

06 November 2023

COMPLETION OF SALORO ACQUISITION PROGRESSING, DEAL CLOSING COSTS CO-FUNDED BY DIRECTORS

EQ Resources Limited is the 100% owner of the Mt Carbine Tungsten Mine near Cairns, Australia's leading primary tungsten producer. It has entered into a conditional agreement to acquire 100% of the Barruecopardo Tungsten Mine in Spain¹.

Highlights:

- Technical teams of EQR assisting Saloro with plant optimisation initiatives, which already resulted in a significant improvement of metal recoveries
- Delivery of a second TOMRA XRT unit is scheduled for end of December, to allow further upgrading of run-of-mine ahead of the gravity processing plant, resulting in reduction of energy- and water consumption per tungsten unit produced
- Foreign Direct Investment ("FDI") approvals progress as planned, with final confirmations expected by December as well
- EQR Directors exercise options ahead of exercise date, in combination with a convertible notes issue, securing \$1.05 million for funding completion of Saloro acquisition

EQ Resources Limited ("EQR" or "the Company") is pleased to announce positive development from the plant optimisation initiatives currently performed at Saloro and assisted by technical teams of EQR, lead by EQR's CEO, Kevin MacNeill, and Chief Geologist, Tony Bainbridge, as well as senior metallurgical consultant, Kevin Harney of ISOE Pty Ltd.

Initial focus was around the optimisation of the jigging plant, with work ongoing around the spirals and shaking table sections of the gravity processing plant. Significant improvement of metal recoveries observed as a result of first operational adjustments.

Another focus area for production expansion is around XRT ore sorting. As outlined in the Company's ASX announcement '[XRT Ore Sorter Trials At Barruecopardo Mine Hitting Targets](#)' dated 19 September 2023, the coarse nature of the scheelite at Saloro's Barruecopardo Mine is highly amenable to ore sorting. Saloro commissioned its first TOMRA XRT Ore Sorter in August, showing positive results in terms of recovery and throughput. On that basis, Saloro and EQR decided to purchase a second TOMRA XRT unit, with delivery scheduled for end of December '23 and a positive impact expected on costs, utility consumption and overall metal recovery for the Barruecopardo operation.

¹ Refer to the Company's ASX announcement '[EQR Acquires Leading European Tungsten Producer, Saloro S.L.U., And Secures \\$25 Million Investment By Oaktree](#)' dated 10 August 2023.

EQR CEO, Kevin MacNeill, commented: “Given the large knowledge base that we have within our team at EQR from three years of ore sorting at Mt Carbine, this information can be applied directly to the Barruecopardo ore body. A technical working group has been established to ensure that this knowledge is transferred effectively between the operational teams in Australia and Spain.”



Fig.1 - Barruecopardo's first TOMRA XRT Ore Sorter (left); Shown under UV light are the sorter product from initial trials (center) and sorter waste (right)

Completion Activities of Saloro Acquisition:

With the technical collaboration between the EQR and Saloro teams now being in place, the Company's management team is focusing on closing the remaining conditions precedence under the sales and purchase agreement (“SPA”). EQR has agreed to acquire Saloro from global private equity group Oaktree Capital Management L.P. (“Oaktree”) in a deal where Oaktree will subscribe for \$25 million of new equity in EQR at an issue price of \$0.09 a share, becoming a near 15% shareholder in the enlarged group.

The acquisition and related share subscription by Oaktree is in the approval stage with the Spanish FDI authorities and the Australian FIRB respectively.

“Work to complete the Saloro acquisition is proceeding with a target to close within December to have Barruecopardo under EQR ownership,” Mr MacNeill said. “The Saloro team is energised and excited about the future for both companies combining under one roof and the merged group becoming the largest producer of tungsten concentrate in the Western world.”

Corporate expenses related to the Saloro acquisition, including due diligence and other deal closing costs, as well as the already initiated and ongoing technical support provided by EQR and its consultants, are funded by a separate budget defined by EQR's board of directors. Source of funds are from an early exercise of director's options and a convertible note. Funds raised by these issues amount to \$1.05 million.

EQR will issue \$750,000 of convertible notes with a coupon rate of 9% p.a., a conversion price of \$0.10 and a two-year term. The Company's previous convertible notes expired in September and were fully converted into ordinary shares. The early exercise by EQR directors of \$0.06 options with an expiry date of March 2024, has contributed \$300,000.

Released on authority of the Board by:

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About EQ Resources Ltd

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.

About Saloro S.L.U.

Saloro S.L.U. is a Spanish tungsten mining company, located in a known tungsten district in western Spain. Saloro's Barruecopardo mine is in operation since 2019 and produces a high-grade tungsten (scheelite) concentrate. In cooperation with EQ Resources the company aims at further developing the reserves, extend the regional exploration, within the own tenement area and beyond. The ore-sorting and other technologies are expected to further increase the production output.

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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