

EQ Resources Limited

Quarterly Activities Report

Quarter ended 31st March 2024

EQ Resources Limited (EQR) is a leading tungsten mining company dedicated to sustainable mining and processing practices, with a focus on expanding its world-class tungsten assets at Mt Carbine in Far North Queensland (Australia) and at Barruecopardo in Salamanca Province (Spain). The Company evaluates corporate and exploration opportunities within the new economy, leverages advanced minerals processing technology and unexploited resources across multiple jurisdictions, to be a globally leading supplier of the critical mineral, tungsten.

HIGHLIGHTS

SALORO ACQUISITION COMPLETED, AND TURNAROUND COMMENCED

- Acquisition of Saloro S.L.U. for €1 and €35m debt
- \$25 million placement to Oaktree at 9c per share for 15% of EQR
- Saloro S.L.U. debt repayment of €10m upon closing of transaction
- Commissioned second TOMRA XRT Sorter adding 26% more material to the plant
- XRT Sorting also allows for reprocessing of 343,000-ton stockpile of discarded >6mm low-grade ore
- Recovery improving with new XRT Sorter Plant and ongoing gravity plant debottlenecking

MT CARBINE OPERATIONS

- Record 50% qtr-on-qtr increase in concentrate output despite recovering from Cyclone Jasper
- Key equipment for doubling processing plant capacity received on site
- Stage II Open Pit is well underway, with strong progress on waste stripping
- Scalping has commenced on low-grade stockpile to complement open pit ore

EQR EXPLORATION

- Planning 24,000m of diamond drilling to facilitate a Stage 1 underground feasibility study
- Initiated reverse circulation (RC) drilling to firm up high-grade zones scheduled for Stage II Open Pit

CORPORATE DEVELOPMENTS & FINANCE

- APT CIF Rotterdam prices firming up at US\$305-327 per mtu
- Negotiations underway with critical minerals funds about expansion finance
- Stephen Weir joins the Board as non-executive director and chair of audit- & risk committee
- Leadership Team expanded with new appointments (Ian Kirkham as Senior Financial Advisor and Evren Ören appointed as Chief Operating Officer at Saloro)

EQR Q3 FY2024 - PRODUCTION SUMMARY

Table 1 - March 2024 Quarter Production for EQR Operations

Operations		Mt Carbine		Saloro		Group
		Q3 FY2024	Q2 FY2024	Q3 FY2024	Q2 FY2024	Q3 FY2024
Material blasted	t	248,076	377,503	1,751,866	1,975,962	1,999,942
Material extracted	t	795,145	496,784	1,751,866	1,975,962	2,547,011
Ore	t	50,816	258,934	276,345	407,197	327,161
Waste	t	744,329	237,849	1,475,521	1,568,766	2,219,850
Ore on Stockpile	t	41,612	186,866	615,057	555,381	656,669
Ore Crushed	t	220,307	122,839	305,874	356,131	526,181
WO₃ Produced*	t	507	368	356	332	863

* Wet Tonnes, 50% WO₃ equivalent for Mt Carbine, 65% WO₃ equivalent for Saloro.

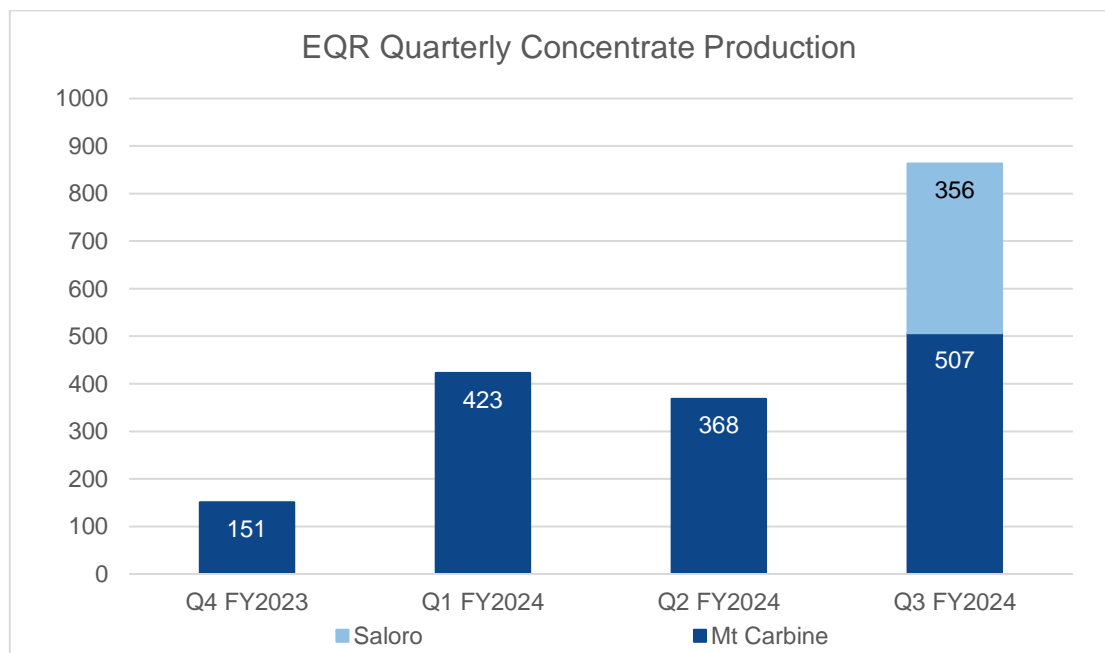


Figure 1 - Quarterly Group Production. * Wet Tonnes, 50% WO₃ equivalent for Mt Carbine, 65% WO₃ equivalent for Saloro.

MT CARBINE OPERATIONS

OPEN CUT MINING

Open Pit dewatering was completed in February following record December rainfall in the region caused by Ex-Tropical Cyclone Jasper. Drilling commenced on the 22nd of February when drill and blast operations resumed as planned.



Above Left: The Andy White Open Pit as of the 1st of January 2024, Right: the pit dewatered on 22nd February 2024

Free dig waste stripping remained ongoing throughout the quarter, with tonnage meeting expectations. All waste material is being utilised, and the Noise & Visual bund construction is nearing 50% completion.

The geology team and design consultants are preparing an updated mine plan. The current ramp will be redesigned to enable access to the higher grade zones of the ore body of Stage II Open Pit earlier than planned and to optimise the pit, ensuring continuous ore delivery can be achieved.



Picture above: Stripping ongoing with the noise and visual bund construction progression.

This quarter, the focus has been on reducing drill and blast costs again. Where possible, the powder factor regarding waste shots has been minimised.

795,145 tonnes of total material has been extracted from the pit throughout the quarter, with 50,816 tonnes of ore and 744,329 tonnes of waste. 140,000 tonnes of ore are left to be extracted as part of Stage I Pit mine plan and the second quarter commenced with a total of 41,612 tonnes of ore on the stockpile awaiting processing.



Picture above: The Andy White Open Pit end of March 2024 with the noise and visual bund in the foreground

CRUSHING OPERATIONS

Operational efficiency has shown marked improvements, with a 65% runtime this quarter compared to 46% last quarter following the successful re-conversion of the operation from dry crushing & screening to wet. Consequently, the Crushing Plant had its best quarter on record, processing 220,307 tonnes of open pit material compared to 120,000 tonnes last Quarter, and produced 171,598 tonnes of Ore Sorter Plant feed, 48,708 tonnes of fine material for the Gravity Plant during the quarter. The focus was on processing high-grade ore first to move onto medium grade, using the best available grade between stockpiled material from the Open Pit and fresh ore deliveries.

The TSF4 dam walls are being raised using Open Pit and Ore Sorter Waste material in Q3 FY2024 to increase water capacity and have ample reserves to guarantee wet processing operations moving forward.

XRT SORTER

During the quarter the ore sorter plant processed 132,654 tonnes of open pit ore and had 25,000 tonnes of Sorter Plant Feed in the stockpile, waiting to be sorted. The Ore Sorter Plant will receive an upgrade ahead of schedule to de-bottleneck the process with the future addition of a new Tomra XRT Ore Sorter and with upcoming significant upgrades to the software and ejection module for the two sorters currently in operation at Mt Carbine, aiming at increasing grade and decreasing by 75% the amount of air needed for the operation saving considerable amount of power.



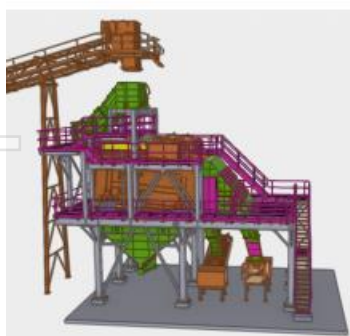
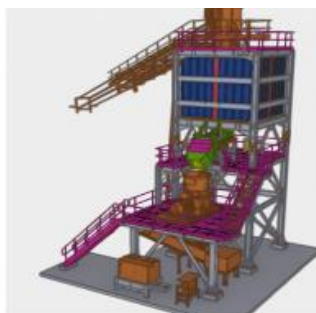
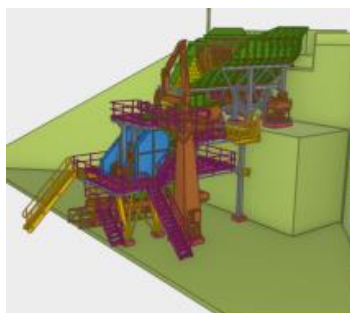
ASX Announcement 11th April 2024: 'Mt Carbine hits quarterly production record with XRT Sorter expansion well underway.'

Picture above: Stockpiles of Ore Sorter Plant Feed ahead of the XRT Ore Sorters

GRAVITY PLANT

With the record crushing production and subsequent increase in Sorter Concentrate production, the feed grade for the Gravity Plant continues to see consistently higher feed grades. Over 17,000 tonnes of High-Grade Sorter Concentrate has been milled this quarter compared to 8,500 tonnes last quarter for a total of 79,141 tonnes processed. The 50% equivalent production has broken a new quarterly record with 506.7 tonnes of wet concentrate produced from 368 tonnes last quarter.

The doubling of Gravity Plant capacity is progressing, with all Sandvik core equipment for Phase 2 being received on-site before the end of the quarter.



Pictures Top left: New Jaw Crusher and updated designed for Crusher Station

Top right: New Cone Crusher and updated engineering design for larger feed bin and crusher station

Bottom left: New Vibrating Screen and updated engineering design for screen station

ASX Announcement 20th March 2024, 'MtCarbine Receives Additional Equipment for Doubling of Throughput Capacity'

QUARRY OPERATIONS

As the wet weather starts to ease in Far North Queensland, tendering activities for local road reconstruction work has increased with the Mt Carbine Quarry actively engaged in this process. Sales for the first quarter of 2024 have been comparable with those of the previous year and we are quietly confident that sales will continue to increase throughout the drier months considering the amount of local reconstruction work required given the exceptional amount of rain received during the 2023/2024 wet season.

SALORO OPERATIONS

OPEN CUT MINING

Throughout the initial quarter of the year, mining activities have predominantly concentrated on Phase 5 in the southern sector of the Project. This strategic focus aimed at synchronising mine output with plant demands while effectively managing previously accumulated mineral stockpiles. An agile mining schedule was successfully employed to maintain production levels, anticipating the onset of rainy weather to prevent any disruption caused by water accumulation.

The new resource model developed in the last quarter, Q2 FY2024, more accurately reflects the distribution of mineralised bodies and the geological dilution present, optimising mining operations. During Q2 FY2024, work was underway on a JORC reserves report, which is anticipated to be completed in Q4 FY2024.

- In total, 1,751,866 tonnes of material were extracted from the pit, including 276,345 tonnes of ore and 1,475,521 tonnes of waste, scalping excluded.
- As of the beginning of April, 555,381 tonnes of ore of varying grades were in the stockpile, waiting to be processed.

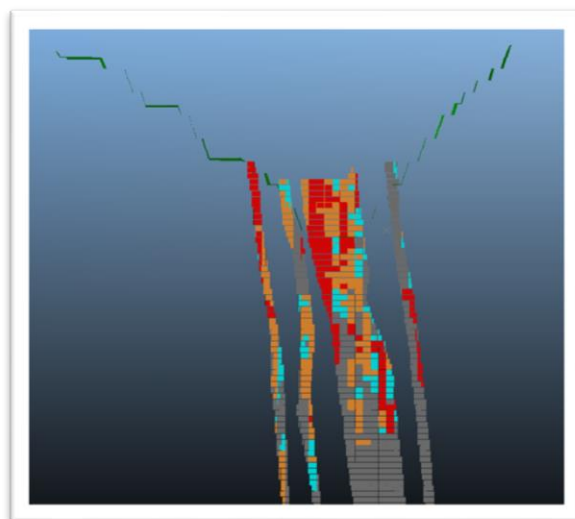


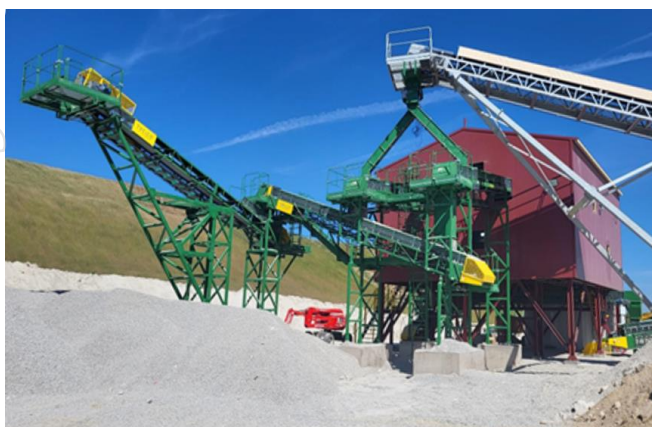
Figure 2 - Cross-Section phase 5 and new block model



Picture above: Barruecopardo Open Pit end of March 2024.

CRUSHING AND XRT SORTER OPERATIONS

The crushing plant has consistently upheld its performance compared to the preceding quarter, maintaining operational efficiency within 70-75% utilisation while exhibiting minimal breakdown occurrences. Notably, the throughput processed by the crushing plant amounted to 300,125 tonnes. There has been a noteworthy increase in the number of MTUs supplied to the Gravity Plant, rising from 44,074 mtus in the previous quarter to 50,545 mtus. This substantial rise in MTUs can be primarily attributed to the expedited installation and commissioning of the second XRT Ore Sorter, resulting in a remarkable increase in feed quantity from 45,642 tons to 83,450 tonnes.



Picture left: The Ore Sorter facilities from outside; Right: the 2 TOMRA XRT Sorters at Barruecopardo

The integration of the second sorter was accomplished in an unparalleled timeframe, and the commissioning was seamlessly completed within a mere three days. Consequently, the feed to the sorters witnessed a remarkable 82% augmentation and a +90% metal recovery, with most losses due to misplaced fines in the Ore Sorter feed that went directly to waste. Furthermore, the concentrate derived from the sorter has significantly enhanced the feed grade to the Gravity Plant by an impressive 27%. It is noteworthy to mention that the operational availability of the sorters remains consistently high, enhancing their reliability in facilitating efficient operations.

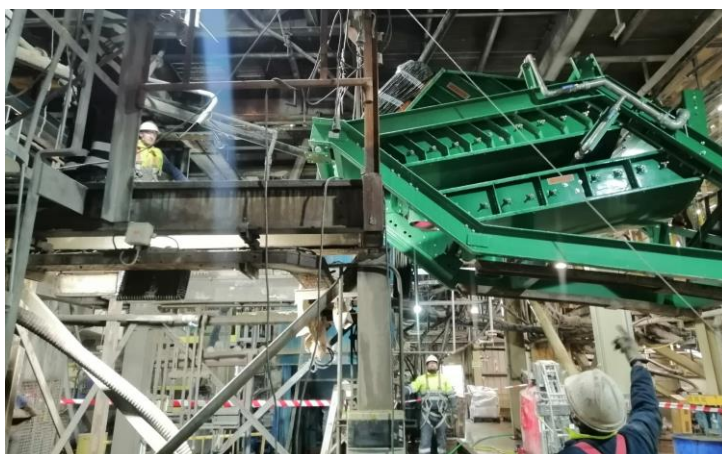
In addition, a 343,000-ton stockpile of previously discarded >6mm ore is now available for reprocessing, with an estimated 19,894 mtus contained (equivalent to around 300 tonnes of 65% WO₃ concentrate).

ASX Announcement 15th February 2024, ['Saloro's XRT sorting performance exceed expectations'](#)

GRAVITY PLANT

Various improvement measures have been implemented downstream in response to changes in the orebody and the impact of the sorters.

- The jig has undergone modifications, with the barite ragging bed being replaced by alumina balls.
- A high frequency vibration screen has been installed to replace the ball mill close circuit sieve, resulting in a more suitable feed for ball mill production and significant cost savings compared to the previous sieve.



Picture above: the high-frequency vibration screen being installed.

A phased approach has been adopted for further plant improvements, scheduled to be implemented throughout the coming quarter. Modifications to the hydrocyclone classification circuit are planned for Q4 FY2024, and based on positive experiences, another high-frequency vibrating screen has been ordered to enhance the fines recovery in the processing plant.

The Saloro Operations have produced 356.5 tonnes of 65% equivalent of concentrate, an increase from last quarter's 332.9 tonnes.

SUSTAINABILITY

EQR's website has a sustainability tab that communicates the Company's ESG commitments and initiatives. See [What We Care About](#) and [ESG Showcase](#). EQR reports its safety and ESG development according to its core values outlined in its ESG Program Framework, which is available here: [Sustainability Framework and Materiality Assessment](#).

During Q3 FY2024, Saloro implemented 52 safety enhancements, conducted 53 annual health checks, and provided health and safety training to 49 team members. Additionally, over 250 individuals participated in Saloro's public excursions throughout the quarter.

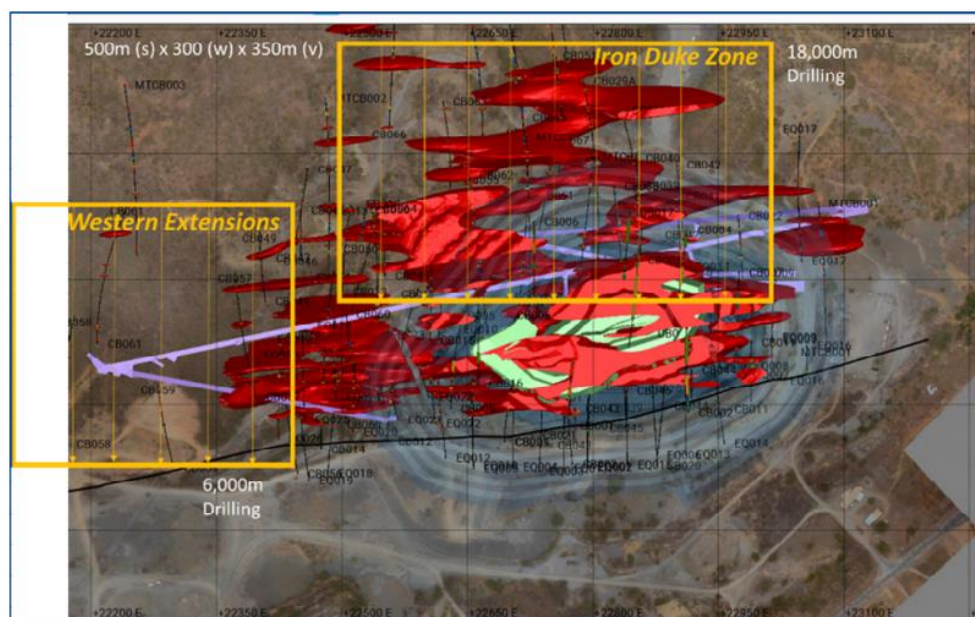
Mt Carbine held a Stop & Prop Safety Meeting on March 6th and celebrated International Women's Day on March 8th. The site has upgraded its policies concerning Heat Stress and Wet Weather TARP to strengthen its safety procedures and protect its staff in particularly harsh weather.

EQR has successfully collected responses for the 2024 Stakeholder Sentiment Survey. The process of data interpretation is now underway to align the Company's ESG strategy and initiatives with the evolving needs and aspirations of its stakeholders. EQR remains committed to the ongoing enhancement of its ESG policies and practices to reflect the company's growth and stakeholder expectations.

EXPLORATION ACTIVITIES

DRILLING CAMPAIGN AT MT CARBINE TO INFILL UNDERGROUND RESOURCES

The Company has launched an ambitious 2024 diamond drilling campaign at its Mt Carbine site, significantly surpassing previous efforts with 24,000 meters of drilling planned. This initiative is a strategic move to delve deeper into the known mineral resource, of which only 19.3% is covered in the mine plan as per the Bankable Feasibility Study (BFS). The campaign aims to reclassify 2 million tonnes of Inferred Resources with a WO₃ content above 0.5% to the Indicated category. This step is crucial for advancing the feasibility study for a Stage 1 underground mining operation. The focus will be on resources immediately north of the Open Pit, potentially tapping into 4.2 million tonnes at 0.52% WO₃ previously identified as Inferred Resources.



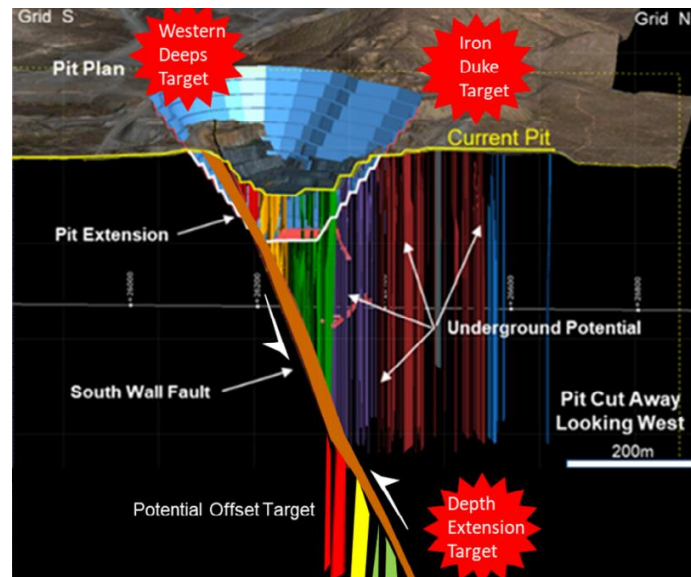


Figure 4 – Drill target is shown on a schematic cutaway section of the Mt Carbine Deposit

ASX announcement 18th January 2024: [‘Major Drilling Campaign at Mt Carbine to infill underground resources and explore extents of known high-grade zones.’](#)

MINERAL RESOURCES ESTIMATE

The recent acquisition of Saloro by EQR brought significant changes to the Company’s resource inventory following the recent update to the 2012 JORC-compliant Mineral Resource Estimate (MRE) for the Barruecopardo mine. A total of 4.74M mtu will be added to EQR’s resource inventory with the addition of the Saloro mining operation. 78% of the Saloro MRE is in the Indicated and Measured Category, giving great confidence in the project’s longevity. An Ore Reserve Statement is currently being compiled to support the update of the Saloro financial model. As a result, EQR’s Indicated and Measured In-Situ Resources increased by 69%.

ASX Announcement 1st of February 2024: [‘Saloro adds 69% of measured and indicated resources to EQR’s In-Situ resource inventory.’](#)

Table 2 - Barruecopardo Mineral Resources Estimates as of November 2023.

Orebody	Resource Classification	Tonnes (Mt)	Grade (% WO ₃)	WO ₃ (mtu)
In-Situ	Measured	10.05	0.19	1,920,400
	Indicated	10.46	0.17	1,820,000
	Inferred	3.86	0.26	999,300
	Total	24.37	0.20	4,739,700

- Resource has been calculated using Normal Kriging Modelling
- Variogram used a search engine of 75m strike x 75m depth x 10m width with a 85° dip to the south west.
- No upper cut was used across the database.
- A lower cut of 0.05% was determined as being a sensible lower cut based on economics
- Assays were composited by weighted averages on 5m intervals to group together the narrow high grade zones into more consistent lenses for modelling.

No change to the Mt Carbine resources/reserves has occurred in the quarter, with the following tables outlining as follows:

Table 3 - Mt Carbine Mineral Resources Estimate as of April 2023

Orebody	Resource Classification	Tonnes (Mt)	Grade (% WO ₃)	WO ₃ (mtu)
Low-Grade Stockpile	Indicated	10.13	0.08	759,450
	Indicated	2.75	0.07	178,517
	Inferred	0.83	0.06	53,789
	Subtotal	13.71	0.07	991,756
In-Situ	Indicated	18.06	0.30	5,405,901
	Inferred	10.68	0.30	3,217,311
	Subtotal	28.74	0.30	8,623,212
All	Total	42.45		9,614,968

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% WO₃ 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.

ORE RESERVES

Table 4 - Mt Carbine Ore Reserves as of May 2023

Reserve Category	ROM Tonnes (Mt)	WO ₃ (%)	Contained WO ₃ (mtu)
Open Cut - Proven	-	-	-
Open Cut - Probable	5.93	0.28%	1,660,400
Open Cut - Total	5.93	0.28%	1,660,400
LGSP - Proven	-	-	-
LGSP - Probable	9.77	0.075%	732,750
LGSP - Total	9.77	0.075%	732,750

TENEMENT INTERESTS

Tenements held by the Company and its controlled entities in accordance with ASX Listing Rule 5.3.3.

Location	Holding Entity	Beneficial Interest	Interest Acquired / Disposed	Area	Expiry date
Queensland, Australia					
ML 4867	Mt Carbine Quarries Pty Ltd	100%	N/A	358.5 ha	31/07/2041
ML 4919	Mt Carbine Quarries Pty Ltd	100%	N/A	7.891 ha	31/08/2041
EPM 14871	EQR Resources Limited	100%	N/A	10 sub-blocks	12/12/2025
EPM 14872	EQR Resources Limited	100%	N/A	21 sub-blocks	11/12/2025
EPM 27394	EQR Resources Limited	100%	N/A	4 sub blocks	1/06/2025
New South Wales, Australia					
EL 6648 ¹⁾	EQR Resources Limited	100%	N/A	4 Units	19/10/2026
EL 8024 ¹⁾	EQR Resources Limited	100%	N/A	19 Units	29/11/2024
ML = Mining Lease; EPM = Exploration Permit for Mineral (Qld); EL = Exploration License (NSW)					
1) Sozo Farm-in arrangement.					

Location	Holding Entity	Beneficial Interest	Interest Acquired	Area	Expiry date
Salamanca, Spain					
C.E. Barruecopardo, 6.432-10	Saloro, SLU	100%	18/01/2024	2,100 Ha	1/11/2041
P.I. Saldeana 1 ^a Fracción, 6.432-11	Saloro, SLU	100%	18/01/2024	29,300 Ha	13 Aug.*
P.I. Saldeana 2 ^a Fracción, 6.432-12	Saloro, SLU	100%	18/01/2024		13 Aug.*
P.I. Milano, 6.432-20	Saloro, SLU	100%	18/01/2024	29,000 Ha	13 Aug.*
P.I. Cortegana, 6.570	Saloro, SLU	100%	18/01/2024	16,700 Ha	14 Nov.*
P.I. Almonaster, 6.572	Saloro, SLU	100%	18/01/2024	4,300 Ha	14 Nov.*
P.I. Aracena, 6.649	Saloro, SLU	100%	18/01/2024	5,300 Ha	30 Oct.*
P.I. Brincones, 6.834	Saloro, SLU	100%	18/01/2024	6,100 Ha	7 May*
C.E. = Mining Lease; *P.I. = Exploration Permit which is renewed annually.					

CORPORATE

EQR COMPLETES ACQUISITION OF SALORO AND \$25 MILLION PLACEMENT WITH OAKTREE

On 18 January 2024, EQR and Oaktree Capital Management, L.P. ("Oaktree") satisfied all conditions precedent for EQR's acquisition of Saloro S.L.U. The transaction also comprised a \$25 million placement to Oaktree at 9c per share, resulting in Oaktree now holding a 15% stake in the Company. To further streamline Saloro's key banking relationships, the Company agreed to reduce third-party bank debt by €10 million, compared to €5 million as per the initial transaction agreements.

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.

ASX Announcement 18th January 2024: '[EQR Completes Acquisition of Saloro S.L.U & \\$25m Placement](#)'

HEADS OF AGREEMENT WITH CRONIMET FOR JOINT VENTURE BUYOUT

EQR has extended its binding Heads of Agreement ("HoA") with CRONIMET Asia Pte Ltd ("CR Asia") and CRONIMET Australia Pty Ltd ("CR Australia") until 31 May 2024 for the acquisition of CR Australia's joint venture interest in the Mt Carbine Tungsten Operation. The formal transaction documents will be executed by 31 May 2024 with US\$7.5 million of new ordinary shares, at A\$0.09 per share, to be issued shortly thereafter.

CHANGES IN EQR BOARD & LEADERSHIP TEAM

Stephen Weir was appointed to the board as a non-executive director on January 19, 2024. He is Oaktree Capital Management's nominee director. In addition to this role, Stephen has assumed the position of chair for the audit and risk committee.

ASX Announcement 19th January 2024: '[Stephen Weir Joins EQR's Board of Directors](#)'

EQR is pleased to announce the addition of Ian Kirkham to the leadership team as Senior Financial Advisor. Ian brings a wealth of senior finance knowledge and skills, boasting over 25 years of experience in the mining and oil and gas sectors, including project development, debt and equity financing, financial accounting, treasury services, taxation, and corporate secretarial duties. His more interesting roles include CFO and Company Secretary of Warrego Energy, where he played a vital role in the company's reverse takeover of Petrel Energy and CFO and Company Secretary of Eastern Star Gas, taken over by Santos for \$930 million.

Another change in the leadership team is the appointment of Evren Ören as Chief Operating Officer for the Saloro Operations in February 2024. With an academic background in Mining Engineering, Mineral Processing, and Business Administration, Evren brings global experience in optimising mineral processing plants, operations, and EPC management. Proficient in Spanish and English, his cross-cultural skills strengthen operations and foster collaboration within the group.

FINANCE

QUARTERLY CASH FLOW REPORT

EQR completed the acquisition of Saloro S.L.U. on 18 January 2024 and has commenced the turnaround of the Barruecopardo mine. Over \$200 million was spent on the Barruecopardo mine prior to the purchase of Saloro S.L.U. for €1 and €35 million of debt. After the \$25 million cash receipt from the Oaktree placement at 9c per share, the Saloro debt was paid down €10 million to €25 million (\$41.4 million).

With the inclusion of Saloro, EQR Group produced a record 863 tonnes (Table 1) of concentrate in the quarter, providing record cash receipts of \$10.15 million. Mt Carbine cash receipts were \$3,071k (last qtr \$3,399k), which did not reflect the record +38% in tungsten output over the last quarter due timing difference in customer payments (prepayments in the December quarter being \$1,354k higher than the current quarter). Saloro, on the other hand, receives its cash revenues 30-60 days in arrears, with \$7,088k cash revenue generated in the period 18 January to 31 March.

Mt Carbine quarterly production cash costs of \$3,562 (last qtr \$3,053k) increased by 17% to realise a record +38% increase in tungsten output of 507 wet tonnes of concentrate. This was achieved despite recovering from Tropical Cyclone Jasper. Improved grade and scalping in the low-grade stockpile are forecast to lift revenues with only minor additional costs in the June quarter, despite the mine plan considering higher-grade ore being mined with increasing depth of the open pit.

Saloro produced 466 dry tonnes of concentrate in the quarter with the assistance of an additional TOMRA XRT Ore Sorter (now 2 XRT Sorters in operation), which is now adding 26% more material to the gravity plant. Saloro quarterly production cash costs of \$8,014k picks up most of the cash expenditure for January as payments are mainly made at the end of January for the whole month whilst revenue receipts come in weekly and were only accounted from 18 January to 31 January 2024. The one-off expenses occurred by Saloro in relation to the acquisition transaction were \$1,460k, in addition to \$1,749k which represented long dated creditors from pre-closing period. Those expenses (totalling \$3,209k) were covered by an agreed capital (cash) injection from Oaktree into Saloro right ahead of closing of the transaction in the amount of \$8,303k. The excess of the cash injection was agreed to cover the operational cash shortfall in the quarter reported herein.

EQR will continue to increase concentrate production at Saloro by improving recovery through the newly installed Ore Sorter Plant and further debottlenecking of the gravity plant.

EQR is currently in negotiations with critical minerals investment funds, potentially both from government and private sector, as a potential funding source for the company's growth objectives for 2024, especially to support doubling of plant capacity as announced by the Company.

SALORO BANK FACILITIES

Saloro currently has outstanding debts of approximately €25 million to Spanish Lenders Santander and CaxiaBank. A condition precedent to the purchase of Saloro was the extension of the terms of each of the Saloro Bank Facilities to a date no earlier than 18 months following the 18 January 2024 completion date. To achieve this, Oaktree procures Wells Fargo Bank N.A. to issue certain guarantees and standby letters of credit in favour of the Spanish Lenders. The Barruecopardo mine is an important employer in the Spanish Province of Salamanca and produces tungsten, which the European Union recognises as a 'Critical Raw Material'.

Released on the authority of the Board by
Kevin MacNeill
Chief Executive Officer

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About the Company

EQ Resources Limited is a leading tungsten mining company dedicated to sustainable mining and processing practices. The Company is listed on the Australian Securities Exchange, focusing on expanding its world-class tungsten assets at Mt Carbine in North Queensland (Australia) and at Barruecopardo in the Salamanca Province (Spain). The Company leverages advanced minerals processing technology and unexploited resources across multiple jurisdictions, with the aim of being a globally leading supplier of the critical mineral, tungsten. While the Company also holds gold exploration licences in New South Wales (Australia), it aims to create shareholder value through the exploration and development of its current project portfolio whilst continuing to evaluate corporate and exploration opportunities within the new economy and critical minerals sector globally.

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 the policies of the Australian Securities Exchange) accepts responsibility for the adequacy or accuracy of this announcement.

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Appendix 5B

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

Name of entity

EQ RESOURCES LIMITED

ABN

77 115 009 106

Quarter ended ("current quarter")

31 March 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	10,159	17,087
1.2	Payments for		
	(a) exploration & evaluation	(2)	(3)
	(b) development	(62)	(451)
	(c) production	(11,576)	(16,775)
	(d) staff costs	(4,411)	(7,546)
	(e) administration and corporate costs	(748)	(1,727)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	42	51
1.5	Interest and other costs of finance paid	(204)	(511)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other		
	- Diesel Fuel Tax Credits	287	545
	- Long dated Saloro creditors settled upon acquisition (from Oaktree cash injection)	(1,749)	(1,749)
	- CMAI Grant	-	600
	- Other	9	9
1.9	Net cash from / (used in) operating activities	(8,255)	(10,470)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	(1,699)	(2,148)
	(b) tenements	-	-
	(c) property, plant and equipment	(1,488)	(4,794)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) exploration & evaluation	(151)	(1,739)
	(e) investments	-	-
	(f) other non-current assets	(3,588)	(3,588)
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	3
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(975)	(1,799)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	(50)
2.6	Net cash from / (used in) investing activities	(7,901)	(14,115)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	25,000	25,000
3.2	Proceeds from issue of convertible debt securities	-	750
3.3	Proceeds from exercise of options	-	2,496
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(41)	(113)
3.5	Proceeds from Borrowings - Other Working Capital Loans (unincorporated joint venture)	450	1,487
3.6	Repayment of borrowings	(16,048)	(16,048)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other - Lease Repayments	(262)	(617)
3.10	Net cash from / (used in) financing activities	9,099	12,955

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	9,038	13,639
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(8,255)	(10,470)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7,901)	(14,115)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9,099	12,955
4.5	Effect of movement in exchange rates on cash held	(9)	(37)
4.6	Cash and cash equivalents at end of period	1,972	1,972

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,972	740
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,972	740

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	107
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Payments to Directors and Senior Executives for salaries (including superannuation), fees, consultancy, and expense reimbursements.</p>		

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7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000		
7.1 Loan facilities - Banco Santander ¹ - Caixabank ²	33,140 8,285	33,070 8,039		
7.2 Cronimet Offtake Advance Facility	4,851	4,851		
7.3 Cronimet Working Capital Facility	2,989	2,989		
7.4 Shareholder Loan	1,500	1,500		
7.5 Convertibles Notes	750	750		
7.6 Total financing facilities	51,515	51,199		
7.5 Unused financing facilities available at quarter end	-			
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.				
7.1 Spanish Loan Facilities: ¹ Secured Loan Facilities at interest rates between 4.92% - 5.00% (Oaktree LC support until July 2025). ² Secured Loan Facility at an interest rate of 5.42% (Oaktree LC support until July 2025). 7.2 Secured Loan interest free to be repaid from free cash flows, over life of mine. 7.3 Unsecured Loan at an interest rate of SOFR + 3.00% p.a. 7.4 Unsecured Loan at an interest rate of 8.00% p.a. to be settled by July 2024. 7.5 Unsecured 2-Year Convertible Notes with a Coupon Rate of 9.00% p.a. payable in shares or cash at the election of the Note Holders.				

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(8,255)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(151)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(8,406)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,972
8.5 Unused finance facilities available at quarter end (item 7.5)	316
8.6 Total available funding (item 8.4 + item 8.5)	2,288
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.3

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

EQR expects that it will significantly improve its net operating cash flows each quarter going forward. Despite recovering from Cyclone Jasper, a record 21,500 mtus were shipped from Mt Carbine during the quarter. Record open pit material extraction and processing was also achieved which supports revenue generation in the coming months.

EQR took control of Saloro S.L.U. (Saloro) on 18 January 2024. A capital (cash) injection into Saloro of €5 Million at closing was provided by Oaktree to cover closing expenses, long dated payables and the expected operational cash shortfall for the current quarter. Recovery improvements have been realised at Saloro during the quarter, with further improvements to come.

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

EQR is currently seeking finance from critical minerals investment funds, potentially both from the government and private sectors. It believes this funding source will be successful and will complement its growth objectives for 2024, especially to support doubling of plant capacity as announced.

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

EQR, which now encompasses both the Saloro and Mt Carbine Tungsten Mines is confident that it will be able to continue its operations and to meet its business objectives, through continued operational improvements at both mines resulting in production output meeting target levels within the coming months. The focus will be on improving recoveries at Saloro and increasing grade/throughput at Mt Carbine, as per the work programs previously announced to the market.

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

Compliance statement

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

Date: 30 April 2024

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

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: *Exploration for and Evaluation of Mineral Resources* and AASB 107: *Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.