

13th September 2021

EARLY WORKS FUNDING SECURED FOR MT CARBINE EXPANSION, WELL AHEAD OF BFS RELEASE

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

Highlights:

- Funding of Early Works for Mt Carbine expansion program well ahead of the release of the Company's Bankable Feasibility Study (BFS)
- BFS comprises the expansion of tungsten operation from the Company's 12m tonne low-grade ore stockpile and the reactivation of open pit mining from the Andy White pit
- Updated JORC compliant resource estimate and reserve statement will be released within the coming weeks, supporting the BFS works
- BFS progressing as planned, supported by a strengthening tungsten price environment (US\$ 310/mtu* at the date of this release vs US\$ 235/mtu in January 2021)

* mtu (metric ton unit; equal 10kg)

Capital Raising

EQ Resources Limited (EQR or the Company) is pleased to announce it has raised \$6million by the issuance of 2 year convertible notes with a conversion of 6.5 cents per share, a ~45% premium to the last price of 4.5 cents per share ("Convertible Notes"). The Funds will be used to commence Early Works for its Mt Carbine tungsten mine expansion, well ahead of the release of the BFS.

EQR CEO, Mr Kevin MacNeill commented, "We welcome the support of lenders in the convertible note facility which will allow the Company to further increase production of tungsten concentrate at a time of strong prices for this critical metal, and continue to expand the overall resource through further investigation and drilling."

Convertible Notes details

Amount:	A\$6million
Term:	Two years with the ability to be converted early by the Note Holders
Coupon:	7% per annum; Coupon payable in shares or cash at the election of the Note Holders
Conversion Price:	\$0.065 per ordinary share, a 44% premium to the last close of 8 September 2021
Conversion Terms:	Converted into new ordinary shares or repayment of the loan at the Note Holders election; The Note Holders may elect to convert the Convertible Notes into new shares early during the term.

The Company will utilise the LR7.1 placement capacity to issue the notes with an expected issue date of Thursday 16th September 2021 following receipt of cleared funds. The Company will also issue 25 million options with an exercise price of 6.5 cents and a 2-year expiry together with a 4% fee in association with costs of the issue.

Mt Carbine Accelerate Expansion

This expansion comes as a logical next step to the 12 months trial mining and test work program performed under the recently completed METS grant project, which has seen a very successful ramp-up of the Company's XRT ore sorting operation to treat the 12m tonne low-grade ore stockpile sitting on surface as historical waste rock.

A key feature of the long-running trial was the tenfold upgrade of the low-grade crushed and sorted ore producing two product streams. The beneficiated ore has become an excellent feedstock into the existing gravity plant while sorter waste has become a highly saleable road making base and aggregate material.

On the basis of a consistent ramp-up of the Tomra XRT sorter and further debottlenecking of the gravity plant, daily production levels of up to 2.5 tonnes of tungsten concentrate had been achieved in the recent weeks.

To sustain higher throughput levels and progress towards the already permitted 1 MTPA operation, the Company will commence Early Works investments with a capacity upgrade of the power network at its Mt Carbine site, as well as doubling its screening and material handling capacity.



Commenting, Kevin MacNeill, "Our mining team has developed a high degree of confidence in the low-grade ore resource after many months of trialling the high technology ore sorter. A new \$1.7m mining fleet is currently arriving at site, while the required power and screening upgrades shall be completed by the end of the year allowing us to take advantage of strengthening tungsten prices which have increased US\$75 (30%+) per mtu since January 2021."

The additional mining fleet (see pictures; in total three 50t dump trucks, two front end loaders, one excavator, one dozer) and above mentioned Early Works will allow a 24/7 operation of the crushing and XRT sorting

operation, at daily crushing throughput of up to 3,000 tonnes of low-grade ore.

The expansion comes as the Company is finalising its BFS for the low-grade ore stockpile, as well as for the reactivation of open pit mining from the Andy White pit.

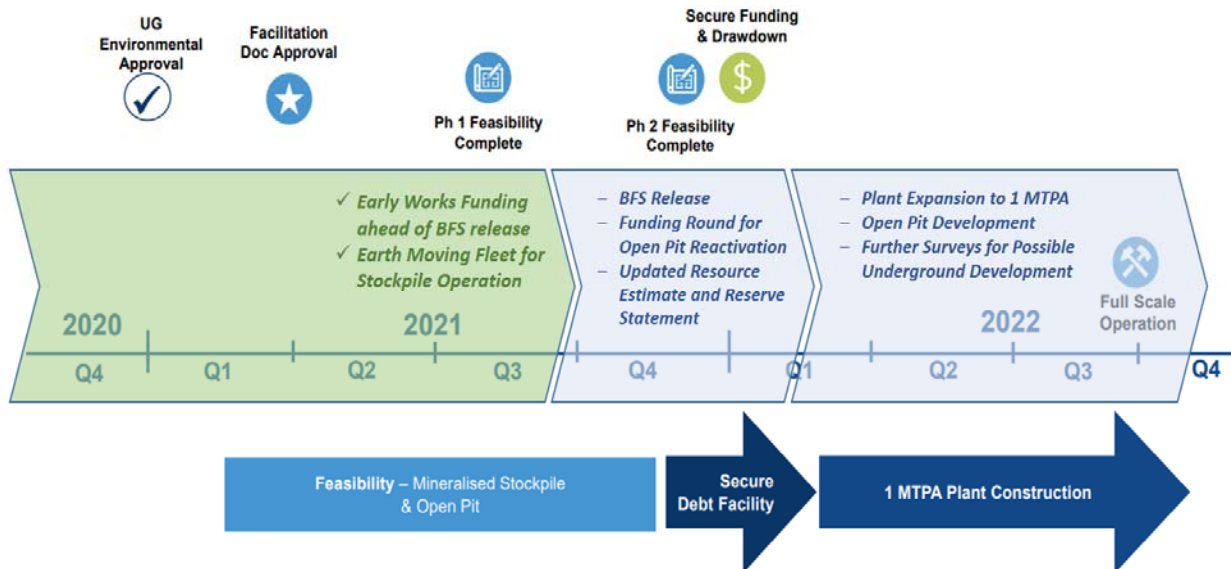
Resource Update

A revised JORC compliant resource estimate and reserve statement will support the BFS works and shall be released within the coming weeks (See [ASX announcement on 5th August 2021](#)).

The updated resource will include the recent 4,074 meter drill program undertaken by the Company which defined the high grade extension to the historical open pit, as well as the geological extension of the Iron Duke Zone.

A part of the proceeds from the issuance of the convertible notes will be allocated to further studies around the underground tungsten resource and for additional drilling beginning 2022.

An updated development timeline as following:



Released on authority of the Board by:

Kevin MacNeill
Chief Executive Officer

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About the Company

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

Competent Person's Statements

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

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

Mr. Bainbridge confirms there is no new information or data in this announcement that materially affects the historical results from the report issued by the Company (formerly known as Icon Resources Limited) titled, 'Mt Carbine Project

Resource Estimate by Geostats Services, October 2010'. The information included in this announcement and all material assumptions and technical parameters underpinning this interpretation do not change this 2010 global resource estimate.

Forward-looking Statements

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

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