

18 October 2023

STRATEGIC PARTNER CRONIMET JOINS EQR REGISTER, AS EQR ACQUIRES JV INTEREST FROM CRONIMET

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

Highlights:

- EQR acquires CRONIMET's 50% joint venture interest in the Mt Carbine Tungsten Operation
- As part of the transaction, EQR to issue new ordinary shares at A\$0.09 per share (representing a ~30% premium to the 15 days VWAP) to CRONIMET, equal to a total of USD 7.5 million
- EQR assumes all offtake obligations for concentrate supply from Mt Carbine to CRONIMET, additionally CRONIMET to become the marketing partner for potential future Saloro production*

* Saloro acquisition by EQR remains subject to various closing conditions, incl. the approval of foreign direct investment agencies in Australia and Spain.

EQ Resources Limited ("EQR" or "the Company") is pleased to announce that it entered into a binding Heads of Agreement ("HoA") with CRONIMET Asia Pte Ltd ("CR Asia") and CRONIMET Australia Pty Ltd ("CR Australia"), for the acquisition of CR Australia's joint venture interest in the Mt Carbine Tungsten Operation.

EQR, through its wholly owned subsidiary Mt Carbine Retreatment Pty Ltd ("MCR"), as well as CR Asia, through its wholly owned subsidiary CR Australia, established an unincorporated joint venture ("JV") in 2019 for the retreatment of the historic Mt Carbine tailings- and low-grade ore stockpiles ("Mt Carbine Tungsten Operation"), whereby CR Australia and MCR each own a 50% interest in the JV.

As part of that arrangement, CR Australia, MCR and CR Asia have entered into a long-term offtake agreement pursuant to which CR Asia is to purchase all tungsten concentrate from the Mt Carbine Tungsten Operation. Under the offtake agreement CR Asia made a USD 6.5 million offtake advance payment which assisted the JV in the development and ramp-up of production ("Offtake Agreements"). Additionally, CR Australia injected USD 2.2 million in working capital ("Working Capital") into the Mt Carbine Tungsten Operation and entered into equipment lease arrangements (for various mining equipment and one XRT Ore Sorter) with the JV totalling approx. USD 3.2 million.

Now, given the successful implementation of the processing plants and the expanded operation covering the Andy White Open Pit, EQR and CR Australia agreed to simplify the JV structure whereby CR Australia seeks to assign and transfer its 50% JV interest to EQR, subject to certain conditions precedent.

The parties agreed on following consideration for the transfer of the JV interest:

- EQR to issue new ordinary shares at A\$0.09 per share to CR Asia (or its nominee), equal to a total of USD 7.5 million; and
- EQR to assume all obligations under the Offtake Agreements.

As part of the transaction, CRONIMET is granted the right to enter into a product marketing agreement with EQR for the Barruecopardo Mine currently operated by Saloro. This agreement is conditional upon the closing of the acquisition of Saloro by EQR. Please refer to the most recent ASX announcements by the Company:

[EQR Acquires Leading European Tungsten Producer, Saloro S.L.U., And Secures \\$25 Million Investment By Oaktree;](#)

[EQR Webinar: Saloro Acquisition](#)

EQ Resources Chief Executive Officer, Mr Kevin MacNeill, commented: "I am pleased to see CRONIMET joining our share register, while at the same time we simplify the commercial structure of our Mt Carbine operations. CRONIMET has been a great partner in the development and ramp-up of the processing plants, which now can benefit from the high-grade ore provided by EQR's open pit. CRONIMET is a well-respected commodities house with a strong footprint in the global tungsten market. We wish to strengthen the relationship between our companies and therefore will provide CRONIMET a marketing role for the Spanish concentrate once the transaction is closed. The pricing for the CRONIMET shares comes at ~30% premium, this is a great outcome for our existing shareholders."

CRONIMET Holding Chief Executive Officer and Shareholder, Mr Jürgen Pilarsky, added: "The participation in EQR allows CRONIMET to further expand its position as a distributor of various tungsten products. As tungsten is a critical raw material, we can thus obtain it from reliable and recognised sources in the industry."

For further details on the transaction see Annexure 1.

Released on authority of the Board by:
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Annexure 1 – Binding Heads of Agreement

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| <p>Conditions Precedent</p> | <p>Settlement of the transaction is subject to and conditional on the following conditions precedent being satisfied (or waived):</p> <ul style="list-style-type: none"> i. the parties entering into a definitive agreements on terms acceptable to the parties and which shall be consistent with the terms set out in this HoA; ii. the Company obtaining all necessary shareholder approvals required to lawfully complete the transaction, including, but not limited to ASX Listing Rule 7.1; iii. the parties entering into a product marketing agreement for tungsten concentrate produced at the Barruecopardo Mine in Spain; and iv. the parties obtaining tax advice in respect of the proposed transaction which does not result in advice which recommends a change to the structure of the transaction. |
| <p>Consideration</p> | <p>The Company has agreed to:</p> <ul style="list-style-type: none"> i. issue new shares at a share price of AUD 9 cents per share (Consideration Shares) to CR Asia which is equal to USD 7,5 million worth (subject to voluntary escrow restriction for a period of 12 months from the date of issue); and ii. assume all obligations under the Offtake Agreements. |
| <p>Settlement</p> | <p>Settlement of the transaction will occur upon satisfaction (or waiver) of the conditions precedent. At settlement:</p> <ul style="list-style-type: none"> i. the Company shall allot and issue the Consideration Shares; ii. CR Australia must deliver to the Company an instrument of transfer in registrable form for the JV interest and shares held in MCR in favor of the Company; iii. the Company shall repay CR Australia the Working Capital amount (being an amount of approximately USD2.2m) on a schedule to be agreed by the parties; iv. the Company shall assume all obligations under various equipment leases with CR Australia; and v. CR Asia must deliver to the Company an Escrow Deed which has been duly executed by CR Asia. |

The HoA otherwise contains provisions considered standard for an agreement of its nature.

About the Company

EQ Resources Limited is an ASX-listed company transforming its world-class tungsten assets at Mt Carbine in North Queensland; leveraging advanced technology, historical stockpiles and unexploited resource with the aim of being the pre-eminent tungsten producer in Australia. The Company also holds gold exploration licences in New South Wales. The Company aims to create shareholder value through the exploration and development of its current portfolio whilst continuing to evaluate corporate and exploration opportunities within the new economy and critical minerals sector.

Forward-looking Statements

This announcement may contain forward-looking statements. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements. Particular risks applicable to this announcement include risks associated with planned production, including the ability of the Company to achieve its targeted production outline due to regulatory, technical or economic factors. In addition, there are risks associated with estimates of resources, and there is no guarantee that a resource will have demonstrated economic viability as necessary to be classified as a reserve. There is no guarantee that additional exploration work will result in significant increases to resource estimates. Neither the Australian Securities Exchange nor its Regulation Services Provider (as that term is defined in policies of the Australian Securities Exchange) accepts responsibility for the adequacy or accuracy of this announcement.

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