.62	0.25	0.68	Johnson
EQ021	22566	26232	384.9	140.4	-44.6	36.2		***38.80***	***39.32***	***0.52***	***1.30***	Iolanthe
							Incl.	***39.16***	***39.32***	***0.16***	***4.09***	Iolanthe
								54.49	57.06	2.57	0.35	Iolanthe
							Incl.	***56.63***	***57.06***	***0.43***	***1.85***	Iolanthe
								61.59	64.79	3.20	0.24	Bluff
							Incl.	***64.29***	***64.79***	***0.50***	***1.29***	Bluff
								73.73	79.31	5.58	0.23	Bluff
							Incl.	73.73	74.23	0.50	0.84	Bluff
							Incl.	***78.55***	***79.31***	***0.76***	***1.11***	Bluff
								104.96	106.36	1.40	0.42	Bluff
							Incl.	***104.96***	***105.03***	***0.07***	***6.88***	Bluff
								113.20	***113.60***	***0.40***	***1.67***	Bluff
							Incl.	128.78	138.19	9.41	0.54	Bluff
							Incl.	***132.54***	***132.79***	***0.25***	***1.15***	Bluff
							Incl.	***134.88***	***135.04***	***0.16***	***6.02***	Bluff
							Incl.	***137.12***	***137.49***	***0.37***	***9.94***	Bluff

Hole	East	North	RL	EOH	Dip	Azm	From	To	Interval	WO_3%	Zone
EQ022	22613	26227	385	147	-47.9	350.4	56.34	65.58	9.24	0.36	Iolanthe
							63.44	***63.85***	***0.41***	***5.07***	Iolanthe
							65.18	***65.58***	***0.40***	***2.24***	Iolanthe
							79.94	83.05	3.11	0.63	Bluff
							79.94	***80.69***	***0.75***	***2.55***	Bluff
							98.00	106.63	8.63	0.46	Bluff
							101.60	***101.90***	***0.30***	***12.85***	Bluff
							137.84	***138.92***	***1.08***	***2.24***	Bluff
EQ023	22604	26259	379.4	120	-44.8	341.4	58.86	59.12	0.26	1.75	Iolanthe
							63.97	69.99	6.02	0.19	Bluff
							63.97	***64.29***	***0.32***	***1.94***	Bluff
							69.8	***69.99***	***0.19***	***2.83***	Bluff
							82.28	84.75	***2.47***	0.22	Bluff
							82.28	***82.52***	***0.24***	***1.66***	Bluff
							93.89	109.66	***15.77***	0.32	Johnson
							93.89	***94***	***0.11***	***2.63***	Johnson
							100.18	***100.68***	***0.50***	***2.91***	Johnson
							102.1	***102.35***	***0.25***	***4.82***	Johnson
							106.23	***106.55***	***0.32***	***5.74***	Johnson

Operating and Financial Review continued

Hole	East	North	RL	EOH	Dip	Azm	From	To	Interval	WO_3%	Zone
EQ024	22493	26259	402.3	144.4	-50	356.8	56.12	58.39	2.27	0.21	**Bluff**
							83.28	86.00	2.72	0.21	**Bluff**
							97.18	99.90	2.72	0.57	**Johnson**
							97.18	***97.5***	***0.32***	***1.88***	**Johnson**
							98.41	***98.88***	***0.47***	***1.78***	**Johnson**
							108.2	113.7	5.50	0.26	**Johnson**
							108.87	***109.2***	***0.33***	***1.43***	**Johnson**
							113.48	***113.7***	***0.22***	***4.08***	**Johnson**
EQ025	22456	26232	397.9	156	-45.1	356.2	15.90	16.90	1.00	0.47	**Iolanthe**
							34.32	***34.52***	***0.20***	***1.76***	**Iolanthe**
							65.17	67.26	2.09	0.30	**Bluff**
							65.17	***65.40***	***0.23***	***2.66***	**Bluff**
							100.77	103.93	3.16	0.22	**Bluff**
							100.77	***101.12***	***0.35***	***1.54***	**Bluff**
							103.76	103.93	0.17	0.83	**Bluff**
EQ026	22424	26209	394.3	150.2	-45	357.4	36.47	38.07	1.6	0.26	**Iolanthe**
							36.47	36.89	0.42	0.76	**Iolanthe**
							72.92	93.29	20.37	0.36	**Bluff**
							72.92	73.40	0.48	0.80	**Bluff**
							75.20	***75.55***	***0.35***	***1.04***	**Bluff**
							84.96	85.21	0.25	0.73	**Bluff**
							86.63	***87.16***	***0.53***	***6.23***	**Bluff**
							87.75	***88.4***	***0.65***	***1.12***	**Bluff**
							89.18	***89.33***	***0.15***	***1.92***	**Bluff**
							89.77	90.91	1.14	0.92	**Bluff**
							92.43	***93.29***	***0.86***	***1.04***	**Bluff**

Tenement Schedule

Table 9: Details of mining tenements held by the Company and its controlled entities:

State	Ownership	Area	Status	Interest Held at Year End	Expiry Date
Queensland, Australia					
ML 4867	Mt Carbine Quarries Pty Ltd (wholly owned subsidiary of the Company)	358.5 ha	Granted	100%	31/07/2022 1)
ML 4919	Mt Carbine Quarries Pty Ltd (wholly owned subsidiary of the Company)	7.891 ha	Granted	100%	31/08/2023
EPM 14871	EQ Resources Limited	10 sub-blocks	Granted	100%	12/12/2025
EPM 14872	EQ Resources Limited	21 sub-blocks	Granted	100%	11/12/2025
EPM 27394	EQ Resources Limited	4 sub-blocks	Granted	100%	01/06/2025
New South Wales, Australia					
EL 6648	EQ Resources Limited	4 Units	Granted	100%	19/10/2026 2)
EL 8024	EQ Resources Limited	19 Units	Granted	100%	29/11/2024 2)

ML = Mining Lease;
EPM = Exploration Permit for Minerals (QLD);
EL = Exploration Licence (NSW)

1) Renewal in progress. The application for renewal was submitted on 31 January 2022 accompanied by an initial Development Plan. The renewal process is advancing smoothly with good communication between all parties. This process may take longer than normal given the Department's review of the Company's open cut development proposal planned for 2023.

2) Sozo farm-in arrangement. As at the date of this report EQ Resources Limited still holds a 100% beneficial interest in each tenement.

Mineral Resources and Ore Reserves Statement

Summary of Results of Annual Review of Resources and Reserves

An updated resource to the September 2021 resource was released in July, 2022 specifically targeting the grade envelopes within the BFS open cut. The updated Resource Statement has also allowed an updated Reserve Statement issued in September, 2022.

Table 10: Mt Carbine Resource Estimate as of July, 2022

Mt Carbine Mineral Resources

Orebody	Resource Classification	Tonnes (mt)	Grade (WO_3%)	WO_3 (mtu)
Low Grade Stockpile				
	Indicated	12.00	0.075%	900.000
In Situ				
	Indicated	12.04	0.27	3,296,800
	Inferred	8.28	0.40	3,281,500
	Total	*20.32*	*0.32*	*6,578,300*
All	**Total**	**32.32**		**7,478,300**

Table 11: Mt Carbine Ore Reserve Estimate at September 2022

Mt Carbine Ore Reserves

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**

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 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 the Southern Domain 1 block and 0.15% WO_3 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 1/2 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 30m x 30m; Inferred in approximately 60m x 60m.
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.

A comparison to the previous Ore Reserve estimate (as of 31 December 2021) is summarised below:

- Open cut ROM tonnes increased from 1.26mt to 3.54mt,
- Open cut ROM WO_3 grade decreased from 0.71% to 0.33%,
- Open cut contained WO_3 increased from 900k mtu to 1.161m mtu (1 mtu = 10kg WO_3)
- LGS depleted by 0.13mt

The changes in open cut Ore Reserves are predominantly driven by changes in the Resource interpretation (see ASX announcement 'Increased Tungsten in Updated Mt Carbine Mineral Resource' dated 4 August 2022) with significantly larger areas of lower grade tungsten included in the Resource model. This is shown in the following two figures which show the difference between the previous and current Resource models.

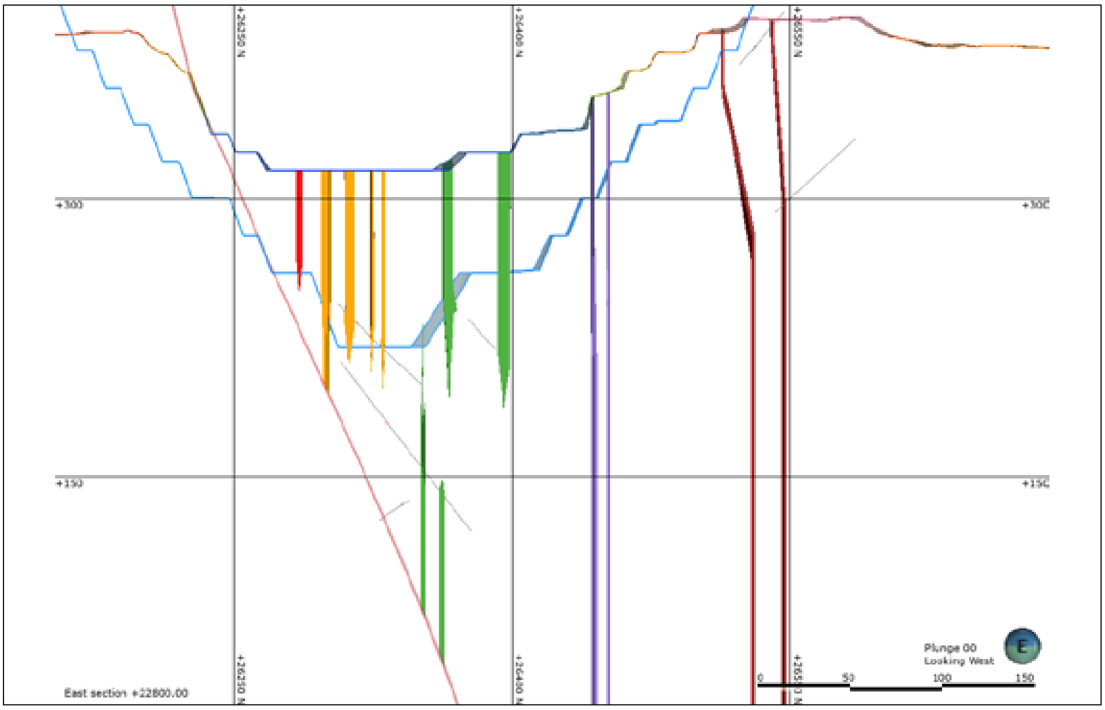


Figure 12: Cross Section Through Previous Resource Model (ore colour coded by vein group).

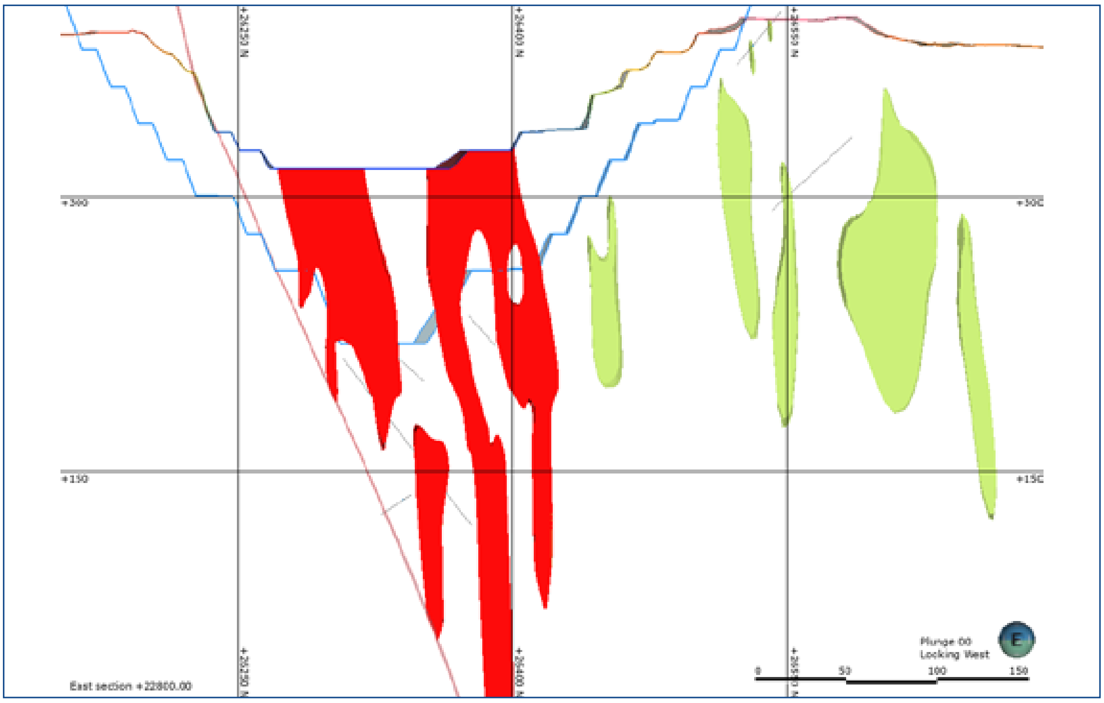


Figure 13: Cross Section Through Current Resource Model (Indicated Resources are red, Inferred Resources are green).

Mineral Resources and Ore Reserves Statement continued

The increase in Ore Reserves has reduced the ROM strip ratio within the open cut from 11.1 (waste t:ore t) to 3.1. The updated Ore Reserve estimate will be used to inform the updated BFS which is due for completion in the coming weeks. The increased Ore Reserves combined with a lower strip ratio has improved the economic viability of the project via the implementation of larger mining equipment and a reduction in the amount of costly selective ore mining.

The Ore Reserves have been limited to a practical pit shell based on the current economic limits of the deposit. An isometric view of the Ore Reserves pit shell is shown below.

Figure 14: Isometric View of Ore Reserves Pit Shell.

Ramps were designed into the pit shell using suitable widths and grades to accommodate the planned open cut mining fleet. The open cut shell and the LGS were subdivided into detailed mining blocks which were then fully scheduled, including haulage modelling, for the planned life of mine. The results of the schedule were then assessed in a financial model to determine the overall economic viability of the project. Only Ore Reserves, including the LGS, were used to generate revenue, with all other materials classified as waste. The financial assessment showed that the deposit generated substantial cash flows, which will be quantified in the updated BFS.

Competent Person's Statement - Resources

Statements contained in this Report relating to the Mt Carbine Project Mineral Resource Estimation, are based on, and fairly represents, information and supporting documentation prepared by Mr Chris Grove, who is a member of the Australian Institute of Mining & Metallurgy (AusIMM), Member No 310106. Mr Grove is a full-time employee of the mineral resource consulting company "Measured Group", who were contracted by EQ Resources Limited to prepare an estimate of the Mineral Resource at Mt Carbine. Mr Grove has sufficient relevant experience in relation to the mineralisation styles being reported on to qualify as a Competent Person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC) Code 2012. Mr Grove consents to the use of this information in this announcement in the form and context in which it appears.

EQ Resources' exploration and Resource work is being managed by Mr Tony Bainbridge, AusIMM. Mr Bainbridge is engaged as a contractor by the Company and is not "independent" within the meaning of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr Bainbridge has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in JORC Code 2012.

The technical information contained in this Report relating exploration results are based on, and fairly represents, information compiled by Mr Bainbridge. Mr Bainbridge has verified and approved the data disclosed in this release, including the sampling, analytical and test data underlying the information. The diamond core samples were assayed at the ALS Laboratory in Brisbane, Australia. The mineral Resource estimate has been prepared by Measured Group. Mr Bainbridge has consented to the inclusion in this release of the matters based on his compiled information in the form and context in which it appears in this Report.

Competent Person's Statement - Reserves

The information in this Report relating to the Reserves Estimate is published and based on information compiled by Mr Tony O'Connell, Principal Mining Consultant and Director of Optimal Mining Solutions Pty Ltd. Mr O'Connell is a qualified Mining Engineer, (BE (Mining), University of Queensland), has over 24 years of experience and is a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr O'Connell has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person as defined in the JORC Code 2012. Mr O'Connell consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

Neither Mr O'Connell, Measured Group Pty Ltd or Optimal Mining Solutions Pty Ltd has any material interest or entitlement, direct or indirect, in the securities of EQ Resources Limited or any associated companies.

Financial Report

The Directors of EQ Resources present their report on the consolidated entity (Group), consisting of EQ Resources and the entities it controlled at the end of, and during, the financial year ended 30 June 2022.

Contents

Directors' Report

The Directors of EQ Resources present their report on the consolidated entity (Group), consisting of EQ Resources and the entities it controlled at the end of, and during, the financial year ended 30 June 2022.

Directors

The following persons were Directors of EQ Resources during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Oliver Kleinhempel, Non-executive Chairman
- Stephen Layton, Independent Non-executive Director
- Richard Morrow, Independent Non-executive Director
- Zhui Pei Yeo, Non-executive Director

Company Secretary (Joint)

Melanie Leydin
Patricia Vanni de Oliveira

Principal Activities

The principal activities of the Group during the 2022 financial year focused on the:

- continued optimisation of the production processes and recoveries from the Mt Carbine Retreatment and XRT Sorter Plants as part of the Company's unincorporated joint venture with CRONIMET Australia Pty Ltd for the development of the Mt Carbine Tungsten Tailings Retreatment and Stockpile Projects;
- completion of the Bankable Feasibility Study and Underground Scoping Study;
- securing funding for the Mt Carbine Project and undertaking activities to advance the Project, including significant capital upgrades to plant and equipment such as the successful completion and commissioning of an upgraded Crushing and Wet Screening Circuit and the installation of an additional XRT Sorter as part of the Mt Carbine Early Works Program;
- the continuation of focused drilling programs to further define the Mt Carbine Tungsten resource; and
- the continued assessment of the exploration potential of the Group's tungsten tenements in Far North Queensland whilst entering into a Farm-In and Joint Venture Agreement over its gold exploration licences in New South Wales.

  The Group also continues to evaluate other corporate and exploration opportunities within the new economy and critical minerals sector.

Results

The net result of operations for the consolidated entity after applicable income tax expense was a loss of $6,063,051 (2021: loss of $4,574,191).

Dividends

No dividends were paid or proposed during the period.

Directors' Report continued

Operating & Financial review

Information on the operations and financial position of the Group and its business strategies and prospects for future financial years is set out earlier in this Annual Report. The auditors have issued an unqualified opinion.

Corporate Structure

EQ Resources is a limited company that is incorporated and domiciled in Australia.

Significant Changes

Significant changes in the state of affairs of the Group for the financial year were as follows:

(a) 16-hole Resource Drilling Program hits Iron Duke extension and bonanza grades under the Open Pit (refer ASX announcements "EQR Drilling at Mt Carbine Hits Iron Duke Extensions" dated 13 July 2021 and "Mt Carbine Hits Bonanza Grades under Open Pit" dated 5 August 2021).

(b) The raising of $6 Million via the issuance of 2-year Convertible Notes with a conversion of 6.5 cents per share at a coupon rate of 7% per annum to fund the commencement of the Early Works Program for the Mt Carbine Tungsten Mine expansion (refer ASX Announcement "Early Works Funding Secured for Mt Carbine Expansion, Well Ahead of BFS Release" dated 13 September 2021.

(c) Increase in contributed equity of $2,004,100:

	Date	Shares	$
Conversion of 2,000,000 convertible notes plus interest at $0.065 per share to institutional and sophisticated investors (refer ASX announcements "Application for quotation of securities- EQR" dated 28, 29 and 30 September 2021)	30-09-2021	30,832,307	2,004,100
TOTAL			**2,004,100**

(d) The release of an updated Resource Statement for the Mt Carbine Tungsten Project on 23 September 2021 (Refer ASX Announcement "Mineral Resource Update Drives Mt Carbine BFS Optimization" dated 23 September 2021).

(e) The group moved to double its high tech X-ray ore-sorting (XRT) capacity with the acquisition of a second TOMRA XRT sorter (refer ASX Announcement "EQR Moves to Double High-Tech Ore Sorting Capacity" dated 14 October 2021).

(f) Farm-In and Joint Venture Agreement (the "Agreement") executed with Sozo Resources Pty Ltd ("Sozo") whereby Sozo can earn up to an 80% interest in EQR's Panama Hat and Crow Mountain Projects (EL's 6648 and 8024) by completing expenditure of A$1.6M over 4 years (refer ASX announcement 'EQR Farms-Out NSW Projects to Focus On Mt Carbine Tungsten Mine' dated 25 November 2021).

(g) Completion of a Bankable Feasibility Study ("BFS") covering a 12-year operation with the focus on production from its high-grade open pit ore being processed in years 3 and 4 where it is expected to produce operational pre-tax cash flow of $38 million and $95 million respectively along with delivering impressive economics including an NPV_8 of $131.5 million and an IRR of 154% (refer ASX announcement 'Mt Carbine BFS Delivers Low Capex, Strong Early Cash Flow Operation With Significant Development Potential' dated 13 December 2021).

(h) Continued capital work upgrades to plant and equipment (refer ASX announcements "EQR Moves to Double High-Tech Ore Sorting Capacity" dated 14 October 2021 and "Upgraded Power Line Commissioned Leads to Record Production" dated 10 January 2022).

(i) Positive results from the Mt Carbine Underground Mine Scoping Study providing conference to proceed with Pre-feasibility Work, with the Underground Mine having potential for a long life, as well as being a technically and economically viable project (at current tungsten price) (refer ASX announcement "Underground Scoping Study gives Confidence to proceed with pre-feasibility work" dated 12 April 2022).

(j) The securing of a $600,000 co-investment grant from the Advanced Manufacturing Growth Centre (AMGC) (refer ASX announcement “Federal Government Co-Invests In High-Tech Ore-Sorting Process” dated 25 January 2022) along with a $6,000,000 grant from the Critical Minerals Accelerator Initiative (CMAI) (refer ASX announcement “Government Funding for Mt Carbine Critical Minerals Program” dated 28 April 2022).

(k) CAPEX Funding for Mt Carbine Expansion Secured, including a $4.8 million supplier finance facility, as well as additional financing comprising a further offtake prepayment facility of up to US$3 million ($4.2 million) and a shareholder loan amounting to $1.5 million (refer ASX announcements “Binding Terms for Crushing Plant Financing Agreed” dated 8 March 2022 and “CAPEX Funding for Mt Carbine Expansion Secured” dated 2 May 2022).

(l) Mt Carbine West Dyke Area drilling campaign shows ore body extends strongly in this direction and that mineralisation remains open to the west (refer ASX announcements “Drilling Confirms Mineralisation at Western it Extension” dated 15 March 2022; “Further High-Grade Tungsten Intercepts in Near-Pit Drilling” dated 20 May 2022 and “High-Grade King-Veins Extend Towards West Dyke Area” dated 4 May 2022).

(m) Successful completion and commissioning of an upgraded Crushing and Wet Screening Circuit as part of the Mt Carbine Early Works Program (refer ASX announcement “Early Works Program Completed” refer ASX announcement dated 27 June 2022).

Directors' Interests in Shares, Options and Performance Rights

Director	Shares Directly and Indirectly Held	Options Directly and Indirectly Held	Performance Rights Directly and Indirectly Held
O. Kleinhempel	18,783,600	10,000,000	-
S. Layton	54,181,559	4,000,000	-
R.D. Morrow	4,422,000	4,000,000	-
Z.P. Yeo	70,232,310	4,000,000	-

Directors’ interests in shares, options and performance rights as at 30 June 2022 are set out under Section (e) of the Remuneration Report .

Company Secretary

Joint Company Secretaries:

Melanie Leydin
Patricia Vanni de Oliveira

Ms Leydin has over 25 years’ experience in the accounting profession and over 15 years as a Company Secretary with extensive experience in relation to Public Company responsibilities. Ms Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law, is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and Registered Company Auditor. Ms Leydin graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the Principal of Leydin Freyer Corp Pty Ltd. Following Leydin Freyer’s acquisition by Vistra Australia in November 2021, Ms Leydin now holds the position of Australian Managing Director of Vistra Australia which provides outsourced Company Secretarial and accounting services to public and private companies across a host of industries.

Ms Vanni de Oliveira has more than 15 years’ professional experience in corporate governance, mergers and acquisitions, project finance, engineering, procurement and construction contracts and compliance. She has been working as an in-house counsel of multi-national companies, an associate in Brazilian top tier law firms (300+ lawyers) and as Company Secretariat and joint Company Secretary providing outsourced Corporate Governance and Company Secretarial services to various Australian listed companies.

Directors' Report continued

Meetings of Directors

During the financial year, six (6) Board Meetings and two (2) Audit Committee Meetings were held.

Director	Meetings Eligible to Attend	Meetings Attended
O. Kleinhempel	8	8
S. Layton	8	8
R.D. Morrow	8	8
Z.P. Yeo	8	8

The following table sets out the number of meetings of committees of Directors held during the financial year and the number of meetings attended by each Director (while they were a committee member):

	Remuneration & Nomination Committee		Audit Committee		Risk Committee	
Director	**Meetings Eligible to Attend**	**Meetings Attended**	**Meetings Eligible to Attend**	**Meetings Attended**	**Meetings Eligible to Attend**	**Meetings Attended**
O. Kleinhempel	1	1	2	2	1	1
S. Layton	1	1	2	2	1	1
R.D. Morrow	1	1	2	2	1	1
Z.P. Yeo	1	1	2	2	1	1

Share Options and Performance Rights

No Share Options nor Performance Rights were granted during the reporting period to Key Management Personnel of the Group.

There are 89,000,000 unissued ordinary shares of EQ Resources under vested options at the date of this report, 21,000,000 of which relate to options issued to Key Management Personnel. During or since the end of the financial year no options were exercised. Refer to Remuneration Report for further details.

Remuneration Report - Audited

This report for the year ended 30 June 2022 outlines the remuneration arrangements for the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited in accordance with section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements of key management personnel (KMP) who are defined as those persons having the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term 'Executive' includes the executive directors, senior executives and general managers of the Group, whilst the term 'NED' refers to Non-Executive Directors only.

The Remuneration Report is set out under the following main headings:

(a) Policy Used to Determine the Nature and Amount of Remuneration;

(b) Key Management Personnel;

(c) Details of Remuneration;

(d) Cash Bonuses;

(e) Equity Instruments;

(f) Options and Performance Rights Granted as Remuneration;

(g) Equity Instruments Issued on Exercise of Remuneration Options or Rights;

(h) Service Agreements; and

(i) EQ Resources' Financial Performance.

(a) Policy Used to Determine the Nature and Amount of Remuneration

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The Board believes that executive remuneration satisfies the following key criteria:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

These criteria result in a framework which can be used to provide a mix of fixed and variable remuneration and a blend of short and long-term incentives in line with the Company's limited financial resources.

Fees and payments to the Company's Non-executive Directors and senior executives reflect the demands which are made on, and the responsibilities of, the Directors and the senior management. Such fees and payments are reviewed annually by the Board. The Company's Executive and Non-executive Directors, senior executives and officers are entitled to receive performance rights, options and/or shares under the Company's Equity Incentive Plan which was approved by shareholders at the General Meeting held on 26 November 2020.

Fees for Non-executive Directors are not linked to the performance of the Group.

Use of Remuneration Consultants

The Group has not used any remuneration consultants during the year.

Voting and Comments made at the Group's 2021 Annual General Meeting

The Group received votes against its Remuneration Report for the 2021 financial year however did not receive any specific feedback on its remuneration practices at the 2021 Annual General Meeting or during the year.

(b) Key Management Personnel

The following persons were Key Management Personnel of the Group during the 2022 financial year:

	Position	Appointment	Resignation
Directors			
O. Kleinhempel	Non-executive Director Non-executive Chairman	12 August 2019 24 April 2020	-
S. Layton	Independent Non-executive Director	14 November 2017	-
R.D. Morrow	Independent Non-executive Director	16 March 2021	-
Z.P. Yeo	Non-executive Director	12 August 2019	-

Directors' Report continued

Executives			
K.B. MacNeill	Interim Chief Executive Officer & Senior Technical Advisor	4 May 2020	-
	Chief Executive Officer	1 April 2021	-

(c) Details of Remuneration

Directors are entitled to remuneration out of the funds of the Company, but the remuneration of the Non-executive Directors may not exceed in any year the amount fixed by the Company in general meeting for that purpose. The aggregate remuneration of the Non-executive Directors has been fixed at a maximum of $200,000 per annum to be apportioned among the Non-executive Directors in such a manner as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board Meetings and otherwise in the execution of their duties as Directors.

Details of the nature and amount of each element of the remuneration of each of the Key Management Personnel of the Company and the consolidated entity during the year ended 30 June 2022 are set out in the following tables:

	Short-term benefits				Share-based payments			
2022	Salary & fees $	Non-monetary benefits $	Leave provisions $	Post-employment benefits $	Shares $	Performance rights and options[1] $	Total $	% Performance based
Directors								
O. Kleinhempel	48,000	-	-	-	-	98,280	146,280	67.2%
S. Layton	48,000	-	-	-	-	39,312	87,312	45.0%
R. Morrow	48,000	-	-	-	-	39,312	87,312	45.0%
Z.P. Yeo	48,000	-	-	-	-	39,312	87,312	45.0%
Executives								
K.B. MacNeill	300,000	105,004	21,343	1,806	-	76,167	504,320	15.1%
Total KMP compensation	**492,000**	**105,004**	**21,343**	**1,806**	**-**	**292,383**	**912,536**	

[1] Performance rights and options do not represent cash payment to Directors or senior executives and performance rights / options granted may or may not be exercised by the Directors or executives.

	Short-term benefits				Share-based payments			
2021	Salary & fees $	Non-monetary benefits $	Leave provisions $	Post-employment benefits $	Shares $	Performance rights and options[1] $	Total $	% Performance based
Directors								
O. Kleinhempel	48,000			-	-	10,565	58,565	18.0%
S. Layton	48,000			-	-	4,226	52,226	8.1%
R. Morrow[1]	14,000			-	-	4,226	18,226	23.2%
Z.P. Yeo	48,000			-	-	4,226	52,226	8.1%
Executives								
K.B. MacNeill[2]	226,457	47,560	18,655	814		68,923	362,409	19.0%
K.Y. Cavallaro[3]	212,991			19,155	-	86,808	318,954	27.2%
C.P. Godfrey[4]	18,333			77,229	-	-	95,562	0.0%
A.M. Wing[5]	8,000			-	-	-	8,000	0.0%
Total KMP compensation	**623,781**	**47,560**	**18,655**	**97,198**	**-**	**178,974**	**966,168**	

[1] R. Morrow appointed Non-executive Director on 16 March 2021.

[2] K.B. MacNeill appointed Chief Executive Officer on 1 April 2021. Restated to include non-monetary benefits, leave provisions and long-term benefits.
[3] K.Y. Cavallaro appointed Chief Commercial Officer on 1 July 2020; Executive Director on 1 October 2020 and resigned on 15 January 2021 from both positions.
[4] C.P. Godfrey's position as Chief Operating Officer made redundant as of 31 July 2020.
[5] A.M. Wing resigned as Company Secretary on 1 September 2020.
[6] Performance rights and options do not represent cash payment to Directors or senior executives and performance rights / options granted may or may not be exercised by the Directors or executives.

(d) Cash Bonuses

No cash bonuses were paid during the period.

(e) Equity Instruments

The Company rewards Directors and executives for their performance and aligns their remuneration with the creation of shareholder wealth by issuing shares, options or performance rights. Share-based compensation is at the discretion of the Board and no individual has an unconditional contractual right to participate in any share-based plan or receive any guaranteed benefits.

(i) Shareholdings

The trading of shares issued pursuant to the Company's Equity Incentive Plan are subject to the Company's Securities Trading Policy; further, Key Management Personnel and employees are encouraged not to trade shares granted in order to align Director, Key Management Personnel and employee interests with those of all shareholders. Details of equity instruments (other than options and rights) held directly, indirectly or beneficially by Key Management Personnel and their related parties are as follows:

30 June 2022	Balance at 1 July 2021	Granted as compensation	Received on exercise of Performance Rights	Other Changes	Balance at 30 June 2022	Balance held nominally
Directors						
O. Kleinhempel	17,833,600	-	-	950,000	18,783,600	-
S. Layton	54,181,559	-	-	-	54,181,559	-
R. Morrow	4,442,000	-	-	-	4,422,000	-
Z.P. Yeo	70,232,310	-	-	-	70,232,310	-
Executives						
K.B. MacNeill	-	-	-	439,989	439,989	-
	146,669,469	**-**	**-**	**1,389,989**	**148,059,458**	**-**

There were no shares granted to Key Management Personnel as remuneration in the 2022 Financial Year.

(ii) Options and Performance Rights Holdings

Details of options and performance rights held directly, indirectly or beneficially by Key Management Personnel and their related parties, during the financial year, are as follows:

30 June 2022	Balance at 1 July 2021	Granted	Exercised	Balance	Total vested and exercisable	Total unvested and unexercisable
Directors						
O. Kleinhempel	10,000,000	-	-	10,000,000	5,000,000	5,000,000
S. Layton	4,000,000	-	-	4,000,000	2,000,000	2,000,000
R. Morrow	4,000,000	-	-	4,000,000	2,000,000	2,000,000
Z.P. Yeo	4,000,000	-	-	4,000,000	2,000,000	2,000,000
Executives						
K.B. MacNeill	15,000,000	-	-	15,000,000	10,000,000	5,000,000
	37,000,000	**-**	**-**	**37,000,000**	**21,000,000**	**16,000,000**

Directors' Report continued

(iii) Loans to Key Management Personnel

No loans have been made to Key Management Personnel of the consolidated Group, including their personally-related entities.

(iv) Other Transactions and Balances

No other transactions were entered into with Key Management Personnel during the financial year other than those disclosed in Note 32 (d).

(f) Options and Performance Rights Granted as Remuneration

No Options nor Performance Rights were granted by the Company to the Directors and Executives of the Group during the financial year as part of their remuneration.

(g) Equity Instruments Issued on Exercise of Remuneration Options or Rights

No equity instruments were issued during the 2022 financial year to Directors or other Key Management Personnel as a result of options or rights exercised that had previously been granted as remuneration.

(h) Service Agreements

Remuneration and other terms of employment for the Directors and Executives are formalised in Service/Appointment Agreements. All contracts with Directors and executives may be terminated by either party with regards to the stipulated notice period, subject to any termination payments as detailed below.

Directors

O. Kleinhempel

There is a written agreement with Mr Kleinhempel dated 12 August 2019 in his role as a Non-executive Director of the Company and subsequently as Non-Executive Chairman on 24 April 2020. Cash payments and benefits totalling $48,000 were paid to Mr Kleinhempel during the 2022 financial year.

S. Layton

There is a written agreement with Mr Layton dated 9 November 2017 in his role as a Non-executive Director of the Company. Cash payments and benefits totalling $48,000 were paid to Mr Layton during the 2022 financial year. The payments were made through Bodie Investments Pty Ltd, a company in which Mr Layton has a substantial interest.

R.D. Morrow

There is a written agreement with Mr Morrow dated 22 February 2021 in his role as a Non-executive Director of the Company. Payments and benefits totalling $48,000 were paid to Mr Morrow during the 2022 financial year.

Z.P. Yeo

There is a written agreement with Mr Yeo dated 12 August 2019 in his role as a Non-executive Director of the Company. Cash payments and benefits totalling $48,000 were paid to Mr Yeo during the 2022 financial year.

Executives

K.B. MacNeill

There was a written agreement with Mr MacNeill dated 1 April 2021 in his role as Chief Executive Officer. The Company or Mr MacNeill may terminate the contract by giving three month's written notice. Cash payments and non-monetary benefits totalling $405,004 were received by Mr MacNeill during the 2022 financial year.

(i) EQ Resources' Financial Performance

EQ Resources' financial performance for the five years to 30 June 2022 is summarised below and the relationship between results and performance is discussed.

Year ended	Measure	2022	2021	2020	2019	2018
Net profit / (loss) after tax	$	(6,063,051)	(4,574,191)	(3,015,680)	3,808,863	(1,478,746)
Net assets	$	14,317,218	16,725,734	14,936,296	10,905,040	2,672,436
Cash and cash equivalents	$	1,723,426	3,504,721	2,989,859	217,962	602,675
Cash flows from operating activities	$	(3,112,770)	(3,816,722)	(2,948,321)	(1,627,127)	(1,368,767)
EBITDA	$	(4,478,339)	(3,947,550)	(2,789,350)	3,847,034	(1,022,747)
Share price at 30 June	$	$0.047	$0.028	$0.028	$0.031	$0.019
Basic earnings / (loss) per share	Cents	(0.45)	(0.39)	(0.30)	0.67	(0.29)

Financial Performance

The loss for the consolidated Group for the financial year after tax amounted to $6,063,051 (2021: loss of $4,574,191). This result was primarily brought about by an increase in operating costs associated with the continued ramp-up of its operations from the Mt Carbine Tailings Retreatment and Stockpile Projects.

The Group has created value for shareholders through:

- its continued focus on optimising production and recoveries from the Mt Carbine Retreatment and XRT Sorter Plants;
- ongoing investment in drilling programs to further define the Mt Carbine Tungsten resource and reserves; and
- delivery of strong pre-tax economics upon the finalisation of the Bankable Feasibility Study covering a 12-year operation with the early years focused on the high-grade ore from the Company's 100% owned Andy White Open Pit, supplemented by the Low-Grade Stockpile.
- Underground Scoping Study findings providing significant confidence to progress to a Pre-Feasibility Study on the potential for an underground operation at Mt Carbine.
- Execution of an Early Engagement Contract with Golding Contractors Pty Ltd for the restart of open pit operations.

The Company also continues to evaluate its NSW Exploration Licences in conjunction with the development and commercialisation of its tungsten assets in Far North Queensland.

Financial Position

In accordance with the Company's accounting policy, the recoverability of the carrying amounts of Deferred Exploration and Evaluation Expenditure were reassessed during the 2022 financial year with no impairments recognised, resulting in exploration and evaluation expenses of $2,616,884, before amortisation and R&D Tax Offset, being capitalised for the 2022 financial year. The carrying value of the exploration assets as at 30 June 2022 is $10,803,974 (2021: $8,280,353).

At 30 June 2022, the Group had a net working capital deficit of $4,090,968 (2021: $234,358 deficit). The deficit in net working capital is predominately due to the Company funding its capital growth initiatives via short-term financing facilities such as equipment leases, offtake advance extension and trade payables.

It should be noted that whilst the offtake advance facility of $3,266,190 is classified as a current liability, due to the Company not having an unconditional right to defer settlement for at least 12 months after reporting date, it is scheduled to be repaid over the life of the joint venture between EQ Resources Limited and Cronimet Australia Pty Ltd rather than within the next 12 months as depicted on the Balance Sheet.

As the Group is an exploration and development entity, ongoing exploration and development activities are reliant upon future capital raisings.

Directors' Report continued

During the year, the Company's issued share capital increased by $1,588,790 due to the conversion of 2,000,000 convertible notes in September 2021.

Indemnification and Insurance of Officers and Auditors

Indemnification

The Company has not, during or since the end of the financial period, in respect of any person who is or has been an Officer of the Company or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an Officer, including costs and expenses in successfully defending legal proceedings.

Insurance Premiums

During the financial period the Company has paid premiums to insure each of the Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of a Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The premiums paid are not disclosed as such disclosure is prohibited under the terms of the insurance contract.

Audit and Non–Audit Services

During the financial year, the following fees for audit and non-audit services were paid or payable to Nexia Melbourne Audit Pty Ltd and Nexia Melbourne Pty Ltd:

	2022 $	2021 $
Audit-related services		
Amounts paid or payable to Nexia Melbourne Audit Pty Ltd		
- Audit services	65,100	62,000
Taxation services		
Amounts paid or payable to Nexia Melbourne Pty Ltd		
- Tax compliance services (tax returns)	13,000	21,500
- Other tax advice	-	10,273
	78,100	**93,773**

The Directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.*

On the advice of the Audit Committee, the Directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the non-audit services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

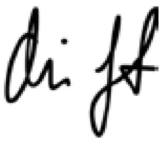
Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out and located after the Director's Declaration and forms part of this report.

Corporate Governance

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the period is displayed on the Company's website at https://www.eqresources.com.au/site/who-we-are/corporate-governance.

Signed this 30th day of September 2022 in accordance with a resolution of Directors.



Oliver Kleinhempel
Non-executive Chairman

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue	2	**4,072,177**	4,547,080
Other income	2	**2,159,086**	871,620
Total revenue & other income		**6,231,263**	**5,418,700**
Administration expenses		**(783,403)**	(661,194)
Consultant expenses		**(121,490)**	(140,288)
Depreciation	9	**(866,847)**	(412,507)
Amortisation – deferred exploration & evaluation	10	**(72,745)**	(176,038)
Development and testwork costs		**(462,779)**	(432,068)
Exploration expenses written-off		**(3,868)**	(886)
Finance costs		**(643,185)**	(39,643)
Foreign exchange gains (losses)		**(397,138)**	302,345
Occupancy expenses		**(135,303)**	(109,524)
Gain / (Loss) on disposal of fixed assets		**(36,421)**	(22,537)
Production expenses		**(3,950,231)**	(4,455,540)
Salaries and employee benefits expense		**(4,047,291)**	(3,295,284)
Share based payments	27	**(411,648)**	(279,446)
Superannuation		**(287,224)**	(213,937)
Travel and accommodation		**(76,674)**	(57,891)
Total Expenses		**(12,296,247)**	**(9,994,438)**
Profit (Loss) before income Tax Expense		**(6,064,984)**	**(4,575,738)**
Income tax expense	3	**-**	-
Profit (Loss) After Income Tax Expense		**(6,064,984)**	**(4,575,738)**
Other comprehensive income/(loss)			
Gain/(loss) on revaluation of financial assets		**1,933**	1,547
Total Comprehensive Profit / (Loss) Attributable to Owners of EQ Resources Limited		**(6,063,051)**	**(4,574,191)**
		Cents	Cents
Basic profit (loss) per share	14	**(0.45)**	(0.39)
Diluted profit (loss) per share	14	**(0.42)**	(0.39)

Consolidated Statement of Financial Position

As at 30 June 2022

	Note	2022 $	2021 $
Current Assets			
Cash assets	21(b)	**1,723,426**	3,504,721
Trade and other receivables	7	**2,323,599**	1,927,630
Prepayments	7	**632,292**	324,619
Inventory	4	**876,438**	673,024
Total current assets		**5,555,755**	**6,429,994**
Non-Current Assets			
Receivables	8	**1,081,292**	1,082,071
Plant and equipment	9	**7,015,995**	2,807,615
Inventory	4	**6,812,875**	7,142,176
Deferred exploration and evaluation	10, 19	**10,803,974**	8,280,353
Financial assets	5	**5,543**	3,610
Total Non-Current Assets		**25,719,679**	**19,315,825**
Total Assets		**31,275,434**	**25,745,819**
Current Liabilities			
Trade and other payables	11, 26	**5,026,531**	3,647,525
Employee benefits	28	**282,397**	182,840
Lease liability	24, 26	**665,754**	268,167
Contract liability – offtake	22	**3,266,190**	2,323,423
Contract liability - sublease	22	**405,851**	242,397
Total Current Liabilities		**9,646,723**	**6,664,352**
Non-Current Liabilities			
Employee benefits	28	**15,418**	24,112
Lease liability	24, 26	**1,335,829**	681,140
Convertible notes	13	**3,004,651**	-
Contract liability - sublease	22	**1,432,259**	1,650,481
Other borrowings	23	**1,523,336**	-
Total Non-Current Liabilities		**7,311,493**	**2,355,733**
Total Liabilities		**16,958,216**	**9,020,085**
Net Assets		**14,317,218**	**16,725,734**
Equity			
Issued capital	12	**22,192,705**	20,603,915
Reserves		**2,848,576**	782,831
Accumulated profit / (loss)		**(10,724,063)**	(4,661,012)
Total Equity		**14,317,218**	**16,725,734**

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash Flows from Operating Activities			
Proceeds from sales to customers		**4,809,948**	4,690,563
Proceeds from R & D tax offset		**1,501,199**	610,106
Proceeds from diesel fuel rebate		**229,063**	151,257
Proceeds from grants		**451,000**	-
Proceeds from government COVID-19 relief packages		**-**	77,436
Proceeds from other sources		**44,436**	8,100
Payment to suppliers and employees		**(10,120,348)**	(9,353,465)
Interest paid		**(4,185)**	(9,684)
Interest paid for lease liabilities		**(25,278)**	(879)
Interest received		**1,395**	9,844
Net Cash Flows Used in Operating Activities	21(a)	**(3,112,770)**	**(3,816,722)**
Cash Flows from Investing Activities			
Payments for the purchase of plant and equipment		**(3,350,052)**	(1,221,800)
Payments for the capitalised exploration and evaluation expenditure		**(3,098,868)**	(835,667)
Proceeds from the sale or disposal of plant and equipment		**-**	16,500
Proceeds from release of other security deposits		**4,100**	-
Payments for the purchase of tenements		**-**	-
Payments / proceeds for tenement security deposits		**255**	7,262
Net Cash Flows Used in Investing Activities		**(6,444,565)**	**(2,033,705)**
Cash Flows from Financing Activities			
Proceeds from the issue of shares		**-**	6,500,000
Proceeds from the issue of convertible notes		**6,000,000**	-
Payments for share / convertible note issue costs		**(302,422)**	(418,343)
Proceeds from short-term loan facilities		**1,500,000**	-
Payments for lease liabilities		**(93,729)**	(9,644)
Proceeds from offtake advance extension		**689,266**	-
Proceeds from working capital loan (unincorporated joint venture)		**-**	1,860
Proceeds from prepayments for sales of concentrate and quarry materials		**-**	312,973
Net Cash Flows from Financing Activities		**7,793,115**	**6,386,846**
Net (decrease)/increase in cash held		**(1,764,220)**	536,419
Add opening cash brought forward		**3,504,721**	2,989,859
Effect of movement in exchange rates on cash held		**(17,075)**	(21,557)
Closing Cash Carried Forward	**21(b)**	**1,723,426**	**3,504,721**

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	Attributable to the Shareholders of EQ Resources Limited			
Consolidated	**Issued Capital $**	**Accumulated Losses $**	**Reserves $**	**Total Equity $**
At 1 July 2020	**15,023,117**	**(86,821)**	**-**	**14,936,296**
Profit / (loss) for the period	-	(4,575,738)	-	(4,575,738)
Adjustment to prior year	(50)	-	-	(50)
Other comprehensive income for the period	-	1,547	-	1,547
Total comprehensive loss for the period	**(50)**	**(4,574,191)**	**-**	**(4,575,241)**
Issue of share capital	6,500,000	-	-	6,500,000
Share issue costs	(919,152)	-	-	(919,152)
Share based payments	-	-	782,831	782,831
Total transactions with owners in their capacity as owners	**5,580,848**	**-**	**782,831**	**6,363,679**
BALANCE AT 30 JUNE 2021	**20,603,915**	**(4,661,012)**	**782,831**	**16,725,734**
At 1 July 2021	**20,603,915**	**(4,661,012)**	**782,831**	**16,725,734**
Profit / (loss) for the period	-	(6,064,984)	-	(6,064,984)
Adjustment to prior year	-	-	-	-
Other comprehensive income for the period	-	1,933	-	1,933
Total comprehensive loss for the period	**-**	**(6,063,051)**	**-**	**(6,063,051)**
Issue of share capital	2,004,100	-	-	2,004,100
Share issue costs	(415,310)	-	-	(415,310)
Share based payments	-	-	2,065,745	2,065,745
Total transactions with owners in their capacity as owners	**1,588,790**	**-**	**2,065,745**	**3,654,535**
Balance at 30 June 2022	**22,192,705**	**(10,724,063)**	**2,848,576**	**14,317,218**

Notes to the Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Going Concern Basis for Preparation of Financial Statements

These financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

For the full-year ended 30 June 2022, the consolidated entity incurred a total comprehensive loss of $6,063,051 (2021: loss of $4,574,191), incurred cash outflows from operating activities of $3,112,770 (2021: $3,816,722) and had a net working capital deficit of $4,090,968 (2021: $234,358 deficit). The deficit in net working capital is predominately due to the Company funding its capital growth initiatives via short-term financing facilities such as equipment leases, offtake advance extension and trade payables.

It should be noted that whilst the offtake advance facility of $3,266,190 is classified as a current liability, due to the Company not having an unconditional right to defer settlement for at least 12 months after reporting date, it is scheduled to be repaid over the life of the joint venture between EQ Resources Limited and Cronimet Australia Pty Ltd rather than within the next 12 months as depicted on the Balance Sheet.

The ability of the Company to continue to adopt the going concern assumption is based upon:

- The awarding of a $6,000,000 (including GST) grant from the Critical Minerals Accelerator Initiative (CMAI) (refer ASX announcement "Government Funding for Mt Carbine Critical Minerals Program" dated 28 April 2022) which was re-announced via a media release by the Minister for Resources on 16 September 2022 (refer ASX announcement "Federal Government Funding for Mt Carbine Reconfirmed" dated 19 September 2022); and
- Capital raising to cover any delays of incoming funds from above grant to enable the Company to implement the BFS schedule.
- The commencement of open-cut mining operations in early 2023; along with
- Continued income stream from the Mt Carbine Quarry and the Company's joint venture with CRONIMET Australia Pty Ltd for the processing of the Mt Carbine tailings and low-grade stockpiles.

Should additional funds be necessary the Directors are confident of securing these funds if and when necessary to meet the Company's obligations as and when they fall due and consider the adoption of the going concern basis to be appropriate in the preparation of these financial statements.

(b) Basis of Preparation

These general-purpose financial statements have been prepared in accordance with the requirements of the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. These financial statements have been prepared on a historical cost basis. The financial report is presented in Australian currency. The consolidated entity operates on a for-profit basis.

(c) Statement of Compliance

The financial statements have been prepared and comply with Australian Accounting Standards. The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(d) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) as at 30 June each year. Control is defined as entities which the Group has power over and the rights to, or is exposed to, variable returns from its involvement with the entity and has the ability to use its power to affect those returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Subsidiaries are fully consolidated from the date upon which control is transferred to the Group and cease to be consolidated from the date upon which control is transferred out of the Group.

Interests in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Standards applicable to the particular assets, liabilities, revenue and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party. The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

(e) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated either on a diminishing value or straight-line basis over the estimated useful life of the asset. Plant and equipment useful life ranges from 1 – 25 years.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

An item of plant and equipment is derecognised upon disposal.

Notes to the Consolidated Financial Statements continued

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(f) Inventory

Inventories are valued at the lower of cost and net realisable value as per AASB 102 with the exception of the 7 million tonnes of stockpiled inventory which was recognised at fair value as part of the business combination upon the acquisition of Mt Carbine Quarries Pty Ltd on 28 June 2019. This inventory will be consumed on a units of operation basis.

The cost of partly-processed and saleable products is generally the cost of production, including:

- labour costs, materials and contractor expenses which are directly attributable to the processing of quarry material or the production of tungsten concentrate;
- the depreciation of property, plant and equipment used in the processing of quarry material or the production of tungsten concentrate; and
- Production overheads.

(g) Borrowings

Borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the accounting policy for borrowing costs.

Borrowings are classified as current unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

(h) Recoverable Amount of Assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use.

(i) Exploration, Evaluation, Development and Restoration Costs

Exploration and Evaluation

Exploration and evaluation expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated within costs of development.

Exploration and Evaluation – Impairment

The Directors assess at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation costs whether the above carry forward criteria are met.

Accumulated costs in respect of areas of interest are written off or a provision made in profit or loss when the above criteria do not apply or when the Directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis, provisions would be reviewed and if appropriate, written back.

Development

Development expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the Directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development property.

All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until a decision has been made to commence mining. After this decision, the costs are amortised over the life of the area of interest to which such costs relate on a production output basis.

Remaining Mine Life

In estimating the remaining life of the mine at each mine property for the purpose of amortisation and depreciation calculations, due regard is given not only to the volume of remaining economically recoverable reserves but also to limitations which could arise from the potential for changes in technology, demand, product substitution and other issues that are inherently difficult to estimate over a lengthy time frame.

(j) Cash and Cash Equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts, if any.

(k) Revenue

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The revenue is recognised when it transfers control over a product to a customer.

Where payment is received upfront a contract liability is recognised on receipt of payment and revenue is recognised over a period in time as product/services are delivered.

In addition to the above, the following specific recognition criteria must also be met before revenue is recognised:

Sublease Rent

Revenue is recognised in accordance with the Retreatment Operations Sublease Agreement when the gross value of the consideration of the minerals extracted from the subleased area has been received.

Notes to the Consolidated Financial Statements continued

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Research and Development Refundable Tax Offset

The Research and Development Refundable Tax Offset is recognised as other income when it is received as it relates to expenditure incurred in the past.

(l) Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such a tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised leave payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Property, Plant and Equipment" policy (as outlined in the financial report for the annual reporting period).

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other Expenses" in profit or loss.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

(m) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at reporting date.

Deferred income tax is provided on all temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes to the Consolidated Financial Statements continued

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

(n) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(o) Currency

Both the functional and presentation currency is Australian dollars (A$).

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

(p) Investment in Subsidiaries

The parent entity's investment in its subsidiaries is accounted for under the cost method of accounting in the Company's financial statements included in Note 18.

(q) Share Based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 27.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the good or services received, except where fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

(r) Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, which management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Accounting for Acquisition of Businesses

Accounting for acquisition of businesses requires judgement and estimates in determining the fair value of acquired assets and liabilities. The relevant accounting standard allows the fair value of assets acquired to be refined for a window of a year after the acquisition date and judgement is required to ensure that any adjustments made reflect new information obtained about facts and circumstances that existed as of the acquisition date.

Impairment of Non-Financial Assets

The consolidated entity assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions. Refer to notes 9, 10, and 19 for further detail regarding judgements made when assessing impairment of plant and equipment and deferred exploration and evaluation costs and determining their recoverable amount.

(s) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Mr K. MacNeill, Chief Executive Officer (CEO) and prior to his appointment the Board of Directors of the Company.

Notes to the Consolidated Financial Statements continued

2. REVENUE AND OTHER INCOME

Revenue	2022 $	2021 $
Sales and hire income	**4,014,380**	4,522,982
Sub-lease rent (unincorporated joint venture)	**54,768**	17,578
Interest received – other persons/corporation	**3,029**	6,520
	4,072,177	4,547,080
Other income:		
Government subsidies (various)	**52,726**	69,872
AMGC grant	**392,000**	-
R&D tax offset	**1,501,200**	610,106
Diesel fuel rebates	**205,959**	191,642
Other income	**7,201**	-
	2,159,086	871,620
Total revenue and other income	**6,231,263**	5,418,700

3. INCOME TAX

	2022 $	2021 $
(a) Reconciliation of income tax expense to prima facie tax payable		
Profit / (loss) before income tax	**(6,063,052)**	(4,574,191)
Tax at the statutory rate of 25% (30 June 2021: 25%)	**(1,515,763)**	(1,189,290)
Tax effect of amounts which are not taxable in calculating taxable income:		
Non-deductible expenses	**852,912**	72,656
Non-assessable income	**(375,300)**	(170,003)
Deferred tax assets not recognised	**1,038,151**	1,286,637
Income tax benefit	**-**	-
(b) Unrecognised deferred tax assets		
Balance at beginning of year	**5,123,772**	5,219,268
Current year not recognized	**(612,477)**	669,121
Adjustments in respect of prior year tax balances	**-**	(593,284)
Tax rate change 26% to 25% (Prior Year: Tax rate change from 26% to 25%)	**-**	(171,333)
Balance at end of year	**4,511,295**	5,123,772
Deferred tax assets have not been recognized in respect of the following items:		
Tax losses	**7,685,999**	7,112,830
Less: other timing differences	**(3,174,703)**	(1,989,058)
Net deferred tax assets	**4,511,295**	5,123,772

No provision for income tax is considered necessary in respect of the Company for the period ended 30 June 2022.

Deferred tax assets have not been recognised in respect of these items because it is not probable in the short to medium term that these assets will be realised. The Group has total tax losses at 30 June 2022 of $30,743,977 (2021: $28,451,322). A future income tax benefit which may arise from tax losses of 25% of approximately $7,685,994 will only be obtained if:

- the parent and the subsidiaries derive future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the parent and the subsidiaries continue to comply with the conditions for deductibility imposed by the law; and

- no changes in tax legislation adversely affect the Parent and the Subsidiaries in realising the benefit from the deductions for the losses, i.e. current tax legislation permits carried forward tax losses to be carried forward indefinitely.

No franking credits are available for subsequent years.

Tax consolidation

The tax consolidation scheme is applicable to the Company. As at the date of this report the Directors have assessed the financial effect the scheme may have on the Company and its consolidated entities and have made a decision to be taxed as a consolidated entity. The financial effect of the tax consolidation scheme on the Group has not been recognised in the financial statements.

4. INVENTORY

	2022 $	2021 $
Current		
Finished Goods	**353,889**	493,400
Work-in-progress	**364,552**	7,953
Raw materials	**72,547**	64,661
Workshop inventory	**85,450**	107,010
	876,438	673,024
Non-current		
Raw materials	**6,812,875**	7,142,176
	6,812,875	7,142,176
	7,689,313	7,815,200

The above amount for raw materials incorporates the fair value of the estimated 7 million tonnes of stockpiled inventory acquired as part of the acquisition of Mt Carbine Quarries Pty Ltd on 28 June 2019 along with the work-in-progress and finished goods inventory which have been created from this stockpiled material since acquisition. The inventory will be consumed on a units of operation basis in accordance with AASB102. All inventory, regardless of type and stage in the production process has been valued at the lower of cost and net realisable value (NRV). Inventories expected to be processed or sold within twelve months after the balance sheet date are classified as current assets. All other inventories are classified as non-current assets.

The cost of inventories recognised as an expense includes write-downs of inventory to NRV in the amount of $22,322.

5. FINANCIAL ASSETS

	2022 $	2021 $
Shares in listed companies:		
Critical Resources Limited (ASX: CRR)	**5,543**	3,610

Equity instruments are measured at fair value as at reporting date with all changes recognised as other comprehensive income / (loss) in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Consolidated Financial Statements continued

6. AUDITOR'S REMUNERATION

	2022 $	2021 $
Audit-related services		
Amounts paid or payable to Nexia Melbourne Audit Pty Ltd		
- Audit services	**65,100**	62,000
Taxation Services		
Amounts paid or payable to Nexia Melbourne Pty Ltd		
- Tax compliance services (tax returns)	**13,000**	21,500
- Other tax advice	**-**	10,273
	78,100	93,773

7. TRADE AND OTHER RECEIVABLES

	2022 $	2021 $
Trade receivables	**1,645,546**	1,213,453
Less: Allowance	**-**	-
	1,645,546	1,213,453
Other taxation	**484,950**	384,889
Other receivables	**193,103**	329,288
Total trade & other receivables	**2,323,599**	1,927,630
Prepayments	**632,292**	324,619

Trade Receivables

The average credit period on sales of product is 30 days. No interest is charged on outstanding trade receivables.

The collectability of trade receivables is assessed continuously, and individual receivables are written off when management deems them unrecoverable. No provision has been made for doubtful debts as all trade receivables were deemed to be recoverable as at reporting date.

8. RECEIVABLES

	2022 $	2021 $
Tenement security deposits	**1,075,130**	1,075,385
Other security deposits	**6,162**	6,686
	1,081,292	1,082,071

The tenement deposits are restricted so that they are available for any rehabilitation that may be required on the mining leases and/or exploration tenements (refer to Notes 16 and 17).

9. PLANT AND EQUIPMENT AT COST

	2022 $	2021 $
Plant and equipment	**6,975,823**	3,298,373
Accumulated depreciation	**(1,979,791)**	(1,609,688)
Plant and equipment – right of use assets	**2,676,371**	1,291,148
Accumulated depreciation	**(656,408)**	(172,218)
	7,015,995	2,807,615

	2022 $	2021 $
Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial year		
Carrying amount at beginning	**2,807,615**	2,254,941
Additions	**5,111,648**	1,070,671
Disposals	**(36,421)**	(105,490)
Plant and equipment written down	**-**	-
Depreciation expense	**(866,847)**	(412,507)
	7,015,995	2,807,615

10. DEFERRED EXPLORATION AND EVALUATION

	2022 $	2021 $
Costs brought forward	**8,280,353**	6,896,994
Costs incurred during the period	**2,616,884**	1,572,597
Capitalised portion of R&D tax offset	**(20,518)**	(13,200)
Total deferred exploration and evaluation	**10,876,719**	8,456,391
Amortisation deferred exploration and evaluation	**(72,745)**	(176,038)
Costs carried forward	**10,803,974**	8,280,353
Exploration expenditure costs carried forward are made up of:		
Expenditure on joint venture areas	**-**	-
Expenditure on non-joint venture areas	**10,803,974**	8,280,353
Costs carried forward	**10,803,974**	8,280,353

The above amounts represent costs of areas of interest carried forward as an asset in accordance with the accounting policy set out in Note 1. The ultimate recoupment of deferred exploration and evaluation expenditure in respect of an area of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect of the relevant area of interest, is not charged until a mining operation has commenced.

The Directors reassess the carrying value of the Group's tenements at each half year, or at a period other than that, should there be any indication of impairment.

Farm-In and Joint Venture Agreement – NSW Projects

EQ Resources Limited entered into a binding Farm-In and Joint Venture Agreement with Sozo Resources Pty Ltd ("Sozo") in November 2021 whereby Sozo can earn up to an 80% interest in EQR's 100% owned NSW projects, Crow Mountain (EL6648) and Panama Hat (EL8024), by completing expenditure of $1.6 million over 4 years as follows:

- Stage 1 – Sozo to complete $100K of expenditure within 9 months from the Agreement Commencement Date;
- Stage 2 – Sozo to spend a further $750K of expenditure within a further 24 months to earn a 49% interest. If Sozo elects to continue sole funding exploration expenditure at the end of Stage 2, it will have earnt a further 2% (51% in total) and a Joint Venture will be formed; and
- Stage 3 – Sozo to spend a further $750K of expenditure and complete a Scoping Study (as defined by the 2012 JORC Code) within a further 24 months to earn a further 29% (in total $1.6M for 80%).

For further details refer to ASX announcement "EQR Farms-Out NSW Projects to Focus on Mt Carbine Tungsten Mine" dated 25 November 2021.

Notes to the Consolidated Financial Statements continued

11. TRADE AND OTHER PAYABLES

	2022 $	2021 $
PAYABLES		
Trade payables	**3,747,115**	2,485,388
Other taxation	**316,960**	171,343
Unearned revenue	**284,550**	393,519
Accrued expenses	**677,906**	597,275
Other	**-**	-
	5,026,531	3,647,525

12. ISSUED CAPITAL

	2022 $	2021 $
Share Capital		
1,344,186,938 (2021: 1,313,354,631) ordinary shares fully paid	22,192,705	20,603,915
	22,192,705	20,603,915

(a) Movements in Ordinary Share Capital

1 July 2021 to 30 June 2022	Date	Number of Shares	Issue Price	$
Balance b/fwd		1,313,354,631		20,603,915
Issue of 11,560,592 shares @ $0.065 per share on the conversion of 750,000 convertible notes plus accrued interest to conversion date (refer ASX announcement dated 28 September 2021)	28/08/2021	11,560,592	$0.065	751,438
Issue of 9,646,535 shares @ $0.065 per share on the conversion of 625,800 convertible notes plus accrued interest to conversion date (refer ASX announcement dated 29 September 2021)	29/09/2021	9,646,535	$0.065	627,025
Issue of 9,625,180 shares @ $0.065 per share on the conversion of 624,200 convertible notes plus accrued interest to conversion date (refer ASX announcement dated 30 September 2021)	30/09/2021	9,625,180	$0.065	625,637
Convertible note issue costs				(415,310)
Balance as at 30 June 2022		**1,344,186,938**		**22,192,705**

1 July 2020 to 30 June 2021	Date	Number of Shares	Issue Price	$
Balance b/fwd		1,110,229,631		15,023,117
Prior year adjustment		-		(50)
Placement of 187,500,000 shares @ $0.032 per share to institutional and sophisticated investors undertaken pursuant to placement capacities under Listing Rule 7.1 (15% Rule) and Rule 7.1A (10% Rule) (refer ASX announcement dated 15 March 2021)	19/03/21	187,500,000	$0.0320	6,000,000
Placement of 15,625,000 shares @ $0.032 per share to Directors undertaken pursuant to placement capacities under Listing Rule 7.1 (15% Rule) and Rule 7.1A (10% Rule) (refer ASX announcement dated 15 March 2021)	20/05/21	15,625,000	$0.0320	500,000
Lead manager options				(503,385)
Share issue costs				(415,767)
Balance as at 30 June 2021		**1,313,354,631**		**20,603,915**

Terms and Conditions of Contributed Equity

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up, on the shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Option holders have no voting rights until the options are exercised.

(b) Movements in Share Options

The following table illustrates the share-based payments expense, number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	Number	WAEP	$
Balance at 1 July 2021	84,000,000	0.055	782,831
Options recognised as share-based payments expense	2,000,000	0.060	43,097
Options recognised as share issue costs	7,250,000	0.065	146,962
Options recognised as capitalised borrowing costs	17,750,000	0.065	359,802
Amortisation share based payments	-	-	368,551
Forfeited / cancelled	-	-	-
Exercised	-	-	-
Expired	-	-	-
Balance at 30 June 2022	111,000,000	0.056	1,701,243

The following table illustrates outstanding options that have vested and are exercisable at year end:

	Number outstanding	Number vested and exercisable	Exercise price	Expiry Date	Remaining Contractual Life (Years)
Employee Options					
Issue EQRAB	2,000,000	2,000,000	0.040	05/05/23	0.85
Issue EQRAC	3,000,000	3,000,000	0.060	05/05/23	0.85
Issue EQRAD	2,000,000	2,000,000	0.040	01/07/23	1.00
Issue EQRAE	3,000,000	3,000,000	0.060	01/07/23	1.00
Issue EQRAF	2,000,000	2,000,000	0.040	01/02/24	1.59
Issue EQRAI	12,000,000	6,000,000	0.060	23/06/24	1.98
Issue EQRAJ	10,000,000	5,000,000	0.060	23/06/24	1.98
Issue EQRAH	22,000,000	11,000,000	0.060	25/05/24	1.90
Issue EQRAG	30,000,000	30,000,000	0.432	19/03/24	1.72
Issue EQRAK	25,000,000	25,000,000	0.065	17/09/23	1.22
Outstanding at 30 June 2022	111,000,000	89,000,000			

(c) Movements in Performance Rights

No performance rights were issued nor outstanding at the end of the reporting period.

13. CONVERTIBLE NOTES

On 17 September 2021 the Company issued 6,000,000 convertible notes with an aggregate principal value of $6,000,000.

The notes are convertible at the option of the noteholders into ordinary shares at a conversion price of $0.065 per share at any time after issuance and up to the close of business on the maturity date.

Notes to the Consolidated Financial Statements continued

Noteholders have an option to redeem the notes at the end of 2 years at face value plus any accrued interest. Any convertible notes not converted will be redeemed on 17 September 2023 at the principal amount together with accrued but unpaid interest thereon. The notes carry interest at a coupon rate of 7.00% per annum (effective interest rate of 1.4% per month based on a 2-year amortisation period on estimated cashflow timing in line with the 2-year redemption option) which is payable annually in arrears in September.

The fair value of the liability component was estimated at issuance date using an "Interest Rate Differential" methodology which discounts the convertible notes' cash flows at a commercial discount (interest) rate to a present value. The residual amount is assigned as the equity component and is included in reserves.

Subsequent to issue, 2,000,000 notes plus accrued interest were converted into 30,832,307 ordinary shares on 28 September, 29 September and 30 September 2021.

The convertible notes issued and converted during the period have been split into liability and equity components as follows:

	Debt ($)	Equity ($)	Total
Opening balance at 1 July 2021	-	-	-
Nominal value of convertible notes issued on 17 September 2021	4,279,000	1,721,000	6,000,000
Notes converted during the period	(1,426,333)	(573,667)	(2,000,000)
Balance as at 30 June 2022	**2,852,667**	**1,147,333**	**4,000,000**

(a) Debt Component – Convertible Notes

	2022 $
Opening balance at 1 July 2021	-
Convertible notes issued on 17 September 2021	4,279,000
Notes converted 28, 29 & 30 September 2021	(1,426,333)
Convertible notes on issue as at 30 September 2022	2,852,667
Accrued Interest at effective interest rate	380,235
Capitalised Borrowing Costs	(228,251)
Balance as at 30 June 2022	**3,004,651**

Accounting Policy

The component of convertible notes that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. The increase in liability due to passage of time is recognised as a finance cost. The remainder of the proceeds are included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible notes based on the allocation of proceeds to the liability and equity components when the instruments are first recognised. The liability component of the convertible notes has been classified as a current liability in accordance with *AASB 101 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* due to the Company not having a right to defer settlement for at least twelve months after the reporting period.

14. EARNINGS PER SHARE

	2022 $	2021 $
Profit (Loss) after income tax attributable to the owners of the Company used in calculating basic and diluted earnings per share	**(6,063,051)**	(4,574,191)
	Number	**Number**
Weighted average number of ordinary shares on issue used in the calculation of basic loss per share	**1,336,589,754**	1,165,452,234
Weighted average number of ordinary shares used in calculating diluted earnings per share. Note options outstanding at reporting date have not been brought to account as they are anti-dilutive.	**1,444,252,768**	1,177,616,617
Basic profit (loss) per share (cents)	**(0.45)**	(0.39)
Diluted profit (loss) per share (cents)	**(0.42)**	(0.39)

15. KEY MANAGEMENT PERSONNEL COMPENSATION

	2022 $	2021(1) $
Short-term employee benefits	**618,347**	689,996
Post-employment benefits	**1,806**	97,198
Share based payments	**292,383**	178,974
Balance at the end of period	**912,536**	966,168

(1) Restated to include non-monetary benefits, leave provisions and long-term employee benefits.

16. CONTINGENT LIABILITIES

The Group has provided guarantees totalling $1,075,130 in respect of mining exploration tenements and environmental bonds. These guarantees in respect of mining and exploration tenements are secured against deposits with the relative State Department of Mines. The Company does not expect to incur any material liability in respect of the guarantees.

17. COMMITMENTS

Exploration Licence Expenditure Requirements

Queensland

The Queensland Government has approved a number of changes to Exploration Permits under the Natural Resources and Other Legislation Amendment Act 2019 (known as NROLA Act). This Act commenced in May 2020 which results in a change from an expenditure-based approach upon which a company's compliance with its licence conditions will be assessed on an outcomes-based approach.

New South Wales

In November 2021 EQ Resources Limited entered into a binding Farm-In and Joint Venture Agreement with Sozo Resources Pty Ltd ("Sozo") whereby Sozo can earn up to an 80% interest in EQR's 100% owned NSW projects, Crow Mountain (EL6648) and Panama Hat (EL8024), by completing expenditure of $1.6 million over 4 years as follows:

- Stage 1 – Sozo to complete $100K of expenditure within 9 months from the Agreement Commencement Date;
- Stage 2 – Sozo to spend a further $750K of expenditure within a further 24 months to earn a 49% interest. If Sozo elects to continue sole funding exploration expenditure at the end of Stage 2, it will have earnt a further 2% (51% in total) and a Joint Venture will be formed; and
- Stage 3 – Sozo to spend a further $750K of expenditure and complete a Scoping Study (as defined by the 2012 JORC Code) within a further 24 months to earn a further 29% (in total $1.6M for 80%).

Notes to the Consolidated Financial Statements continued

For further details refer to ASX announcement "EQR Farms-Out NSW Projects to Focus on Mt Carbine Tungsten Mine" dated 26 November 2021.

This agreement ensures that the Company's minimum expenditure requirements, as shown in the table below, will be satisfied in order to maintain each tenement in good standing.

	2022 $	2021 $
Payable not later than 1 year (NSW only)	**118,000**	38,000
Payable later than one year but not later than two years	**278,000**	76,000
	396,000	114,000

It is likely also, that the granting of new licences and changes in licence areas at renewal or expiry will change the expenditure commitment of the Group from time to time.

18. INVESTMENT IN SUBSIDIARIES

	Equity Interest		Cost of Parent Entity's Investment	
Parent Entity EQ Resources Limited	**2022 %**	**2021 %**	**2022 $**	**2021 $**
Controlled Entities				
South Eastern Resources Pty Ltd	100	100	2	2
Mt Carbine Retreatment Pty Ltd	100	100	200	200
Troutstone Resources Pty Ltd	100	100	1	1
Mt Carbine Quarrying Operations Pty Ltd	100	100	100	100
Mt Carbine Quarries Pty Limited	100	100	8,130,000	8,130,000
Icon Resources Africa Pty Ltd	100	100	10	10
Mt Carbine Retreatment Management Pty Ltd[1]	50	50	50	50

[1] Mt Carbine Retreatment Management Pty Ltd acts as the agent for the unincorporated joint venture between Mt Carbine Retreatment Pty Ltd and CRONIMET Australia Pty Ltd.

EQ Resources Limited and all of its subsidiaries are located and incorporated in Australia.

19. IMPAIRMENT OF DEFERRED EXPLORATION EXPENDITURE AND PLANT AND EQUIPMENT

The Directors reassess the carrying value of the Group's assets including deferred exploration expenditure, tenements and plant and equipment at each half year, or at a period other than that, should there be any indication of impairment to fair value. When making their assessment for the 2022 financial year the Directors took the following into consideration:

- The results from Bankable Feasibility Study for the Mt Carbine Expansion Project which delivered strong Pre-Tax Economics* including:
  - Pre-Tax NPV8 of $131.5M;
  - IRR of 154%;
  - Payback period of 2.25 years;
  - Life of Mine EBITDA of $206.9M; and
  - Project life of 12 years.

* Concentrate sales price basis US$315/mtu (mtu = metric tonne unit, 10kg).

This study focused on the open pit development with high-grade ore from the Company's 100% owned Andy White Open Pit, supplemented with the processing of the 12 million tonne Low-Grade Stockpile which is a 50:50 joint venture between EQ Resources Limited and Cronimet Australia Pty Ltd ("JV") (refer ASX announcement "Mt Carbine BFS Delivers Strong Early Cash Flow" dated 13 December 2022.

- Continued increases in production and concentrate sales from the Company's JV with CRONIMET Australia Pty Ltd as a direct result of capital improvements to existing infrastructure as well as the successful completion and commissioning of the Mt Carbine Early Works Program.
- APT (Ammonium Paratungstate; as the underlying price reference for tungsten concentrate) price continued to appreciate from $285/mtu a year ago to approximately US$340/mtu as at the end of July 2022.
- The release of an updated resource statement for the Mt Carbine Tungsten Project which added ~85% contained metal (in WO_3) to Indicated resources (refer ASX Announcement "Increased Tungsten in Updated Mt Carbine Mineral Resource" dated 4 August 2022).
- The Company's wholly owned subsidiary, Mt Carbine Quarrying Operations Pty Ltd, continues to dedicate resources to the development of its 'green aggregates' business to enable the repurposed Mt Carbine aggregates to be classified as a recycled product. This will open additional opportunities in both the local and regional markets with the potential to increase future sales as regional industries demand more recycled products. The Company continues to submit tenders for substantial civil projects in the Quarry's operational area, all of which are dependent upon either Federal or State funding.
- The Company continues to hold:
    - Two (2) gold prospects in NSW and has entered into Farm-In and Joint Venture Agreement (the "Agreement") executed with Sozo Resources Pty Ltd ("Sozo") whereby Sozo can earn up to an 80% interest in EQR's Panama Hat and Crow Mountain Projects (EL's 6648 and 8024) by completing expenditure of A$1.6M over 4 years (refer ASX announcement 'EQR Farms-Out NSW Projects to Focus On Mt Carbine Tungsten Mine' dated 25 November 2021).
    - Three (3) tungsten focused Exploration Permits being as EPM 27394, EPM 14871 and EPM 14872 located at Mt Carbine, North Queensland. EPM 14872 contains both the Iron Duke and Petersen's Lode prospects whilst EPM 14871 features the Mt Holmes tin-tungsten prospect.

      EPM 14872 holds significant exploration upside given that the tungsten grades indicated in the sampling of the Iron Duke and Petersen's Lode are extensively higher than the estimated global average grade in the present open-pit resource within the Mt Carbine Mining Leases. These unencumbered, greenfield sites also offer the added advantage of having minimal environmental legacy issues.

Based on the above, Directors' have assessed there to be no indication of impairment in the current financial year.

Notes to the Consolidated Financial Statements continued

Combined Deferred Expenditure, Plant and Equipment and Financial Assets	**2022 $**	**2021 $**
Non-current assets		
Receivables	**1,081,292**	1,082,071
	1,081,292	1,082,071
Plant and equipment		
Plant and equipment – at cost	**9,652,194**	4,589,521
Accumulated depreciation	**(2,636,199)**	(1,781,906)
	7,015,995	2,807,615
Inventory		
Inventory – Quarry Material	**7,603,863**	7,708,190
Inventory – Workshop	**85,450**	107,010
	7,689,313	7,815,200
Deferred exploration and evaluation expenditure		
Exploration and evaluation expenditure	**10,876,719**	8,456,391
Amortisation	**(72,745)**	(176,038)
	10,803,974	8,280,353
TOTAL	**26,590,574**	19,985,239

Reconciliation of the carrying amount of Mt Carbine assets at the beginning and end of the current and previous financial year:	**2022 $**	**2021 $**
Combined assets carrying amount at the beginning of the year	**19,985,239**	17,784,029
Receivables – prior year adjustment	**-**	(50)
Plant and equipment – additions	**5,111,648**	1,070,670
Plant and equipment – WDV of disposals	**(36,421)**	(105,490)
Plant and equipment – depreciation expense	**(866,847)**	(412,507)
Inventory – increase / (depletion)	**(125,887)**	269,787
Tenement & other security deposits – decrease	**(779)**	(4,560)
Capitalised exploration and evaluation expenses	**2,616,884**	1,572,598
Capitalised exploration and evaluation expenses - R&D Tax Offset	**(20,518)**	(13,200)
Capitalised exploration and evaluation – amortisation	**(72,745)**	(176,038)
TOTAL	**26,590,574**	19,985,239

20. SUBSEQUENT EVENTS

There have been no material events subsequent to 30 June 2022 that have not previously been reported other than:

- Queensland-based Golding Contractors signed for early-stage work on Mt Carbine Open Pit restart, with key outcomes of the early engagement including stakeholder engagement, equipment selection, final pit design and price finalisation (refer ASX announcement "EQR Early Engagement with Contract Miner" dated 4 July 2022.
- The release of an updated Resource Statement for the Mt Carbine Tungsten Project which added ~85% contained metal (in WO_3) to Indicated resources (refer ASX Announcement "Increased Tungsten in Updated Mt Carbine Mineral Resource" dated 4 August 2022).

- The release of an updated Ore Reserve estimate for its Mt Carbine Tungsten Project current as of 1 September 2022 which accounts for all mining activities undertaken to date. Refer ASX Announcement "Mineral Increase in Mt Carbine Ore Reserve" dated 16 September 2022)

Reserve Category	ROM Tonnes (mt)	WO_3 %	Contained $W0_3$ (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**

21. STATEMENT OF CASH FLOWS

Reconciliation of net cash outflow from operating activities to operating loss after income tax	2022 $	2021 $
(a) Operating profit / (loss) after income tax	**(6,063,051)**	(4,574,191)
Depreciation and amortisation	**939,592**	588,545
Share based payments expense	**411,648**	279,446
Amortised finance expense	**540,523**	-
Gain on disposal of assets	**-**	-
Loss on disposal of assets	**36,421**	22,537
(Revaluation) Devaluation of investment to market value	**(1,933)**	(1,547)
Unrealised foreign exchange (gains) losses	**372,958**	(323,179)
Change in assets and liabilities:		
Decrease (Increase) in receivables	**(702,863)**	(1,607,890)
Decrease (Increase) in other assets	**98,068**	(331,770)
Increase/(decrease) in trade and other creditors	**1,255,867**	2,131,327
Net cash outflow from operating activities	**(3,112,770)**	(3,816,722)
(b) For the purpose of the Statement of Cash Flows, cash includes cash on hand, at bank, deposits and bank bills used as part of the Company's cash management function. The Company does not have any unused credit facilities.		
The balance at 30 June 2022 comprised:		
Cash assets	**1,723,426**	3,504,721
Cash on hand	**1,723,426**	3,504,721

Notes to the Consolidated Financial Statements continued

22. CONTRACT LIABILITIES

	2022 $	2021 $
Contract Liability - Sublease[1]		
Current	**405,851**	242,397
Non-current	**1,432,259**	1,650,481
	1,838,110	1,892,878
Contract Liability - Offtake[2]		
Balance at beginning of the year	**2,323,423**	2,547,615
Plus: Offtake extension (partial draw down)	**689,265**	-
Less: Unrealised foreign exchange (gain) / loss	**253,502**	(224,192)
	3,266,190	2,323,423

1 Mt Carbine Sublease Rent prepaid to Mt Carbine Quarries Pty Ltd as per the Retreatment Operations Sublease Agreement between Mt Carbine Quarries Pty Ltd, CRONIMET Australia Pty Ltd and Mt Carbine Retreatment Pty Ltd.

2 The Company's wholly owned subsidiary and 50% unincorporated joint venture partner, Mt Carbine Retreatment Pty Ltd's, Offtake Advance recognition. The Loan is denominated in USD and the terms and repayment of this advance are governed by the Offtake Advance Agreement between CRONIMET Asia Pte Ltd, CRONIMET Australia Pty Ltd and Mt Carbine Retreatment Pty Ltd.

A further offtake prepayment facility of up to US $3 million was secured from the Company's joint venture and offtake partner, CRONIMET Asia Pte Ltd with US $1 million of this additional facility being drawn as at 30 June 2022 (refer ASX Announcement "CAPEX Funding for Mt Carbine Expansion Secured" dated 2 May 2022). Note: The Company's wholly owned subsidiary and 50% unincorporated joint venture partner, Mt Carbine Retreatment Pty Ltd's, interest in the offtake prepayment equates to 50% of the total prepayment facility.

The contract liability arrangements for the Offtake Advance are secured as follows:

- general security deed from Mt Carbine Retreatment Pty Ltd over its present and subsequent acquired assets;
- general security deed from CRONIMET Australia Pty Ltd over all its present and subsequent acquired assets; and
- mortgage from Mt Carbine Quarries Pty Ltd over mining leases ML4867 and ML4919. This mortgage also includes an interest over "Featherweight Property" which is all other property of Mt Carbine Quarries Pty Ltd other than the mining leases. The mortgage is limited recourse, in that it is limited to the value of the mining leases.

The contract liability arrangement for the unincorporated joint venture between Mt Carbine Retreatment Pty Ltd and CRONIMET Australia Pty Ltd (Joint Venture) are as follows:

- Deed of Cross Security between the Joint Venture parties and Mt Carbine Retreatment Management Pty Ltd (as the manager) which secures the performance of their obligations to each other under the Joint Venture; and
- General Security Deed from Mt Carbine Quarries Pty Ltd in favour of the Joint Venture parties over all present and after acquired property of Mt Carbine Quarries Pty Ltd including its rights under the Mining Leases.

23. OTHER BORROWINGS

	2022 $	2021 $
Unsecured at amortised cost		
Principal	**1,500,000**	-
Accrued interest	**23,336**	-
	1,523,336	-

A 6-month unsecured loan facility was provided by a related party of the Group, Director and shareholder, Zhui Pei Yeo, at an interest rate of 8% per annum charged on the outstanding loan balance. The repayment of this loan was subsequently extended to July 2023 hence its classification as a non-current liability in the Balance Sheet.

24. LEASES

Right-of-use assets	2022 $	2021 $
Balance at 1 July 2021	**1,118,930**	1,225,390
Additions:		
- Plant & equipment	**1,269,864**	57,066
- Motor vehicle	**129,047**	-
Disposals	**(11,749)**	
Depreciation charge for the year	**(486,129)**	(163,526)
Balance at 30 June 2022	**2,019,963**	1,118,930
Lease Liability - Maturity Analysis		
Less than 1 year	**665,754**	268,167
1 to 5 years	**1,335,829**	681,140
5+ years	**-**	-
	2,001,583	949,307
Amounts Recognised in profit or loss		
Interest on lease liabilities	**93,238**	29,425
Expenses relating to short-term leases	**-**	-
	93,238	29,425
Amounts recognised in statement of cash flows		
Total cash outflow for leases	**119,007**	10,523

25. CORPORATE INFORMATION

The Financial Report of the Group for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Directors on 30 September 2022.

EQ Resources Limited is a company limited by shares and incorporated in Australia. Its shares are publicly traded on the Australian Securities Exchange under the ticker code “EQR”.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company’s principal financial instruments comprise cash, short term deposits and available for sale investments.

The main purpose of these financial instruments is to finance the Company’s operations. The Company has various other financial assets and liabilities such as trade receivable and trade payables, which arise directly from its operations. It is, and has been throughout the entire period under review, the Company’s policy that no trading in financial instruments shall be undertaken.

Notes to the Consolidated Financial Statements continued

The main risks arising from the Company's financial instruments are cash flow interest rate risk and equity price risk. Other minor risks are summarised below. The Board reviews and agrees policies for managing each of these risks.

(a) Price Risk

The Group is not exposed to equity securities price risk.

(b) Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash reserves and marketable securities and through the continuous monitoring of budgeted and actual cash flows.

Contracted Maturities for Payables	<6 Months	6 - 12 Months	1 - 5 Years	Total
2022				
Trade and other payables	5,026,531	-	-	5,026,531
Lease liabilities	277,397	388,357	1,335,829	2,001,583
Convertible note interest payable	280,000	-	-	280,000
Total	**5,583,928**	**388,357**	**1,335,829**	**7,308,114**
2021				
Trade and other payables	3,647,525	-	-	3,647,525
Lease liabilities	111,736	156,430	681,140	949,307
Total	**3,759,261**	**156,430**	**681,140**	**4,596,832**

(c) Fair Value of Financial Instruments

The following tables detail the consolidated entity's fair values of financial instruments categorised by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Consolidated – 2022

Assets	Level 1	Level 2	Level 3	Total
Ordinary shares	5,543	-	-	5,543
Total assets	5,543	-	-	5,543
Total liabilities	-	-	-	-

Consolidated – 2021

Assets	Level 1	Level 2	Level 3	Total
Ordinary shares	3,610	-	-	3,610
Total assets	3,610	-	-	3,610
Total liabilities	-	-	-	-

There were no transfers between levels during the financial year.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

(d) Commodity Price Risk

The Company is exposed to commodity price risk. This risk arises from its activities directed at exploration and mining development of mineral commodities. If commodity prices fall, the market for companies exploring and/or mining for these commodities is affected. The Company does not currently hedge its exposures.

(e) Fair Values

For financial assets and liabilities, the fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form, other than listed investments. The Company has no financial assets including derivative financial assets and liabilities where the carrying amount exceeds the net fair values at reporting date. The Company's receivables at reporting date comprise of GST input tax credits refundable by the Australian Taxation Office and other receivables. The balance (if any) of receivables comprises prepayments (if any). The credit risk on financial assets of the Company which have been recognised on the Statement of Financial Position is generally the carrying amount.

(f) Capital Risk Management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. Consistently with others in the industry, the consolidated entity monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity" as shown in the Statement of Financial Position plus net debt. The gearing ratio as at 30 June 2022 was 41% as opposed to 9% at 30 June 2021. The increase in the ratio is predominately due to the Company financing its capital growth initiatives for the Mt Carbine Tungsten Project via debt rather than equity.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity continues to evaluate corporate and exploration opportunities within the new economy and critical minerals sector.

The consolidated entity is subject to certain financing arrangements and covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2021 Annual Report. The consolidated entity is not subject to externally imposed capital requirements.

Notes to the Consolidated Financial Statements continued

27. SHARE BASED PAYMENTS

(a) Expenses arising from share-based payment transactions

Total expenses rising from share-based payment transactions recognised during the period were as follows:

	FV at Grant Date	Expensed / Capitalised in prior years	Lapsed / Forfeited	Expensed 2022 Year	Capitalised 2022 Year	AASB 2 Not yet Expensed
Options issued to directors	308,454	23,242	-	216,216	-	68,996
Options issued to employees / consultants	1,550,511	759,589	20,612	195,432	506,764	68,114
Total share-based payments	**1,858,965**	**782,831**	**20,612**	**411,648**	**506,764**	**137,110**

The fair value of options issued during the year were calculated by using a black-scholes pricing model applying the following inputs:

	Employees / Consultants	Employees / Consultants	Employees / Consultants
Grant date	25/01/2022	25/01/2022	17/09/2021
Number issued	1,000,000	1,000,000	25,000,000
Share price at grant date	$0.060	$0.060	$0.048
Exercise Price	$0.060	$0.060	$0.065
Life of options (years)	2 Years	2 Years	2 Years
Expected share price volatility	85.943%	85.943%	95.000%
Weighted average risk-free interest rate	1.290%	1.290%	0.010%
Fair value per option	$0.03019	$0.03019	$0.02000
Vesting conditions	None	12 Months Service[1]	None

[1] Anniversary of issue date, subject to continuous employment by the Company to the vesting date.

Each option provides the right for the option holder to be issued one fully paid share in the Company, upon payment of the exercise price of each option once vesting conditions have been met.

Historical volatility has been used as the basis for determining expected share price volatility as it is assumed that this is indicative of future trends, which may not eventuate.

For service provider options the value of the service rendered was unable to be measured reliably and therefore the value was measured by reference to the fair value of the options issued.

(b) Options Issued

The following table details the number and movements in options issued as employment incentives to Key Management Personnel during the year.

	2022 Number	2022 WAEP	2021 Number	2021 WAEP
Outstanding at the beginning of the year	42,000,000	0.058	5,000,000	0.052
Granted	-	-	37,000,000	0.059
Forfeited / cancelled	-	-	-	-
Exercised[1]	(5,000,000)	0.052	-	-
Expired	-	-	-	-
Outstanding at year end	37,000,000	0.059	42,000,000	0.058
Exercisable at year end	**21,000,000**	**0.058**	**10,000,000**	0.043

[1] Options are deemed exercised upon the resignation of Key Management Personnel.

(c) Performance Rights / Options lapsed during the reporting period

There were no Performance rights issued during the reporting period.

28. EMPLOYEE BENEFITS

	2022 $	2021 $
Current		
Annual leave benefits	**263,736**	182,840
Long service leave benefits	**18,661**	-
	282,397	182,840
Non-current		
Long service leave benefits	**15,418**	24,112
Total employee benefits	**297,815**	206,952

29. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Adoption of New Standards and Interpretations

Changes in accounting policies on initial application of Accounting Standards

From 1 July 2021, the Group has adopted all the standards and interpretations mandatory for annual periods beginning on or after 1 July 2021 Adoption of these standards and interpretations did not have any effect on the statements of financial position or performance of the Group. The Group has not elected to early adopt any new standards or amendments.

30. PARENT ENTITY INFORMATION

The following information relates to the parent entity, EQ Resources Limited. The information presented has been prepared using accounting policies that are consistent with those presented in Note 1.

	2022 $	2021 $
ASSETS		
Current assets	**12,969,887**	8,878,042
Non-current assets	**19,921,558**	17,054,241
TOTAL ASSETS	**32,891,445**	25,932,283
LIABILITIES		
Current liabilities	**4,236,606**	1,226,826
Non-current liabilities	**5,347,157**	3,823,821
TOTAL LIABILITIES	**9,583,763**	5,050,647
NET ASSETS	**23,307,682**	20,881,636
EQUITY		
Issued capital	**22,192,755**	20,603,965
Reserves	**2,848,576**	782,831
Accumulated losses	**(1,733,649)**	(505,160)
TOTAL EQUITY	**23,307,682**	20,881,636
FINANCIAL PERFORMANCE		
Profit (loss) for the year	**(1,228,489)**	(2,000,234)
Other comprehensive income/(loss) for the year	**1,933**	1,547
Total comprehensive profit/(loss)	**(1,226,556)**	(1,998,687)

Contingent Liabilities

As at 30 June 2022 and 30 June 2021 the Company had no contingent liabilities other than those disclosed in Note 16.

Notes to the Consolidated Financial Statements continued

Contractual Commitments

As at 30 June 2022 and 30 June 2021 the Company had no contractual commitments.

Guarantees Entered into by Parent Entity

As at 30 June 2022, the Company has not provided any financial guarantees.

31. OPERATING SEGMENTS

Segment Information

Identification of Reportable Segments

During the 2022 financial year, the Company operated principally in one business segment being mineral exploration and in two geographical segments being Queensland and New South Wales, Australia.

The Company's revenues and assets and liabilities according to geographical segments are shown below.

	June 2022			June 2021		
	Total $	Queensland $	NSW $	Total $	Australia $	NSW $
REVENUE						
Revenue & Other Income	**6,231,263**	6,231,263	-	**5,418,700**	5,418,700	-
Total segment revenue	**6,231,263**	**6,231,263**	**-**	**5,418,700**	**5,418,700**	**-**
RESULTS						
Profit / (loss) before income tax	**(6,063,051)**	(6,063,051)	-	**(4,574,191)**	(4,574,191)	-
Income tax	**-**	-	-	**-**	-	-
Profit/ (loss) after income tax	**(6,063,051)**	**(6,063,051)**	**-**	**(4,574,191)**	**(4,574,191)**	**-**
ASSETS AND LIABILITIES						
Assets	**31,275,434**	30,914,939	360,495	**25,745,819**	25,568,239	177,580
Liabilities	**(16,958,216)**	(16,958,216)	-	**9,020,085**	9,020,085	-

32. RELATED PARTY DISCLOSURES

(a) The Company's main related parties are as follows:

Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise), are considered key management personnel.

The Directors and Officers in office during the year were as follows:

• Oliver Kleinhempel (Sonnenalee Investments Limited)	Appointed Non-executive Director, 12 August 2019 Appointed Non-executive Chairman, 24 April 2020
• Stephen Layton (Bodie Investments Pty Ltd)	Appointed Non-executive Director, 14 November 2017
• Richard Damon Morrow (Yavern Creek Holdings Pty Ltd)	Appointed Non-executive Director, 16 March 2021
• Zhui Pei Yeo (Whitfords Holdings Investments PtyLtd)	Appointed Non-executive Director, 12 August 2019
• Kevin Bruce MacNeill	Appointed Chief Executive Officer, 1 April 2021

For details of disclosures relating to key management personnel, refer to Key Management Personnel disclosures Directors and Remuneration Report.

(b) Transactions with other related parties:

Transactions between other related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There were no transactions with other related parties during the reporting period.

(c) Receivable from and payable to related parties

There were no trade receivables from nor trade payables to related parties at the current and previous reporting date.

(d) Loans to/from related parties

During the reporting period, the Group obtained a $1.5 million, 6-month unsecured loan facility from Director and shareholder, Zhui Pei Yeo, at an interest rate of 8% per annum (refer ASX Announcement “CAPEX Funding for Mt Carbine Expansion Secured” dated 2 May 2022). The repayment of this loan was subsequently extended to July 2023 hence its classification as a non-current liability in the Balance Sheet.

There were no loans to or from related parties as at the previous reporting date.

(e) Parent entity

EQ Resources Limited is the parent entity.

(f) Subsidiaries

Interests in subsidiaries are set out in Note 18.

Directors' Declaration

The Directors of the Company declare that:

1. the Financial Statements, comprising the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and accompanying Notes, are in accordance with the Corporations Act 2001 and:
    a) comply with Accounting Standards, which, as stated in the accounting policy Note 1, to the financial statements, constitutes explicit and unreserved compliance with international Financial Reporting Standards (IFRS); and
    b) give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the company and consolidated group;
2. the directors have been given the declaration required by s.295A of the *Corporations Act* 2001 by the Interim Chief Executive Officer declaring that:
    a) the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the Corporations Act 2001;
    b) the Financial Statements and notes for the financial year comply with Accounting Standards; and
    c) the Financial Statements and notes for the financial year give a true and fair view; and
3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with the resolution of the Board of Directors.

On behalf of the Board

Oliver Kleinhempel
Non-executive Chairman
30 September 2022

Auditor's Independence Declaration

Nexia Australia

Nexia Melbourne Audit
Registered Audit Company 291969
Level 12 31 Queen Street
Melbourne Victoria 3000
T: +61 3 8613 8888
F: +61 3 8613 8800
nexia.com.au

Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001* to the Directors of EQ Resources Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there has been:

a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

b. no contraventions of any applicable code of professional conduct in relation to the audit.

Nexia

Nexia Melbourne Audit Pty Ltd	**Ben Bester**
Melbourne	**Director**

Dated this 30th day of September 2022

Independent Auditor's Report

Nexia Australia

Nexia Melbourne Audit
Registered Audit Company 291969
Level 12 31 Queen Street
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Independent Auditor's Report to the Members of EQ Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of EQ Resources Limited (the Company and its subsidiaries (the Group)), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of EQ Resources Limited is in accordance with the *Corporations Act 2001*, including:

i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards and *the Corporations Regulations 2001.*

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Nexia Australia

Independent Auditor's Report to the Members of EQ Resources Limited

Key audit matter	How our audit addressed the key audit matter
Carrying value Deferred exploration and evaluation expenditure ***Refer to Note 10 non-current assets***	
The Group carries significant exploration and evaluation assets at 30 June 2022 which is material to the financial report. As a result the capitalised exploration and evaluation expenditure were required to be considered for impairment indicators in accordance with *AASB 6 Exploration and Evaluation of Mineral Resources* and therefore considered a key audit matter.	Our procedures included, amongst others: • Obtain schedules of the areas of interest held by the Group and assessing whether the rights to tenure remain current at balance date; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Review the Group's capitalisation of exploration expenditure in the current year, ensuring that it is consistent with the criteria as stated under AASB 6. This included discussion with management, reviewing Group exploration budgets, ASX announcements and directors' minutes; • Review and considered whether any facts or circumstances existed that suggest impairment was required; • Assessing the adequacy of the related disclosures in Note 10 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report continued

Nexia Australia

Independent Auditor's Report to the Members of EQ Resources Limited

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Nexia Australia

Independent Auditor's Report to the Members of EQ Resources Limited

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 42 to 46 of the Directors Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of EQ Resources Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Nexia

Nexia Melbourne Audit Pty Ltd **Melbourne**	**Ben Bester** **Director**

Dated this 30th day of September 2022.

Shareholder Information

Registered Office

Level4, 96-100 Albert Road
South Melbourne VIC 3205, Australia
Phone: +61 3 9692 7222

Joint Company Secretaries

Ms Melanie Leydin and Ms Patricia Vanni De Oliveira

Shareholder Enquiries

Shareholder's information in relation to shareholding or share transfer can be obtained by contacting the Company's share registry:

Automic Registry Services
Level 5/126 Phillip Street, Sydney NSW 2000
Telephone: 1300 288 664 (local), +61 2 9698 5414 (international) Website: www.automicgroup.com.au

For all correspondence to the share registry, please provide your Security-holder reference Number (SRN) or Holder Identification Number (HIN).

Change of Address

Changes to your address can be updated online at https://www.automicgroup.com.au or by obtaining a Change of Address Form from the Company's share registry. CHESS sponsored investors must change their address details via their broker.

Annual General Meeting

The Annual General Meeting will be held in Melbourne on 23 November 2022 at 2.00pm (AEST). The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to the ASX immediately upon dispatch.

The Closing date for receipt of nomination for the position of Director is 5 October 2022. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on 5 October 2022, at the Company's Registered Office.

The Company notes that the deadline for the nominations for the position of Director is separate to voting on Director elections Details of the Director's to be elected will be provided in the Company's Notice of Annual General Meeting in due course.

Corporate Governance Statement

The Company's 2022 Corporate Governance Statement, once released to the ASX, will be available on the Company's website at https://www.eqresources.com.au

Annual Report Mailing List

All shareholders are entitled to receive the Annual Report. In addition, shareholders may nominate not to receive an annual report by advising the share registry in writing, by fax, or by email, quoting their SRN/HIN.

Securities Exchange Listing

EQ Resources shares are listed on the Australian Securities Exchange and trade under the ASX code EQR. The securities of the Company are traded on the ASX under CHESS (Clearing House Electronic Sub-Register System).

ASX Shareholder Disclosures

The following additional information is required by the Australian Securities Exchange in respect of listed public companies. The information is current as at 8 September 2022.

Distribution of Equity Securities

Analysis of numbers of ordinary shareholders by size of holding.

	Ordinary Shares		Options over Ordinary Shares		Convertible Notes	
	Number of Holders	Shares Issued	Number of Holders	Options Issued	Number of Holders	Options Issued
1 – 1,000	79	12,803	-	-	-	-
1,001 – 5,000	49	165,428	-	-	-	-
5,001 – 10,000	148	1,310,907	-	-	-	-
10,001 – 100,000	885	38,380,933	-	-	-	-
100,001 – and over	671	1,304,316,867	15	111,000,000	3	4,000,000
Total	**1,832**	**1,344,186,938** **100%**	**15**	**111,000,000** **100%**	**3**	**4,000,000** **100%**
Holdings less than a marketable parcel	**285**	**1,581,436**				

Equity Security Holders

Twenty largest quoted equity security holders.

Position & Holder Name	Holding	% IC
1. BNP Paribas Noms Pty Ltd <DRP>	216,674,990	16.12%
2. Citicorp Nominees Pty Limited	95,691,054	7.12%
3. Zhui Pei Yeo	70,232,310	5.22%
4. Archer Pacific Holding Limited	55,0000,000	4.09%
5. Bodie Investments Pty Ltd	50,812,500	3.78%
6. Lyne Wood Holdings Ltd	46,800,000	3.48%
7. Covenant Holdings (WA) Pty Ltd <The Boyd No 3 A/C>	37,110,532	2.76%
8. Shawlane Capital Ltd	36,970,172	2.75%
9. Hemmingway United Investment Ltd	31,088,236	2.31%
10.TA Securities Holdings Berhad	27,908,902	2.08%
11.Baglora Pty Ltd <Mott Family Super Fund A/C>	27,824,749	2.07%
12.Dr Leon Eugene Pretorius	24,000,000	1.79%
13.Shawlane Capital Ltd	18,000,000	1.34%
14.Mota Engil Minerals & Mining Investment BV/C	16,000,000	1.19%

Shareholder Information continued

Position & Holder Name	Holding	% IC
15.Sonnenallee Investments Ltd	15,333,600	1.12%
16.Honwai Pty Ltd <Norvic Family A/C>	15,000,000	1.12%
17.Turbine Capital Limited	11,999,166	0.89%
18.Monex Boom Securities (HK) Ltd <Clients Account>	10,100,000	0.75%
19.Alan Scott Nominees Pty Ltd <Alan Scott Super A/C>	8,800,000	0.65%
20.Max Mobile Auto Clinic Pty Ltd	8,273,430	0.62%
Total: Top 20 Holders of Ordinary Fully Paid Shares	**823,619,641**	**61.27%**

Unquoted Equity Securities	Holding	Option Holders
Options over ordinary shares issues	111,000,000	15
Convertible Notes	4,000,000	3

Substantial Option Holders

Substantial option holders in the Company are set out below:

Substantial Option Holders	Holding	% of Total Options Issued
1. Bernie No 132 Nominees Pty Ltd <599694 A/C>	25,000,000	22.52%
2. Rymill Global Venture Ltd	25,000,000	22.52%
3. Oliver Kleinhempel	10,000,000	9.01%
4. Kevin MacNeill	10,000,000	9.01%

Substantial Convertible Note Holders

Substantial Convertible Note holders in the Company, as disclosed in substantial holding notices given to the Company, are set out below:

Substantial Shareholders	Number Held	Percentage
1. Venture Frontier Limited	2,500,000	62.50%
2. Mr Chee Yew Fei	1,000,000	25.00%
3. Shawlane Capital Ltd	500,000	12.50%

Substantial Holders

Substantial holders in the Company, as disclosed in substantial holding notices given to the Company, are set out below:

Substantial Shareholders	Number Held	Percentage
1. BNP Paribas Noms Pty Ltd <DRP>	216,674,990	16.12%
2. Citicorp Nominees Pty Limited	95,691,054	7.12%
3. Zhui Pei Yeo	70,232,310	5.22%

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary Shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Unquoted Securities

There are no voting rights attached to the unquoted options.

There are no other classes of equity securities.

Forward Looking Statements

Some statements contained within this report relate to the future and are forward looking statements. Such statements may include, but are not limited to, statements with regard to intention, capacity, future production and grades, projections for sales growth, estimated revenues and reserves, targets for cost savings, the construction cost of new projects, projected capital expenditures, the timing of new projects, future cash flow and debt levels, the outlook for minerals and metals prices, the outlook for economic recovery and trends in the trading environment and may be (but are not necessarily) identified by the use of phrases such as “will”, “expect”, “anticipate”, “believe” and “envisage”. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and may be outside EQ Resources Limited’s control. Actual results and developments may differ materially from those expressed or implied in such statements because of a number of factors, including levels of demand and market prices, the ability to produce and transport products profitably, the impact of foreign currency exchange rates on market prices and operating costs, operational problems, political uncertainty and economic conditions in relevant areas of the world, the actions of competitors, activities by governmental authorities such as changes in taxation or regulation.

Given these risks and uncertainties, undue reliance should not be placed on forward-looking statements and intentions which speak only as at the date of the presentation. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, EQ Resources does not undertake any obligation to publicly release any updates or revisions to any forward-looking statements contained in this presentation, whether as a result of any change in EQ Resources’ expectations in relation to them, or any change in events, conditions or circumstances on which any such statement is based.

Certain statistical and other information included in this presentation is sourced from publicly available third-party sources and has not been independently verified.

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