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# HALF YEAR REPORT DECEMBER 2023

EQ RESOURCES LIMITED

ABN 77 115 009 106

DECEMBER 2023



# CORPORATE DIRECTORY

## Directors

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**Oliver Kleinhempel**  
Non-executive Chairman

**Stephen Layton**  
Non-executive Director

**Richard Morrow**  
Non-executive Director

**Stephen Weir**  
Non-executive Director (Appointed 19-01-24)

**Zhui Pei Yeo**  
Non-executive Director

## Company Secretary

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Melanie Leydin

## Registered Office

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## Principal Place of Business

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## Share Register

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Sydney NSW 2000

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## Auditors

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Nexia Melbourne Audit Pty Ltd  
Level 35, 600 Bourke Street  
Melbourne VIC 3000

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## Stock Exchange Listing

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Listed on the Australian Securities Exchange (ASX)

ASX Code: EQR

ACN: 115 009 106

ABN: 77 115 009 106

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Operating and Financial Review

Corporate Development



# OPERATING & FINANCIAL REVIEW



## **EQR Completes Acquisition of Saloro S.L.U. and \$25 Million Placement with Oaktree**

EQR ("The Company") and Oaktree Capital Management have satisfied all conditions precedent under all relevant agreements and closed the transaction in January 2024. This transaction included the acquisition of the leading European tungsten producer, Saloro S.L.U., which operates the Barruecopardo Mine in Spain, and a \$25 million placement from Oaktree at A\$0.09 per share, resulting in a 15% stake in EQR.

The transformational acquisition strengthens EQR's relevance in the global tungsten industry, with the Company becoming the largest independent tungsten concentrate producer outside of China. Oaktree's investment in EQR enhances the Company's shareholder register and capital market positioning, supporting the further expansion of both the Mt Carbine and Barruecopardo operations.

Production 'key performance indicators' at Saloro strongly improved since collaborative work was first established between EQR and Saloro. Since acquisition a further debottlenecking program, including the doubling of XRT sorting capacity, has been undertaken with initial efforts focused on improving the jigging plant, with ongoing enhancements in the spirals and shaking table sections leading to significantly better metal recoveries.

Another key area of production expansion involves XRT ore sorting. Saloro's Barruecopardo Mine, with its coarse scheelite, is well-suited for this technology. Following successful trials and results from the first TOMRA XRT Ore Sorter introduced in August 2023, Saloro and EQR have purchased a second unit, that arrived in December 2023. This addition aims to positively impact costs, utility consumption, and overall metal recovery at the Barruecopardo operation.

It was also jointly agreed, at closing, to streamline Saloro's key banking relationships and reduce third-party bank debt by €10 million, compared to €5 million as per the initial terms of the transaction agreements.

Refer ASX announcement '[EQR Completes acquisition of Saloro S.L.U. and \\$25 Million placement with Oaktree](#)' dated 18 January 2024

## **Wolfram Camp Mine Exploration Permit**

EQR has been selected as the favoured tenderer for resource exploration at the historic Wolfram Camp mine site to determine the feasibility of re-commissioning. This aligns with the Queensland Government's plan to invest A\$245 million in the Critical Minerals Strategy, emphasising the re-commercialisation of old mines for economic growth and a sustainable future. The permit encompasses a 477km<sup>2</sup> RA442 license area, which includes the Wolfram Camp mine and Bamford Hill advanced exploration target. Approximately 5 million tonnes of Low-Grade Stockpile ("LGS") and Tailings are available for evaluation. Over the next year, EQR aims to undertake a comprehensive regional review. The 5-year program includes drilling over 10,000 meters in the next 3 years and collecting 4,000 soil samples as well as completing a pre-feasibility on selected targets. An XRT Sorter trial will also be undertaken to evaluate its compatibility with the existing Mt Carbine processes. This initiative supports EQR's growth strategy and will further solidify the region's role as a critical mineral hub due to Wolfram Camp being located approximately 60km from the Mt Carbine Mine Site.

Refer ASX Announcement '[EQR Awarded Permit For Historic Wolfram Camp Mine](#)' dated 27 July 2023.

## Mt Carbine Operations

During this first half of 2024 Financial Year, the Mt Carbine Mine successfully transitioned from primarily utilising material from the LGS to processing primarily tungsten-rich open cut ore. Since the commencement of open cut mining, the operations team have focused on enhancing the recovery rates from the ore processed through the XRT Ore Sorter Plant thus resulting in higher grade feed into the Gravity Plant. A significant increase in production has been seen since the introduction of primary ore from the open cut mining operations. The positive results from the processing of the primary ore have also seen tungsten recovery rates higher than expected which supports strong production trends going forward.

Mt Carbine		Q2 - FY2024	Q1 - FY2024	Jul - Dec FY2024	Jan - Jun FY2023
Material blasted	t	545,122	363,000	908,122	-
Material extracted	t	496,784	273,394	770,178	-
Ore	t	258,934	212,096	471,030	-
Waste	t	237,849	61,298	299,147	-
Ore Stockpiled	t	186,866	92,000		-
Ore Crushed	t	122,839	150,600	273,439	339,390
Ore Sorted	t	89,488	130,519	220,007	184,132
Sorter Concentrate Produced	t	9,005	11,448	20,453	22,319
Ore Gravity Processed	t	56,122	73,568	129,122	169,880
50% Equivalent WO <sub>3</sub> Produced	t	368.3	422.6	790.9	286.8

## Open Cut Mining Operations

Open cut mining operations commenced in June 2023 following the execution of a Mining Services Agreement with Golding Contractors Pty Ltd ("Golding").

A total of 770,178 tonnes of material has been extracted from the open pit between July and December 2023, comprising 471,030 tonnes of ore and 299,147 tonnes of waste. Golding have engaged Orana Drill & Blast ("Orana") to conduct on-site drilling and blasting activities. During the same period Orana have drilled approximately 4,957 holes for 42,868m of blast hole drilling to load 221 tonnes of emulsion explosives. Regular blasts have been ongoing with Orica Ltd supplying the explosives to site.



Orana drill rigs preparing first blast monitored by Golding's team.

Golding has been extracting material from the pit following the first blast and the ramp up of operations saw the extraction going from 64,107 tonnes in the first month to a record of 246,016 tonnes in November 2023.

Commissioning of the Hitachi 1900 Excavator was completed at the start of November 2023 with this machine greatly improving the operational efficiency of the open cut mining operations. An updated production schedule has also been implemented to reflect the repositioning of the pit ramp to achieve maximum ore recovery in the Stage 1 Open Pit. Three CAT 745 Moxy dump trucks were off hired and a fleet of CAT 775F were introduced throughout November 2023 to allow maximum haulage from the pit. An additional CAT D10 Dozer was also mobilised to complete auxiliary works and push material where required to streamline operations.



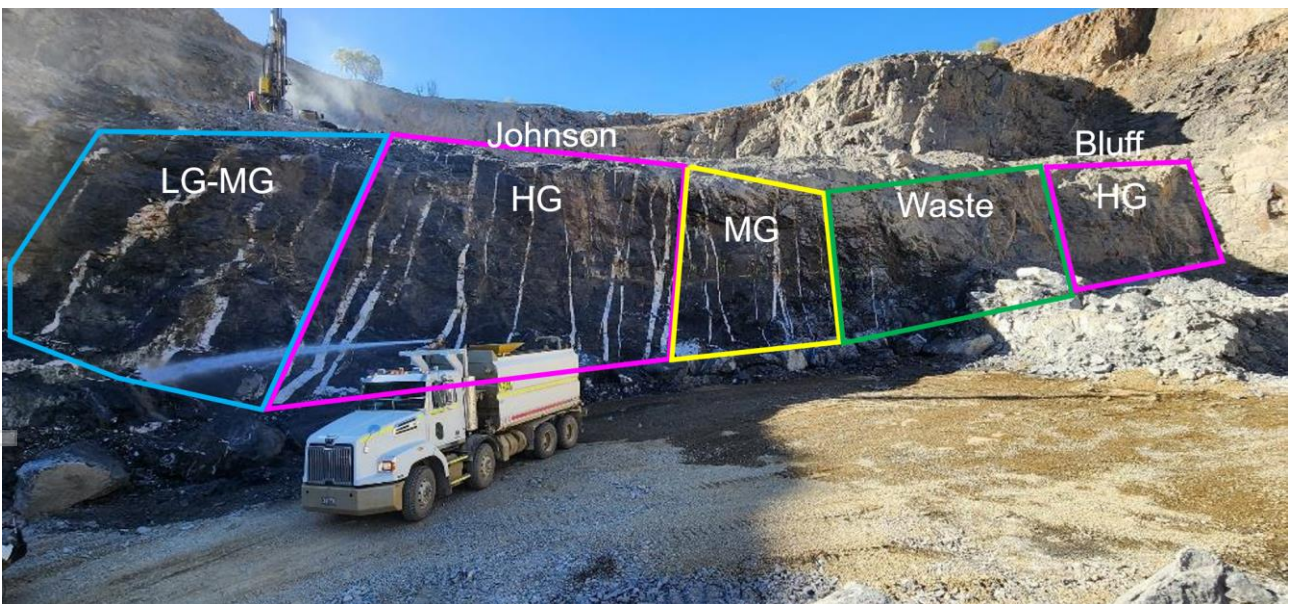
CAT 775 Mining Dump Truck being delivered (Left); Large Hitachi 1900 Excavator (Right);



ROM 1 Stockpile in the first week of Open Cut Mining (Left); ROM 1 Stockpiles end of December 2023 (Right)

Grade control measures are now playing a pivotal role in EQR's mining operations, ensuring consistent ore feed grades entering the crushing plant. EQR's geology team plays an active role in delineating the ore zones in the open cut and ensuring ore deliveries are received at their designated ore bays prior to processing.

The Company is also using drone imaging and aerial surveys to provide a comprehensive view of the mining area, aiding in the identification of key geological features and potential variations in ore grade distribution or zone delineation. This real-time visual data empowers the team to make efficient decisions in regard to daily planning, optimising the extraction process, ensuring that the feed delivered for processing aligns with planning and not to mention providing visibility on the future production.



Illustrates the colour coding of the pit face before blast.

Geologically, the Johnson veins in Stage 1 305-001 and 002 are consistent with the ore body modelling with the most variation being in the Bluff vein grade which is lower than the model. This could be a function of the original drilling which was 50 meters below this level having higher grade in line with the EQR's Geology team's theory regarding level controls for tungsten deposition in the Mt Carbine deposit. Work is being undertaken to undertake a reconciliation in Q3 FY2024, when all RC holes assays have been returned from the laboratory.

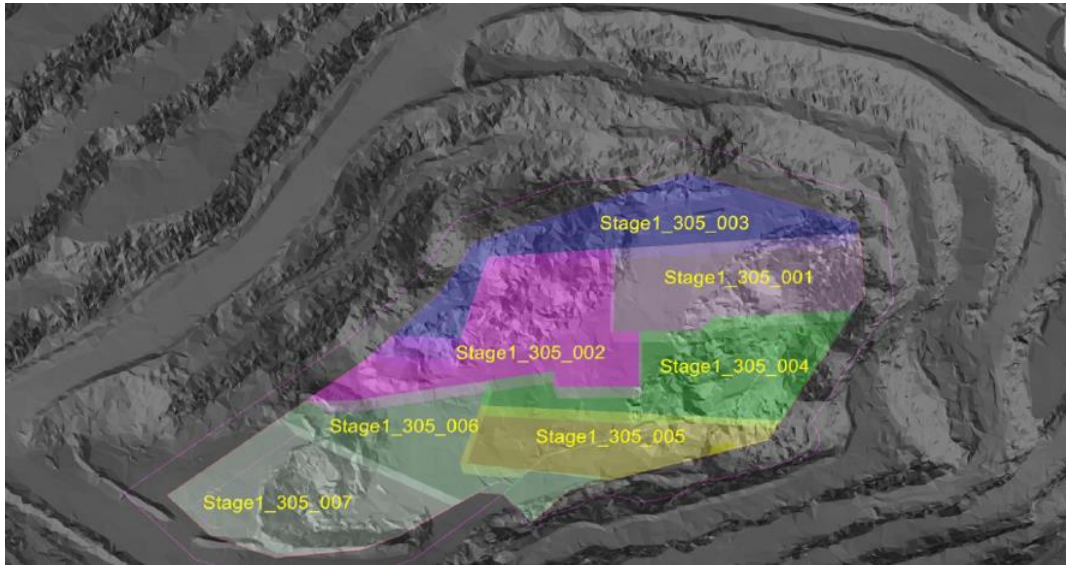


Figure 1 - 305m RL showing blast ore blocks on the bottom level, High grade (305-001 & 002 in Pink); Medium Grade (305-005 in yellow); Low grade 305-003 in Blue) with remainder being waste.



Johnson veins showing up in the pit – looking at blast 305-002 wall. Individual veins grade looks high by visual inspection with the entire face being 0.28% in this region. Drill rig on the left during RC Control drilling.

## Crushing Operations

The crushing operations have undergone major changes during the first half of financial year with the most significant being the processing of primarily open pit material, transitioning from the historic LGS and tailings. The feed through the Crushing Plant from the open pit averaged just below 0.2% over the last 6 months, in stark contrast to the 0.074% average from the LGS.

To accommodate the increased grade, the team had to adapt the plant and crushing operations to the new material being delivered. The firsts blasts produced larger than expected oversize material due to certain drill holes not blasting as expected, and also were having higher dilution than planned bringing a lower grade than

anticipated. Blasting and dilution controls have been implemented with a more predictable grade reaching the stockpile and processing plant as blasting continued month-on-month. A Terex Finlay Mobile Jaw Crusher J-1175 was integrated into the production process in July 2023 to reduce the oversized -700mm ore from the open pit blasting to a more manageable -170mm fraction, significantly reducing the amount of oversize material that would have been otherwise rejected by the current Crushing Plant.



Newly commissioned Terex Finlay Jaw Crusher J-1175 with a 50 tonnes excavator and a CAT 980M preparing the feed on ROM1 Stockpile for the Crushing Plant

During Q2, 2024, the main Sandvik Circular Motion Screen had to be stood down for reconditioning at the site workshop. While the screen was down, a Sandvik Mobile Cone Crusher QH332 was commissioned and took care of the crushing operations to produce feed for the XRT Ore Sorters and Gravity processing plants. Since the refurbishment, the fixed plant is used as priority for crushing, and the mobile equipment used in tandem for increased output and stockpile building for the XRT Ore Sorters and Gravity Plant.



New Sandvik QH332 Cone Crusher arriving on site.

Water availability was a constraint during the second quarter with crushing operations converted to dry crushing due to low dam levels. Operational changes in procedures, processes and in the structure of the operational crews and maintenance team were implemented in January 2024 to accommodate the increased operational demand. All yielded positive results with production ramping back up toward the end December 2023 and throughout January 2024.

The site was affected by Tropical Cyclone Jasper mid-December 2023 with the operation losing 20 production shifts as floods cut roads, power, fuel deliveries and concentrate pick-up.



Tropical Cyclone Jasper significantly affected operations at the Mt Carbine Site mid-December 2023 with damaging winds, floods, power outages, disrupted logistics, causing 10 days of downtime.

On the positive side, following the Cyclone, on-site water storage facilities are full with the crushing plant converted back to a wet crushing operation. With the wet season ongoing, the main water storage facility's walls are being raised in Q2 and Q3, 2024 to increase capacity to improve water security for the wet crushing operations.

Despite all these challenges, a total of 273,439 tonnes have been crushed and converted to feed for the XRT Ore Sorter and Gravity Plants with the plants run time peaking toward the end of Q2, 2024.

## XRT Sorter Plant

With the commencement of open pit ore deliveries, the operations have experienced a higher proportion of material in the sortable fraction, which is an overall benefit to the operation due to the low-cost nature of XRT Ore Sorting.

Using the experience acquired while operating and sorting the LGS material, processing the primary ore from the Andy White Open Pit has increased mass yields ranging between 15-18%, with stable  $WO_3$  recoveries above 95%. The XRT Ore Sorter team have also worked to modify the Sorter program to optimise ejections creating a cleaner sorter concentrate to further reduce downstream crushing. The benefit of this has been seen as a lower yield during the last quarter.

Commissioning of the XRT Ore Sorter, Tomra 3, was finalised at the end of August 2023, with newer programming and increased efficiencies, the plant is seeing the benefits of the upgrade, with an increased run time from around 50% from previous months to 74% in September 2023.



Two XRT Sorters in the background with a stockpile of feed in the foreground.

## Gravity Plant

The gravity processing operations successfully transitioned from primarily utilising material from the LGS to processing primarily tungsten-rich open cut ore. Since the beginning of the open pit operations, the shift yielded positive outcomes for the operations team, who focused on enhancing the recovery rates of the ore processed through the XRT Ore Sorter Plant resulting in higher grade feed into the Gravity Plant. A significant increase in concentrate has been seen since the introduction of primary ore from open cut mining. The positive results from the processing of the primary ore have also seen tungsten recovery rates higher than expected which supports strong production trends going forward.



Aerial picture of the Gravity Plant with TSF4 Dam in the distance.

The newly set up laboratory has been assaying all the different samples from the open pit and the different processing plants with a quick turnover for results, enabling the team to understand the new material being processed, the different grades and how best to optimise the processing circuits. The XFRT Ore Sorter concentrate processed through the Gravity Plant this quarter increased to 21,739 tonnes, compared to 20,698 tonnes in Q4, 2023. Operational efficiency has shown marked improvements, with 82.3% run time for the Gravity Plant and building throughputs and outputs for each plant. The operations team will continue to focus on short interval wins under an overarching long-term production strategy to continuously improve operations and grow concentrate outputs.

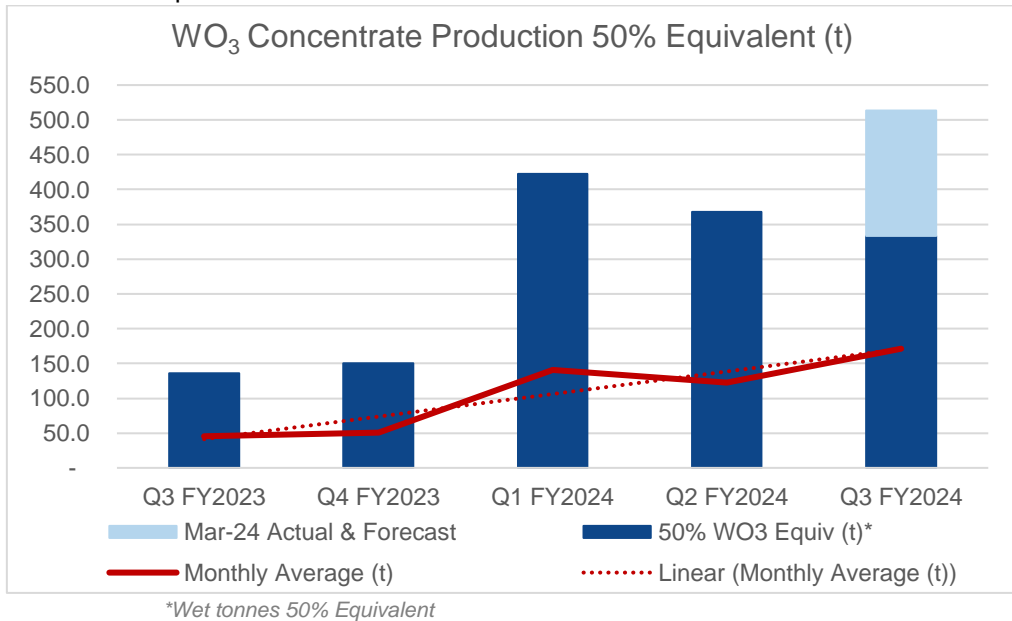


Figure 2 - Quarterly WO<sub>3</sub> Concentrate Production 50% Equivalent.

## Mt Carbine Expansion

The doubling of the Gravity Plant's capacity is ongoing, whereas the focus during the first half of FY 2024 was on stabilisation of operations with the new incoming open pit ore. A new jig, additional shaking tables and a new dewatering screen will come online in the second half FY2024.



New Schenk Dewatering Screen that will be paired with the new roll crusher (Left); The new Jig being prepared for commissioning (Right)

- Upgrades completed for service access roads and dump truck roadways early Q1, 2024.
- Significant earth moving work completed for Golding's infrastructure needs and stockpile preparations.
- New inventory warehouse established housing spare parts, consumables and equipment.
- Electrician's storage, office and workspace set up and operational.

- New fabrication workshop has been set up during Q1, 2024 and is now fully operational.
- New Sandvik Crushing Plant detailed design is underway as per the BFS which is set for commissioning in early Q4, 2024.
- New Schenk Dewatering Screen installed and soon to be complemented by larger roll crushers to double the Plant's capacity.
- Post-year financial year end, eight concentrate shaking tables were added, increasing output, with two stacks of four shaking tables planned to optimise mineral separation processes with higher throughputs.



The High-Grade Crushing Circuit on the left, vibrating screen and new Jig on the right, the 6mm fines pipeline at the foreground, pumping fines from the crushing plant straight to the screen.

## Quarry Operations

The Mt Carbine Quarry, is expected to be instrumental in the region's recovery, following Cyclone Jasper, providing top-quality aggregate for the repair of flood-damaged roads and vital structural work. These efforts reflect the Company's continued commitment to a circular economy, repurposing by-products effectively for reconstruction needs and uploading our environmental and community support values.

The Pormpuraaw local roads reseal project, concluded in December 2023, contributed \$376,403 (excluding GST) to the Quarry's total revenues for the first half of the 2024 financial year.

## Sustainability

See EQR's [2023 Annual Report \(pages 18 - 29\)](#) for a recent, in-depth sustainability review. EQR reports its safety and ESG development according to its core values outlined in its ESG Program Framework. See: [Sustainability Framework and Materiality Assessment](#).

EQR also has a sustainability tab on its website that communicates the Company's ESG commitments and its ESG initiatives. See: [What We Care About](#) and [ESG Showcase](#).

## Health and Safety Statistics

### Value: Act Safe. Feel Safe

EQR's dedication to a safer workplace is evidenced by the recording of 3,899 positive safety indicators for the first 2 quarters of 2024. The increase in workplace inspections conducted by Area Foremen and Supervisors has significantly improved site safety, ensuring that all areas not only meet but surpass industry standards. This underscores our commitment to ongoing advancements in safety.

EQR reinforced its commitment to safety by hosting its annual safety reset in line with the Queensland Mining initiative. During 2 hours of complete site down-time, this vital initiative emphasised reinforcing safety protocols, addressed employee concerns, and aided in fostering an environment where the well-being of every individual remains at the forefront of the Company's operations.

#### HEALTH & SAFETY INDICATORS

**3899**

Positive safety indicators recorded

**27**

JSEA Job Safety Environment Analysis

**0**

Fatalities

**3**

Toolbox Talks per month

**2**

Prestart Safety meetings per day

**0**

Restricted Work Injuries

**23**

Workplace Inspections

**158**

Daily BAC

**85**

Procedure Reviews

**3243**

Take 5 Safety Assessments

**5**

LTI

## Diversity and participation statistics

### Value: Embrace Difference

EQR achieved notable progress in diversity and representation, marked by an increase in women and full-time indigenous employees. Additionally, the rise in permanent, full-time staff and a decrease in monthly new hires signifies improved workforce stability. These developments align with our commitment to inclusivity and sustainable employment practices.

#### DIVERSITY INDICATORS

**4.4**

New starters / month

**23%**

Women employees

**92%**

Permanent full-time employees

**9%**

Full-Time Indigenous employees

#### TRAINING INDICATORS

**2**

HR License

**32**

RII Competencies

**9**

Supervisor Training

**1**

Electrical Apprentice

**1**

Project management Training

**52**

VOC's

## Environmental statistics

### Value: Tread Lightly

As EQR works towards future reporting and net-zero readiness, developmental work with Arteh on an emissions tracking dashboard is ongoing with data collection and inputs underway. See: [EQ Resources' Collaboration with Arteh: Advancing ESG Excellence in the mining industry.](#)

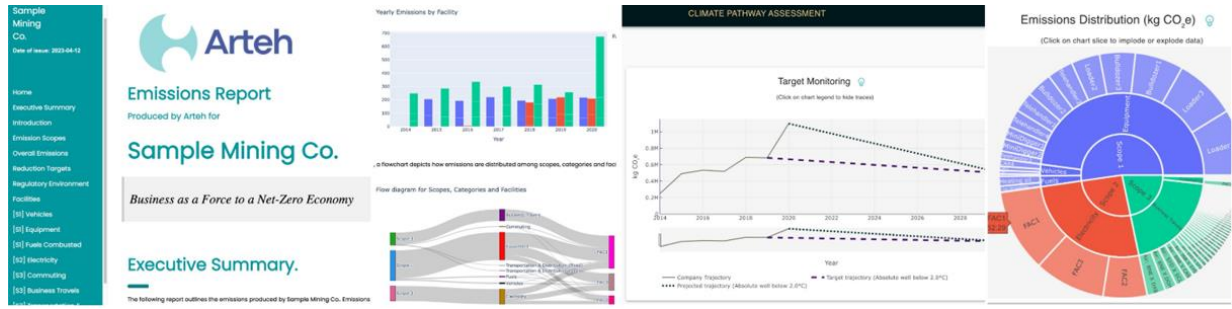


Figure 3: Example of ARTEH's performance dashboard.

## LOCAL PROCUREMENT, PARTNERING & ENGAGEMENT STATISTICS

### Value: Buddy Up

#### PROCUREMENT INDICATORS (Calculated Annually)

60%

of all purchases by the group spent in the local region (QLD)

89%

of all purchases by the group spent nationally within Australia

100%

Employees live in the local region

EQR is currently conducting an updated Stakeholder Sentiment Survey to further understand the environmental and social aspects that matter most to its stakeholders. Building on insights from the 2021 survey and guided by the Turner & Townsend JukesTodd ESG Categorisation framework, this initiative aims to align EQR's ESG program more closely with the evolving needs of its stakeholders. EQR remains dedicated to ongoing enhancement of its ESG policies and practices to reflect the Company's growth and the aspirations of its stakeholders. If you would like to participate in this survey, please contact our ESG Team : [Link](#)



[Stakeholder Sentiment Survey 2024](#)

## SUSTAINABILITY STATISTICS

**Value: Lead with Integrity**

### SUSTAINABILITY INDICATORS

2

Future reporting gap analyses complete: ICMM & GRI

2

Employee & family team building event

7

United Nations SDG's being met

10

Social Initiatives supported

2

ESG board meeting held

3

Environmental management/care organisations supported

During Q3, 2023 EQR has significantly advanced its alignment with industry-leading sustainability practices. Following the International Council of Mining and Metals (ICMM) self-assessment facilitated by Turner Townsend Jukes Todd (TTJT), the Company has synthesised its findings into a clear, outward-facing document that delineates its adherence to the ICMM principles. This document includes pertinent links to its internal policies and plans that satisfy the performance criteria, alongside various initiatives that fulfill these benchmarks.

Concurrently, EQR's gap analysis conducted by TTJT has considered the metrics the Company currently gathers for Global Reporting Index (GRI) compliance and pinpointed the additional data needed. This has led to a review of environmental areas where the Company's data collection will be augmented, as it develops comprehensive environmental management plans.

Looking ahead, the Company will coordinate with other EQR members to define the general disclosure prerequisites, aiming to compile a complete set of GRI disclosures in the 2024 Annual Report. This initiative will strategically exclude metrics that do not pertain to EQR, ensuring our reporting is tailored and relevant. Through these actions, EQR is not only bolstering transparency but also positioning itself at the forefront of potential mandatory sustainability reporting standards.

## Exploration

### Mt Carbine Exploration

Field activities were advanced on several fronts during Q1 and Q2, 2024 with continued focus on the Ruby and Iron Duke areas and onto Mt Carbine Hill through Daisy and True Blue prospects. Field mapping and traverses continued throughout these areas and east to the granite dyke with exploration drilling undertaken at the Ruby Vein (part of the Iron Duke formation) and in the eastern area of the Mt Carbine Deposit.



Drill rig operating in the eastern extension.

A total of 36 Reverse Circulation (RC) holes were drilled for a total of 1,817m with all holes reaching 51m in depth. This scout drilling was done on essentially 25m centres to determine any surface vein locations.

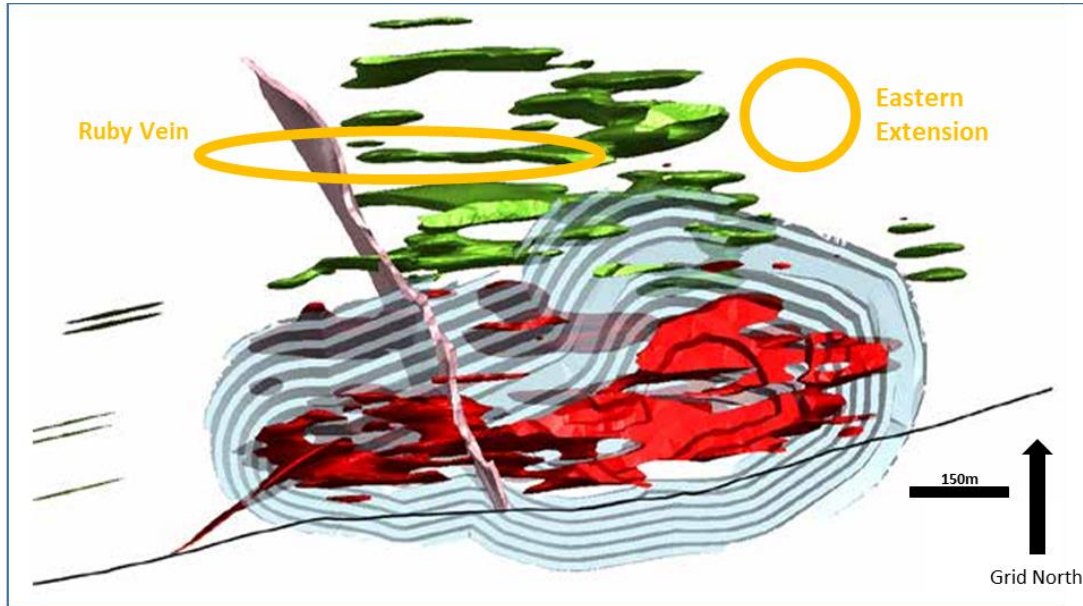


Figure 1 - Model of the Open Pit with Ruby Vein and Eastern Extension

The Ruby vein was observed to be intersected in all drill holes and has now been demonstrated to continue for 450m strike. The Ruby Zone reaches a maximum width of 3m with multiple narrow zones (10 to 50cm) of visible tungsten mineralisation (wolframite & scheelite). In the Eastern exploration work no substantial veins were encountered and it is postulated the eastern extension is offset further to the northwest of the test drilling. Assaying of the RC chips will be completed during Q2, 2024.



Drillholes over Ruby vein prospect.



Completed drillholes from the Iron Duke area/ Eastern Extension.

A soil sampling campaign was completed on the western side of Mt Carbine Hill while outcrop mapping and sampling were also progressed over the same area. A total of 6 rock chip samples collected from major in situ vein exposures and 248 soil samples have been collected for processing.



Map showing the area where Surface soil samples were collected from the side of the LGSP at the back of the Mt Carbine Hill.

## Regional Exploration

### Drilling completed at Telephone Line Gold Prospect

EQR has completed a 511m drilling program at the Telephone Line Prospect in Panama Hat, under its joint venture with Sozo Resources Pty Ltd. The program aimed to explore gold-bearing structures and included 7 Reverse Circulation and 7 Air Core holes. A total of 220 samples were sent to ALS Laboratory in Brisbane, with results expected during Q2, 2024.

EL8024 Panama Hat, near Broken Hill, encompasses the historic Huonville Goldfield. It features multiple targets, including high-grade gold-bearing sulphidic quartz veins, with four main gold targets identified: Williams, Panama Hat, Willyong Tank, and Telephone Line. These areas show promising gold and silver values in historical samples, with little to no prior systematic exploration or drilling.

EQR's CEO, Kevin MacNeill, expressed enthusiasm for the drilling phase and the potential of the Broken Hill district for modern exploration.

Refer ASX Announcement '[Drilling completed at Telephone Line Gold Prospect](#)' dated 21 December 2023.

## Mineral Resources Estimate

No change to the resources / reserves of the Company has occurred in the current quarter with the following tables outlining its Mineral Resources Estimates and Ore Reserves:

Orebody	Resource Classification	Tonnes (Mt)	Grade (%WO <sub>3</sub> )	WO <sub>3</sub> (mtu)
Low-Grade Stockpile	Indicated	10.126	0.075	759,450
	Indicated	2.75	0.07	178,517
	Inferred	0.83	0.06	53,789
	<b>Subtotal</b>	<b>13.71</b>	<b>0.07</b>	<b>991,756</b>
In-Situ	Indicated	18.06	0.30	5,405,901
	Inferred	10.68	0.30	3,217,311
	<b>Subtotal</b>	<b>28.74</b>	<b>0.30</b>	<b>8,623,212</b>
<b>All</b>	<b>Total</b>	<b>42.45</b>		<b>9,614,968</b>

**Notes:**

1. Total Estimates are rounded to reflect confidence and resource categorisation
2. Classification of Mineral Resources incorporates the terms and definitions from the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012) published by the Joint Ore Reserve Committee (JORC)
3. No uppercut was applied to individual assays for this resource; lower cuts of 0.05% & 0.08% WO<sub>3</sub> were applied to the resource and reported as Low Grade Insitu and In Situ respectively. These cuts are where mineralisation forms distinct vein zones.
4. Drilling used in this methodology was all diamond drilling with 1/2 core sent according to geological intervals to ALS for XRF-15b analysis
5. Resource estimation was completed using the Kriging Variable Orientation Estimation Methodology
6. Indicated spacing is approximately 30 x 30m inferred is approximately 60 x 60m.
7. The deposit is sheeted vein system with subparallel zones of quartz tungsten mineralisation that extends for >1.2km in length and remains open to the west and north. At depth the South Wall Fault cuts the Iolanthe to Johnson's veins but the Iron Duke zones remain open to depth.

Table 1 - Mt Carbine Mineral Resources Estimate as of April 2023

## Ore Reserves

Reserve Category	ROM Tonnes (mt)	WO <sub>3</sub> (%)	Contained WO <sub>3</sub> (mtu)
Open Cut - Proven	-	-	-
Open Cut - Probable	5.93	0.28%	1,660,400
<b>Open Cut - Total</b>	<b>5.93</b>	<b>0.28%</b>	<b>1,660,400</b>
LGS - Proven	-	-	-
LGS - Probable	9.77	0.075%	732,750
<b>LGS - Total</b>	<b>9.77</b>	<b>0.075%</b>	<b>732,750</b>

Table 2 - Mt Carbine Ore Reserves as of 15th May 2023

## Tenement Interests

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

Location	Holding Entity	Beneficial Interest	Interest Acquired / Farm-In or Disposed / Farm-out	Area	Expiry Date
Queensland, Australia		31 Dec 2022	31 Dec 2022		
ML 4867	Mt Carbine Quarries Pty Ltd	100%	-	358.5 ha	31/07/2041
ML 4919	Mt Carbine Quarries Pty Ltd	100%	-	7.891 ha	31/08/2041
EPM 14871	Company	100%	-	10 sub-blocks	12/12/2025
EPM 14872	Company	100%	-	21 sub-blocks	11/12/2025
EPM 27394	Company	100%	-	4 sub-blocks	01/06/2025
New South Wales, Australia					
EL 6648	Company	100%	-	4 Units	19/10/2026 <sup>1)</sup>
EL 8024	Company	100%	-	19 Units	29/11/2024 <sup>1)</sup>
<b>ML</b> = Mining Lease; <b>EPM</b> = Exploration Permit for Minerals (Qld); <b>EL</b> = Exploration Licence (NSW)					
<sup>1)</sup> Sozo farm-in arrangement.					

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

Table 3 - Tenement interests held by the Company

## Corporate

### Convertible Notes

EQR was pleased to announce on 28 September 2023 that investors holding the 4 million convertible notes issued in 2021 (see ASX Announcement "Early Works Funding Secured for Mt Carbine Expansion Well Ahead of BFS Release" dated 13 September 2023) fully converted their notes into EQR ordinary shares.

The 2-year interest-bearing convertible notes were partially converted in September 2021, for an amount of \$2 million (equal to 2 million notes), with the balance \$4 million (equal to 4 million notes) converted just before its due date (see ASX Announcement "Investors Convert 100% of Convertible Notes as Mt Carbine Mine Ramp-up Continues" dated 28 September 2023).

A further issue of 750,000 convertible notes took place on 6 November 2023 with an aggregate principal value of \$750,000. The notes are convertible at the option of the noteholders into ordinary shares at a conversion price of \$0.100 per share at any time after issuance and up to the close of business on the maturity date.

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 6 November 2025 at the principal amount together with accrued but unpaid interest thereon. The notes carry interest at a coupon rate of 9.00% per annum (effective interest rate of 0.86% 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 November.

### **Acquisition of Saloro S.L.U.**

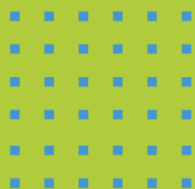
Subsequent to half-year end EQR satisfied all conditions precedent under all relevant agreements, and effectively closed the transaction which included the acquisition of the leading European tungsten producer, Saloro S.L.U. and a \$25 million placement at \$0.09 to Oaktree. Refer Note 13. Subsequent Events for further disclosures on this transaction.

### **Non-executive Director Appointment – Stephen Weir**

Stephen Weir was appointed to the Board of Directors of EQR on 19 January 2024 as Oaktree's nominee Director and Chair of the Audit & Risk Committee.

Mr Weir is a former Chief Executive Officer of Magnetite Mines Ltd (ASX:MGT), a company focused on the development of the Razorback Iron Ore Project in the Braemar region of South Australia. Mr Weir's prior fields of expertise and senior executive roles span the mining, industrial services, energy and infrastructure sections. He has a 20-year career in corporate advisory with RFC Ambrian where he was a Managing Director, preceded by project finance (Bankers Trust), general management (Brambles) and construction management (John Holland Engineering). Refer ASX Announcement "[Stephen Weir joins EQR's Board of Directors](#)" dated 19 January 2024.

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# FINANCIALS



## Directors' Report

The Directors of EQ Resources present the financial report of EQ Resources Limited (the **Company**) and its subsidiaries (the **Group**), for the half year ended 31 December 2023 (the **Period**).

### Directors

The names of the Directors of the Company during the whole of the period and up to the date of this report, unless otherwise stated, are:

- Oliver Kleinhempel
- Stephen Layton
- Richard Morrow
- Stephen Weir (Appointed 19 January 2024)
- Zhui Pei Yeo

### Operating Results

The net result of operations after applicable income tax expense for the half year ended 31 December 2023 was a loss of \$7,857,584 (2022 Half Year Loss \$3,616,030).

### Review of Operations

Information on the operations and financial position of the group, its business strategies and prospects for future financial years is detailed in the Review of Operations section of this Report.

### Subsequent Events

There have been no matters or circumstances that have arisen since 31 December 2023 requiring disclosure, or amendment to these financial statements apart from those disclosed in Note 13.

### 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.

Signed in accordance with a resolution of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Oliver Kleinhempel  
**Non-executive Chairman**

15 March 2024

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2023

	Note	31/12/2023 \$	31/12/2022 \$
Revenue	2	6,053,799	2,613,109
Other income	2	914,037	2,307,311
<b>Total revenue &amp; other income</b>		<b>6,967,836</b>	<b>4,920,420</b>
Administration expenses		(477,443)	(414,765)
Consultancy expenses		(135,789)	(186,573)
Depreciation		(1,073,867)	(759,385)
Amortisation (deferred exploration and evaluation assets)		(457,267)	(76,812)
Development and testwork costs		(439,042)	(278,699)
Exploration expenses written-off		(206)	(104,220)
ESG initiatives		(32,451)	-
Finance costs		(861,640)	(796,459)
Foreign exchange gains (losses)		161,194	(54,760)
Occupancy expenses		(234,873)	(76,580)
Gain / (loss) on disposal of fixed assets		(21,974)	-
Other expenses		-	(36,540)
Production expenses		(7,331,839)	(2,769,606)
Salaries and employee benefits expense		(3,298,936)	(2,576,539)
Share based payments		(250,601)	(137,110)
Superannuation		(247,922)	(192,325)
Travel and accommodation		(76,224)	(76,077)
<b>Total Expenses</b>		<b>(14,778,880)</b>	<b>(8,536,450)</b>
<b>Profit (Loss) Before Income Tax Expense</b>		<b>(7,811,044)</b>	<b>(3,616,030)</b>
<b>Income Tax Expense</b>		<b>-</b>	<b>-</b>
<b>Profit (Loss) After Income Tax Expense</b>		<b>(7,811,044)</b>	<b>(3,616,030)</b>
<b>Other comprehensive income/(loss)</b>			
Gain/(loss) on revaluation of financial assets		(2,449)	-
Fair value gain/(loss) on revaluation of financial liabilities	3	(44,091)	-
<b>Total Comprehensive Profit / (Loss)</b>		<b>(7,857,584)</b>	<b>(3,616,030)</b>
<b>Attributable to Owners of EQ Resources Limited</b>			
		<b>Cents</b>	<b>Cents</b>
Basic profit (loss) per share		(0.54)	(0.26)
Diluted profit (loss) per share		(0.49)	(0.24)

# Consolidated Statement of Financial Position

For the half year ended 31 December 2023

	Note	31/12/2023 \$	30/06/2023 \$
<b>Current Assets</b>			
Cash and cash equivalents		734,829	5,335,596
Trade and other receivables	6	4,300,776	3,933,612
Prepayments	6	517,271	634,064
Inventory	4	5,185,191	877,740
Financial assets	5	785,003	815,649
<b>Total current assets</b>		<b>11,523,070</b>	<b>11,596,661</b>
<b>Non-Current Assets</b>			
Receivables	7	4,354,521	4,487,440
Plant and equipment		20,759,631	14,014,956
Inventory	4	8,002,739	8,213,656
Deferred exploration and evaluation	9	15,367,524	14,273,131
Financial assets	5	2,616,561	2,560,468
<b>Total Non-Current Assets</b>		<b>51,100,976</b>	<b>43,549,651</b>
<b>Total Assets</b>		<b>62,624,046</b>	<b>55,146,152</b>
<b>Current Liabilities</b>			
Trade payables		23,015,208	11,309,854
Employee benefits	8	462,193	439,919
Lease liability	14	1,327,859	910,822
Convertible notes	11	-	3,494,215
Financial liabilities	15	1,114,765	1,369,296
Contract liability – offtake		4,751,462	4,901,961
Contract liability – sublease		1,628,859	1,768,851
Other Borrowings		1,716,974	-
<b>Total Current Liabilities</b>		<b>34,047,320</b>	<b>24,194,818</b>
<b>Non-Current Liabilities</b>			
Employee benefits	8	40,038	31,868
Lease liability	14	1,676,986	1,176,523
Convertible notes	11	509,985	-
Financial liabilities	15	12,123,943	11,787,921
Other borrowings		-	1,650,618
<b>Total Non-Current Liabilities</b>		<b>14,350,952</b>	<b>14,646,930</b>
<b>Total Liabilities</b>		<b>48,398,272</b>	<b>38,841,748</b>
<b>Net Assets</b>		<b>14,225,774</b>	<b>16,304,564</b>
<b>Equity</b>			
Issued capital	10	34,559,942	27,222,060
Reserves		1,964,325	3,523,413
Accumulated profit / (loss)		(22,298,493)	(14,440,909)
<b>Total Equity</b>		<b>14,225,774</b>	<b>16,304,564</b>

# Consolidated Statement of Cash Flows

For the half year ended 31 December 2023

	Note	31/12/2023 \$	31/12/2022 \$
<b>Cash Flows from Operating Activities</b>			
Proceeds from sales to customers		6,924,156	3,706,352
Proceeds from diesel fuel rebate		257,983	81,172
Payment to suppliers and employees		(9,702,813)	(7,810,182)
Interest paid		(250,868)	(22,000)
Interest paid for lease liabilities		(56,114)	-
Interest received		8,573	1,479
Other			
- Grants received		600,000	2,009,000
- Wage Subsidies received		-	200,761
- Other receipts		-	14,000
<b>Net Cash Flows Used in Operating Activities</b>		<b>(2,219,083)</b>	<b>(1,819,418)</b>
<b>Cash Flows from Investing Activities</b>			
Payment for the purchase of entities		(449,468)	-
Payments for the purchase of plant and equipment		(3,306,444)	(1,149,785)
Payments for capitalised exploration and evaluation expenditure		(1,588,717)	(1,304,431)
Payments of loans made to other parties		(822,500)	(200,000)
Payments for tenement security deposits		(50,000)	-
Proceeds from the sale or disposal of plant and equipment		2,881	13,499
<b>Net Cash Flows Used in Investing Activities</b>		<b>(6,214,248)</b>	<b>(2,640,717)</b>
<b>Cash Flows from Financing Activities</b>			
Net proceeds from the issue of shares		-	4,316,307
Net proceeds from the issue of convertible notes		750,000	-
Net proceeds from the issue of share options		2,495,744	-
Transaction costs related to issue of shares, convertible notes and options		(71,567)	-
Proceeds from borrowings (related party)		1,037,500	-
Payments for lease liabilities		(355,166)	(104,160)
Payments of short-term loan		-	(200,000)
Proceeds from offtake and working capital loan (unincorporated joint venture)		-	1,483,000
<b>Net Cash Flows from Financing Activities</b>		<b>3,856,511</b>	<b>5,495,147</b>
<b>Net (decrease)/increase in cash held</b>		<b>(4,576,820)</b>	<b>1,035,012</b>
Add opening cash brought forward		5,335,596	1,723,473
Effect of movement in exchange rates on cash held		(23,947)	(50,994)
<b>Closing Cash Carried Forward</b>		<b>737,829</b>	<b>2,707,491</b>

## Consolidated Statement of Changes in Equity

For the half year ended 31 December 2023

Consolidated	Attributable to the Shareholders of EQ Resources Limited			
	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total Equity \$
<b>At 1 July 2022</b>		(10,724,063)	2,848,576	14,317,218
Profit / (loss) for the period	22,192,705	(3,616,030)	-	(3,616,030)
Prior year adjustment	-	-	-	-
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	(3,616,030)	-	(3,616,030)
Issue of share capital	4,612,000	-	-	4,612,000
Share issue costs	(295,693)	-	-	(295,693)
Equity component of convertible note	-	-	-	-
Share based payments	-	-	137,110	137,110
<b>Total transactions with owners in their capacity as owners</b>	4,316,307	-	137,110	4,453,417
<b>Balance at 31 December 2022</b>	26,509,012	(14,340,093)	2,985,686	15,154,605
<b>At 1 July 2023</b>	27,222,060	(14,440,909)	3,523,413	16,304,564
Profit / (loss) for the period	-	(7,811,044)	-	(7,811,044)
Other comprehensive income for the period	-	(46,540)	-	(46,540)
<b>Total comprehensive loss for the period</b>	-	(7,857,584)	-	(7,857,584)
Issue of share capital	7,383,100	-	-	7,383,100
Share issue costs	(45,218)	-	-	(45,218)
Equity component of convertible note	-	-	225,000	225,000
Share option / convertible note exercise	-	-	(2,034,689)	(2,034,689)
Share based payments	-	-	250,601	250,601
<b>Total transactions with owners in their capacity as owners</b>	7,337,882	-	(1,559,088)	5,778,794
<b>Balance at 31 December 2023</b>	34,559,942	(22,298,493)	1,964,325	14,225,774

# 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 discharge of liabilities in the normal course of business.

For the half year ended 31 December 2023, the consolidated entity incurred a total comprehensive loss of \$7,857,584 (December 2022: \$3,616,030), incurred cash outflows from operations of \$2,219,083 (December 2022: \$1,819,418) and had a net working capital deficit of \$22,524,250 (June 2023: \$12,598,157 deficit). The deficit in net working capital is predominately due to the Company funding its working capital and capital growth initiatives via short-term financing such as equipment leases, government grants and trade payables.

Throughout the reporting period, the Company continued development of its key assets at Mt Carbine. The main development cost drivers were the costs associated with the Mt Carbine Open Cut Project and Environmental Authority amendments.

It should be noted that:

- Whilst the offtake advance facility of \$4,751,462 (June 2023: \$4,901,061) 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 from free cash-flows, over the life-of-mine, rather than within the next 12 months as depicted on the Statement of Financial Position; and
- The re-classification of Other Borrowings from non-current to current due to the unsecured loan facility provided by a related party of the Group, Director and shareholder, Zhui Pei Yeo, due for repayment on 31 July 2024.

With these two factors taken into consideration the net working capital deficit for the consolidated entity reduces to \$16,055,814.

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

- Revenues from both the Mt Carbine and newly acquired Saloro S.L.U open cut mining activities; and
- Continued income stream from the Mt Carbine Quarrying operations.

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

The half year financial report does not include all the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investment activities of the Company as the full financial report.

The half year financial report should be read in conjunction with the annual financial report of EQ Resources Limited as at 30 June 2023.

It is also recommended that the half-year financial report be considered together with any public announcements made by EQ Resources Limited during the half-year ended 31 December 2023 in accordance with its continuous disclosure obligations arising under the *Corporations Act 2001*.

### (c) Statement of Compliance

The half year financial report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half year financial report has been prepared on a historical cost basis and financial assets have been measured at fair value through profit or loss.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

### (d) Significant Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's 2023 annual financial report for the financial year ended 31 December 2023. The accounting policies are consistent with the Australian Accounting Standards and the International Financial Reporting Standards.

### (e) Inventory

Inventories are valued at the lower of cost and net realisable value as per AASB 102, except for 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.

Work in progress and finished goods are stated at the lower of average cost of production and net realisable value.

Cost of production comprises direct materials and delivery costs, direct labour, taxes, and an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## 2. REVENUE AND OTHER INCOME

	31/12/2023 \$	31/12/2022 \$
<b>Revenue</b>		
Sales	5,889,578	2,558,868
Sub-lease rent (unincorporated joint venture)	139,992	46,623
Interest received – other persons/corporation	24,229	7,618
	<b>6,053,799</b>	2,613,109
<b>Other income</b>		
Employment incentives and COVID-19 relief (various)	-	215,800
Grants	600,000	1,990,000
Diesel fuel rebates	314,037	101,511
	<b>914,037</b>	2,307,311
<b>Total revenue and other income</b>	<b>6,967,836</b>	4,920,420

### 3. FAIR VALUE GAIN ON REVALUATION OF FINANCIAL LIABILITIES

	31/12/2023 \$	31/12/2022 \$
<b>Fair value gain</b>		
Convertible note <sup>1</sup>	569,890	-
<b>Fair value loss</b>		
Financial liability – Regal Royalty Funding	(613,981)	-
<b>Fair value revaluations recognised through profit &amp; loss</b>	<b>(44,091)</b>	<b>-</b>

<sup>1</sup> The fair value gain arose due to the liability component of the 6 million convertible notes issued in 2021 being estimated at issuance date using an "Interest Rate Differential" methodology which discounted the convertible notes cash flows at a commercial discount (interest) rate to a present value. Upon their conversion to shares in 2023 the difference between the commercial discount (interest) rate and the actual coupon rate were brought to account through the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

<sup>2</sup> The fair value loss relates to the fair value revaluation, as at balance date, of the financial liability relating to the Royalty Funding Package with the Regal Resources Royalties Fund.

### 4. INVENTORY

	31/12/2023 \$	30/06/2023 \$
<b>Current</b>		
Finished goods	783,683	341,447
Work-in-progress	3,929,639	218,517
Raw materials	39,994	39,094
Workshop inventory	431,875	278,682
	<b>5,185,191</b>	<b>877,740</b>
<b>Non-current</b>		
Finished goods	1,552,355	1,690,023
Raw materials	6,450,384	6,523,633
	<b>8,002,739</b>	<b>8,213,656</b>
	<b>13,187,930</b>	<b>9,091,396</b>

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 work-in-progress and finished goods inventory which have been created from this stockpiled material. This inventory will be consumed on a units of operation basis and 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. 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 increase in work-in-progress inventory represents approximately 400,000 tonnes of stockpiled run-of-mine (ROM) ore from the open-cut mining operations that will be converted into Tungsten concentrate within the current financial year.

## 5. FINANCIAL ASSETS

	31/12/2023 \$	30/06/2023 \$
Shares in listed companies: <sup>1</sup>		
Critical Resources Limited (ASX: CRR)	2,707	5,156
	<b>2,707</b>	5,156
Capitalised borrowing costs: <sup>2</sup>		
Current	100,054	108,417
Non-current	162,969	200,084
	<b>263,023</b>	308,051
Unexpired interest: <sup>2</sup>		
Current	684,949	707,232
Non-current	1,520,902	2,133,500
	<b>2,205,851</b>	2,840,732
Deferred acquisition costs: <sup>3</sup>		
Non-Current	929,983	221,729
	<b>929,983</b>	221,729
	<b>3,401,564</b>	3,376,118

<sup>1</sup> 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.

<sup>2</sup> During the reporting period the Company entered into a Royalty Funding Package with Regal Resources Royalties Fund with the Group receiving \$10 million in two separate tranches. The financing consists of a royalty percentage of 3% with a buy-back option after the recovery of the first stage royalty, \$10 million, (and prior to the 7<sup>th</sup> anniversary of the definitive agreement execution) and a payment of \$2.75 million reducing the liability to 1.5% for the life of mine.

The capitalised borrowing costs represent those costs directly attributable to securing this funding package and will be amortised over the period in which the first stage royalty of \$10 million will be repaid.

The unexpired interest component will be recognised over the life of mine in line with each of the scheduled periodic repayments to Regal Resources Royalties Fund. A discounted cash flow method using a discount rate of 5.455% (2021: n/a) was used to capture the net present value of the revenues for the life of mine as determined in the May 2023 Update of the BFS.

<sup>3</sup> Deferred acquisition costs represent those costs directly attributable to the acquisition of leading European tungsten producer Saloro S.L.U. from global investment manager, Oaktree along with those attributable to the acquisition of CRONIMET's 50% joint venture interest in the Mt Carbine Tungsten Operation. These costs will be amortised over the life of mine.

## 6. TRADE & OTHER RECEIVABLES

	31/12/2023 \$	30/06/2023 \$
Trade receivables	2,648,440	2,495,890
Less: allowance	-	(549)
	<b>2,648,440</b>	2,495,431
Taxation receivables	1,288,887	808,648
Interest receivable	23,643	-
Other receivables	339,806	629,533
Total trade & other receivables	<b>4,300,776</b>	3,933,612

### 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 collectable at reporting date.

## 7. RECEIVABLES

	31/12/2023 \$	30/06/2023 \$
Tenement security deposits	1,173,098	1,172,598
Receivables from related entities	3,122,266	3,306,742
Quarry sales permit surety	50,000	-
Other security deposits	9,157	8,100
	<b>4,354,521</b>	<b>4,487,440</b>

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 Note 12).

## 8. EMPLOYEE BENEFITS

	31/12/2023 \$	30/06/2023 \$
<b>Current</b>		
Annual leave provision	434,857	413,798
Long service leave provision	27,336	26,121
	<b>462,193</b>	<b>439,919</b>
<b>Non-current</b>		
Long service leave provision	40,038	31,868
	<b>502,231</b>	<b>471,787</b>

## 9. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	31/12/2023 \$	30/06/2023 \$
Costs brought forward	14,273,131	10,803,974
Costs incurred during the period	1,664,302	3,640,380
Exploration and evaluation expenditure written down	-	-
Capitalised portion of R&D tax offset	-	(39,427)
<b>Total deferred exploration and evaluation</b>	<b>15,937,433</b>	<b>14,404,927</b>
Amortisation deferred exploration and evaluation	(569,909)	(131,796)
<b>Costs carried forward</b>	<b>15,367,524</b>	<b>14,273,131</b>
Exploration expenditure costs carried forward are made up of:		
Expenditure on joint venture areas	-	-
Expenditure on non-joint venture areas	15,367,524	14,273,131
<b>Costs carried forward</b>	<b>15,367,524</b>	<b>14,273,131</b>

The above amounts represent costs of areas of interest carried forward as an asset. 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 in the development phase until production commences.

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

## 10. CONTRIBUTED EQUITY

	31/12/2023 \$	30/06/2023 \$
<b>Shares</b>		
<b>Share Capital</b>		
1,574,806,073 (30 June 2023: 1,474,486,938) ordinary shares fully paid	<b>34,559,542</b>	27,222,060
	<b>34,559,542</b>	27,222,060

### Movements in Ordinary Share Capital

1 July 2023 to 31 December 2023	Date	Number of Shares	Issue Price	\$
Balance b/fwd		1,474,486,938		27,222,060
Issue of 957,055 shares on Option conversion @ \$0.065 per share (refer ASX announcement dated 10 August 2023)	10/08/2023	957,055	\$0.065	62,208
Issue of 4,698,617 shares on Option conversion @ \$0.065 per share (refer ASX announcement dated 23 August 2023)	23/08/2023	4,698,617	\$0.065	305,410
Issue of 3,125,000 shares on Option conversion @ \$0.065 per share (refer ASX announcement dated 6 September 2023)	06/09/2023	3,125,000	\$0.065	203,125
Issue of 25,000,000 shares on Option conversion @ \$0.065 per share (refer ASX announcement dated 22 September 2023)	22/09/2023	25,000,000	\$0.065	1,625,000
Issue of 61,538,463 shares upon Convertible Note exercise @ \$0.040 per share (refer ASX announcement dated 28 September 2023)	28/09/2023	61,538,463	\$0.065	4,000,000
Issue of 5,000,000 shares on Option conversion @ \$0.065 per share (refer ASX announcement dated 8 November 2023)	08/11/2023	5,000,000	\$0.060	300,000
Fair value of options exercised				887,357
Shares issue costs				(45,218)
<b>Balance as at 31 December 2023</b>		<b>1,574,806,073</b>		<b>34,559,942</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 2023	130,782,346	0.060	7,576,852
Amortisation share based payments	16,400,000	0.100	1,640,000
Forfeited / cancelled	-	-	-
Exercised (August 2023)	(33,780,672)	0.064	(2,195,744)
Exercised (October 2023)	(5,000,000)	0.060	(300,000)
Expired	-	-	-
<b>Balance at 31 December 2023</b>	<b>108,401,674</b>	<b>0.062</b>	<b>6,721,108</b>

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)
Options					
Issue EQRAF	2,000,000	2,000,000	0.0400	01/02/2024	0.59
Issue EQRAG	30,000,000	30,000,000	0.0432	19/03/2024	0.72
Issue EQRAH	17,000,000	17,000,000	0.0600	25/05/2024	0.90
Issue EQRAI	12,000,000	12,000,000	0.0600	23/06/2024	0.98
Issue EQRAJ	10,000,000	10,000,000	0.0600	23/06/2024	0.98
Issue EQRAL	19,751,674	19,751,674	0.0650	07/11/2025	2.36
Issue EQRAN	1,250,000	1,250,000	0.0650	31/01/2025	2.59
Issue EQRAM	16,400,000	-	0.0100	07/11/2025	2.36
Outstanding at 31 December 2023	108,401,674	92,001,674			

#### Performance Rights

No performance rights were outstanding at the end of the reporting period.

## 11.CONVERTIBLE NOTES

On 17 September 2021 the Company issued 6,000,000 convertible notes with an aggregate principal value of \$6,000,000. Subsequent to issue, 2,000,000 notes plus accrued interest were converted into 30,832,307 ordinary shares on 29 and 30 September 2021.

On 28 September 2023 the noteholders opted to fully exercise the convertible notes into EQR ordinary shares at a conversion price of \$0.065 per share.

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.

A further issue of 750,000 convertible notes took place on 6 November 2023 with an aggregate principal value of \$750,000. The notes are convertible at the option of the noteholders into ordinary shares at a conversion price of \$0.100 per share at any time after issuance and up to the close of business on the maturity date.

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 6 November 2025 at the principal amount together with accrued but unpaid interest thereon. The notes carry interest at a coupon rate of 9.00% per annum (effective interest rate of 0.86% 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 November.

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

	Debt (\$)	Equity (\$)	Number
<b>Opening balance at 1 July 2023</b>	2,852,667	1,147,333	4,000,000
Nominal value of convertible notes issued on 9 November 2023	225,000	525,000	750,000
Notes converted during the period	(2,852,667)	(1,147,333)	(4,000,000)
<b>Balance as at 31 December 2023</b>	<b>225,000</b>	<b>525,000</b>	<b>750,000</b>

	2023 \$
<b>Debt Component – Convertible Notes</b>	
<b>Opening balance at 1 July 2023</b>	3,494,215
Convertible note issue on 6 November 2023	525,000
Accrued interest at effective interest rate	171,739
Interest paid at coupon rate	(280,000)
Capitalised borrowing costs	21,587
Liability derecognition upon conversion	(3,422,556)
<b>Balance as at 31 December 2023</b>	<b>509,985</b>

	2023 \$
<b>Opening balance at 1 July 2023</b>	
Convertible notes issued on 17 September 2021	3,004,651
Accrued interest at effective interest rate	586,963
Interest paid at coupon rate	(280,000)
Capitalised borrowing costs	182,601
<b>Balance as at 30 June 2023</b>	<b>3,494,215</b>

### *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.

## 12. CONTINGENT LIABILITIES

The Group has provided guarantees totalling \$1,232,255 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.

## 13. SUBSEQUENT EVENTS

There have been no material events subsequent to 31 December 2023 that have not previously been reported other than:

- On 18 January 2023 the Company announced that it had closed the transaction, which included the acquisition of the leading European Tungsten producer, Saloro S.L.U., and a \$25 million placement to Oaktree at \$0.09 per share. Fully paid ordinary shares totalling 278,000,000 along with 78,000,000 options were issued on 18 January 2024. The options have an exercise price of \$0.10 and expire on 18 January 2026.

Ahead of closing, Saloro had outstanding debts of approximately EUR \$35 million to three reputable third-party Spanish banks ("Saloro Bank Facilities"). At closing, the Company and Oaktree agreed to revised transaction terms and reduce banking partners from three to two. Consequently, Saloro repaid the relevant Saloro Bank Facilities of EURO \$10 million with one of the Spanish banks.

The initial terms of the transaction agreements included an obligation for the Company to repay EUR \$5 million of the Saloro bank Facilities, utilising the subscription proceeds received from Oaktree. Given Saloro's cash position at closing, the Company committed EURO \$10 million repayment instead, thus lowering Saloro's forecast interest expense. Refer ASX Announcement "[EQR Completes Acquisition of Saloro S.L.U. & \\$25m Placement](#)" dated 18 January 2024.

- Stephen Weir joined the Board of EQR as Oaktree's nominee Non-executive Director on 19 January 2024 as part of the \$25 million investment by Oaktree. With the appointment being agreed between EQR and funds managed by Oaktree Capital Management, L.P. as part of the \$25 million investment by Oaktree. Mr Weir is a former Chief Executive Officer of Magnetite Mines Ltd (ASX:MGT), a company focused on the development of the Razorback Iron Ore Project in the Braemar region of South Australia. Mr Weir's prior fields of expertise and senior executive roles span the mining, industrial services, energy and infrastructure sections. He has a 20-year career in corporate advisory with RFC Ambrian where he was a Managing Director, preceded by project finance (Bankers Trust), general management (Brambles) and construction management (John Holland Engineering). Refer ASX Announcement "[Stephen Weir joins EQR's Board of Directors](#)" dated 19 January 2024.
- 4.74M mtu will be added to EQR's resource inventory with the addition of the Saloro mining operation as announced on 1 February 2024 (refer ASX Announcement "[Saloro adds 69% of Measured and Indicated Resources to EQR's In-Situ Resource Inventory](#)").
- The Saloro operation successfully commissioned a second Tomra XRT Sorter, with consistent results exceeding expectations from the initial trial runs. The XRT Sorting Plant is now treating 100% of the discarded ore with sizing >6mm, achieving a >25 times upgrade to produce a sorter concentrate with grades between 1.5-2% WO<sub>3</sub>. Refer ASX Announcement "[Saloro's XRT Sorting Performance Exceeds Expectations, Adding 26% More Material to Gravity Plant](#)" dated 15 February 2024.

## 14. EQUIPMENT LEASES

	31/12/2023 \$	30/06/2023 \$
<b>Right-of-use assets</b>		
Opening balance	2,376,049	2,019,963
Additions:		
- Plant & equipment	1,015,524	180,005
- Heavy & light vehicles	414,669	930,146
Disposals	(29,824)	(115,768)
Depreciation charge for the year	(411,234)	(638,297)
<b>Closing balance</b>	<b>3,365,184</b>	<b>2,376,049</b>
<b>Lease Liability - Maturity Analysis</b>		
Less than 1 year	1,241,280	910,822
1 to 5 years	1,763,565	1,176,523
5+ years	-	-
	<b>3,004,845</b>	<b>2,087,345</b>
<b>Amounts Recognised in profit or loss</b>		
Interest on lease liabilities	80,929	115,168
Expenses relating to short-term leases	-	-
	-	-
<b>Amounts recognised in statement of cash flows</b>		
<b>Total cash outflow for leases</b>	<b>355,166</b>	<b>345,492</b>

## 15. OTHER FINANCIAL LIABILITIES

	31/12/2023 \$	30/06/2023 \$
Financial liabilities carried at fair value through profit or loss: <sup>1</sup>		-
Current	1,076,075	1,334,992
Non-current	11,829,039	11,505,740
	<b>12,905,114</b>	<b>12,840,732</b>
Deferred interest: <sup>2</sup>		
Current	68,691	34,204
Non-current	294,903	282,181
	<b>363,594</b>	<b>316,385</b>
<b>Total Financial Liabilities</b>	<b>13,268,708</b>	<b>13,157,117</b>

<sup>1</sup> A discounted cash flow method using a discount rate of 5.455% (2021: n/a) was used to capture the net present value of the revenues for the life of mine as determined in the May 2023 Update of the BFS.

<sup>2</sup> Deferred interest relates to that portion of the Regal Resources Royalties Fund where actual payments did not satisfy the interest component due to the staged ramp-up of Open Cut operations. These costs will be amortised over the period in which the first stage royalty of \$10 million is scheduled to be repaid.

The Company entered into a Royalty Funding Package with Regal Resources Royalties Fund with the Group receiving \$10 million in two separate tranches. The financing consists of a royalty percentage of 3% with a buy-back option after the recovery of the first stage royalty, \$10 million, (and prior to the 7 anniversary of the definitive agreement execution) and a payment of \$2.75 million reducing the liability to 1.5% for the life of mine.

## 16. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

### **Adoption of New Standards and Interpretations**

#### *Changes in accounting policies on initial application of Accounting Standards*

From 1 July 2022, the Group has adopted all the standards and interpretations mandatory for annual periods beginning on or after 1 July 2022. 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.

## 17. OPERATING SEGMENTS

### **Segment Information**

#### **Identification of Reportable Segments**

During the half year to 31 December 2023, the Company operated principally in two business segments being mineral exploration in Queensland and New South Wales, Australia and production from its Mt Carbine assets in Queensland, Australia.

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

	31/12/2023			31/12/2022		
	Total \$	Queensland \$	NSW \$	Total \$	Queensland \$	NSW \$
<b>REVENUE</b>						
Revenue & Other Income	6,967,836	6,967,836	-	4,920,420	4,920,420	-
<b>Total segment revenue</b>	<b>6,967,836</b>	<b>6,967,836</b>	<b>-</b>	<b>4,920,420</b>	<b>6,231,263</b>	<b>-</b>
<b>RESULTS</b>						
Net profit / (loss) before income tax	(7,857,584)	(7,857,584)	-	(3,616,030)	(3,616,030)	-
Income tax	-	-	-	-	-	-
<b>Net profit / (loss)</b>	<b>(7,857,584)</b>	<b>(7,857,584)</b>	<b>-</b>	<b>(3,616,030)</b>	<b>(3,616,030)</b>	<b>-</b>
	31/12/2023			30/06/2023		
	Total \$	Queensland \$	NSW \$	Total \$	Queensland \$	NSW \$
<b>ASSETS AND LIABILITIES</b>						
Assets	62,624,046	62,427,829	196,217	55,146,312	54,950,009	196,303
Liabilities	48,398,272	48,398,272	-	(38,841,749)	(38,841,749)	-

## Directors' Declaration

In the opinion of the Directors:

1. The financial statements and notes of the Company:
  - (a) give a true and fair view of the Company's financial position as at 31 December 2023 and the performance for the half-year ended on that date; and
  - (b) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
2. 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 Kleinhenkel  
**Non-executive Chairman**

15 March 2024

## 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 half-year ended 31 December 2023 there has been:

- a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- b. no contraventions of any applicable code of professional conduct in relation to the review.



**Nexia Melbourne Audit Pty Ltd  
Melbourne**



**Ben Bester  
Director**

Dated this 15<sup>th</sup> day of March 2024

### Advisory. Tax. Audit.

Registered Audit Company 291969

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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF EQ RESOURCES LIMITED

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of EQ Resources Limited, which comprises the Consolidated Statement of Financial Position as at 31 December 2023, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of EQ Resources Limited does not comply with the *Corporations Act 2001* including:

- i) giving a true and fair view of EQ Resources Limited's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- iii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 annual 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 review report.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates that the Company incurred a total comprehensive loss of \$7,857,584 (2022: \$3,616,030) and a net cash outflow from operating and investing activities of \$2,219,083 (2022: \$1,819,418) during the period ended 31 December 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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### Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



**Nexia Melbourne Audit Pty Ltd  
Melbourne**



**Ben Bester  
Director**

Dated this 15<sup>th</sup> day of March 2024

## 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 report. 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 report, 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 report is sourced from publicly available third-party sources and has not been independently verified.

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