Annual Report

2023

RESOURCES

Corporate Directory

Directors

Oliver Kleinhempel
Non-executive Director
Non-executive Chairman

Stephen Layton
Non-executive Director

Richard Morrow
Non-executive Director

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Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX)

ASX Code: EQR

ACN: 115 009 106
ABN: 77 115 009 106

Contents

Chairman's Address

We are proud of the opportunity presented to take our exploration, mining and minerals processing expertise onto the world stage.

Dear Shareholders and Friends of EQR,

It is my great pleasure to present to you the 2023 Annual Report for EQ Resources Limited. The past 12 months have seen enormous changes at our Company. Not only have we paved the way for the restart of mining in the Andy White open pit, but we have been presented with an opportunity to take our exploration, mining and minerals processing expertise onto the world stage.

As I write, our team at Mt Carbine, led by CEO Kevin MacNeill, is into the third month of mining primary ore from the Andy White open pit. This is the result of two years of planning and implementing the strategy outlined in our feasibility studies, which the team has delivered largely on time and cost effectively.

Mt Carbine was historically one of the major global sources of tungsten. Today, with the help of so many employees, contractors and advisers, this grand old Dame of Far North Queensland's mining history is once again making a name for itself, producing a mineral which is rated as highly critical to the global economy.

GOING GLOBAL

The world is calling out for new, diverse and - most importantly - sustainably produced sources of tungsten, a unique metal with a wide variety of uses in many industries and parts of daily life. Your Company is committed to be an important supplier of tungsten concentrate into the global market, from not only our Australian operations but also from Barruecopardo in Spain, subject to completion of outstanding conditions precedent as per the Sale and Purchase Agreement with global investment manager, Oaktree Capital Management.

It is a delight to be working with a company such as Oaktree which has the foresight to recognise the importance of both the application of advanced technology in ore sorting but also to recognise the importance of developing a stable source of this critical metal for global industrial consumers.

We look forward to welcoming Oaktree as a stakeholder in the wider group for the benefit of all shareholders.

Last year, I wrote about the importance the EQ Resources Board places on Our People, Our Partners and Our Potential, our 3P's. They certainly came to the fore in FY23 and will be even more important going into the future, both in Australia and overseas.

PEOPLE, SAFETY & COMMUNITY

One of the big challenges and opportunities at Mt Carbine is building and training a workforce. It is also one of the leadership team's most rewarding experiences in rebuilding the importance and reputation of the Mt Carbine Tungsten Mine. We have had some inspiring people join us at Mt Carbine, learning to operate heavy machinery and work complicated mineral processing equipment. Our growing team has not only risen to the challenge but also embraced the need for an absolute focus on safety whilst at work.

We have also been welcomed into the local community as a responsible mining operator and our work with local conservation groups has also been acknowledged.

THRIVING FOR MORE

EQ Resources is looking to build on the achievements of the year under review. In exploration we will be testing for extensions laterally and at depth of the Mt Carbine orebody. We will also be studying opportunities at another former great Queensland tungsten mine, Wolfram Camp, where we have been awarded the opportunity to study the potential of refurbishing this abandoned operation. Our geology team is also looking forward to working with and learning from our new colleagues in Spain to examine the potential for further tungsten opportunities near Barruecopardo.

The year ahead is full of opportunity and we look forward to sharing these with our stakeholders as the year unfolds.

Oliver Kleinhempel
Non-Executive Chairman

Chief Executive Officer's Letter

The past year has once again been a year of strong growth and definitive value addition for the business driving the long-term growth of the Company.

Dear Shareholders

The 2022-23 Financial Year under review was certainly a year of great change and great achievement at Mt Carbine. It has been my privilege to lead a team of caring and competent mining professionals to rebuild one of the great tungsten mines in the world, outside China.

The current year is also starting on a strong note as the Company not only consolidates on progress at our Far North Queensland operations, but takes the skills and lessons learned to a second mine operation in Spain, in conjunction with the team at Saloro.

The EQR team has earned many accolades over the past two years, not least of which being the AMEC Environmental Award in 2022. We operate in a unique environment, something our workforce and our contractors pay special regard to in their day-to-day tasks. The Company also operates in and draws its workforce from some very unique communities. From the thriving rural service town of Mareeba to our south, the tourism hub of Port Douglas on the coast to the nearby hamlets of Mt Molloy and Julatten, we are working with local communities to provide jobs and opportunities for Australians young and old.

It is the ability to work with local communities, local contractors and local people that will prove so useful as we take the next big step of further developing the Spanish tungsten mine of Barruecopardo, a mine asset which has a lot of common traits with Mt Carbine.

EQ Resources has a laser-like focus on safety. The Board and management are extremely proud of the safety record in FY23. Our workforce, which numbers 95 direct employees, and more than 30 contractors in the mining operations, has come with us on this journey of ensuring we have safety as such a priority. I commend the section in this report on safety as something stakeholders can be most proud.

The Company has also invested heavily in training with some remarkable achievements in giving young (and not so young) workers the skills to operate heavy machinery and work inside a complex mineral processing plant.

One of the great achievements in FY23 has been to honour a Geologist who was instrumental in the resuscitation of Mt Carbine. In naming our open pit after Andy White, the Company pays tribute to the enthusiasm and energy Andy White showed in moving the project forward. EQ Resources made some remarkable progress this year in bringing the Andy White open pit up to a mineable proposition. Mining started just as the year was ending and the first fresh rock went through a processing plant that had previously only treated low-grade stockpiled ore as part of a well-planned and executed commissioning process.

At the heart of the process were two high-tech TOMRA XRT ore-sorters, to which we added a third in the later stages of the financial year. TOMRAs 2 & 3 are now at nameplate capacity while our first TOMRA is undergoing upgrade and modification.

Mt Carbine Tungsten Mine's Andy White Open Pit

As I write, we are working with our mining contractors Golding, a great Queensland company, to fully commission the mine fleet to move a targeted 4,320,000 tonnes of rock and waste a year. An advanced crushing circuit has been ordered and will be installed early in 2024. This circuit will not only treat Mt Carbine ore but – as part of our processing hub strategy - will have the capacity to handle ores from other sources, including from planned underground mining operations at Mt Carbine.

Finally, I would like to thank all our stakeholders for their support and encouragement in rebuilding Mt Carbine. We look forward to keeping you informed about progress in Queensland and Spain through our regular Australian Securities Exchange announcements and our communications via social media.

Thank you and Gracias to our readers.

Regards

Kevin MacNeill
Chief Executive Officer

Operating and Financial Review

Health & Safety

Safety

Safety remains a top priority in the Australian mining industry due to its high-risk nature, necessitating rigorous safety protocols to safeguard workers, communities, and the environment. Upholding safety standards ensures the well-being of stakeholders and supports the industry's reputation and sustainability. This commitment to safety is integral for the sector's success and global competitiveness.

In the 2023 financial year, the Company showed significant safety efforts: 5,697 "Take 5 Personal Risk Assessments" were undertaken, alongside 80 Job Safety and Environment Analysis (JSEA) assessments, 24 procedural reviews, and bi-monthly toolbox meetings. Meanwhile, the Mt Carbine Operations achieved a milestone of 600 days without a Lost Time Injury (LTI), which has now been reset and currently standing at 44 days LTI-free. The period saw 7 LTIs, 9 minor medical treatments, and 9 cases addressed with first aid, the Company is dedicated to improving safety practices and ensuring the wellbeing of its employees.

PROACTIVE SAFETY INDICATORS

5,697	80	24	2
Take 5 Safety Assessments	JSEA Job Safety Environment Analysis	Toolbox Talks	Prestart safety meetings per day

Figure 1 - Proactive Safety Indicators.

Training

Over the course of the reporting period, we prioritised employee development and safety through a number of extensive training programs as follows:

- 17 employees completed Working at Heights (WAH) training.
- 14 employees received training in Confined Space Entry and Work.
- 14 employees underwent Gas Testing Atmosphere training.
- 21 employees trained in First Aid & CPR.
- 2 employees achieved Advanced First Aid certification.
- 1 employee took on the role of ICAM Lead Investigator.
- 1 employee completed Diploma of Surface Operations
- 10 employees secured Heavy Rigid Truck licenses.
- 17 employees completed Supervisor "S123" training.
- 2 individuals trained in drug and alcohol testing programs.
- Regular site-wide substance testing conducted.
- 391 employees received Verification of Competency (VOC) certifications.
- 1 employee obtained a Certificate IV in Workplace Health and Safety.


Mt Carbine employees undertaking on-site training.

In the past couple of months, the Company has introduced several key changes to enhance safety and communication within our workforce:

- Photo identification Personal Danger tags for our workforce. These tags are now used when isolating machinery and plant on-site, adding an extra layer of safety to our operations.

- Installation of noticeboards across the site to facilitate improved communication. These noticeboards serve as a central hub for sharing important updates, announcements, details about upcoming training sessions, information about recent changes, and other relevant safety initiatives that our workers need to stay informed and engaged.

Safety Initiatives at the Mt Carbine Mine.

These initiatives are only a few examples of the safety initiatives implemented by the Company during the reporting period to reinforce its ongoing commitment to prioritising the safety and well-being of its employees while fostering a culture of transparency and effective communication.

Operating and Financial Review continued

Mt Carbine Operations

EQR & Golding Execute Mining Contract for Mt Carbine

The execution of the mining contract between EQ Resources Limited and Golding Contractors Pty Ltd ("Golding") on 29 May 2023 marks one of the Company's most significant achievements this year, with promising prospects for both companies. This partnership is mutually beneficial and includes a strategic approach to enhance our ties.

Initially, the contract outlines a 12-18 month period based on rates and a cost-plus model to establish a site-specific baseline cost. Following this phase, the contract will transition to rise-and-run matrix rates, considering factors such as fleet composition and material type. This forward-looking strategy ensures this collaboration evolves to be efficient and cost-effective as we gain a deeper understanding of our mutual operations.

The committed contract period of 70 months, with an estimated value of $179 million, underscores the long-term commitment and shared vision between EQR and Golding. Throughout this period, substantial material movement is anticipated, including the excavation of approximately 16.3 million tonnes of mine waste material, 6.0 million tonnes of mined ore, and 2.9 million tonnes of low-grade stockpile material.

By dividing the contract into two phases, both parties demonstrate a proactive approach to managing risk in the unique context of mining hard rock tungsten. This strategy not only helps de-risk the project but also ensures the successful delivery of the project scope without the need for significant risk pricing adjustments. It also solidifies our relationship, laying the foundation for a strengthened and prosperous partnership between EQR and Golding (refer ASX Announcement 'EQR & Golding Execute Mining Contract for Mt Carbine' dated 29 May 2023).

Golding's Mining Project Manager, Steven Page, and Mining Superintendent, Craig Williams, with some of their newly mobilised fleet.

A streamlined delivery schedule for additional equipment facilitates the acceleration of production ramp-up.

The Mt Carbine and Golding team have optimised the site layout to facilitate increased production and workflow activity.

Reopening of the Andy White Open Pit

Commencement of open cut mining operations.

Another significant achievement for the year involved the dewatering of the Andry White open pit which was completed during the last quarter of the 2022 calendar year. Open cut mining activities kicked off with the inaugural blast undertaken on 24 June 2023, promptly followed by the commencement of ore deliveries. The excitement surrounding this significant and historic milestone was palpable as EQR embarked on the next phase of its operations. Golding and EQR are working collaboratively to ramp-up operations in line with forecast expectations in an accretive and sustainable manner.

Mt Carbine Tungsten Mine and Quarrying Operations, QLD, Australia, July 2021.

Mt Carbine Tungsten Mine and Quarrying Operations, QLD, Australia, July 2023.

CEO, Kevin MacNeill, inspecting the Andy White open pit.

Mt Carbine Expansion

This year has truly been a thrilling and transformative journey for the Mt Carbine Mine. It has witnessed the successful completion of major capital projects that has reshaped the operational landscape. The Company has embarked on a remarkable path of expansion, optimisation and growth across all sections, marking a significant milestone in the history of Mt Carbine. These strategic initiatives have not only enhanced the site's operational capabilities but have also fortified our commitment to excellence and innovation. As we reflect on this exceptional year, we are excited about the future opportunities in the continued pursuit of our mission to deliver exceptional value to our stakeholders.

- Earthmoving works initiated in Q1 for concrete pad preparation for Phase 2 Capital Works Program.
- Service road improvements and groundwork around water storage facilities completed by MC Group.
- Improved entrance and new parking area at Gravity Plant.
- New service areas for heavy machinery in each operational area.
- Upgrades completed for service access roads and dump truck roadways in May 2023.
- Significant earth moving work planned for Golding's infrastructure needs.
- New inventory warehouse established housing spare parts, consumables, and equipment.
- New inventory management system rollout planned from July to December 2023.
- Electrician's storage, office, and workspace set up.
- New fabrication workshop to be set up post-financial year end with estimated completion by Q1 2024.
- New Sandvik Crushing Plant detailed design is underway as per the BFS which is set for commissioning in early 2024.

Operating and Financial Review continued

All expansion works required the services of specialised contractors such as electrical engineers, civil construction, fabrication, concreting, crane operations, and other engineering services. All contractors are sourced locally wherever possible, encapsulating the Company's strong commitment in supporting the local economy.

Commissioning of the Jaw Crusher for the Crushing Plant

In July 2023, a mobile jaw crusher was integrated into the crushing circuit to reduce the oversized -700mm ore from the open pit blasting to a more manageable -170mm fraction, significantly reducing the amount of oversize material. It has also resulted in the volume of oversize material separated during the initial screening phase of the circuit being dramatically minimised with feed input optimised.

Crushing and Screening Plant with the Cone Crusher at the forefront.

Commissioning of TOMRA 3

During the last quarter of 2023 financial year, a third XRT Ore Sorter ('Tomra 3) was acquired. Over the past 12-months of operating and sorting the Low-Grade Stockpile ("LGS") material, the Company has seen an average of 10-12% mass yield from the feed to concentrate and has optimised the processing parameters to maximise tungsten recoveries. Since starting to process the primary ore from the Andy White open pit an increased mass yield ranging between 15-18% on the open cut ore has been achieved, with stable WO_3 recoveries above 95%. TOMRA 3 was commissioned in July 2023 and is in full operation at the time of this report.

With the commencement 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. TOMRA 3 will be put in place of the original Pilot XRT Ore Sorter ("TOMRA 1") which will undergo refurbishment works before being placed back into the circuit. Tomra 3 has the advantage of newer programming and increased efficiencies, therefore the operation is expecting to see immediate benefits to production.

Whilst the preparation, receipt and installation of TOMRA 3 and replacement of TOMRA 1 led to downtime during Q4 the subsequent increases in concentrate outputs has far outweighed this lost time.

Newly commissioned TOMRA 3 Ore Sorter.

Gravity Plant Upgrades

This year, significant enhancements were made to the Gravity Plant, boosting operational efficiency:

- First three aging conveyors replaced with a more efficient model, enhancing feed throughput.
- Introduction of a cone crusher circuit, replacing the rolls crusher, improving the Plant's reliability and performance.
- Reduced reliance on external crushing contractors by internally processing 40mm sorter product, enhancing self-sufficiency and offering cost savings.
- Revamped the Plant's feeding area with new conveyors and ramps, optimising material handling.
- New Schenk Dewatering Screen and larger rolls crushers installed to double the Plant's capacity.
- A second Mineral Jig, set for commissioning in Q3 2023, will further enhance capacity.
- Post-year end, eight concentrate shaking tables were added, increasing output, with two stacks of four shaking tables planned to optimise mineral separation processes.

These upgrades underscore our dedication to innovation and establish us as a forefront tungsten producer for the Western World.

Eight additional shaker tables have been installed and commissioned to increase processing capacity.

Laboratory Upgrades and Core Shed Relocation.
The laboratory's operational scope at Mt Carbine has expanded significantly with the commencement of open cut operations. The Company has developed and implemented a quality assurance system with regular samples sent to external third-party laboratory, Australian Laboratory Services (ALS), for validation. With 20% in-house quality checks and 10% of production and grade samples sent to ALS, as part of the Company's quality assurance program, the technical team ensures that the calibration of the laboratory equipment is on point.

Previously the on-site laboratory was manned by a single employee who was responsible for daily production samples to be sent weekly to ALS in Brisbane for assay, with a typical turnaround time of 4-5 weeks and between 80 to 150 samples being submitted per month. Now, EQR's newly equipped laboratory can process and assay on average 80 samples per day with a 24-hour turnaround on results. This has led to a greater detail in grade and plant control for variations in material and processes enabling the operations team to make more informed and timely decisions during production.

Newly constructed laboratory and core shed.

EQR Corporate Office - Mareeba
The EQR Group now has a presence in Mareeba, with the opening of it's Corporate Office in June 2023. Mareeba is located approximately 1 hour from Mt Carbine and together with other local communities, supply a large percentage of the Mt Carbine Mine's daily operational requirements.

The Corporate Office overseas the functions of finance, accounts payable/receivable, payroll and general administration functions for the Mt Carbine Mine Site and currenlty employs five full-time employees from the Mareeba and Atherton Tablelands region.

Mareeba Office Facade.

Operating and Financial Review continued

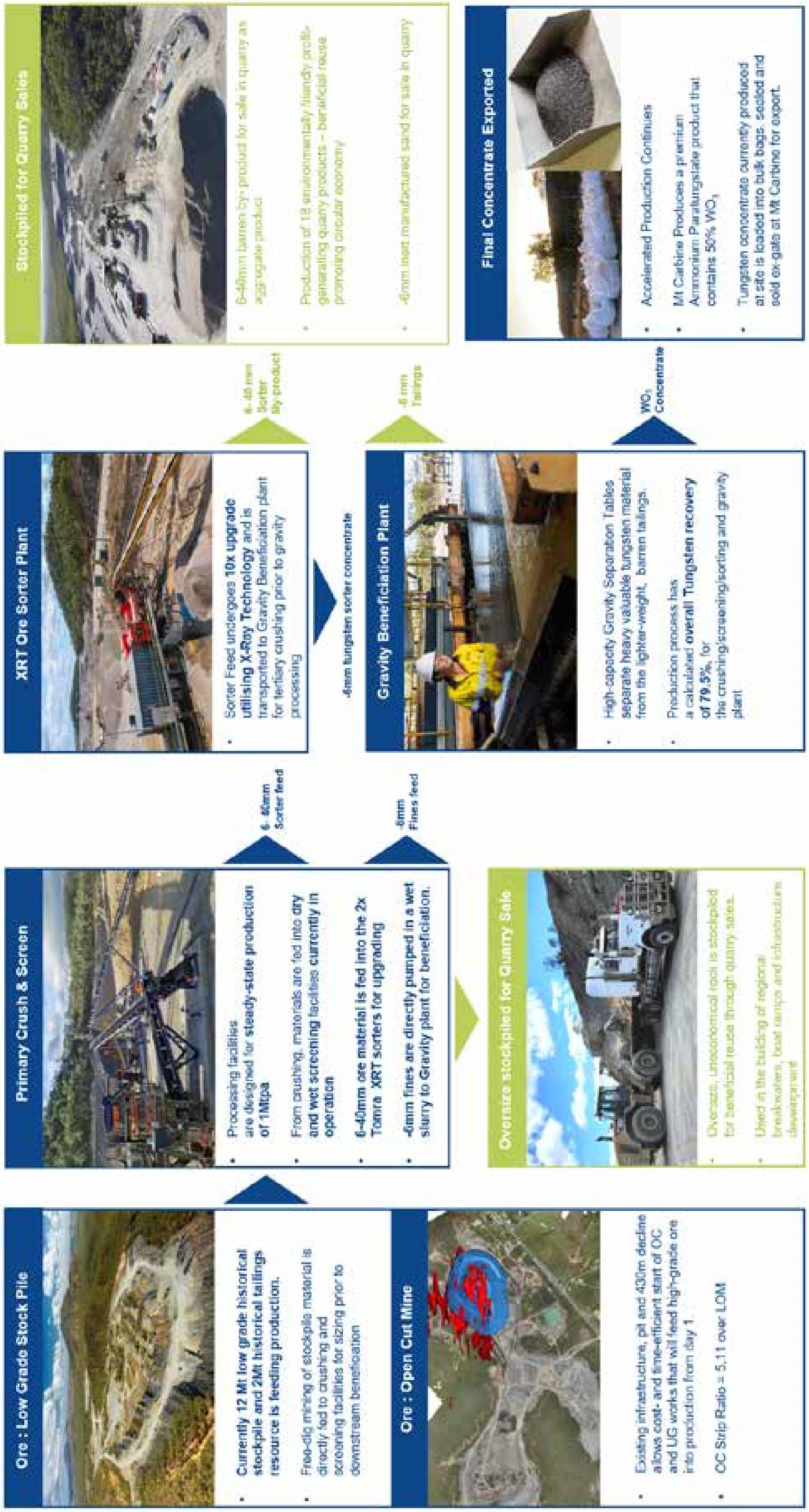


Figure 2 - Mt Carbine Process Flow & Beneficial Re-Use.

Crushing, XRT Sorting & Gravity Plant Activities

The operation 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 production has been seen since the introduction of primary ore from open cut mining. The positive results from the processing of the primary ore has also seen tungsten recovery rates higher than expected which supports strong production trends going forward.

EQR's planned ramp up in production is on target with production records continuously being achieved.

Grade control measures are now playing a pivotal role in our mining operations, ensuring the consistent quality of 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.

Furthermore, we integrate cutting-edge technology into our grade control efforts through the utilisation of aerial drone imagery. These aerial surveys 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 our team to make rapid adjustments to our daily planning, optimising the extraction process and ensuring that the feed delivered for processing aligns with planning.

Crushing Plant

The commissioning of the Phase 1 Crushing Plant was concluded during the year, and it now operates on a 24/7 roster. Significant to the crushing operations was the implementation of a slurry line to efficiently transport fines directly from the Crushing Plant to the Gravity Plant. This strategic move substantially reduces the need for double handling of -6mm materials, optimising our operations, and curbing machinery operations hours.

Operating and Financial Review continued

Efficient transportation of fines from the crushing Plant to the Gravity Plant has been achieved through the successful implementation of slurry lines.

In parallel, our commitment to achieving the highest standards is reflected in the ongoing training efforts for crusher-specific operations, aimed at equipping our crews across all plants, with plant-specific specialised skills. As part of our evolving operational strategy, six employees have transferred to Golding. Originally hired as operators within EQR, they will now play a pivotal role in the contractor's load and haul operations, facilitating the mining of the open cut ore.

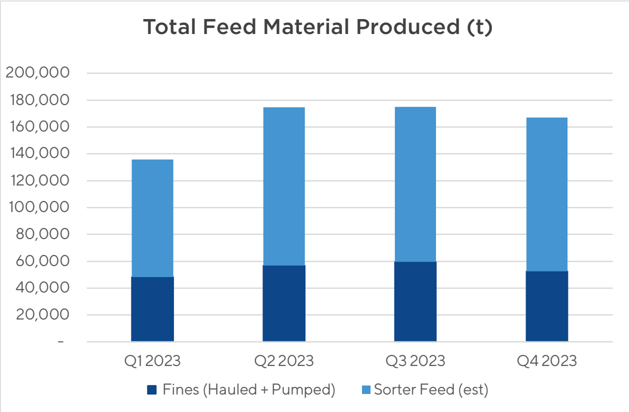


Figure 3 - Total Head feed in the Crushing Plant for 2023.

Ore Sorter Plant

The Ore Sorter Plant has recently received a new XRT sorter "TOMRA 3" to replace the original "TOMRA 1". TOMRA 3 has been successfully commissioned and is delivering improved availability rates and feed production consistency. Furthermore, the installation of a new conveyor belt for sorter product has expanded our output stockpile capacity, consequently reducing the need for excessive machinery traffic to sustain production levels.

A noteworthy transformation within the Ore Sorter Plant involves the conversion of the dry screen into a wet screen. This adaptation allows for the efficient pumping of fines that were traditionally loaded and hauled after being collected during the screening process of the 40mm material. This tungsten-rich material is now seamlessly pumped directly to the Crushing Plant and subsequently forwarded to the Gravity Plant, thereby minimising the handling of feed and enhancing operational efficiency.

Parallel to our approach at the Crushing Plant, operators assigned to the Ore Sorter Plant undergo continuous training to specialise their skill sets for their specific roles within the plant. This initiative aims to elevate the proficiency of our on-site workforce. Over the past year, the Sorter Plant has achieved an average yield of 10.52%, processing 405,000 tonnes of feed and producing 42,808 tonnes of tungsten-bearing sorter concentrate for further crushing and processing through the Gravity Plant.

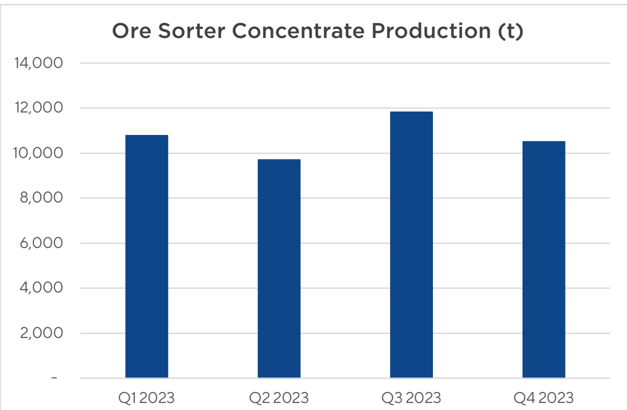


Figure 4 - Ore Sorter Concentrate Production for FY 2023.

Gravity Plant

The diligent execution of continuous improvement programs during the previous financial year has yielded substantial benefits in the current financial period, resulting in an impressive average running time of 78%. This demonstrates significant progress from the 72% achieved the previous year. The Gravity Plant has had a record year with over 362,000 tonnes of -6mm head feed through the Plant over the target of 336,000 tonnes. This head feed consisted of -6mm fines material and the XRT Sorter concentrate.

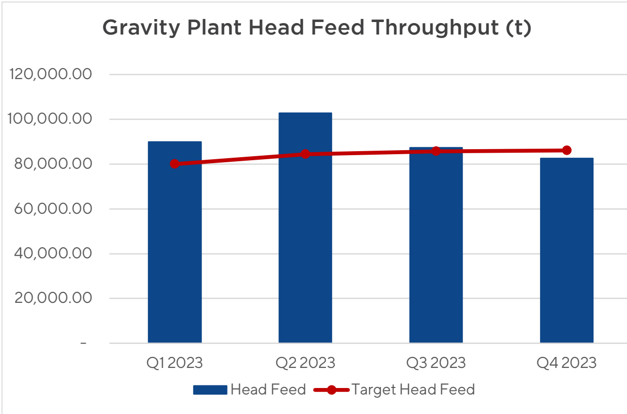


Figure 5 - Gravity Plant Head Feed for 2023.

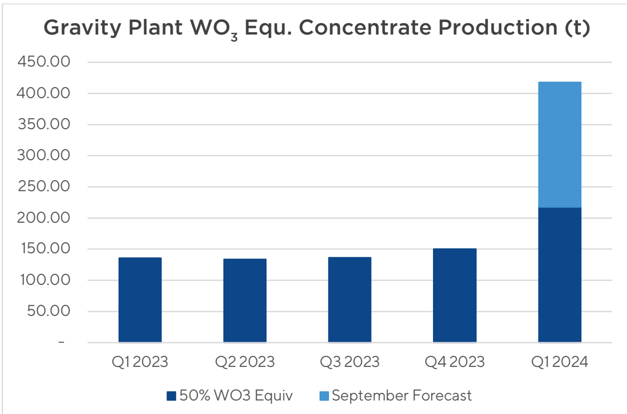


Figure 6 - Gravity Plant WO_3 Concentrate Production for 2023.
***Based on wet weight off the scale.**

Despite ongoing success, the operational landscape presented its share of challenges over the year. Shipping costs escalated beyond expectations, leading to considerable delays in equipment deliveries. While the operation remained unhampered by enforced shutdowns, logistical complexities persisted in procuring spare parts and additional equipment, causing occasional delays in expansion initiatives. In response, our on-site operational team bolstered inventory facilities and slightly increased inventory holdings to mitigate supply disruptions. Where possible and feasible, the Company sources equipment from local equipment providers to support the community and minimise freight expenses.

Operating and Financial Review continued

These challenges have fostered an expanded network of suppliers and industry vendors building on historic relationships. Notably, our workforce has grown to over 95 employees, a significant increase from 65 the previous year, with a strong focus on employing local talent from the surrounding communities. The employee numbers have grown to accommodate increased production and administration requirements associated with the operation. We take pride in training and empowering local individuals, thereby reinvesting in the community. Operations at Mt Carbine operate on a 24/7 basis ensuring maximum production output.

In accordance with the Offtake Agreement between the unincorporated JV, between the Company and CRONIMET Australia Pty Ltd, and CRONIMET Asia Pte Ltd, by the end of the financial year CRONIMET Asia has taken all concentrate produced on-site this year. Individual production lots are tested against mutually agreed quality parameters, including WO_3 and moisture content. There continues to be a strong demand in the global market for the tungsten concentrates produced at Mt Carbine.

Material Business Risks

The Group continues to assess and manage various business risk with the potential to have material impact on the Group's operating and financial performance and its ability to successfully achieve its corporate objectives. Section 14 of the 2021 Bankable Feasibility Study defines the Group's risk framework which:

- Describes the process for identifying risks and opportunities;
- Describes the process for assessing risks using consistent management guidelines;
- Identifies and assesses the material risks and defines appropriate measures to control these risks;
- Establishes a process to ensure that risks and opportunities continue to be identified and compliance obligations satisfied; and
- Ensures that the process is communicated to relevant stakeholders.

The matters listed below are not listed in order of importance and are not intended to be an exhaustive list of all the risks and uncertainties affect the business.

Market Risk

The demand for, and the price of, tungsten, is highly dependent upon on a variety of factors, including international supply and demand, actions taken by governments and global economic and political developments. EQR's operational and financial performance, as well as the economic viability of the Mt Carbine Mine, is heavily reliant on the price of tungsten.

Any sustained low price for tungsten may adversely affect EQR's business and financial results, its ability to finance, and the financing arrangements for its future activities or its planned capital expenditure commitments.

Key factors which affect the price of tungsten (many of which are outside the control of EQR) include, among many other factors, the quantity of global supply as a result of the commissioning of new mines and manufacturing facilities, and the decommissioning of others; political developments in countries which produce and consume material quantities; and the weather in such countries to name only a few.

Given the range of factors which contribute to the price of tungsten, and the fact that pricing is subject to negotiation, it is difficult for EQR to predict with any certainty the prices at which tungsten will be sold. The effect of changes in assumptions about future prices may include, amongst other things, changes to Mineral Resources and Ore Reserves estimates and the assessment of the recoverable amount of EQR's assets.

Mineral Resources and Ore Reserves

Mineral Resources and Ore Reserves are estimates of mineralisation that have reasonable prospects for eventual economic extraction in the future, as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"). JORC Code compliant statements relating to EQR's Ore Reserves and Mineral Resources are estimates only. An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, Resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change and may be updated from time to time. This may result in alterations to mining plans or changes to the quality or quantity of EQR's Ore Reserves and Mineral Resources, which may, in turn, adversely affect EQR's operations.

Mineral production involves risks, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. No assurance can be given that the anticipated tonnages or grade of minerals will be achieved during production or that the indicated level of recovery rates will be realised. Additionally, material price fluctuations, as well as increased production and operating costs or reduced recovery rates, may render any potential mineral Resources or Reserves containing relatively lower grades uneconomic or less economic than anticipated, and may ultimately result in a restatement of such Resource or Reserve. This in turn could impact the life of mine plan and therefore the value attributable to mineral inventory and/or the assessment of recoverable amount of EQR's assets and/or depreciation expense. Moreover, short term operating factors relating to such potential mineral Resources or Reserves, such as the need for sequential development of mineral bodies and the processing of new or different mineral types or grades, may cause a mining operation to be unprofitable in any particular period. In any of these events, a loss of revenue or profit may be caused due to the lower than expected production or ongoing unplanned capital expenditure in order to meet production targets, or the higher than expected operating costs. EQR seeks to manage and minimise this risk through its existing risk management framework including an external audit process for its Mineral Resources and Ore Reserves.

Operational Risk

At the Mt Carbine Mine operational risks can cause disruptions to operations, failures in plant and equipment, difficulties in obtaining replacement equipment and difficulties with product separation and screening.

The Mt Carbine site is a mature operating site that has been in operation since February 2020. EQR's CEO, Kevin MacNeill, has successfully navigated the Company's from a junior explorer to a fully-fledged ming operation with the commencement of open cut mining operations in late June 2023. Kevin has over 30 years' of experience in managing mining operations through North America, Europe, and Africa. This experience has aided the development of a cohesive, hands-on management approach and operations team development while restricting the reporting chain to ensure employees are empowered in their roles for efficient decision making and optimal outcomes.

Other risks include, and are not limited to, weather, availability of materials, availability and productivity of skilled and experienced workers and contractors, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment IT failures or disruptions, unanticipated changes in government regulation and risks associated with increased global uncertainty and/or global events such as the COVID-19 pandemic (including the national or regional governmental response to such events).

Any inability to resolve any unexpected problems relating to these operational risks or adjust costs profiles on commercial terms could adversely impact continuing operations, Mineral Resources and Ore Reserves estimates and the assessment of the recoverable amount of EQR's assets. EQR seeks to manage and minimise this risk through its existing risk management framework including the implementation of an Integrated Health and Safety Management System that protects employees physical safety and mitigates operational risks which are guided by the Integrated Management System (IMS) which addresses the intended outcomes of ISO 9001:2015 Quality Management Systems, ISO 14001:2015 Environmental Management Systems and ISO 45001:2018 Occupational Health and Safety Management Systems.

Environmental Risks (including climate change)

EQR must comply with a range of environmental performance and reporting requirements, many of which are conditions of its mineral exploration and mining activities. There is a risk that the Company may not be able to achieve the financial performance or outcomes disclosed herein if it fails to comply with those environmental performance and reporting requirements or if the requirements change in the future and the Company is no longer able to comply with the requirements or must incur material unplanned expenditure in order to remain compliant. EQR seeks to manage and minimise this risk through its existing risk management framework and through detailed environmental management plans and systems.

Social Risks

EQR is exposed to social risks as a result of the many stakeholders who are involved in its operations including but not limited to employees, contractors, local community members residing in areas where the Company operates, governments and government agencies (local, state and federal) as well as customers and suppliers. EQR is subject to reputational damage as well as potential claims for damages as a result of any harm or loss sustained by any stakeholder as a result of the actions by the Company and/or and its representatives. There is a risk that the Company may not be able to achieve the financial performance or outcomes disclosed herein if it incurs reputational damage or significant claims for damages. EQR seeks to manage and minimise this risk through its existing risk management framework, including Board approved policies on stakeholder management and through established stakeholder consultation processes.

Operating and Financial Review continued

Governance Risks

EQR must comply with a range of governance requirements which are conditions of its listing on the ASX and of its mineral exploration and mining activities. There is a risk that the Company may not be able to achieve the financial performance or outcomes disclosed herein if it fails to comply with those governance requirements or if the requirements change in the future and the Company is no longer able to comply with the requirements or must incur material unplanned expenditure in order to remain compliant. EQR seeks to manage and minimise this risk through its existing risk management framework including Board approved governance policies which are subject to regular review.

Quarry Activities

In the challenging and competitive landscape that characterises the Quarrying industry, the Mt Carbine Quarry embraced strategic advancement, precision operations, and equipment upgrades to increase its competitive advantage. Aligned with the Queensland Government strategy of repurposing waste rock from mining projects, the Mt Carbine operations beneficially re-uses mine waste to make a diverse array of products, including road bases, drainage aggregates, bituminous sealing aggregates, and robust armour rock to name only a few.

A notable aspect of the Compamy's progress this year was characterised by a strategic focus on optimising its equipment resources. Acknowledging the dynamic needs of the site's operational activities, the Company initiated the leasing of assorted crushing equipment, at different stages, to fulfil its contractual obligations. This deliberate strategy enabled the Company to seamlessly align project demands. A crucial element to the Quarry's continued success is the cultivation of strong alliances with prominent clients such as Boral Asphalt, Mareeba Shire Council, and Hall Contracting. Through these partnerships, the Quarry will continue to provide high-quality quarry material to regional infrastructure and development projects.

Some of the key projects completed during the year under review are set out below:

- Boral Asphalt: Northern Roads Reseal - Pormpuraaw.
- Mareeba Shire Council: Local Euluma Creek Road, Julatten Road Rebuild following damage sustained during last year's wet season.
- Hall Contracting: Newell Beach Boat Ramp Amour Rock
- Yorkey's Knob Boat Ramp

Julatten Road Rebuild.

Euluma Creek Roadworks.

Newell Beach Boat Ramp.

Yorkey's Knob Boat Ramp.

The Quarry team is looking forward to building on the momentum and success of the previous year, leveraging upon the strong relationships built. The quarry will also continue to provide quarry materials to the construction of the Phase 2 Crushing Plant and other on-site infrastructure projects. For more information, please head to the Mt Carbine Quary's website at https://mtcarbinequarries.au/.

The Mt Carbine Tungsten Mine's tailings dam's clean water remains host to a vast array of indigenous fauna and flora.

Sustainability at EQ Resources

Sustainability Overview

EQ Resources' ESG Early Adoption Profile
EQR recognises the significant potential of an Environmental, Social, and Governance (ESG) focus. As early adopters, it aims to set industry benchmarks among junior miners through its comprehensive ESG program.

Commitment to Sustainable Resource Development
EQR's core commitment is sustainable resource development, ensuring economic growth without harming the environment. EQR values Australia's biodiversity and prioritises conservation efforts. Through its ESG program, it actively engages in community partnerships to support our environmental and social commitments.

Operating and Financial Review continued

Leadership in ESG
EQR has taken significant strides in leading the Australian junior mining sector by developing and sharing its Sustainability (ESG) Program. It is committed to the ongoing maturation of this program, recognising that sustainability is an evolving journey that requires constant dedication.

Environmental Responsibility
Throughout the year, EQR partnered with Cairns based firm, Natural Resource Assessments (NRA) Pty Ltd, to conduct various component studies and oversee the design and upgrade of existing infrastructure to meet global sustainability standards as it moved to recommence open-pit mining at the Andy White open pit.

Putting Sustainability and ESG commitments into action has been achieved through the Company's continued partnership with Turner & Townsend JukesTodd ('TTJT'), the EQR Management Team and its ESG Committee.

Comprehensive Studies and Ongoing Commitments
Several critical studies were successfully conducted to support the Company's open-cut mining plans and project risk mitigation. Some of the key activities that remain ongoing include:

- **Noise, Air & Vibration Studies:** Minimising local community disruption.
- **Water Management Plan Update:** Responsible water usage and conservation.
- **Hydrogeological Study:** New data from monitoring wells for better groundwater understanding.
- **Blast Management Plan:** Safe and efficient blasting.
- **Waste Rock & Tailings Management Plan:** Responsible disposal and management.
- **Flora and Fauna Studies:** Preserving local biodiversity.
- **Water Engineering Works:** Upgrade Mt Carbine water storage facilities.
- **Stakeholder Engagement Program:** Based on a comprehensive heritage site review around Mt Carbine.
- **Progressive Rehabilitation and Closure Plan (PRCP) Plan:** Outlining EQR's proposed rehabilitation strategy to authorities, governments, and communities.

A Focus on Community and Social Responsibility
The Company's sustainability commitment extends beyond compliance, emphasising responsible resource development benefiting the environment and society. As EQR's ESG program matures, it acknowledges its community impact and has initiated partnerships in 2023 to offer meaningful support.

EQR Sustainability and ESG Journey

Embedding Sustainability and ESG into Our Foundations
At EQR, management have proactively integrated sustainability and ESG principles into the core of its operations. The deliberate approach of maturation through the 2023 year has ensured alignment with existing sustainability frameworks and scope to evolve with future reporting requirements. EQR's journey began with a name change reflecting its core values and has since achieved strategic milestones, partnerships, and initiatives showcasing its commitment to sustainability.

Explore the timeline below to witness this transformation.

Key Milestones: Sustainability and ESG Journey Timeline

2019:	EQR adopts a new name that reflects its core values.
2021:	A dedicated ESG focus becomes integral to its operations.
2021:	Engagement with TTJT to establish the ESG Strategy baseline.
2021 Q2:	Engagement with ARTEH on Scope 1 & 2 Emissions Tracking tool development.
2021 Q4:	Stakeholder sentiment survey conducted.
2022 Q1:	Adoption of United Nations ('UN') Sustainable Development Goals ('SDGs').
2022 Q1:	Aligning ESG priorities with stakeholder sentiments and the Company values.
2022 Q2:	Adoption of TTJT ESG Categorisation Framework.
2022 Q3:	Frist quarterly ESG Committee Meeting held.
2022 Q4:	Developed/reviewed policies.

2022 Q4:	Initiatives workbook developed for tracking and planning.
2023 Q1:	Development of an ESG reporting framework, including a symbol communicating EQR's values.
2023 Q1/2:	Establishment of a Mt Carbine based ESG Sub-Committee to drive community-based initiatives.
2023 Q2:	Development of EQR's ESG Roadmap outlining quarterly objectives for the year.
2023 Q2:	Net Zero Readiness Assessment conducted.
2023 Q2:	Investigation of potential disclosure framework alignment commenced: International Council on Mining and Metals ('ICMM'), Global Reporting Initiative ('GRI'), Task Force on Climate-Related Financial Disclosures ('TCFD').
2023 Q2/3:	Development of Sustainability landing page for EQR website.
2023 Q3:	Revision of United Nations SDGs.
2023 Q3/Q4:	Sustainability landing page for EQR website launched.
2023 Planned - Q4:	Gap analysis on metric disclosure/reporting framework alignment (ICMM,GRI, TCFD,)
2023/4 *Planned* - Q4/Q1:	Commencement of a decarbonisation strategy/roadmap for Mt Carbine.
2023/4 *Planned* - Q4/Q1:	Second Stakeholder Sentiment Survey to be undertaken.
2024 *Planned*:	Inclusion of additional metric disclosures in the 2024 Annual Report, progressing towards GRI/TCFD and possibly ICMM compliance.

Our ESG Program

EQR employs the TTJT ESG Categorisation Framework (refer Figure 7) to guide the maturation of its ESG program. This program is rooted in the Company's core values and purpose, aligning its foundational commitments with tangible metrics for future reporting whenever possible.

The Company is dedicated to the ongoing enhancement of its ESG policies and programs, recognising the imperative of adaptability as it grows and evolves. These policies undergo regular review to ensure practical application and adherence to its values, as well as meeting the expectations of its valued shareholders.

Strategic Positioning

Building on Our ESG Foundation

EQR continues to strengthen its ESG foundation with insights from leadership workshops and stakeholder surveys. ESG principles are woven into every aspect of its operations, ensuring ongoing improvement.

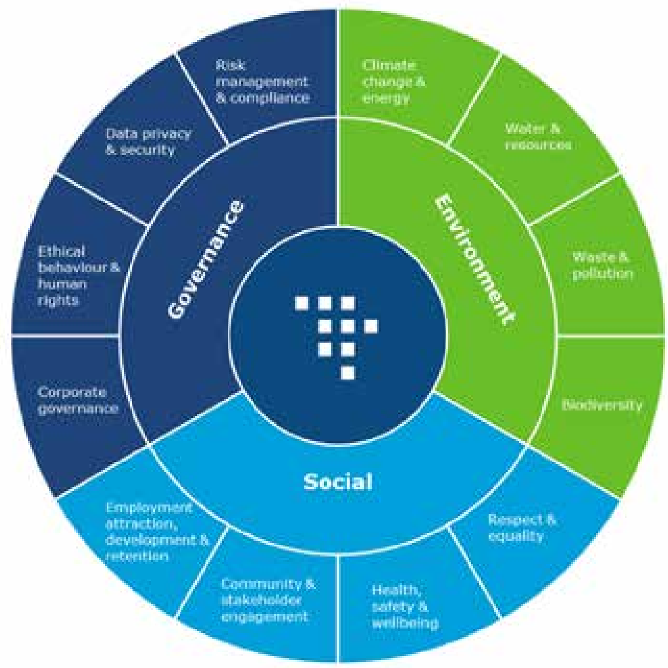


Figure 7 - TTJT ESG Categorisation Framework.

Operating and Financial Review continued

A Focused Approach

EQR's strategic approach remains consistent:

Environmental Excellence: Embracing eco-friendly practices, technology, and efficient resource extraction.

Social Responsibility: Leading in sustainable communities, diversity, and local employment.

Governance and Transparency: Going beyond compliance with an emphasis on transparent reporting.

Unlocking Potential

EQR's Leadership Team is committed to advancing its ESG program, including circular economy projects and community development.

Stakeholder-Centric Evolution

Stakeholder surveys shape EQR's ESG program direction. A 2024 survey and gap analysis will ensure alignment with industry best practices.

Community Engagement

EQR engages closely with its local and regional communities as it develops the Mt Carbine Tungsten Mine, reflecting its commitment to align actions with values.

UN SDG Alignment

EQR continually refines its alignment with the United Nations Sustainable Development Goals (UN SDG). Updated alignments reflect its commitment to specific UN SDG targets, with plans for a 2024 survey and gap analysis to further enhance alignment.

EQR currently aligns with the following UN SDGs, addressing one to four specific targets in each category, guided by the TTJT alignment framework.

UN SDG's that EQR aligns to.

Materiality Assessment

In 2021, EQR conducted an ESG Materiality Assessment during the Mt Carbine Mine expansion Pre-feasibility Study. Surveying key stakeholders, it identified critical areas guiding EQR's ESG strategy. Regular assessments adapt to evolving stakeholder priorities, with an upcoming Stakeholder Sentiment Survey planned for the 2024 financial year.

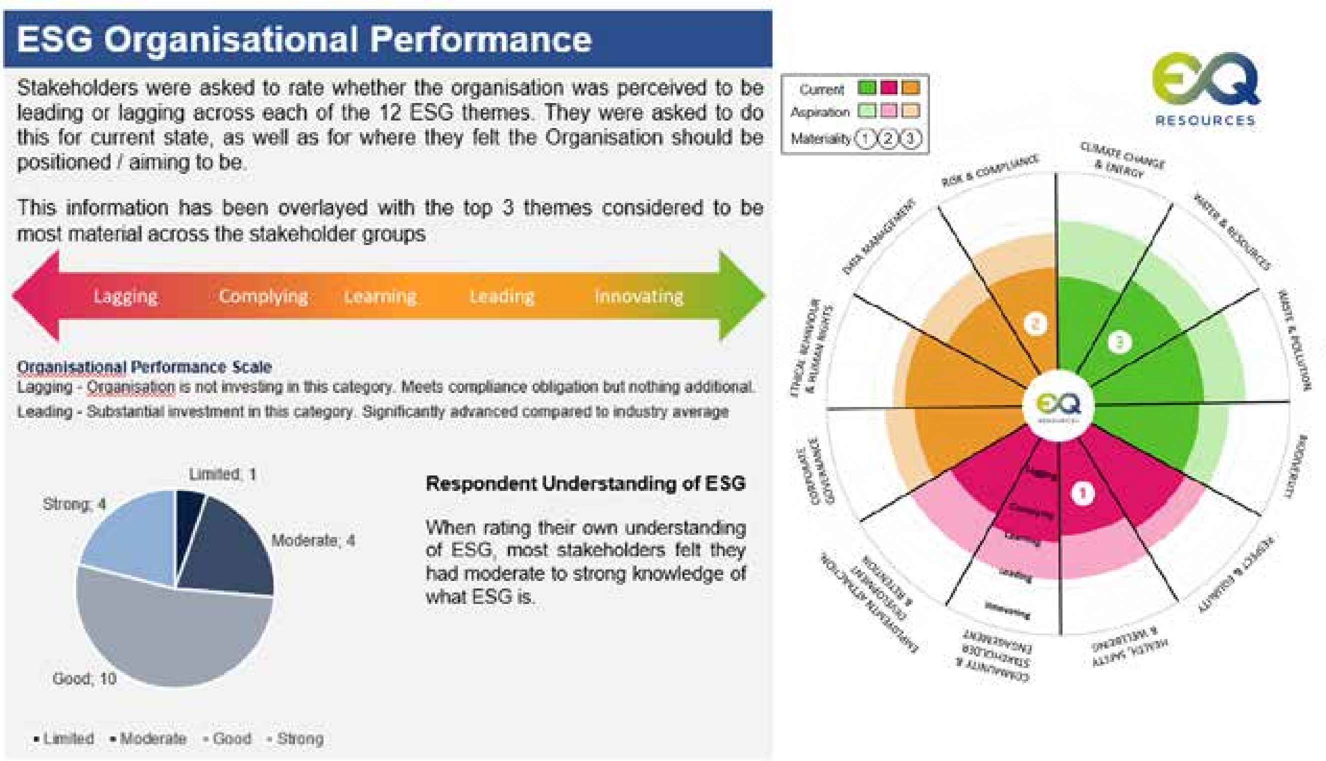


Figure 8 - 2021 Stakeholder Sentiment Survey.

Governance

EQR maintains a strong governance framework with comprehensive corporate policies, ensuring transparency and ethics. Targeted investments align with the Company's purpose and stakeholder values, supporting the transition to a low carbon future. Robust risk management considers ESG factors from project inception to operation.

EQR's dedicated ESG Committee meets quarterly to review initiatives and industry best practices, aiming for positive sustainability outcomes for the Company, the environment, and local communities.

Operating and Financial Review continued

ESG PROGRAM FRAMEWORK ALINGNED TO 2021 Stakeholder ESG Sentiments and EQR Core Values

EQR CORE VALUES		ESG FOUNDATIONAL COMMITMENTS	ESG REPORTING METRICS
Act Safe. Feel Safe.	Act safe at work. Care and respect each other. Feel safe to be yourself.	• Our approach to Health and Safety includes wellbeing and highlights the importance of mental health. • H&S programmes focussing on maturing our safety management system, undertaking physical and psychological safety training and continuing to look for opportunities to improve site safety.	Health & Safety Statistics • H&S incidents and injury • H&S improvements • H&S innovations
Embrace Difference	Diversity of thinking, skills and background creates value and drives innovation.	• We pride ourselves on our existing diversity: Women and Indigenous workforce participation, as well as diversity of backgrounds and skills mix • Looking for opportunities to increase diversity through targeted programs. (E.g., Youth training)	Diversity & participation statistics • % Women • % Indigenous • Training participation
Tread Lightly	Embed resource efficiency to minimise environmental footprint & deliver positive societal impact	• Acknowledgement of climate change and commitment to low carbon future, adoption of technology and GHG Tracking. • Investigating opportunities for future renewables uptake • Endeavouring to reduce our environmental footprint through adoption of emerging technologies and being more resourceful.	Environmental Statistics • Energy use / mix • Scope 1, 2 and 3 GHG reporting • Water use / recycle stats • Waste reduction / reuse / recycle
Dig Deep	Go one better. Strive to continuously learn and improve. Challenge the status quo.	• Implementing cost effective measures for recovery, reuse or recycle of energy, natural resources and materials throughout project design, operation and de-commissioning.	• Tomra sorting technology • Plotlogic mapping technology • Other innovation initiatives • Decarbonisation collaborations, initiatives
Buddy Up	Collaboration is key to realising shared value.	• Prioritising social and cultural collaborations, partnerships and provision of materials with councils, community, industry, university and research institutions and environmental NFP organisations	Local procurement partnering and engagement statistics • $$ spent and on local procurement • % overall procurement purchased locally • # of community feedback sessions held / attendance or feedback received
Lead with Integrity	Have courage to do the right thing. Be accountable.	• Endeavouring to operate openly, ethically and transparently. • Senior leadership involvement in ESG Council meetings and internal engagement through employee Sub-committee participation. • Participating in authentic stakeholder engagement, taking on feedback	• Alignment with UN SDGs • (Potential future) Sustainability reporting

Figure 9 – EQR's Sustainability Framework aligned to its values can be found on the EQR website : Sustainability Framework and Materiality Assessment.

2022/23 Sustainability Initiatives & Performance

Initiatives Management

EQR utilises the TTJT Categorisation Framework in its Initiatives Workbook. This tracks ESG initiatives, assigns ownership, forecasts adoption and completion and maintains accountability through the ESG Committee. Initiatives align with sustainability frameworks like ICMM, GRI, and ISSB/TCFD, ensuring best practices and future reportable metrics where possible. Alignment supports EQR's future sustainability reporting for emerging Australian disclosure and reporting requirements.

INSIGHTS

Growth
96
Staff as of end of June 2023

Retention
5.6
New starters per month

Buddy Up
100%
employees live in the local region

Embrace Difference
20%
Women employees

6%
Indigenous employees

Growth
+37%
Growth of Employees

Buddy Up
53.0%
Local suppliers (Queensland) (58.3% in $ value of total spending)

Buddy Up
86.3%
Australian suppliers (89% in $ value of total spending)

Lead with Integrity
7
ESG related Governance policy reviews

Dig Deep
~1x
site tour per week

Lead with Integrity
2x
ESG platforms EQR is represented on

ESG Initiatives in Progress
63
completed ESG initiatives

Total ESG Spend
$45,540

Operating and Financial Review continued

2022/23 Sustainability and ESG Special Achievements

2022 - Dual XRT Ore Sorter installation.

2022 - Partnered with Mitchell River Watershed Management Group: Frogbit Sentinel Network (ongoing)

2022 - Mt Carbine Rodeo Sponsorship.

2022 - Winner AMEC Environment Award

2022 - 19 Year partnership with Australian Wildlife Conservancy ('AWC') signed.

2023 - 600 days with no Lost Time Injury ('LTI').

2023 - Mt Carbine Rodeo Sponsorship

2023 - Mt Carbine Quarry website launched.

2023 – Featured as an "Explorer Acing ESG" on Queensland Exploration Council Website : ESG Toolbox

2023 - AMEC ESG Guide – EQR best practice case study featured.

2023 - EQR awarded Wolfram Camp preferred tenderer.

2023 - Sustainability landing page on EQR website to improve transparency and communication.

ESG Activities and Initiatives

EQR reports on its activities and initiatives in detail each quarter.

Ongoing monitoring and activities include:

- Noise, Air & Vibration Studies;
- Water Management Plan Update;
- Waste Rock & Tailings Management;
- Enhanced Conceptual Groundwater Model which involved the drilling of 18 additional investigation bores;
- Flora and Fauna Studies; and
- Water Engineering Works

A summary of the past year's initiatives are outlined below, segmented by the EQR value they align to. Where possible, further information is provided by the links below.

Act Safe, Feel Safe

Act safe at work. Care and respect each other. Feel safe to be yourself

Mt Carbine Staff undertaking Working at Heights training.

"R U OK?" Day 2023.

- Training: Regular staff training and upskilling resulted in 600 days without an LTI: Link
- Safety Initiatives: Ongoing dust management and safety drives enhance workplace safety.
- Mental Health Support: EQR actively participates in R U OK Day, promoting a safe and supportive environment for mental and emotional well-being: Link

Embrace Difference

Diversity of thinking, skills and background creates value and drives innovation.

EQR CEO, Kevin MacNeill, hosting an indigenous training provider and potential trainees at the Mt Carbine Mine.

- ITEC Group visit Link
- Internship and traineeship programs – ongoing Link
- 2023 AMEC Membership Renewal Link
- AusIMM 'Resourceful Far North Queensland' Forum. Technology Innovation in Tungsten Mining Presentation by Chief Geologist Link
- Mt Carbine Brooklyn Village Estate Recreation Hall: power upgrade to facilitate community gatherings and functions.

Operating and Financial Review continued

Tread Lightly

Embed resource efficiency to minimise environmental footprint and deliver positive societal impact.

Figure 10 - Mt Carbine's circular economy flow decouples economic growth from environmental degradation and won the 2022 AMEC Environment Award in recognition of its sustainable mining efforts.

Follow the links below for further information:

- Circular Economy approach to operations: Resourcing the industrial, building, construction and landscaping industries with sustainable quarry product while actively managing mining waste Link
- Updated Water Management Plan and alignment to ICMM Water Stewardship Statement.
- Institute of Quarrying Australia (IQA) stakeholder engagement site tour Link
- Internal Environmental Audit 2023 – Continued environmental management planning to embed future required reporting metrics in current frameworks and initiatives.
- Commissioning of third XRT Ore Sorter embeds resource efficiency and further reduces environmental impact Link
- Siam Weed invasive species management.

Dig Deep

Go one better. Strive to continuously learn and improve. Challenge the status quo.

Operations Manager, Ryan MacNeill, being presented with the 2022 AMEC Environmental Award.

2023 Highlights:

- EQR wins AMEC Environment Award Link
- Plotlogic mining technology programme Link
- Further development of ARTEH dashboard lays foundation for future reporting and net-zero readiness. ARTEH emissions tracking partnership Link
- QCWA Mt Molloy BBQ Donation for monthly market fundraising.
- Mt Carbine annual rodeo sponsorship Link

Buddy Up

Collaboration is key to realising shared value.

EQR employees present their Containers for Change Donation to one of the schools supported by this initiative.

Initiatives undertaken:

- Containers for Change local schools donations
- Controlled burning with the local fire brigade
- Environmental conservation collaboration through AWC Partnership Link
- Local partnership: Toddy's Machinery Maintenance Link
- Partnership MOU: Masan High-Tech Materials Link
- Noosa 2023 Stakeholder Engagement Link
- Collaboration with the European Raw Materials Alliance Link

Lead with Integrity

Have courage to do the right thing. Be accountable.

- Mt Carbine Residents stakeholder engagement sausage sizzle Link
- Local stakeholder information evening, Port Douglas.
- Queensland Exploration (QE) Connect website. Best practice case study feature – Northern Quoll habitat and Circular Economy Link.
- Community Support - Julatten State School Centenary Celebration donation.
- Recognition of work and contribution to the ongoing Research and Development activities through R&D tax refund Link.
- EQR progression to open pit mining discussion and company growth information breakfast with employees: Link
- Community consultation BBQ prior to commencing open cut mining facilitating conversation and communication Link
- Australia's Biggest Morning Tea for Queensland Cancer Council Link
- AMEC ESG Guide – EQR best practice case study featured Link

Operating and Financial Review continued

EQRs Plans for the Future

EQR takes a programmatic approach to identifying and implementing ESG opportunities, ensuring positive sustainability outcomes for project sites, stakeholders, and the surrounding community. As it moves forward, its vision for the future is built upon these principles, with a focus on the following key elements:

Maturation of ESG Program

Its ESG program will continue to mature, guided by best practices and ongoing refinement.

Sustainability Reporting

It is dedicated to enhancing its sustainability reporting to ensure transparency and clarity.

Innovation

Embracing innovation will remain a core element of its strategy, driving environmental responsibility and economic growth.

Community-Centric Initiatives

Strengthening community engagement is a top priority as it works to benefit the regions in which it operates.

Net Zero Roadmap

EQR is actively developing a roadmap to reduce carbon emissions, aligning with a low-carbon future.

Stakeholder Collaboration

Collaboration with stakeholders and industry peers will amplify EQR's impact and foster positive change.

Ongoing Materiality Assessments and Sentiment Surveys

Regular assessments will ensure its initiatives align with evolving stakeholder priorities.

Integrating Wolfram Camp

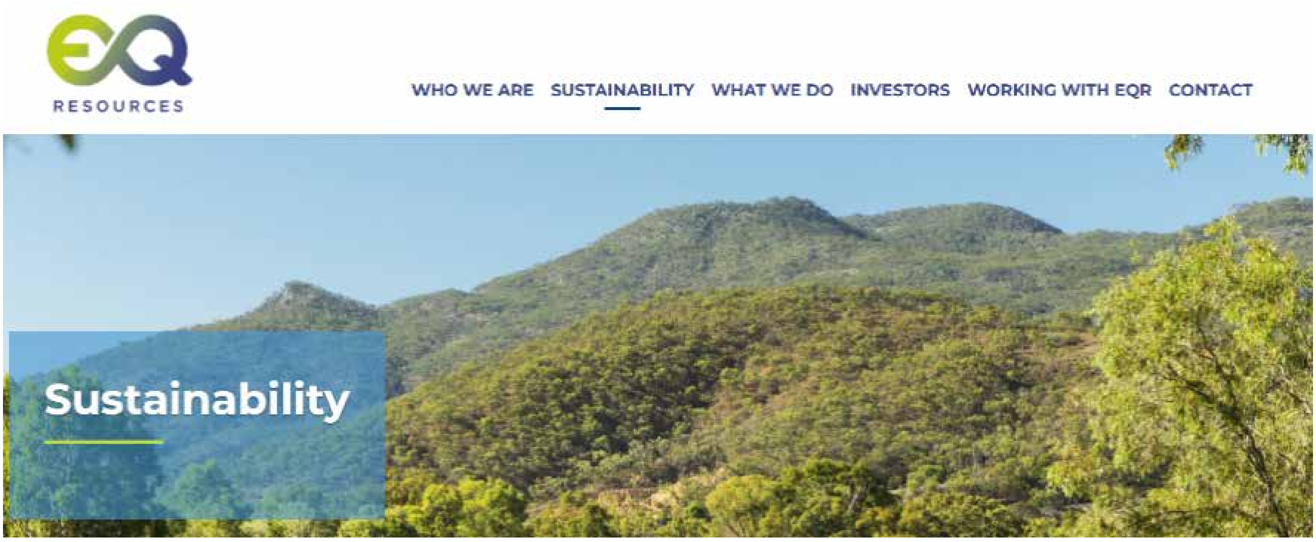
Wolfram Camp presents an opportunity to EQR to apply its proven approach to the sustainable redevelopment of abandoned and pre-existing tungsten mines to produce another local success story. An ESG Desktop Analysis of the mine identified the following areas which could be targeted as a part of the broader ESG program:

- ESG Stakeholder Materiality Assessment to shape localised ESG Program;
- Creation of localised job opportunities;
- Localised support of shared benefit community initiatives;
- Refurbishing, commissioning and expansion of the existing tungsten processing plant in line with the Mt Carbine operations; and
- Application of mine processes and key technology that are transferable and appropriate, such as:
  - TOMRA XRT waste sorting technology to existing waste rock stockpiles;
  - Employee attraction and retention programs;
  - Tailings operation development; and
  - Robust environmental processes (e.g. pollution prevention)

Sustainability Tab EQR Website

Please visit our website to view our Sustainability landing page for further information.

https://www.eqresources.com.au/site/sustainability/what-we-care-about-1



Exploration Activities

Throughout the 2023 financial year, following successful drilling campaigns, the Company released successive updated Resource Statements, The latest updated Resource Statement was released on 4 April 2023 (refer ASX ASX Announcement '64% Increase of Mt Carbine Indicated Resources (In-Situ)') followed by an updated Reserve Statement (refer ASX Announcement '43% Increase in Mt Carbine Ore Reserves From Western Pit' dated 18 May 2023). This culminated in an updated Bankable Feasibility study (refer ASX Announcement 'Strong BFS Update Delivers 47% Increase In NPV' dated 22 May 2023). The full document can be found on the EQR Website under Technical Reports.

Resource Update

With the addition of a further 7 holes for 1,646.3m, the Company undertook a re-assessment of the Mt Carbine Resource Model. As there was a sufficient increase in the Indicated Resource an update to the Mineral Resource Estimation (MRE) was undertaken to show the results of extension work immediately west of the BFS pit design (December 2022). Total drilling to date at Mt Carbine used for this updated MRE now comprises of 96 holes for 24,337m of diamond drilling. Highlights of the updated resource are as follows:

- 64% increase in the latest resource 'Mt Carbine Mineral Resource Estimate* ("MRE") dated 4 April 2023 (*0.05% WO_3 cut-off grade).
- 2.11 million metric tonne units (mtu, equal to 10kg WO_3) increase of the metal contained in Indicated Resources (In-situ).
- Global MRE (Inferred & Indicated category) increases by 28.6% to ~9.61 million mtu.
- Indicated Resources (In-situ) expanded from 12Mt @ 0.27% WO_3 to 18.1Mt @ 0.30% WO_3, adding significant metal value to the Company's inventories.
- Additional high-grade mineralisation located in the Dyke West Zone and the Northern Iron Duke Zone.
- Model shows the mineralisation remaining open at depth and along strike.

Operating and Financial Review continued

Orebody	Resource Classification	Tonnes (Mt)	Grade (%WO3)	WO3 (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
	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 acoording to geological intervals to ALS for XRF-15b analysis
5. Resource estiamtation was completed using the Kriging Variable Orientation Estimation Methodology
6. Indicated spacing is approximatley 30 x30m inferred is approximatley 60 x 60m.
7. The deposit is sheeted vein system with subparrallel 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.

Figure 11 - Mt Carbine Mineral Resources Estimate as of April 2023.

The Company's remodelled MRE used a similar set of parameters as defined by its contractor, Measured Group, when calculating the June 2021 and August 2022 Resource Statements with only minor modifications (for details see the Technical Reports section of the EQR website). The calculation used a 'Kriged Variable Orientated Estimation' methodology for the model. It was found the single variogram applied in previous estimations was not suitable for the western extensions where changes in veins orientations were observed. The strike changes of the veins in this area moved from grid east-west to grid south-west and was recorded from surface mapping of the veins as well as reflected in the recent orientated drill core.

The updated MRE uses the same 0.05% WO_3 cut-off as defined in EQR's previous Resources and Reserves Statements (refer Mt Carbine Expansion Project – Bankable Feasibility Study 2022 Economic Update). The lower grade portion of these Resources is designated for storage into the Company's Low-grade Stockpiles which are currently being mined at a grade of 0.075% WO_3, whilst the >0.08% WO_3 portion is marked into the Company's In-situ Resources.

The updated resources allowed the Company to model a larger pit to expand from the current 4-year BFS pit as per the revised BFS Economic Update of November 2022. The high-grade mineralisation recently intersected still remains open further to the west, north and to depth. The Company flags it will continue to drill this year to further expand its world class tungsten resource.

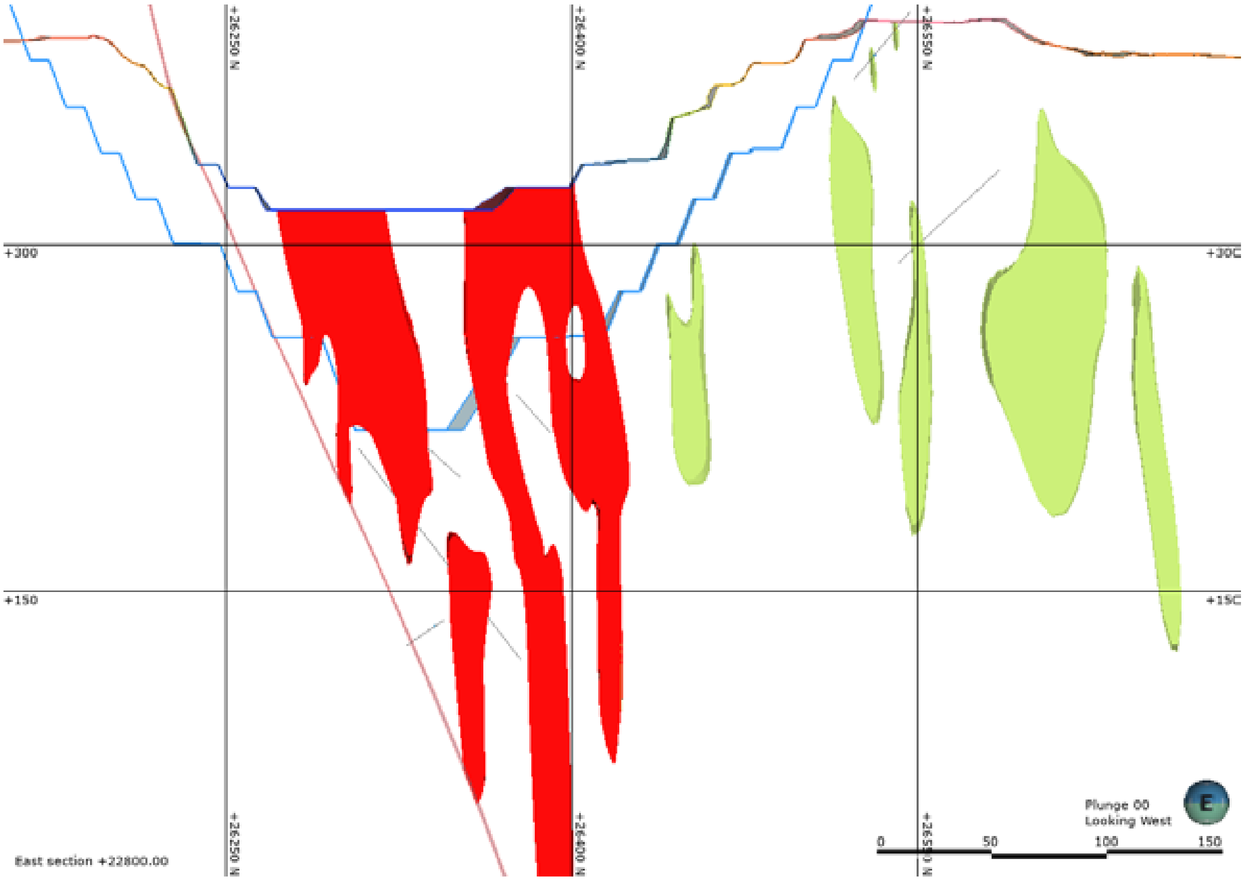


Figure 12 - Cross Section through current Resource Model. (Indicated Resources are Red, Inferred Resources are Green).

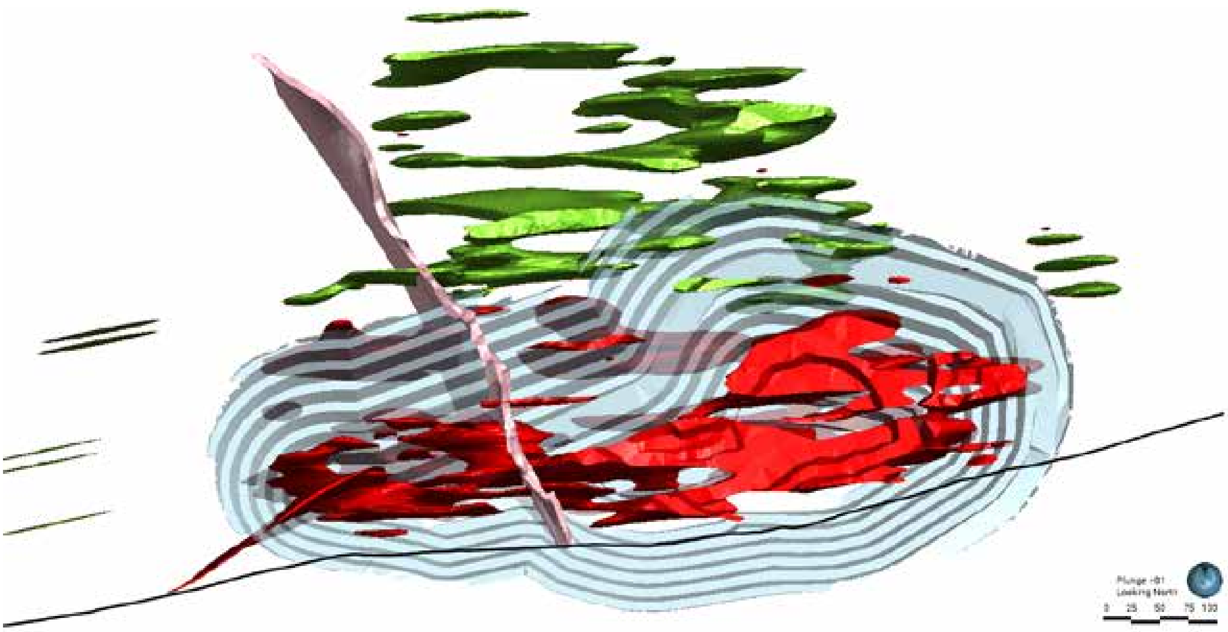


Figure 13 - Plan view showing Indicated and Inferred Resources. (Indicated Resources are Red, Inferred Resources are Green).

Operating and Financial Review continued

Reserves Update

Based on the significant increases in Indicated Resources, the Company undertook to update the Reserves and released a new statement (refer ASX Announcement '43% Increase in Mt Carbine Ore Reserves From Western Pit, dated 18 May 2023). The re-modelling was undertaken by Optimal Mining Group who completed the previous Reserve Statements of 31 December 2021 and 16 September 2022. The consultants use the Spry Optimiser and have each time updated parameters to reflect changing labour, fuel and operating costs, etc. The highlights of the Reserve Statement are summarised here:

- Open cut Ore Reserves tonnage increases from 3.54 million tons to 5.93 million tonnes.
- 43% increase in contained WO_3 in open cut Ore Reserves to 1.66 million mtu.
- Additional Ore Reserves extend the open cut life-of-mine (excl. Low-grade Stockpile) to a total of 7 years, with the west and north remaining open for potential further extensions.
- Only 19% of the In-Situ Mt Carbine Mineral Resources are currently in open cut Ore Reserves with drilling to continue to bring Inferred to Indicated Resources for further expansion.

The Low-Grade Stockpile ("LGS") has been partially depleted since the previous Ore Reserves update from September 2022. The Ore Reserves are current as of 15 May 2023 and account for all mining activities undertaken to this date.

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**
LGS - Proven	-	-	-
LGS - Probable	9.77	0.075%	732,750
LGS - Total	**9.77**	**0.075%**	**732,750**

Figure 14 - Mt Carbine Ore Reserves at 15 May 2023.

The Ore Reserves have been limited to a practical pit shell based on the current economic limits of the deposit. The updated mine plan considers the utilisation of larger mining equipment and a reduction in the amount of costly selective ore mining, which supports a further improvement of the project economics. An isometric view of the Ore Reserves pit shell is shown in the figure below.

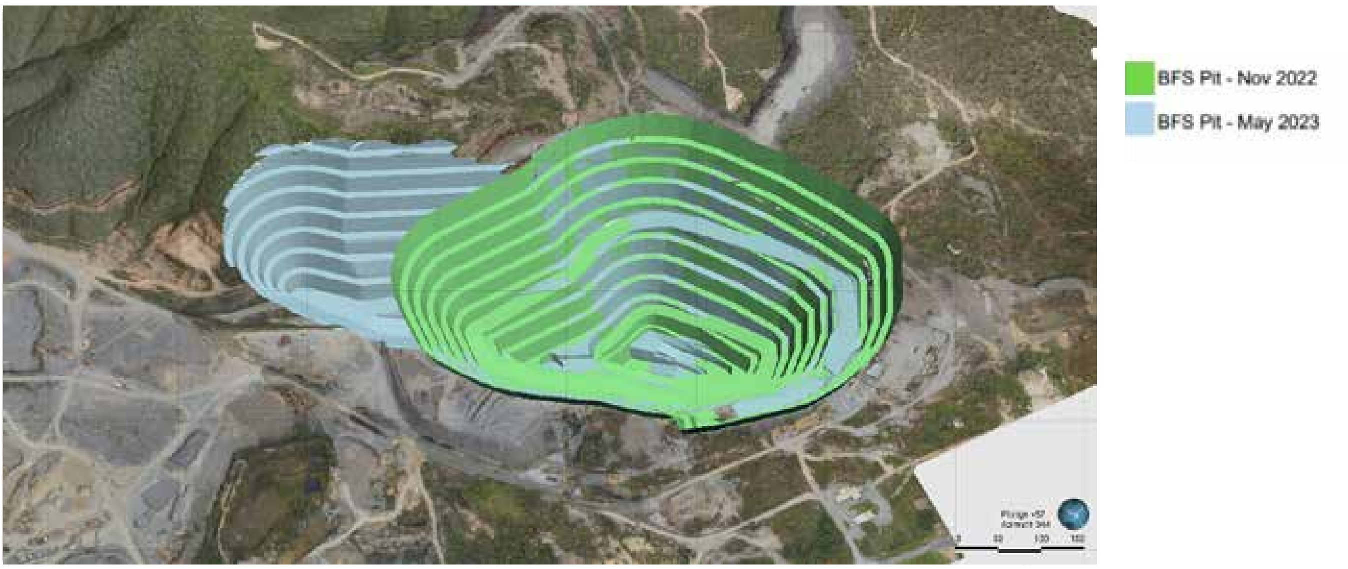


Figure 15 - Isometric view of Ore Reserves Pit Shell (Blue) compared with previous BFS Pit Shell designed in November 2022 (Green)

Refer to updated Mineral Resource & Reserves Statement on page 46.

Strong Bankable Feasibility Study Update Delivers 47% Increase In Net Present Value (NPV)

During the last quarter of the 2023 financial year, the Company upgraded the Mt Carbine Ore Reserves. A detailed review of the Project Economics was performed, with consideration given to changing underlying cost and revenue assumptions.

The BFS Economic Update supported by a 43% increase in open cut Ore Reserves upgrade, and doubling of plant capacity from 2025, resulted in a 25% higher tungsten concentrate (50% WO_3 content) output, and over a shorter period (due to doubling capacity), thus bringing revenue forward.

The Project delivers strong Pre-Tax Economics* including:

- NPV8** of $307.1 million*** (47% increase compared to the November 2022 BFS update of $209);
- IRR of 477%;
- Life of Mine EBITDA of $450 million.
- Low capital cost of $21.4 million has been further optimised to $18.5m (a decrease of $2.9m) as an effect of scope changes and defined costing. $7.8m has been added to reflect doubling of plant capacity, resulting in total Capex over Project life of $26.3m.
- Tungsten concentrate production C1 Cash Cost**** remains amongst lowest in industry with an equivalent of US$104/mtu once full capacity has been reached.

* Concentrate sales price basis US$340/mtu (mtu = metric tonne unit, 10kg) in 2023, with a long-term forecast average of US$369/mtu (2024-2040) calculated using the average of the Roskill Base Case and High Case price level scenarios (see Chapter 16 of 2021 BFS)

** 8% discount rate applied

*** $307M NPV is Project NPV; NPV attributable to EQR as 50% portion of LGS Joint Venture and 100% of Open Pit results to $270M

**** C1 Cash Cost: Direct costs (mining and processing cost), plus local G&A and by-product credits from sale of aggregate through quarry, but excluding royalty; Exchange rate AUD/USD 0.688

Parameter	Unit	BFS Pit Optimisation (November 2022)	BFS Western Extension (May 2023)
Total Cash Cost (FCA)	US$/mtu	118	104
Capital Cost (Project life)	A$m	21.4	26.3*
Pre-tax $NPV_{8, real}$	**A$m**	**210***	**307****
NPV / Capex Ratio	x	9.8	11.7
Payback Period	years	1.5	<1
Strip Ratio	(Waste:Ore)	3.1:1	3.9:1
Concentrate Produced	(t / 50% WO_3)	30,960	38,570

** Capex over the entire Project life has increased due to $7.7m added to double plant capacity (without this, capex forecast is lower than last BFS)*

*** NPV shown as Project NPV; NPV attributable to EQR as 50% portion of Joint Venture Scope and 100% of additional ore recovered from Open Pit results to **$270 million***

Notes:

- *The BFS has been prepared to a -20% to +20% level of accuracy. The production target and financial information in this table must be read in conjunction with the cautionary statement in the relevant ASX Release*
- *AUD:USD average exchange rate of 0.688 over the life of Project was used for currency conversions*

Figure 16 - Comparison of Consolidated Project Economics.

The BFS Update now contemplates a 10-year production schedule with the Project delivering impressive economics including a NPV8 of $307 million and an IRR of 477%.

Operating and Financial Review continued

The BFS Update covers total concentrate production of approximately 38,570 tonnes (50% WO_3 content), an increase of 25% over the last BFS output. The Project implementation was split into two phases, with the Company having successfully completed Phase 1 Scope as per the initial BFS (December 2021). The BFS Update highlights that scope changes and cost updates have resulted in a positive net effect of approximately $2.9 million in total CAPEX savings. An additional $7.8m has been added to capital expenses to account for the doubling of plant capacity in 2025. The BFS Update had been prepared by independent lead study manager Turner & Townsend JukesTodd Pty Ltd. The full BFS report is available on the EQR webpage.

Drilling & Discoveries

During the quarter, drilling of 7 diamond holes for 1,646.30m was completed with the goal to extend the drill out of indicated resource for the western pit extension and to explore the extensions of the Iron Duke System to the North and the Western Extension High-Grade Zone. During April 2023, EQR brought a reverse circulation drill rig to site. In the coming weeks the rig will be used to define the daily mine blocks for each panel and is intended for use in continuous exploration drilling to extend on the target areas mentioned above.

Both phases of the 2022 Drill Program were very successful with high-grade mineralisation adding resource and showing the deposit remained open in strike and depth. The figure below shows the location of the drilling this period relative to the proposed BFS designed open cut. Some of the highlights of the drilling include the following intercepts:

- 2.36m @ 0.88% WO_3 from 195.68m (EQ027)
- 3.63m @ 0.40% WO_3 from 233.18m, incl. 0.20m @ 6.01% WO_3 from 233.18m (EQ028)
- 9.76m @ 0.46% WO_3 from 140.84m, incl. 2.25m @ 1.90% WO_3 from 140.84m (EQ029)
- 2.64m @ 0.76% WO_3 from 218.50m (EQ029)
- 2.48m @ 0.69% WO_3 from 75.11m (EQ030)
- 1.00m @ 1.90% WO_3 from 213.42m (EQ030)
- 18.24m @ 1.00% WO_3 from 387.25m, incl. 5.51m @ 3.20% WO_3 from 387.25m (EQ030)
- 2.82m @ 1.81% WO_3 from 140.10m, incl. 1.19m @ 3.89% WO_3 from 140.84m (EQ031)

Iron Duke Extension

Two holes west of the pit, EQ027 and EQ028, confirmed the geological model identifying the most prospective target zone for tungsten enriched veining, which appears to be a roughly vertical zone below '200m Reduced Level (RL)'. A third hole, EQ029, confirmed a northern extension of the high-grade Iron Duke veining.

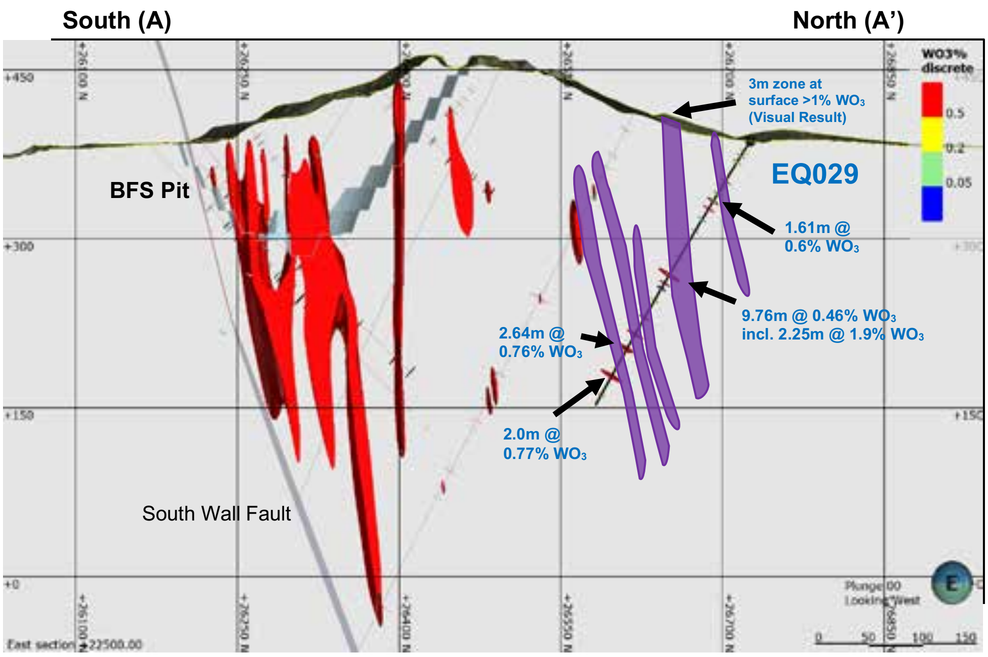


Figure 17 - Cross Section of EQ029 confirming continuation of high-grade mineralisation in the Iron Duke Vein Package (Purple).

This now highlights that high-grade extends for over 200m in the Iron Duke region and is open in all directions. Further drilling of this zone is warranted and will significantly add to the resource base of the deposit for future years.

Western Extensions

Since the review of the Mt Carbine deposit two years ago it has long been postulated that a second high-grade lobe of the deposit would plunge off westwards. In November 2022, EQR outlined to target this concept and look for extensions of Hole EQ026 that reported 5.95m @ 0.94% WO_3 (see ASX announcement 'Drilling Targeting New Discoveries and Potential Western Pit Expansion' dated 17 November 2022).

The two holes of EQ030 & EQ031 were drilled for the postulated down dip extension of these high-grade zones. The success of hitting high-grade intercepts in these holes indicates an additional high-grade system exists and confirms the fluid flow direction from the west that provides the vectors for ore repeats along westerly structures. The high-grade nature of the intercepts is perfectly situated for underground mining off the existing decline. The results will add significantly to the Mt Carbine Underground Scoping Study where the Company modelled taking 2.36Mt @ 1.05% WO_3 from underground (see ASX announcement 'Underground Scoping Study Gives Confidence To Proceed With Pre-Feasibility Work' dated 12 April 2022).

In Hole EQ030 the results contain the highest per meter tungsten (WO_3 contained) intersected outside the BFS Pit with Hole EQ030 (5.51m @ 3.20% WO_3 from 387.25m) having 10-times the grade of the Open Pit Ore Reserve as reported (0.33% WO_3).

Holes EQ032 & EQ033 were above the main mineralised level being at the 330-350m RL mark with the zone reflected as narrower more separated veins, ie. intercepts of 0.13m @ 1.03% WO_3, 0.29m @ 0.53% WO_3 and 0.33m @ 1.33% WO_3 were intersected. At a level 100m below these intercepts the mineralisation widens, and veins come together.

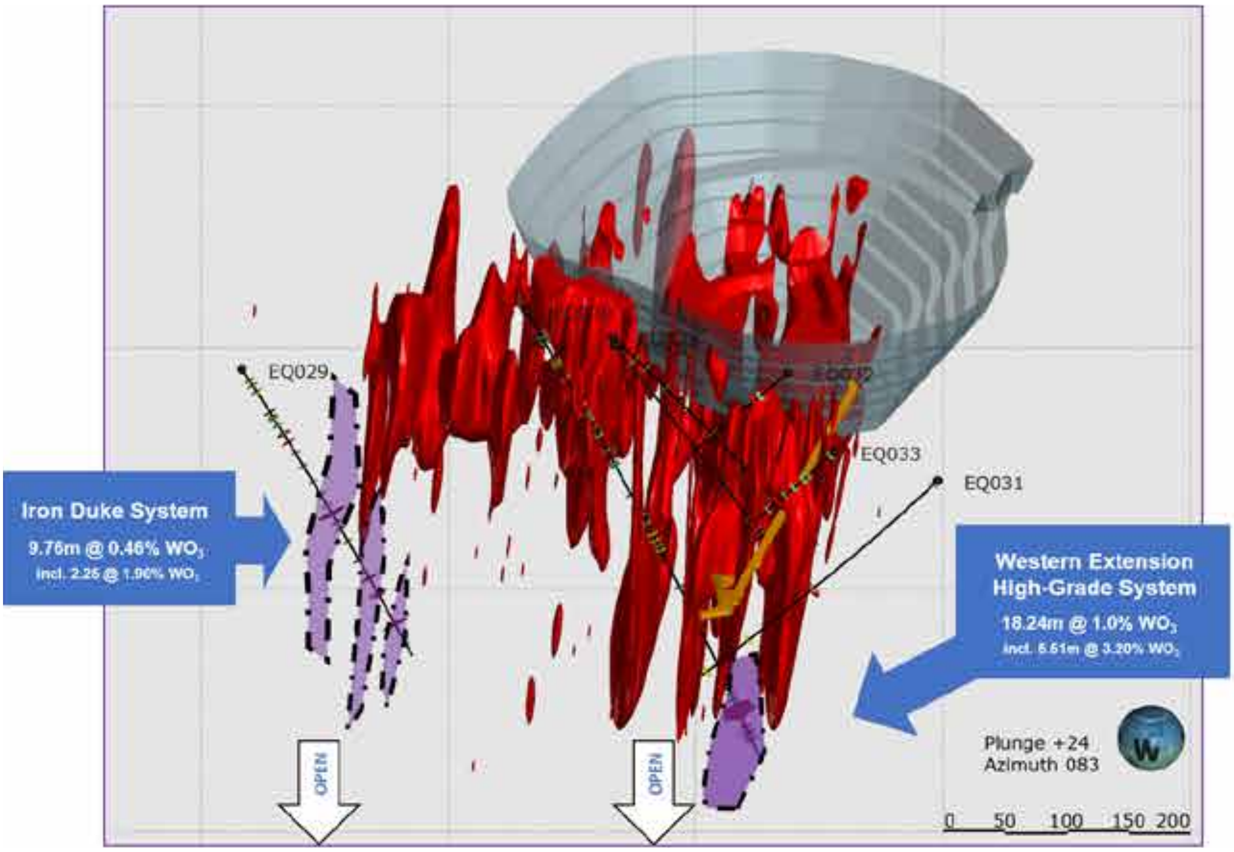


Figure 18 - Phase 2 2022 Drill program confirmed two significant high grade mineralised systems open along strikes and at depth.

Operating and Financial Review continued

Shown above, an orthographic projection of the Mt Carbine Mineral Resource (in red) including the new systems, confirmed this drill program with purple showing the high-grade intersected zones. The BFS Pit is shown in grey, and the historic decline highlighted in orange.

WH Bryan Mining and Research Institute

Co-operation with the University of Queensland Special Research Centre for a full micro XRF program on Mt Carbine core has given insight into the nature of the mineralisation and the understanding of the high-grade versus barren vein types.

The figure below show a high-grade vein adjacent to a barren vein in the same sheeted system. Barren veins appear earlier and are lower temperature gaseous events, whereas high grade are more saline brine events that occur later in the evolution of the deposit.

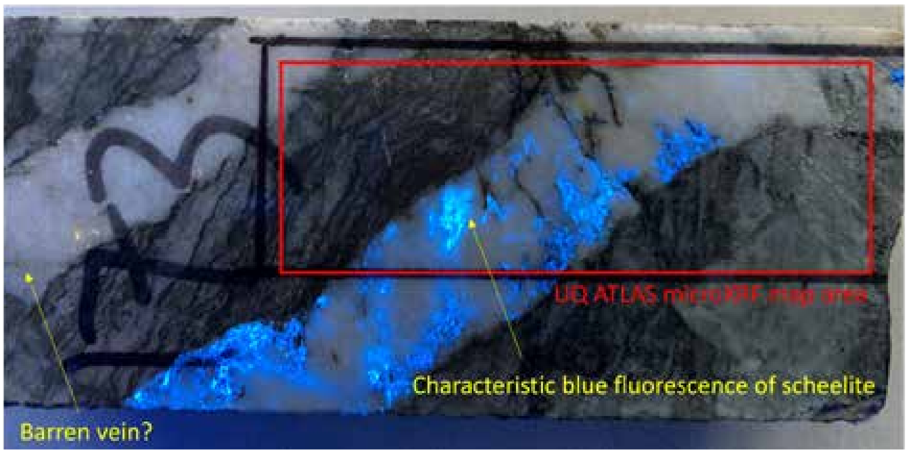


Figure 19 - Barren Vein next to a High Grade Vein.

Future Programs

The recent geological work confirms there exists 4 major targets that need continued work and the listed four programs are still set to be completed by the Company:

1. Upgrade of the Iron Duke Inferred Resources into Indicated Resources - Iron Duke contains 5.8Mt @ 0.59% WO_3.
2. Continue to extend the known veins along strike extents both Grid West and East.
3. Drill to the depth. Away from the South Wall Fault, the depth extent of the mineralisation remains open.
4. Evaluate and test the True Blue, Daisy, MacDonald's and Red Cap Package Zones.

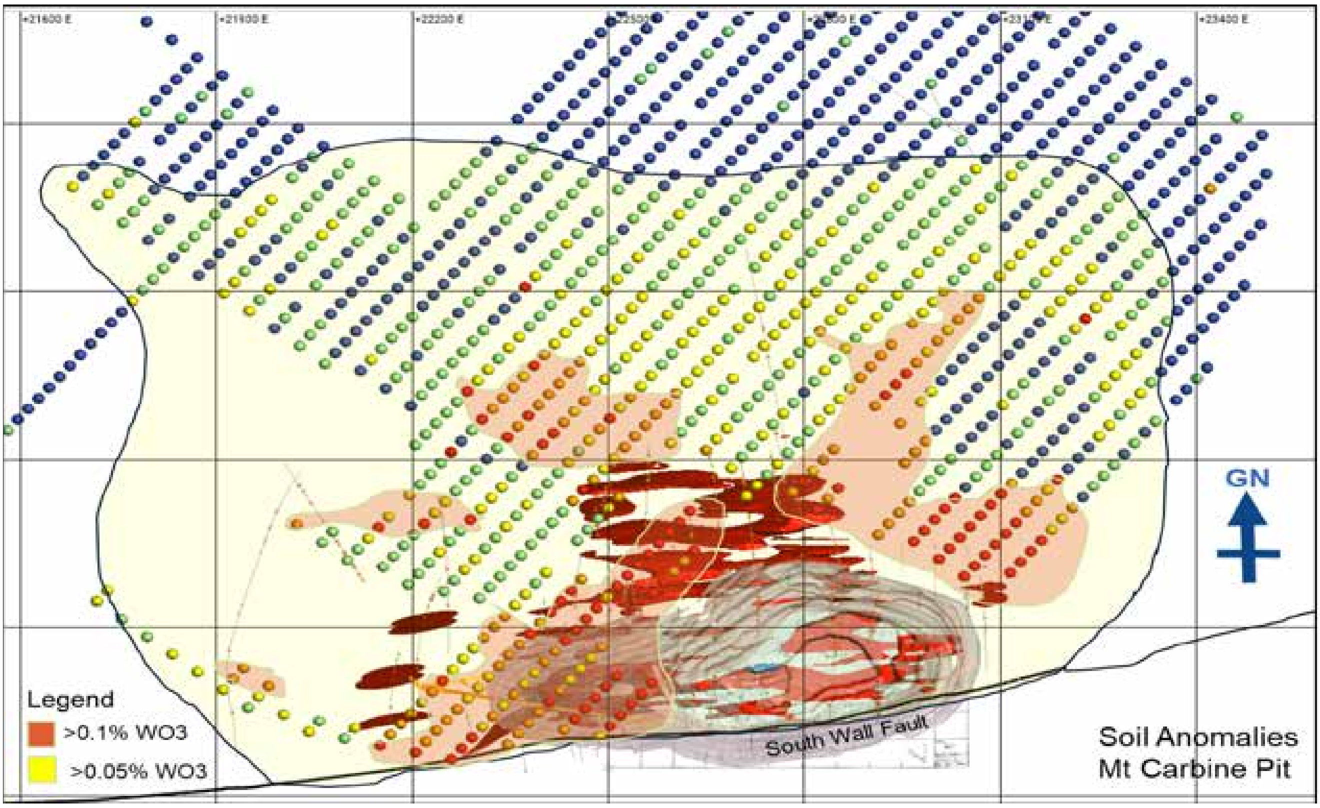


Figure 20 - Soil anomalies around the pit; Red is Inferred Resources; Updated Open Pit design shown for scale in grey.

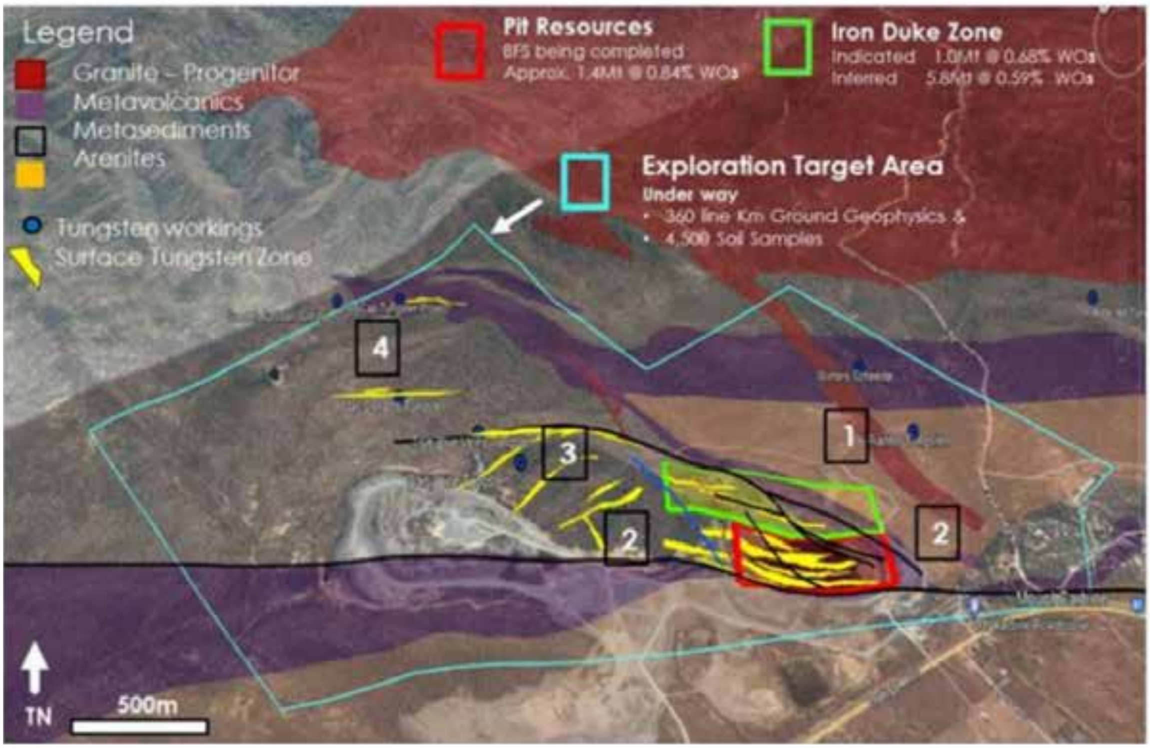


Figure 21 - Mt Carbine Exploration potential and work areas (Numbering 1-4 as per description above).

Operating and Financial Review continued

RC Control Drilling with Orana

Both Orana Drill and Blast Pty Ltd ("Orana") and Golding began mobilisation to site during the last quarter of the 2023 financial year, with the first blast occurring on 24 June 2023. The blast was planned on a 228 -hole pattern for 42,000 tonnes which was a small blast for calibration of blasting parameters in the restart of open pit mining operations.

The Blast Hole Drill Program will use two rigs and over the first 12 months of operations it is planned to drill approximately 12,790 holes for 134,000m of blast hole drilling and load 1,010 tonnes of emulsion explosives. Typically, a full blast will be a 325- hole and 2.5m x 2.5m pattern for approximately 60,000t per blast. Currently EQR has booked a regular weekly blast with Orica Ltd who will supply the explosives to site.

Orana rigs working on the holes for the first calibration blast.

Exploration Tenements

Mt Carbine Exploration Tenements

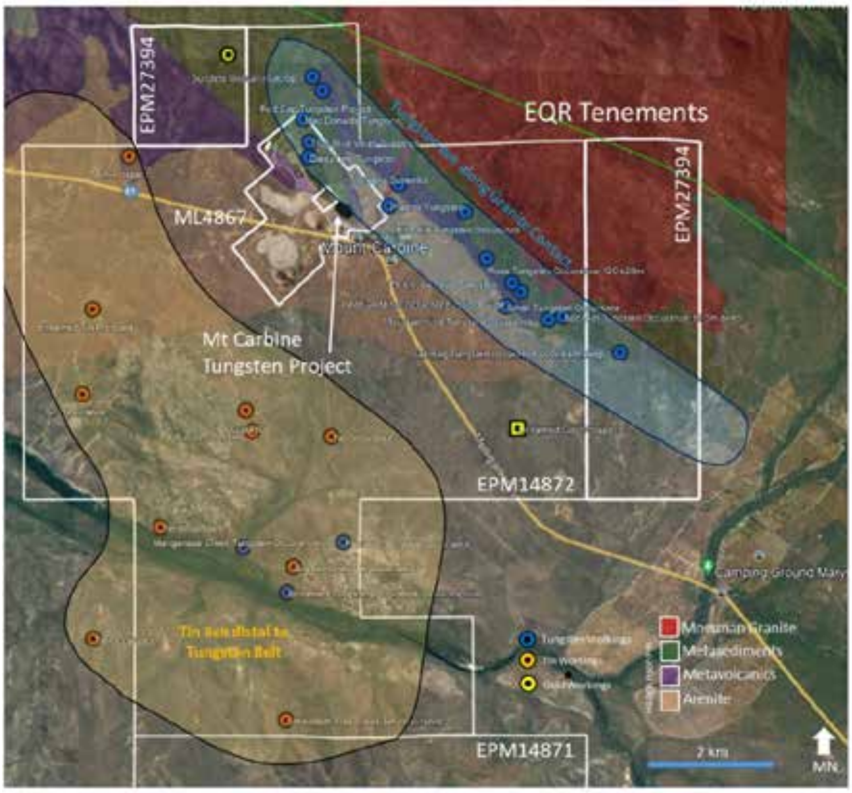


Figure 22 - Regional and historical Tungsten and Tin workings relative to Mt Carbine.

On a regional scale, there are over 50 locations with historical workings within EQR's exploration tenements, which have reported tungsten or tin mineralisation.

Mt Holmes – EPM 14871

An initial survey at Mt Holmes tin project revealed over 30 massive quartz veins across the tenement at right angles to a major feldspar porphyry dyke swarm. 82 rock chip samples of these veins did not reveal any major mineralisation but minor marginal zones of tin were identified. The remainder of the license will be explored this field season commencing in July 2023.

Wolfram Camp, QLD

EQR has taken a significant step forward by being selected as the preferred tenderer for resource exploration activities encompassing the Wolfram Camp Mine and its surrounding areas (refer ASX Announcement 'EQR Award Permit for Historic Wolfram Camp Mine' dated 27 July 2023). This strategic move is aimed at evaluating the economic feasibility of re-commissioning this historical site. Covering a substantial 477km^2 RA442 license area, which includes the Wolfram Camp Mine and the promising Bamford Hill advanced exploration target within the Herberton Tin-Tungsten field, this permit offers immense potential. With access to approximately 5 million tonnes of Low-Grade Stockpile and Tailings material containing valuable resources like Tungsten, Molybdenum, and Bismuth, EQR plans to conduct a comprehensive regional assessment, employing soil and geophysical programs to unlock the area's hidden potential. This initiative aligns perfectly with EQR's critical mineral hub growth strategy and dovetails with the Queensland Government's Critical Minerals Strategy and Resources Industry Development Plan, aimed at revitalising former mines. Acquiring the Wolfram Camp permit not only expands EQR's asset portfolio in the Herberton Tin-Tungsten field but also positions the Company to contribute significantly to the global supply chain for critical minerals. The rich historical legacy and promising geological attributes of the Wolfram Camp site make it a potential cornerstone in fulfilling this visionary objective.

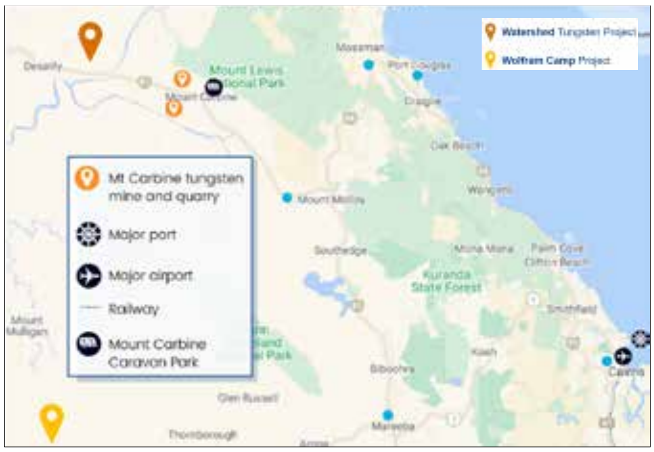


Figure 23: Left, Tender Area indicated in yellow - Right, Wolfram Camp, Watershed and Mt Carbine form part of the regional tungsten cluster and critical mineral hub.

Wolfram Camp mine is located 60 kilometres south of the Company's operating Mt Carbine Tungsten Mine and represents a unique opportunity for EQR to revitalise a historic mining region that was once a major source of critical minerals, including Tungsten and Bismuth. With this EPM, the Company has secured access to a 477km^2 RA442 license area, hosting key targets, the Wolfram Camp Mine itself, and the Bamford Hill advanced exploration target.

NSW Exploration Tenements

Sozo Resources has successfully completed the ,Stage 1 Farm-In Conditions and has elected to proceed to Stage 2 Farm-In, providing Sozo the exclusive right to earn a 49% legal and beneficial interest in the Joint Venture Gold Property, subject to expenditure of $750,000 in exploration being spent by 3 August 2024.

Planned exploration activities include drilling beneath historic workings at the Telephone Line Prospect and exploring a newly identified gold in soil anomaly along strike from Telephone Line (Panama Hat Project).

Historic rock chip samples at the Telephone Line Prospect returned high-grade gold, including sample PH0018 with 22.1g/t gold from ferruginous quartz vein mine spoils.

At the Crow Mountain Project, the focus will be on drilling IP chargeability anomalies near the Peel Fault and the Princess Mine area. A recent rock chip sample CMRC025 at Crow Mountain returned 4.9g/t gold on the eastern margin of an IP chargeability anomaly. Further analysis of 23 drill pulps from the historic ICK001 drillhole has been submitted for a complete Rare Earth Element analysis.

Operating and Financial Review continued

The achievement strengthens the partnership between EQR and Sozo and signifies their shared commitment to exploration and value creation in the NSW gold tenements. No extensive work was completed, rather planning of Stage 2 exploration to commence later this year. An update on the projects remains the same as follows.

Crow Mountain

A further 20 rock chip samples were taken across the project area, predominantly targeting surface expressions of historic Induced Polarisation (IP) Chargeability anomalies. Of note is rock chip sample CMRC025 which returned 4.9g/t gold on the eastern margin of an IP chargeability anomaly and approximately 1,000m south-east of the Magnesite Hill gold discovery. CMRC025 is located in the Woolowin Group cherts and thereby provides strong support for a drillhole testing an IP target east of the Peel Fault.

In addition to the grab sampling, 23 drill pulps from the historic ICK001 drillhole were selected and have been submitted for a complete Rare Earth Element analysis.

Panama Hat

Exploration focused on the Telephone Line Prospect, where historic artisanal mine workings lie within a structural corridor of over 300m in length. Previous SOZO rock chip samples from these workings have returned high grade gold as evidenced in sample PH0018, which contains 22.1g/t gold from ferruginous quartz vein mine spoils.

The corridor was targeted with detailed geological mapping and soil samples. The mapping shows the target corridor is associated with a sub vertical shear zone trending to the north-east, while gold bearing structures, commonly associated with quartz veins, are located orthogonal and dip steeply back to the southwest. 277 soil samples (-2mm fraction) were also collected at a combination of 50m x 50m and 25m x 25m centres. As expected, a subtle gold response was detected across the historic workings, however, a stronger gold response has been located distal to the workings. Further soil sampling is currently underway to validate this distal gold anomaly.

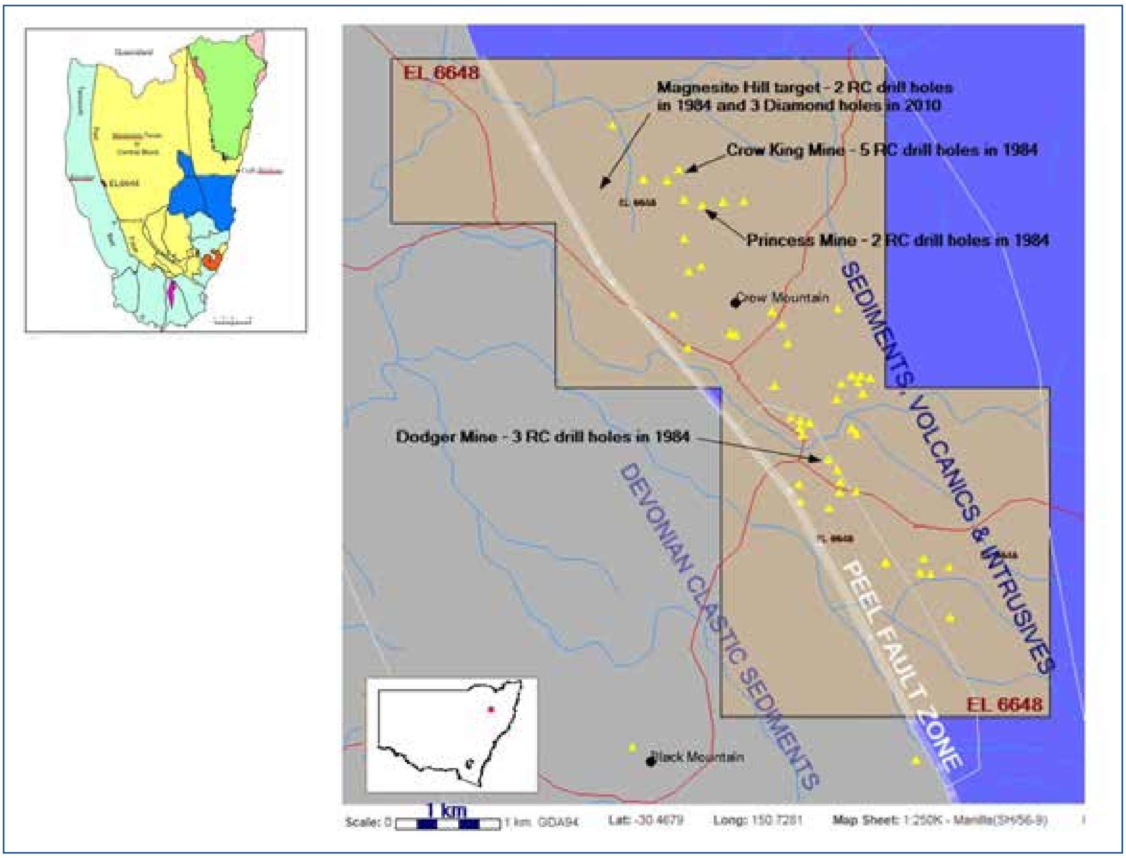


Figure 24 – Location of EL6648.

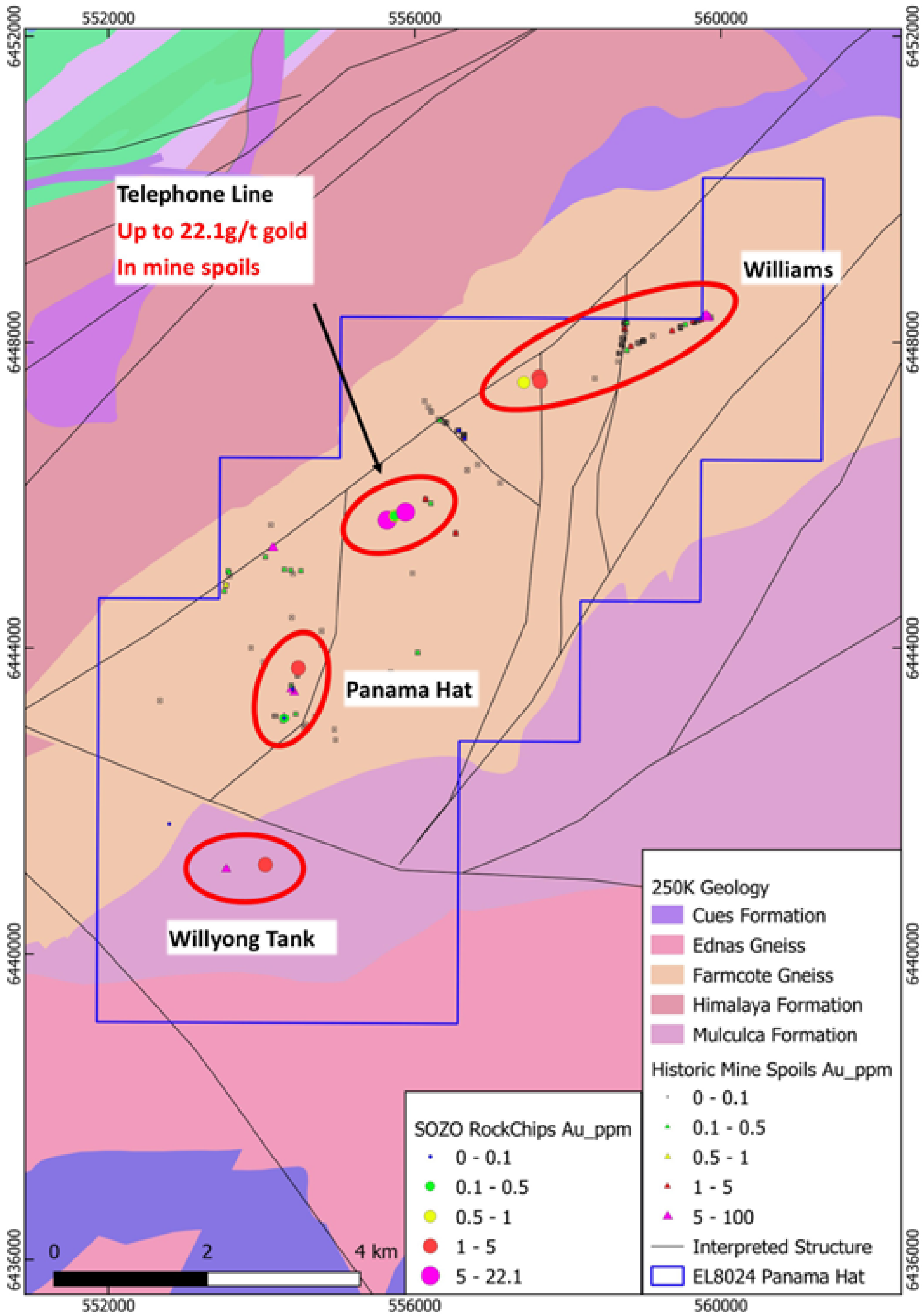


Figure 25 - Panama Hat.

Operating and Financial Review continued

Tenement Schedule

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 [1)]
EL 8024	Company	100%	-	19 Units	29/11/2024 [1)]
***ML** = Mining Lease; **EPM** = Exploration Permit for Minerals (Qld); **EL** = Exploration Licence (NSW)*					
1) Sozo farm-in arrangement.					

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

ML4867 & ML4919 were renewed for a further 19 years during the reporting period (refer ASX Announcement ''Mt Carbine Mining lease renewed for 19 Years' dated 24 March 2023). This renewal included a new landowner agreement with Australian Wildlife Conservatory (AWC) and a submission of an initial Mine Plan for the first 5 years of mining.

Corporate Activities

Collaboration with the European Raw Materials Alliance

The Company was pleased to announce the signing of a collaboration agreement with the European Raw Materials Alliance ('ERMA') and ERMA has referred to the Company in the 'European Call for Action' Report published on 16 May 2023 during the EU Raw Materials Week held in Brussels, Belgium (Refer ASX Announcement 'EQR Collaboration with the European Raw Materials Alliance' dated 17 May 2023).

ERMA was launched on 29 September 2020 as part of an Action Plan on Critical Raw Materials by the European Commission and is a body corporate supported by the European Institute of Innovation and Technology ("EIT Raw Materials"). EIT Raw Materials and ERMA are co-funded by the European Commission, comprising more than 350 partners from all areas of the knowledge triangle of industry, universities and research and development in the raw materials sector. The collaboration agreement has been signed after an initial assessment by ERMA of EQR's capabilities and recent successes with the development and reactivation of the Mt Carbine tungsten mine.

The aim of the agreement is to explore a potential participation by EQR in the European tungsten mining sector. ERMA provides EQR access to its wide network of public and private institutions in the raw materials sector, including financing structures to support potential project investment in the future. This entry point to get in touch with European parties exploring tungsten mining production is highlighting the significant experience gained from the recent development at Mt Carbine.

MOU Signed with Masan High-Tech Materials

Memorandum of Understanding ('MOU') was signed with EQR's existing joint venture partner, CRONIMET Australia Pty Ltd ('Cronimet'), and Masan High-Tech Materials Corporation ('Masan') in relation to the Mt Carbine Tungsten Project. The MOU will establish a working relationship based on reciprocity and mutual benefit, exchanging knowledge and experiences around tungsten exploration, mining, and processing, potentially assessing new project opportunities, and new product applications. The MOU is augmented by an existing long-term offtake agreement the Cronimet Group has signed with Masan, which will see approximately 70% of Mt Carbine's production for the next four years allocated to Masan. The proposed strategic partnership between EQR, CRONIMET and Masan aims to continue Mt Carbine's growth into a world-class sustainable tungsten operation.

Dr. Franziska Brantner (State Secretary) and Dr. Markus Ederer (German Ambassador) in back row, company representatives of Cronimet, EQ Resources and Masan in front row.

Saloro S.L.U. Acquistion with $25 Million Oaktree Investment

Subsequent to the end of the financial year, EQR announced that it has agreed binding terms to acquire leading European tungsten producer Saloro S.L.U. from global investment manager, Oaktree.

This is a transformational acquisition for EQR which will strengthen its relevance in the global tungsten industry and enhance its capital marketing positioning.

As part of the transaction, global investment manager, Oaktree will invest $24 million into EQR, through the subscription of 278 million new ordinary shares at $0.09 per share (representing a ~30% premium to the 15-day VWAP as at the date of the announcement).

Through this combination of operations, EQR will become the largest tungsten concentrate producer in the Western World, with a robust growth pipeline across two top-tier mining jurisdictions (refer ASX Announcement "EQR Acquires Leading European Tungsten Producer, Saloro S.L.U., and Secures $25 Million Investment by Oaktree" dated 10 August 2023).

Financing Activities

$4.56 Million Share Placement

In October 2022 EQR completed a well-supported share placement raising $4.56 million at $0.04 per share, with one (1) free attaching unlisted option for every four (4) new shares subscribed for and issued, exercisable at $0.065 (6.5 cents). Following shareholder approval, the Directors of the Company finalised their subscription for $200,000 in the placement (refer ASX Announcement "EQR Raises $4.56 Million in a Well-Supported Placement" dated 31 October 2023).

Operating and Financial Review continued

Proceeds from the placement have been used to fund the ongoing Mt Carbine expansion program as per the BFS, additional drilling towards the open pit west extension and exploration work related to the recently identified geophysical and soil anomalies north of the Andy White open pit.

Regal Resources Complementary Royalty Funding

In the first quarter of the 2023 calendar year, the Company agreed non-binding terms with Regal Resources Royalties Fund for a $10 million royalty-based funding package to support the Mt Carbine Tungsten Project's development. The agreement included negotiations for an additional $10 million in the second stage. The funding involved a royalty percentage of 3%, which can be bought back by EQR after recovering the first-stage royalty. This buyback option can be exercised before the 7th anniversary of the definitive agreement's execution. Additionally, a payment of $2.75 million will reduce the royalty percentage to 1.5%.

The definitive agreement was signed following the successful completion of the technical, tax and legal due diligence conducted by independent advisors engaged by the parties. The $10 Million funding package, received in early 2023, allowed for an accelerated 2023 drilling program targeting the Open Pit Western Extension and is intended to aid in advancing the Project's redevelopment.

Regal Funds Management Pty Limited manages the Royalties Fund, which seeks to invest in natural and renewable resource royalty investments to provide income and growth while minimising risks associated with mining activities.

EQR Completes First and Second Drawdown From $6m Federal Grant

The Federal Government's $6 million grant awarded to EQR under the Critical Mineral Accelerator Initiative (CMAI) has been utilised to support the development programs defined in the Company's updated BFS (refer ASX announcement 'Strong BFS Update Delivers 47% Increase In NPV' dated 22 May 2023). This includes utilising historic mine waste and high-grade resources mined from the Andy White open pit (refer to ASX Announcement '43% Increase in Mt Carbine Ore Reserves From Western Pit' dated 18 May 2023). The $6 million grant is also contributing towards the ongoing upgrade of the Gravity Plant and additional resource drilling.

Tungsten bags ready to ship.

Previous CMAI site tour showcased the successful acceleration of the Mt Carbine Tungsten Project.

EQR receives $2.3m through R&D Tax Refund

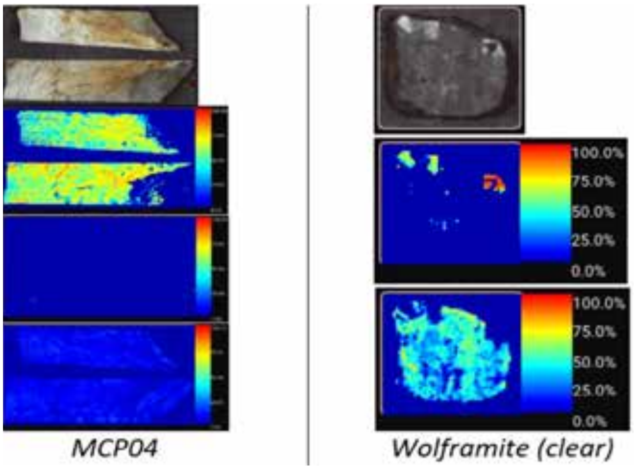
During the June 2023 quarter, EQR received a $2.3 million tax refund in support of the Company's extensive Research and Development (R&D) programs conducted at its Mt Carbine Tungsten Mine, in preparation for the Open Pit restart. The various optimisation trials, comparisons of different technologies and equipment, and selected modifications in the process flowsheet, have proven very effective over the past 12 months with the main process Key Performance Indicators improving month by month. The R&D program has been developed in close collaboration with Plotlogic, our preferred global technology company that aims at delivering highly accurate ore characterisation in real time, enabling greater recovery, reducing waste and enhancing geological models.

Some of the R&D activities conducted during the period consisted of:

- Jig performance optimisation (including special effort on ragging material and sizing);
- Air Jig test work for enhanced fines recovery;
- Magnetic separation test work;
- Smelting tests (external with Cronimet);
- Test of new equipment to reduce the wear/abrasion;
- VSI crusher trials;
- Vertical spindle pump trials;
- XRT Sorter optimisation for handling high-grade open pit ore;
- Impurity removal through flotation; and Plotlogic hyperspectral scanning of drill core and selected ore samples.

Currently 90% of our drill core has been scanned on a multispectral basis. The scanning recognises various minerals including wolframite and will be utilised on a larger basis in delineation of ore zones within the open pit mining. Understanding of the mineralogy of Mt Carbine assists in the interpretation of fluid flow and temperature models.

Plotlogic sensor, scanning drill core.



Sample scan for Quartz vein and Wolframite rich ore.

Mineral Resources and Reserves Statement

Summary of Results of Annual Review of Resources and Reserves

An updated resource to the September 2022 Resource was released in May 2023 specifically targeting the grade envelopes within the BFS open cut. The updated Resource Statement has also allowed an updated Reserve Statement to be issued on 7 May 2023 with a larger pit and longer life mine.

Table 1: Mt Carbine Resource Estimate as of May, 2023

Mt Carbine Mineral Resources

Orebody	Resource Classification	Tonnes (mt)	Grade (WO_3%)	WO_3 (mtu)
Low Grade Stockpile				
	Indicated	10.126	0.075%	759,450
In Situ (0.05-0.08%)				
	Indicated	2.75	0.07%	178,517
	Inferred	0.83	0.06%	53,789
	Total	*3.58*	*0.07%*	*232,306*
	Total	**13.71**	**0.07%**	**991,756**
In Situ (+0.08%)				
	Indicated	18.06	0.30%	5,405,905
	Inferred	10.68	0.30%	3,217,311
	Total	**28.74**	**0.30%**	**8,623,212**
Total Indicated		**30.94**	**0.21%**	**6,343,868**
Total Inferred		**11.51**	**0.28%**	**3,271,100**
Total I +I Resources	**Total**	**42.45**	**0.23%**	**9,614,968**

Table 2: Mt Carbine Ore Reserve Estimate at May 2023

Mt Carbine Ore Reserves

Reserve Category	ROM Tonnes (mt)	WO_3%	Contained WO_3 (mtu)
Open Cut - Proved	–	–	–
Open Cut - Probable	5.93	0.28%	1,660,400
Open Cut - Total	**5.93**	**0.28%**	**1,660,400**
LGS - Proved	–	–	–
LGS - Probable	9.77	0.075%	732,750
LGS - Total	**9.77**	**0.075%**	**732,750**
Total - Proved	**-**	**-**	**-**
Total - Probable	**13.54**	**0.142%**	**2,393,150**
Total	**13.54**	**0.142%**	**2,393,150**

NOTES:

- Total estimates are rounded to reflect confidence and resource categorisation.
- Classification of Mineral Resources incorporates the terms and definitions from the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012) published by the Joint Ore Reserve Committee (JORC).
- No uppercut was applied to individual assays for this resource, a lower cut of 0.05% was applied within the section 0.06-0.08% WO_3 being designate as lower grade In-Situ. This is the grade werhe where Distrint Zones of mineralisation occur.
- Drilling used in this methodology was all diamond drilling with 1/2 core sent according to geological intervals to ALS for XRF15b analysis.
- Resource estimation was completed using the Kriging Methodology.
- Indicated spacing is approximately 30m x 30m; Inferred in approximately 60m x 60m.

A comparison to the previous Ore Reserve estimate (as September 2022) is summarised below:

- Increase in Probable Reserves by 491,957 Mtu in a new larger pit.
- Increased in the open cut mine lift of 2.5 years for a total of 7 years of open cut mining and
- Strip Ratio remains excellent at 3.9:1 for the waste:ore ratio

The changes in open cut Ore Reserves are predominantly driven by changes in the Resource interpretation (see ASX Announcement 'Increased Tungsten in Updated Mt Carbine Mineral Resource' dated 4 August 2022) with significantly larger areas of lower grade tungsten included in the Resource Model. This is shown in the following two figures which show the difference between the previous and current Resource models.

Competent Persons Statement

Competent Person's Statement - Resources

Statements contained in this announcement relating to the Mt Carbine Project Mineral Resource Estimation, are based on, and fairly represents, information and supporting documentation prepared by Mr Chris Grove, who is a member of the Australian Institute of Mining & Metallurgy (AusIMM), Member No 310106. Mr Grove is a full-time employee of the mineral resource consulting company "Measured Group", who were contracted by EQ Resources Limited to prepare an estimate of the Mineral Resource at Mt Carbine. Mr Grove has sufficient relevant experience in relation to the mineralisation styles being reported on to qualify as a Competent Person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC) Code 2012. Mr Grove consents to the use of this information in this announcement in the form and context in which it appears.

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 were assayed at the ALS Laboratory in Brisbane, Australia. The mineral Resource estimate as shown in Annex 1 has been prepared by Measured Group. 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.

Competent Person's Statement - Reserves

The information in this release relating to the Reserves Estimate is published and based on information compiled by Mr Tony O'Connell, Principal Mining Consultant and Director of Optimal Mining Solutions Pty Ltd. Mr O'Connell is a qualified Mining Engineer, (BE (Mining), University of Queensland), has over 24 years of experience and is a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr O'Connell has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person as defined in the JORC Code 2012. Mr O'Connell consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

Neither Mr O'Connell, Measured Group Pty Ltd or Optimal Mining Solutions Pty Ltd has any material interest or entitlement, direct or indirect, in the securities of EQ Resources Limited or any associated companies.

Financial Report

The Directors of EQ Resources present their report on the consolidated entity (Group), consisting of EQ Resources and the entities it controlled at the end of, and during, the financial year ended 30 June 2023.

Contents

Directors' Report

The Directors of EQ Resources present their report on the consolidated entity (Group), consisting of EQ Resources and the entities it controlled at the end of, and during, the financial year ended 30 June 2023.

Directors

The following persons were Directors of EQ Resources during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Oliver Kleinhempel, Non-executive Chairman
- Stephen Layton, Independent Non-executive Director
- Richard Morrow, Independent Non-executive Director
- Zhui Pei Yeo, Non-executive Director

Company Secretary

Melanie Leydin

Principal Activities

The principal activities of the Group during the 2023 financial year focused on the:

- continued optimisation of the production processes and recoveries from the Mt Carbine Gravity and XRT Sorter Plants as part of the Company's unincorporated joint venture with CRONIMET Australia Pty Ltd for the development of the Mt Carbine Tungsten Tailings Retreatment and Stockpile Projects;
- securing funding for the Mt Carbine Project and undertaking activities to advance the Project, including significant capital upgrades to plant and equipment to ensure the site's preparedness for the commencement of open cut operations;
- the continuation of focused drilling programs to further define the Mt Carbine Tungsten resource;
- Mining contract execution with Golding Contractors Pty Ltd for the commencement of the open-cut mining; and
- the continued assessment of the exploration potential of the Group's tungsten tenements in Far North Queensland whilst entering into a Farm-In and Joint Venture Agreement over its gold exploration licences in New South Wales.

  The Group also continues to evaluate other corporate and exploration opportunities within the new economy and critical minerals sector.

Results

The net result of operations for the consolidated entity after applicable income tax expense was a loss of $3,716,846 (2022: loss of $6,063,051).

Dividends

No dividends were paid or proposed during the period.

Operating & Financial review

Information on the operations and financial position of the Group and its business strategies and prospects for future financial years is set out earlier in this Annual Report. The auditors have issued an unqualified opinion.

Corporate Structure

EQ Resources is a limited company that is incorporated and domiciled in Australia.

Significant Changes

Significant changes in the state of affairs of the Group for the financial year were as follows:

(a) Additional drilling results along with the reinterpretation of the Resource Model and the successful implementation of the XRT Ore Sorting Operations at lower grades resulted in a significant increase in the estimated open cut Ore Reserve to 3.5mt and a 29% increase in contained WO_3 to 1.161m mtu (refer ASX "Material Increase in Mt Carbine Ore Reserve" dated 16 September 2022.

(b) The raising of $4.56 million in a well-supported share placement at $0.04 per share, with one (1) free attaching unlisted option for every four (4) new shares subscribed for and issued, exercisable at $0.065 (6.5 cents). Following shareholder approval, the Directors of the Company finalised their subscription for $200,000 in the placement (refer ASX Announcement "EQR Raises $4.56 Million in a Well-Supported Placement" dated 31 October 2022).

(c) Increase in contributed equity of $5,332,000 (before share issue costs):

		Shares	Price	$
Issue of 25,000,000 shares @ $0.040 per share to sophisticated investors as part of the October 2022 share placement (refer ASX announcement dated 7 November 2022)	07/11/2022	25,000,000	$0.040	1,000,000
Issue of 47,670,615 shares @ $0.040 per share to sophisticated investors as part of the October 2022 share placement (refer ASX announcement dated 10 November 2022)	10/11/2022	47,670,615	$0.040	1,906,825
Issue of 19,599,064 shares @ $0.040 per share to sophisticated investors as part of the October 2022 share placement (refer ASX announcement dated 14 November 2022)	14/11/2022	19,599,064	$0.040	783,962
Issue of 16,730,321 shares @ $0.040 per share to sophisticated investors as part of the October 2022 share placement (refer ASX announcement dated 15 November 2022)	15/11/2022	16,730,321	$0.040	669,213
Issue of 6,300,000 shares @ $0.040 per share to convertible note holders for annual interest payable on the convertible notes (refer ASX announcement dated 21 November 2022)	21/11/2022	6,300,000	$0.040	252,000
Issue of 5,000,000 shares @ $0.040 per share to sophisticated shareholders, approved by shareholders on 25 January 2023, as part of the October 2022 placement (refer ASX announcement dated 1 February 2023)	01/02/2023	5,000,000	$0.040	200,000
Issue of 2,000,000 shares @ $0.040 per share upon the exercise of unlisted options granted to Key Management Personnel (refer ASX announcement dated 1 May 2023)	01/05/2023	2,000,000	$0.040	80,000
Issue of 3,000,000 shares @ $0.060 per share upon the exercise of unlisted options granted to Key Management Personnel (refer ASX announcement 16 May 2023)	16/05/2023	3,000,000	$0.060	180,000
Issue of 2,000,000 shares @ $0.040 per share upon the exercise of unlisted options (refer ASX announcement dated 26 June 2023)	26/06/2023	2,000,000	$0.040	80,000
Issue of 3,000,000 shares @ $0.060 per share upon the exercise of unlisted options (refer ASX announcement dated 26 June 2023)	26/06/2023	3,000,000	$0.060	180,000
TOTAL				**5,332,000**

Directors' Report continued

(d) Non-binding terms agreed with Regal Resources Royalties on a first stage $10 million royalty-based funding package for the Mt Carbine Tungsten Project, with parties intending to negotiate in good faith the terms for an additional (second stage) $10 million. This funding package consists of a 3% royalty with a buy-back clause after recovery of the first stage royalty (and prior to the 7th anniversary of the execution of the definitive agreements) and payment of $2.75 million reducing the royalty to 1.5% (refer ASX announcement "Complementary Royalty Funding for Mt Carbine Development" dated 21 October 2022).

The first $5 million drawdown was completed in in January 2023 with the second $5 million upon receipt of final environmental permitting for the restarting of open pit mining operations (refer ASX announcement "EQR Completes First Drawdown of $5M Royalty Funding for Mt Carbine Tungsten" dated 6 January 2023). The second $5M tranche draw down from Regal Resources Royalties was completed in March 2023 (refer ASX announcement "EQR Receives Second Tranche of Regal Royalty Payment" dated 31 March 2023).

(e) November 2022 Update of the Company's Bankable Feasibility Study for the Mt Carbine Expansion Program delivered an:

NPV, of $209.6 million (59% increase compared to initial BFS, December 2021);
IRR of 397%;
Payback period of 1.5 years; and
Life of Mine EBITDA of $324 million.

(Refer ASX announcement "Strong BFS Update Delivers 59% Increase in NPV" dated 9 November 2022)

A further update of the BFS, in the May 2023, resulted in the following strong Pre-Tax Economics*:

NPV_8 of $307.1 million (47% increase in the November 2022 BFS Update of $209);
IRR of 477%; and
Life of Mine EBITDA of $450 million.

* Concentrate sales price basis US$340/mtu (mtu = metric tonne unit, 10kg) in 2023, with a long-term forecast average of US $369/mtu (2024 – 2040) calculated using the average of the Roskill Base Case and High Case price level scenarios (see Chapter 16 of 2021 BFS).

Comparison of Consolidated Project Economics

Parameter	Unit	BFS Pit Optimisation (November 2022)	BFS Western Extension (May 2023)
Total Cash Cost (FCA)	US$/mtu	118	104
Capital Cost (Project life)	A$m	21.4	26.3*
Pre-tax $NPV_{8, real}$	**A$m**	**210***	**307****
NPV / Capex Ratio	x	9.8	11.7
Payback Period	years	1.5	<1
Strip Ratio	(Waste:Ore)	3.1:1	3.9:1
Concentrate Produced	(t / 50% WO_3)	30,960	38,570

** Capex over the entire Project life has increased due to $7.7m added to double plant capacity (without this, capex forecast is lower than last BFS)*
** * NPV shown as Project NPV; NPV attributable to EQR as 50% portion of Joint Venture Scope and 100% of additional ore recovered from Open Pit results to **$270 million***

Notes:
- *The BFS has been prepared to a -20% to +20% level of accuracy. The production target and financial information in this table must be read in conjunction with the cautionary statement in the relevant ASX Release*
- *AUD:USD average exchange rate of 0.688 over the life of Project was used for currency conversions*

(Refer ASX announcement "Strong BFS Update delivers 47% Increase in NPV" dated 22 May 2023.)

(f) First drawdown equalling to 30% of the awarded $6 million grant received from the Federal Government's Critical Minerals Accelerator Initiative (CMAI). The CMAI co-investment was utilised to implement the scope defined in the Company's Bankable Feasibility (refer ASX announcement "EQR Receives First Draw Down from $6M Federal Grant" dated 2 December 2022).

The second draw down of $3.96 million was received as announced on 2 June 2023 (refer ASX announcement "EQR Completes Second Draw Down from $6M Federal Grant).

(g) First assays from the Phase 2, 2022 diamond drilling program continue to confirm high-grade tungsten mineralisation zones west of the Andy White Open Pit. The Iron Duke northern extension hole confirmed high-grade Scheelite zones and marks a significant discovery located from soil anomalies (refer ASX announcement "Drilling Results Highlight Significant Iron Duke Discovery and Potential for Additional Pit Expansion" dated 13 February 2023).

Additional 4 holes from the Phase 2, 2022 diamond drilling program showed a significant size high-grade mineralised system emerging 150m west of the updated Mt Carbine BFS Pit, remaining open along strike and depth. Assays contain the highest per meter tungsten (WO_3 contained) intersected outside the BFS Pit with Hole EQ030 having 10-times the grade of the Open Pit Ore Reserve as reported (0.33% WO_3) (refer ASX Announcement "Drilling Confirms High-Grade Mineralised System in Western Extension" dated 27 February 2023).

(h) Environmental Authority secured to resume open cut mining at Mt Carbine (refer ASX announcement "EQR Secures Environmental Authority to Resume Open Pit Mining at Mt Carbine" dated 6 March 2023).

(i) Mt Carbine Mining Leases ML 4867 and ML 4919 were renewed for a further 19 years (refer ASX announcement "Mt Carbine Mining Leases Renewed for 19 Years" dated 24 March 2023).

(j) Updated Mt Carbine Mineral Resource Estimate (MRE) confirms an increase of 64% metal contained in Indicated Resources (In-situ), adding ~2.11 million mtu. Global MRE inventory went up by 28.6% for a total increase of 2,136,338 mtu. The extension drilling around the Dyke West Zone and Northern Iron Duke Zone was principally responsible for the significant increase in metal inventory at Mt Carbine (refer ASX announcement "64% Increase of Mt Carbine Indicated Resources (In-Situ)" dated 4 April 2023).

(k) Updated Ore Reserves for the Mt Carbine Tungsten Project following the successful 2022 drilling campaigns and corresponding update of the Mt Carbine Mineral Resource Estimate formed the basis for the significant increase in the estimated open cut Ore Reserves tonnage and contained WO_3 metal (refer ASX announcement "43% Increase in Mt Carbine Ore Reserves from Western Pit Extension" dated 18 May 2023).

Table 1 - Mt Carbine Ore Reserves at 15 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**
LGS - Proven	-	-	-
LGS - Probable	9.77	0.075%	732,750
LGS - Total	**9.77**	**0.075%**	**732,750**

(l) Mining Services Agreement executed with Golding Contractors Pty Ltd for the restart of open pit mining operations at Mt Carbine (refer ASX announcement "EQR & Golding Execute Mining Contract for Mt Carbine" dated 29 May 2023).

(m) $2.3 million tax R&D Tax refund received as a result of the Company's extensive R&D programs conducted in preparation for the Open Cut restart from the end of June 2023 (refer ASX announcement "EQR Receives $2.3M through R&D Tax Refund" dated 20 June 2023).

(n) First blast on 25 June 2023 restarts Open Cut production at Mt Carbine (refer ASX announcement "First Blast at Mt Carbine Restarts Open Cut Production" dated 26 June 2023).

Directors' Report continued

Directors' Interests in Shares, Options and Performance Rights

Director	Shares Directly and Indirectly Held	Options Directly and Indirectly Held	Performance Rights Directly and Indirectly Held
O. Kleinhempel	20,033,600	10,312,500	-
S. Layton	55,431,559	4,312,500	-
R.D. Morrow	5,991,471	4,312,500	-
Z.P. Yeo	71,482,310	4,312,500	-

Directors' interests in shares, options and performance rights as at 30 June 2023 are set out under Section (e) of the Remuneration Report.

Company Secretary

Company Secretary:

Melanie Leydin

Ms Leydin has over 25 years' experience in the accounting profession and over 15 years as a Company Secretary with extensive experience in relation to Public Company responsibilities. Ms Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law, is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and Registered Company Auditor. Ms Leydin graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the Principal of Leydin Freyer Corp Pty Ltd. Following Leydin Freyer's acquisition by Vistra Australia in November 2021, Ms Leydin now holds the position of Australian Managing Director of Vistra Australia which provides outsourced Company Secretarial and accounting services to public and private companies across a host of industries.

Meetings of Directors

During the financial year, six (6) Board Meetings and two (2) Audit Committee Meetings were held.

Director	Meetings Eligible to Attend	Meetings Attended
O. Kleinhempel	8	7
S. Layton	8	8
R.D. Morrow	8	8
Z.P. Yeo	8	8

The following table sets out the number of meetings of committees of Directors held during the financial year and the number of meetings attended by each Director (while they were a committee member):

	Remuneration & Nomination Committee		Audit Committee		Risk Committee	
Director	**Meetings Eligible to Attend**	**Meetings Attended**	**Meetings Eligible to Attend**	**Meetings Attended**	**Meetings Eligible to Attend**	**Meetings Attended**
O. Kleinhempel	2	2	2	2	1	1
S. Layton	2	2	2	2	1	1
R.D. Morrow	2	2	2	2	1	1
Z.P. Yeo	2	2	2	2	1	1

Share Options and Performance Rights

No Share Options nor Performance Rights were granted during the reporting period, as remuneration, to Key Management Personnel of the Group.

There are 130,782,346 unissued ordinary shares of EQ Resources under vested options at the date of this report, 33,250,000 of which relate to options issued to Key Management Personnel. Refer to Remuneration Report for further details.

Remuneration Report - Audited

This report for the year ended 30 June 2023 outlines the remuneration arrangements for the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited in accordance with section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements of Key Management Personnel (KMP) who are defined as those persons having the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term ‘Executive’ includes the executive directors, senior executives and general managers of the Group, whilst the term ‘NED’ refers to Non-Executive Directors only.

The Remuneration Report is set out under the following main headings:

(a) Policy Used to Determine the Nature and Amount of Remuneration;

(b) Key Management Personnel;

(c) Details of Remuneration;

(d) Cash Bonuses;

(e) Equity Instruments;

(f) Options and Performance Rights Granted as Remuneration;

(g) Equity Instruments Issued on Exercise of Remuneration Options or Rights;

(h) Service Agreements; and

(i) EQ Resources’ Financial Performance.

Directors' Report continued

(a) Policy Used to Determine the Nature and Amount of Remuneration

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The Board believes that executive remuneration satisfies the following key criteria:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

These criteria result in a framework which can be used to provide a mix of fixed and variable remuneration and a blend of short and long-term incentives in line with the Company's financial resources.

Fees and payments to the Company's Non-executive Directors and senior executives reflect the demands which are made on, and the responsibilities of, the Directors and the senior management. Such fees and payments are reviewed annually by the Board. The Company's Executive and Non-executive Directors, senior executives and officers are entitled to receive performance rights, options and/or shares under the Company's Equity Incentive Plan which was approved by shareholders at the General Meeting held on 26 November 2020.

Fees for Non-executive Directors are not linked to the performance of the Group.

Use of Remuneration Consultants

The Group has not used any remuneration consultants during the year.

Voting and Comments made at the Group's 2022 Annual General Meeting

The Group received votes against its Remuneration Report for the 2022 financial year however did not receive any specific feedback on its remuneration practices at the 2022 Annual General Meeting or during the year.

(b) Key Management Personnel

The following persons were Key Management Personnel of the Group during the 2023 financial year:

	Position	Appointment	Resignation
Directors			
O. Kleinhempel	Non-executive Director Non-executive Chairman	12 August 2019 24 April 2020	-
S. Layton	Independent Non-executive Director	14 November 2017	-
R.D. Morrow	Independent Non-executive Director	16 March 2021	-
Z.P. Yeo	Non-executive Director	12 August 2019	-

Executives			
K.B. MacNeill	Interim Chief Executive Officer & Senior Technical Advisor Chief Executive Officer	4 May 2020 1 April 2021	- -

(c) Details of Remuneration

Directors are entitled to remuneration out of the funds of the Company, but the remuneration of the Non-executive Directors may not exceed in any year the amount fixed by the Company in general meeting for that purpose. The aggregate remuneration of the Non-executive Directors has been fixed at a maximum of $200,000 per annum to be apportioned among the Non-executive Directors in such a manner as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board Meetings and otherwise in the execution of their duties as Directors.

Details of the nature and amount of each element of the remuneration of each of the Key Management Personnel of the Company and the consolidated entity during the year ended 30 June 2023 are set out in the following tables:

	Short-term benefits				Share-based payments			
2023	Salary & fees $	Non-monetary benefits $	Leave provisions $	Post-employment benefits $	Shares $	Performance rights and options[1] $	Total $	% Performance based
Directors								
O. Kleinhempel	48,000	-	-	-	-	37,967	85,967	44.2%
S. Layton	48,000	-	-	-	-	19,150	67,150	28.5%
R. Morrow	48,000	-	-	-	-	19,150	67,150	28.5%
Z.P. Yeo	48,000	-	-	-	-	19,150	67,150	28.5%
Executives								
K.B. MacNeill	300,000	15,661	25,991	-	-	25,413	367,065	6.9%
Total KMP compensation	**492,000**	**15,661**	**25,991**	**-**	**-**	**120,830**	**654,482**	

	Short-term benefits				Share-based payments			
2022	Salary & fees $	Non-monetary benefits $	Leave provisions $	Post-employment benefits $	Shares $	Performance rights and options[1] $	Total $	% Performance based
Directors								
O. Kleinhempel	48,000	-	-	-	-	98,280	146,280	67.2%
S. Layton	48,000	-	-	-	-	39,312	87,312	45.0%
R. Morrow	48,000	-	-	-	-	39,312	87,312	45.0%
Z.P. Yeo	48,000	-	-	-	-	39,312	87,312	45.0%
Executives								
K.B. MacNeill	300,000	105,004	23,149	-		76,167	504,320	15.1%
Total KMP compensation	**492,000**	**105,004**	**23,149**	**-**	**-**	**292,383**	**912,536**	

Performance rights and options do not represent cash payment to Directors or senior executives and performance rights / options granted may or may not be exercised by the Directors or executives.

(d) Cash Bonuses

No cash bonuses were paid during the period.

(e) Equity Instruments

The Company rewards Directors and executives for their performance and aligns their remuneration with the creation of shareholder wealth by issuing shares, options or performance rights. Share-based compensation is at the discretion of the Board and no individual has an unconditional contractual right to participate in any share-based plan or receive any guaranteed benefits.

Directors' Report continued

(i) Shareholdings

The trading of shares issued pursuant to the Company's Equity Incentive Plan are subject to the Company's Securities Trading Policy; further, Key Management Personnel and employees are encouraged not to trade shares granted in order to align Director, Key Management Personnel and employee interests with those of all shareholders. Details of equity instruments (other than options and rights) held directly, indirectly or beneficially by Key Management Personnel and their related parties are as follows:

30 June 2023	Balance at 1 July 2022	Granted as compensation	Received on exercise of Performance Rights	Other Changes	Balance at 30 June 2023	Balance held nominally
Directors						
O. Kleinhempel	18,783,600	-	-	1,250,000	20,033,600	-
S. Layton	54,181,559	-	-	1,250,000	55,431,559	-
R. Morrow	4,422,000	-	-	1,569,471	5,991,471	-
Z.P. Yeo	70,232,310	-	-	1,250,000	71,482,310	-
Executives						
K.B. MacNeill	439,989	-	5,000,000	(1,278,200)	4,161,789	-
	148,059,458	**-**	**5,000,000**	**3,721,800**	**157,100,729**	**-**

(ii) Options and Performance Rights Holdings

Details of options and performance rights held directly, indirectly or beneficially by Key Management Personnel and their related parties, during the financial year, are as follows:

30 June 2023	Balance at 1 July 2022	Granted	Exercised	Balance	Total vested and exercisable	Total unvested and unexercisable
Directors						
O. Kleinhempel	10,000,000	312,500	-	10,312,500	10,312,500	-
S. Layton	4,000,000	312,500	-	4,312,500	4,312,500	-
R. Morrow	4,000,000	312,500	-	4,312,500	4,312,500	-
Z.P. Yeo	4,000,000	312,500	-	4,312,500	4,312,500	-
Executives						
K.B. MacNeill	15,000,000	-	5,000,000	10,000,000	10,000,000	-
	37,000,000	**1,250,000**	**5,000,000**	**33,250,000**	**33,250,000**	**-**

(iii) Loans to Key Management Personnel

No loans have been made to Key Management Personnel of the consolidated Group, including their personally-related entities.

(iv) Other Transactions and Balances

No other transactions were entered into with Key Management Personnel during the financial year other than those disclosed in Note 33 (d).

(f) Options and Performance Rights Granted as Remuneration

No Options or Performance Rights were granted by the Company to Key Management Personnel of the Group during the financial year as part of their remuneration.

(g) Equity Instruments Issued on Exercise of Remuneration Options or Rights

5,000,000 equity instruments were issued during the 2023 financial year to Key Management Personnel as a result of options or rights exercised that had previously been granted as remuneration.

No equity instruments were issued to the Directors of the Group as a result of options or rights exercised that had previously been granted as remuneration.

(h) Service Agreements

Remuneration and other terms of employment for the Directors and Executives are formalised in Service/Appointment Agreements. All contracts with Directors and executives may be terminated by either party with regards to the stipulated notice period, subject to any termination payments as detailed below.

Directors

O. Kleinhempel

There is a written agreement with Mr Kleinhempel dated 12 August 2019 in his role as Non-executive Director of the Company and subsequently as Non-Executive Chairman on 24 April 2020. Cash payments and benefits totalling $48,000 were paid to Mr Kleinhempel during the 2023 financial year.

S. Layton

There is a written agreement with Mr Layton dated 9 November 2017 in his role as Non-executive Director of the Company. Cash payments and benefits totalling $48,000 were paid to Mr Layton during the 2023 financial year. The payments were made through Bodie Investments Pty Ltd, a company in which Mr Layton has a substantial interest.

R.D. Morrow

There is a written agreement with Mr Morrow dated 22 February 2021 in his role as Non-executive Director of the Company. Payments and benefits totalling $48,000 were paid to Mr Morrow during the 2023 financial year.

Z.P. Yeo

There is a written agreement with Mr Yeo dated 12 August 2019 in his role as Non-executive Director of the Company. Cash payments and benefits totalling $48,000 were paid to Mr Yeo during the 2023 financial year.

Executives

K.B. MacNeill

There was a written agreement with Mr MacNeill dated 1 April 2021 in his role as Chief Executive Officer. The Company or Mr MacNeill may terminate the contract by giving three month's written notice. Cash payments and non-monetary benefits totalling $367,065 were received by Mr MacNeill during the 2023 financial year.

(i) EQ Resources' Financial Performance

EQ Resources' financial performance for the five years to 30 June 2023 is summarised below and the relationship between results and performance is discussed.

Year ended	Measure	2023	2022	2021	2020	2019
Net profit / (loss) after tax	$	(3,716,846)	(6,063,051)	(4,574,191)	(3,015,680)	3,808,863
Net assets	$	16,304,564	14,317,218	16,725,734	14,936,296	10,905,040
Cash and cash equivalents	$	5,335,596	1,723,426	3,504,721	2,989,859	217,962
Cash flows from operating activities	$	(1,392,628)	(3,112,770)	(3,816,722)	(2,948,321)	(1,627,127)
EBITDA	$	(829,258)	(4,478,339)	(3,947,550)	(2,789,350)	3,847,034
Share price at 30 June	$	$0.070	$0.047	$0.028	$0.028	$0.031
Basic earnings / (loss) per share	Cents	(0.26)	(0.45)	(0.39)	(0.30)	0.67

Directors' Report continued

Financial Performance

The loss for the consolidated Group for the financial year after tax amounted to $3,716,846 (2022: loss of $6,063,051). This result was primarily brought about by an ~111% increase in revenues and other income with only a ~37% increase in total expenses.

The Group has created value for shareholders through:

- its continued focus on optimising production and recoveries from the Mt Carbine Retreatment and XRT Sorter Plants;
- ongoing investment in drilling programs to further define the Mt Carbine Tungsten Resource and Reserves; and
- delivery of strong pre-tax economics from the May 2023 Update of the Bankable Feasibility Study which focused on the high-grade ore from the Company's 100% owned Andy White Open Pit, supplemented by the Low-Grade Stockpile; and
- Commencement of open cut mining operations from the Andy White Open Pit following the Mining Contract execution with Golding Contractors Pty Ltd for the restart of open pit operations in late June 2023.

The Company also continues to evaluate its NSW Exploration Licences in conjunction with the development and commercialisation of its tungsten assets in Far North Queensland.

Financial Position

In accordance with the Company's accounting policy, the recoverability of the carrying amounts of Deferred Exploration and Evaluation Expenditure were reassessed during the 2023 financial year with no impairments recognised, resulting in exploration and evaluation expenses of $3,469,157, before amortisation and R&D Tax Offset, being capitalised for the 2023 financial year. The carrying value of the exploration assets as at 30 June 2023 is $14,273,131 (2022: $12,598,157).

At 30 June 2023, the Group had a net working capital deficit of $13,978,417 (2022: $4,090,968 deficit). The deficit in net working capital is predominately due to the Company funding its capital growth initiatives via short-term financing facilities such as equipment leases, offtake advance extension, government grants and trade payables.

It should be noted that:

- Whilst the offtake advance facility of $4,901,961 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 over the life of the joint venture between EQ Resources Limited and Cronimet Australia Pty Ltd rather than within the next 12 months as depicted on the Statement of Financial Position; and
- The Convertible Notes are classified as a current liability of $3,494,215 due to their expiry in September 2023 along with the note holders having an option to convert into cash or shares. The Company believes there is a high probability that the holders will convert to shares upon expiry thereby converting this liability into equity.

With these two factors taken into consideration the net working capital deficit for the consolidated entity reduces to $4,201,981.

During the year, the Company's issued share capital increased by $5,332,000 (before share issue costs) due to a capital raising in October 2022 and the conversion of 10,000,000 convertible notes in the first 6 months of 2023.

Indemnification and Insurance of Officers and Auditors

Indemnification

The Company has not, during or since the end of the financial period, in respect of any person who is or has been an Officer of the Company or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an Officer, including costs and expenses in successfully defending legal proceedings.

Insurance Premiums

During the financial period the Company has paid premiums to insure each of the Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of a Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The premiums paid are not disclosed as such disclosure is prohibited under the terms of the insurance contract.

Audit and Non–Audit Services

During the financial year, the following fees for audit and non-audit services were paid or payable to Nexia Melbourne Audit Pty Ltd and Nexia Melbourne Pty Ltd:

	2023 $	2022 $
Audit-related services		
Amounts paid or payable to Nexia Melbourne Audit Pty Ltd		
- Audit services	88,680	65,100
Taxation services		
Amounts paid or payable to Nexia Melbourne Pty Ltd		
- Tax compliance services (tax returns)	16,700	13,000
- Other tax advice	-	-
	105,380	**78,100**

The Directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.*

On the advice of the Audit Committee, the Directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the non-audit services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

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.

Directors' Report continued

Corporate Governance

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the period is displayed on the Company's website at https://www.eqresources.com.au/site/who-we-are/corporate-governance.

Signed this 28h day of September 2023 in accordance with a resolution of Directors.

Oliver Kleinhempel
Non-executive Chairman

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue	2	**5,138,414**	4,072,177
Other income	2	**7,981,238**	2,159,086
Total revenue & other income		**13,119,652**	6,231,263
Administration expenses		**(1,077,473)**	(783,403)
Consultant expenses		**(450,804)**	(121,490)
Depreciation	9	**(1,292,283)**	(866,847)
Amortisation – deferred exploration & evaluation	10	**(131,796)**	(72,745)
Development and testwork costs		**(710,998)**	(462,779)
Exploration expenses written-off		**(3,187)**	(3,868)
ESG initiatives		**(45,540)**	-
Finance costs		**(1,491,341)**	(643,185)
Foreign exchange gains (losses)		**(221,964)**	(397,138)
Occupancy expenses		**(276,104)**	(135,303)
Gain / (Loss) on disposal of fixed assets		**(87,946)**	(36,421)
Production expenses		**(4,547,603)**	(3,950,231)
Salaries and employee benefits expense		**(5,248,052)**	(4,047,291)
Share based payments	28	**(674,837)**	(411,648)
Superannuation		**(406,687)**	(287,224)
Travel and accommodation		**(169,496)**	(76,674)
Total expenses		**(16,836,111)**	(12,296,247)
Profit (Loss) before income tax expense		**(3,716,459)**	(6,064,984)
Income tax expense	3	**-**	-
Profit (Loss) after income tax expense		**(3,716,459)**	(6,064,984)
Other comprehensive income/(loss)			
Gain/(loss) on revaluation of financial assets		**(387)**	1,933
Total Comprehensive Profit / (Loss) Attributable to Owners of EQ Resources Limited		**(3,716,846)**	(6,063,051)
		Cents	Cents
Basic profit (loss) per share	14	**(0.26)**	(0.45)
Diluted profit (loss) per share	14	**(0.24)**	(0.42)

Consolidated Statement of Financial Position

As at 30 June 2023

	Note	2023 $	2022 $
Current Assets			
Cash assets	21(b)	**5,335,596**	1,723,426
Trade and other receivables	7	**3,933,612**	2,323,599
Prepayments	7	**634,064**	632,292
Inventory	4	**877,740**	876,438
Financial assets	5	**815,649**	-
Total current assets		**11,596,661**	**5,555,755**
Non-Current Assets			
Receivables	8	**4,487,440**	1,081,292
Plant and equipment	9	**14,014,956**	7,015,995
Inventory	4	**8,213,656**	6,812,875
Deferred exploration and evaluation	10, 19	**14,273,131**	10,803,974
Financial assets	5	**2,560,468**	5,543
Total Non-Current Assets		**43,549,651**	**25,719,679**
Total Assets		**55,146,312**	**31,275,434**
Current Liabilities			
Trade and other payables	11, 27	**11,309,854**	5,026,531
Employee benefits	29	**439,919**	282,397
Lease liability	25, 27	**910,822**	665,754
Convertible notes	13	**3,494,215**	-
Financial liabilities	24	**1,369,196**	-
Contract liability – offtake	22	**4,901,961**	3,266,190
Contract liability - sublease	22	**1,768,851**	405,851
Total Current Liabilities		**24,194,818**	**9,646,723**
Non-Current Liabilities			
Employee benefits	29	**31,868**	15,418
Lease liability	25, 27	**1,176,523**	1,335,829
Convertible notes	13	**-**	3,004,651
Financial liabilities	24	**11,787,921**	-
Contract liability - sublease	22	**-**	1,432,259
Other borrowings	23	**1,650,618**	1,523,336
Total Non-Current Liabilities		**14,646,930**	**7,311,493**
Total Liabilities		**38,841,748**	**16,958,216**
Net Assets		**16,304,564**	**14,317,218**
Equity			
Issued capital	12	**27,222,060**	22,192,705
Reserves		**3,523,413**	2,848,576
Accumulated profit / (loss)		**(14,440,909)**	(10,724,063)
Total Equity		**16,304,564**	**14,317,218**

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash Flows from Operating Activities			
Proceeds from sales to customers		**6,236,356**	4,809,948
Proceeds from R & D tax offset		**2,346,937**	1,501,199
Proceeds from diesel fuel rebate		**271,989**	229,063
Proceeds from grants		**5,983,000**	451,000
Proceeds from government COVID-19 relief packages		**-**	-
Proceeds from other sources		**307,160**	44,436
Payment to suppliers and employees		**(16,499,915)**	(10,120,348)
Interest paid		**-**	(4,185)
Interest paid for lease liabilities		**(55,834)**	(25,278)
Interest received		**17,679**	1,395
Net Cash Flows Used in Operating Activities	21(a)	**(1,392,628)**	**(3,112,770)**
Cash Flows from Investing Activities			
Payments for the purchase of plant and equipment		**(4,293,175)**	(3,350,052)
Payments for the capitalised exploration and evaluation expenditure		**(3,085,926)**	(3,098,868)
Proceeds from the sale or disposal of plant and equipment		**118,291**	-
Payment of loan to other entities (unincorporated joint venture)		**(3,694,544)**	-
Proceeds from release of other security deposits		**-**	4,100
Payments for the purchase of tenements		**-**	-
Payments / proceeds for tenement security deposits		**-**	255
Net Cash Flows Used in Investing Activities		**(10,955,354)**	**(6,444,565)**
Cash Flows from Financing Activities			
Proceeds from the issue of shares		**4,812,000**	-
Proceeds from the issue of convertible notes		**-**	6,000,000
Payments for share / convertible note issue costs		**224,307**	(302,422)
Proceeds from long-term loan facilities		**10,000,000**	-
Proceeds from short-term loan facilities (unincorporated joint venture)		**100,000**	-
Proceeds from short-term loan facilities (other related parties)		**-**	1,500,000
Payments for lease liabilities		**(289,658)**	(93,729)
Payments for loans and borrowing cost		**(317,689)**	-
Proceeds from offtake advance extension		**1,482,960**	689,266
Proceeds from working capital loan (unincorporated joint venture)		**-**	-
Proceeds from prepayments for sales of concentrate and quarry materials		**-**	-
Net Cash Flows from Financing Activities		**16,011,920**	**7,793,115**
Net (decrease)/increase in cash held		**3,663,939**	(1,764,220)
Add opening cash brought forward		**1,723,426**	3,504,721
Effect of movement in exchange rates on cash held		**(51,769)**	(17,075)
Closing Cash Carried Forward	**21(b)**	**5,335,596**	**1,723,426**

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	Attributable to the Shareholders of EQ Resources Limited			
Consolidated	**Issued Capital $**	**Accumulated Losses $**	**Reserves $**	**Total Equity $**
At 1 July 2021	**20,603,915**	**(4,661,012)**	**782,831**	**16,725,734**
Profit / (loss) for the period	-	(6,064,984)	-	(6,064,984)
Adjustment to prior year	-	-	-	-
Other comprehensive income for the period	-	1,933	-	1,933
Total comprehensive loss for the period	**-**	**(6,063,051)**	**-**	**(6,063,051)**
Issue of share capital	2,004,100	-	-	2,004,100
Share issue costs	(415,310)	-	-	(415,310)
Share based payments	-	-	2,065,745	2,065,745
Total transactions with owners in their capacity as owners	**1,588,790**	**-**	**2,065,745**	**3,654,535**
Balance at 30 June 2022	**22,192,705**	**(10,724,063)**	**2,848,576**	**14,317,218**
At 1 July 2022	**22,192,705**	**(10,724,063)**	**2,848,576**	**14,317,218**
Profit / (loss) for the period	-	(3,716,459)	-	(3,716,459)
Adjustment to prior year	-	-	-	-
Other comprehensive income for the period	-	(387)	-	(387)
Total comprehensive loss for the period	**-**	**(3,716,846)**	**-**	**(3,716,846)**
Issue of share capital	5,332,000	-	-	5,332,000
Share issue costs	(302,645)	-	-	(302,645)
Share based payments	-	-	674,837	674,837
Total transactions with owners in their capacity as owners	**5,029,355**	**-**	**674,837**	**5,704,192**
Balance at 30 June 2023	**27,222,060**	**(14,440,909)**	**3,523,413**	**16,304,564**

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 the discharge of liabilities in the normal course of business.

For the full-year ended 30 June 2023, the consolidated entity incurred a total comprehensive loss of $3,716,846 (2022: loss of $6,063,051), incurred cash outflows from operating activities of $1,392,628 (2022: $3,112,770) and had a net working capital deficit of $12,598,157 (2022: $4,090,968 deficit). The deficit in net working capital is predominately due to the Company funding its capital growth initiatives via short-term financing facilities such as equipment leases, offtake advance extension, government grants and trade payables.

It should be noted that:

- Whilst the offtake advance facility of $4,901,961 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 over the life of the joint venture between EQ Resources Limited and Cronimet Australia Pty Ltd rather than within the next 12 months as depicted on the Statement of Financial Position; and
- The Convertible Notes are classified as a current liability of $3,494,215 due to their expiry in September 2023 along with the note holders having an option to convert into cash or shares. The Company believes there is a high probability that the holders will convert to shares upon expiry thereby converting this liability into equity.

With these two factors taken into consideration the net working capital deficit for the consolidated entity reduces to $4,201,981.

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

- The commencement of open-cut mining operations in late June 2023 with increased volume and higher grade material resulting in strong positive cashflows. This assumption is supported by the Mt Carbine Operations achieving daily concentrate production records in-line with he open-cut ramp up scheduled in September 2023; along with
- 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

These general-purpose financial statements have been prepared in accordance with the requirements of the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. These financial statements have been prepared on a historical cost basis. The financial report is presented in Australian currency. The consolidated entity operates on a for-profit basis.

(c) Statement of Compliance

The financial statements have been prepared and comply with Australian Accounting Standards. The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Notes to the Consolidated Financial Statements continued

(d) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) as at 30 June each year. Control is defined as entities which the Group has power over and the rights to, or is exposed to, variable returns from its involvement with the entity and has the ability to use its power to affect those returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Subsidiaries are fully consolidated from the date upon which control is transferred to the Group and cease to be consolidated from the date upon which control is transferred out of the Group.

Interests in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Standards applicable to the particular assets, liabilities, revenue and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group’s consolidated financial statements only to the extent of other parties’ interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party. The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group’s investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

(e) Property, Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated either on a diminishing value or straight-line basis over the estimated useful life of the asset. Plant and equipment useful life ranges from 1 – 25 years.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

An item of plant and equipment is derecognised upon disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(f) Inventory

Inventories are valued at the lower of cost and net realisable value as per AASB 102 with the exception of 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.

The cost of partly-processed and saleable products is generally the cost of production, including:

- labour costs, materials and contractor expenses which are directly attributable to the processing of quarry material or the production of tungsten concentrate;
- the depreciation of property, plant and equipment used in the processing of quarry material or the production of tungsten concentrate; and
- Production overheads.

(g) Borrowings

Borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the accounting policy for borrowing costs.

Borrowings are classified as current unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

(h) Recoverable Amount of Assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use.

(i) Exploration, Evaluation, Development and Restoration Costs

Exploration and Evaluation

Exploration and evaluation expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Notes to the Consolidated Financial Statements continued

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated within costs of development.

Exploration and Evaluation – Impairment

The Directors assess at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation costs whether the above carry forward criteria are met.

Accumulated costs in respect of areas of interest are written off or a provision made in profit or loss when the above criteria do not apply or when the Directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis, provisions would be reviewed and if appropriate, written back.

Development

Development expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the Directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development property.

All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until a decision has been made to commence mining. After this decision, the costs are amortised over the life of the area of interest to which such costs relate on a production output basis.

Remaining Mine Life

In estimating the remaining life of the mine at each mine property for the purpose of amortisation and depreciation calculations, due regard is given not only to the volume of remaining economically recoverable reserves but also to limitations which could arise from the potential for changes in technology, demand, product substitution and other issues that are inherently difficult to estimate over a lengthy time frame.

(j) Cash and Cash Equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts, if any.

(k) Revenue & Other Income

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The revenue is recognised when it transfers control over a product to a customer.

Where payment is received upfront a contract liability is recognised on receipt of payment and revenue is recognised over a period in time as product/services are delivered.

In addition to the above, the following specific recognition criteria must also be met before revenue is recognised:

Sublease Rent

Revenue is recognised in accordance with the Retreatment Operations Sublease Agreement when the gross value of the consideration of the minerals extracted from the subleased area has been received.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Research and Development Refundable Tax Offset

The Research and Development (R&D) Refundable Tax Offset is recognised as other income when it is received as it relates to expenditure incurred in the past. That part of the R&D Tax Offset that relates to capitalised expenditure recognised in a prior period (if any) is offset against that capitalised expenditure.

Government Grants

Government grant(s) are recognised when there is a reasonable assurance that the Company will comply with the relevant conditions and that the grant will be received. If the conditions are met, the government grant is recognised in profit or loss on a systematic basis in line with its recognition of the expenses that the grant(s) are intended to compensate.

(l) Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such a tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Notes to the Consolidated Financial Statements continued

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised leave payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the “Property, Plant and Equipment” policy (as outlined in the financial report for the annual reporting period).

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “Other Expenses” in profit or loss.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

(m) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at reporting date.

Deferred income tax is provided on all temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

(n) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(o) Currency

Both the functional and presentation currency is Australian dollars (A$).

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

Notes to the Consolidated Financial Statements continued

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

(p) Investment in Subsidiaries

The parent entity's investment in its subsidiaries is accounted for under the cost method of accounting in the Company's financial statements included in Note 18.

(q) Share Based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 28.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the good or services received, except where fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

(r) Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, which management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Accounting for Acquisition of Businesses

Accounting for acquisition of businesses requires judgement and estimates in determining the fair value of acquired assets and liabilities. The relevant accounting standard allows the fair value of assets acquired to be refined for a window of a year after the acquisition date and judgement is required to ensure that any adjustments made reflect new information obtained about facts and circumstances that existed as of the acquisition date.

Impairment of Non-Financial Assets

The consolidated entity assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions. Refer to notes 9, 10, and 19 for further detail regarding judgements made when assessing impairment of plant and equipment and deferred exploration and evaluation costs and determining their recoverable amount.

Measurement of Fair Values

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the value in the valuation techniques as follows:

Level 1: quoted prices (unadjusted in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset of liability, directly (ie. as prices) or indirectly (ie. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 24 – Other Financial Liabilities; and

Note 27 – Financial Risk Management Objectives and Policies.

(s) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Mr K. MacNeill, Chief Executive Officer (CEO).

Notes to the Consolidated Financial Statements continued

2. REVENUE AND OTHER INCOME

Revenue	**2023 $**	**2022 $**
Sales and hire income	**5,039,906**	4,014,380
Sub-lease rent (unincorporated joint venture)	**69,259**	54,768
Interest received – other persons/corporation	**29,249**	3,029
	5,138,414	4,072,177
Other income:		
Government wage subsidies	**322,050**	52,726
AMGC grant	**190,000**	392,000
CMAI grant	**4,824,818**	-
R&D tax offset	**2,307,510**	1,501,200
Diesel fuel rebates	**336,860**	205,959
Other income	**-**	7,201
	7,981,238	2,159,086
Total revenue and other income	**13,119,652**	6,231,263

3. INCOME TAX

	2023 $	**2022 $**
(a) Reconciliation of income tax expense to prima facie tax payable		
Profit / (loss) before income tax	**(3,716,846)**	(6,063,052)
Tax at the statutory rate of 25% (30 June 2022: 25%)	**(929,212)**	(1,515,763)
Tax effect of amounts which are not taxable in calculating taxable income:		
Non-deductible expenses	**1,418,709**	852,912
Non-assessable income	**(586,734)**	(375,300)
Deferred tax assets not recognised	**1,533,746**	1,038,151
Income tax benefit	**1,436,510**	-
(b) Unrecognised deferred tax assets		
Balance at beginning of year	**4,511,295**	5,123,772
Current year not recognised	**180,749**	(612,477)
Adjustments in respect of prior year tax balances	**638,668**	-
Tax rate change 26% to 25% (Prior Year: Tax rate change from 26% to 25%)	**-**	-
Balance at end of year	**5,330,712**	4,511,295
Deferred tax assets have not been recognized in respect of the following items:		
Tax losses	**9,772,349**	7,685,998
Less: other timing differences	**(4,441,637)**	(3,174,703)
Net deferred tax assets	**5,330,712**	4,511,295

No provision for income tax is considered necessary in respect of the Company for the period ended 30 June 2023.

Deferred tax assets have not been recognised in respect of these items because it is not probable in the short to medium term that these assets will be realised. The Group has total tax losses at 30 June 2023 of $39,089,398 (2022: $30,743,977). A future income tax benefit which may arise from tax losses of 25% of approximately $9,772,349 will only be obtained if:

- the parent and the subsidiaries derive future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the parent and the subsidiaries continue to comply with the conditions for deductibility imposed by the law; and

- no changes in tax legislation adversely affect the Parent and the Subsidiaries in realising the benefit from the deductions for the losses, i.e. current tax legislation permits carried forward tax losses to be carried forward indefinitely.

No franking credits are available for subsequent years.

Tax consolidation

The tax consolidation scheme is applicable to the Company. As at the date of this report the Directors have assessed the financial effect the scheme may have on the Company and its consolidated entities and have made a decision to be taxed as a consolidated entity. The financial effect of the tax consolidation scheme on the Group has not been recognised in the financial statements.

4. INVENTORY

	2023 $	2022 $
Current		
Finished goods	**341,447**	353,889
Work-in-progress	**218,517**	364,552
Raw materials	**39,094**	72,547
Workshop inventory	**278,682**	85,450
	877,740	876,438
Non-current		
Finished goods	**1,690,023**	-
Raw materials	**6,523,633**	6,812,875
	8,213,656	6,812,875
	9,091,396	7,689,313

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 the work-in-progress and finished goods inventory which have been created from this stockpiled material since acquisition. The inventory will be consumed on a units of operation basis 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 (NRV). 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 cost of inventories recognised as an expense do not include any write-downs of inventory to NRV.

Notes to the Consolidated Financial Statements continued

5. FINANCIAL ASSETS

	2023 $	2022 $
Shares in listed companies:[1]		
Critical Resources Limited (ASX: CRR)	**5,156**	5,543
	5,156	5,543
Capitalised borrowing costs:[2]		
Current	**108,417**	-
Non-current	**200,084**	-
	308,501	-
Unexpired interest:[2]		
Current	**707,232**	-
Non-current	**2,133,500**	-
	2,840,732	
Deferred acquisition costs:[3]		
Non-Current	**221,729**	-
	221,729	-
	3,376,118	5,543

1 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.

2 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 7th 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.

3 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. These costs will be amortised over the life of mine.

6. AUDITOR'S REMUNERATION

	2023 $	2022 $
Audit-related services		
Amounts paid or payable to Nexia Melbourne Audit Pty Ltd		
- Audit services	**88,680**	65,100
Taxation Services		
Amounts paid or payable to Nexia Melbourne Pty Ltd		
- Tax compliance services (tax returns)	**16,700**	13,000
- Other tax advice	**-**	-
	105,380	**78,100**

7. TRADE AND OTHER RECEIVABLES

	2023 $	2022 $
Trade receivables	**2,495,980**	1,645,546
Less: Allowance for doubtful debts	**(549)**	-
	2,495,431	1,645,546
Other taxation	**808,648**	484,950
Other receivables	**629,533**	193,103
Total trade & other receivables	**3,933,612**	2,323,599
Prepayments	**634,064**	632,292

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. A provision has been made for those receivables whose recovery was deemed doubtful as at reporting date.

8. RECEIVABLES

	2023 $	2022 $
Receivables from related entities	**3,306,742**	-
Tenement security deposits	**1,172,598**	1,075,130
Other security deposits	**8,100**	6,162
	4,487,440	1,081,292

Tenement deposits are restricted in that they are available for rehabilitation that may be required on the mining leases and/or exploration tenements (refer to Notes 16 and 17).

Receivables from related entities relate to the Company's 50% portion of loans provided to the unincorporated joint venture during the reporting period. These loans are unsecured and non-interest bearing.

Notes to the Consolidated Financial Statements continued

9. PLANT AND EQUIPMENT AT COST

	2023 $	2022 $
Plant and equipment	**14,217,001**	6,975,823
Accumulated depreciation	**(2,578,094)**	(1,979,791)
Plant and equipment – right of use assets	**3,617,131**	2,676,371
Accumulated depreciation	**(1,241,082)**	(656,408)
	14,014,956	7,015,995
Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial year		
Carrying amount at beginning	**7,015,995**	2,807,615
Additions	**8,470,929**	5,111,648
Disposals	**(179,685)**	(36,421)
Plant and equipment written down	**-**	-
Depreciation expense	**(1,292,283)**	(866,847)
	14,014,956	7,015,995

10. DEFERRED EXPLORATION AND EVALUATION

	2023 $	2022 $
Costs brought forward	**10,803,974**	8,280,353
Costs incurred during the period	**3,640,380**	2,616,884
Capitalised portion of R&D tax offset	**(39,427)**	(20,518)
Total deferred exploration and evaluation	**14,404,927**	10,876,719
Amortisation deferred exploration and evaluation	**(131,796)**	(72,745)
Costs carried forward	**14,273,131**	10,803,974
Exploration expenditure costs carried forward are made up of:		
Expenditure on joint venture areas	**-**	-
Expenditure on non-joint venture areas	**14,273,131**	10,803,974
Costs carried forward	**14,273,131**	10,803,974

The above amounts represent costs of areas of interest carried forward as an asset in accordance with the accounting policy set out in Note 1. 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 until a mining operation has commenced.

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 as follows:

- Stage 1 – Sozo to complete $100K of expenditure within 9 months from the Agreement’s Commencement date;
- Stage 2 – Sozo to spend a further $750K of expenditure within a further 24 months to earn a 49% interest. If Sozo elects to continue sole funding exploration expenditure at the end of Stage 2, it will have earnt a further 2% (51% in total) and a Joint Venture will be formed; and

- Stage 3 – Sozo to spend a further $750K of expenditure and complete a Scoping Study (as defined by the 2012 JORC Code) within a further 24 months to earn a further 29% (in total $1.6M for 80%).

Sozo Resources has successfully completed the Stage 1 Farm-In Conditions and has elected to proceed to Stage 2 Farm-In, providing Sozo the exclusive right to earn a 49% legal and beneficial interest in the Joint Venture gold properties subject to conditions.

11. TRADE AND OTHER PAYABLES

	2023 $	2022 $
PAYABLES		
Trade payables	**8,390,574**	3,747,115
Other taxation	**779,477**	316,960
Unearned revenue	**461,247**	284,550
Accrued expenses	**1,678,556**	677,906
Other	**-**	-
	11,309,854	5,026,531

12. ISSUED CAPITAL

	2023 $	2022 $
Share Capital		
1,474,486,938 (2022: 1,344,186,938) ordinary shares fully paid	27,222,060	22,192,705
	27,222,060	**22,192,705**

(a) Movements in Ordinary Share Capital

1 July 2022 to 30 June 2023	Date	Number of Shares	Issue Price	$
Balance b/fwd		1,344,186,938		22,192,705
Issue of 25,000,000 shares @ $0.040 per share to sophisticated investors as part of the October 2022 share placement (refer ASX announcement dated 7 November 2022)	07/11/2022	25,000,000	$0.040	1,000,000
Issue of 47,670,615 shares @ $0.040 per share to sophisticated investors as part of the October 2022 share placement (refer ASX announcement dated 10 November 2022)	10/11/2022	47,670,615	$0.040	1,906,825
Issue of 19,599,064 shares @ $0.040 per share to sophisticated investors as part of the October 2022 share placement (refer ASX announcement dated 14 November 2022)	14/11/2022	19,599,064	$0.040	783,962
Issue of 16,730,321 shares @ $0.040 per share to sophisticated investors as part of the October 2022 share placement (refer ASX announcement dated 15 November 2022)	15/11/2022	16,730,321	$0.040	669,213
Issue of 6,300,000 shares @ $0.040 per share to convertible note holders for annual interest payable on the convertible notes (refer ASX announcement dated 21 November 2022)	21/11/2022	6,300,000	$0.040	252,000
Issue of 5,000,000 shares @ $0.040 per share to sophisticated shareholders, approved by shareholders on 25 January 2023, as part of the October 2022 placement (refer ASX announcement dated 1 February 2023)	01/02/2023	5,000,000	$0.040	200,000
Issue of 2,000,000 shares @ $0.040 per share upon the exercise of unlisted options granted to Key Management Personnel (refer ASX announcement dated 1 May 2023)	01/05/2023	2,000,000	$0.040	80,000
Issue of 3,000,000 shares @ $0.060 per share upon the exercise of unlisted options granted to Key Management Personnel (refer ASX announcement 16 May 2023)	16/05/2023	3,000,000	$0.060	180,000

Notes to the Consolidated Financial Statements continued

1 July 2022 to 30 June 2023	Date	Number of Shares	Issue Price	$
Issue of 2,000,000 shares @ $0.040 per share upon the exercise of unlisted options (refer ASX announcement dated 26 June 2023)	26/06/2023	2,000,000	$0.040	80,000
Issue of 3,000,000 shares @ $0.060 per share upon the exercise of unlisted options (refer ASX announcement dated 26 June 2023)	26/06/2023	3,000,000	$0.060	180,000
Share issue costs				(302,645)
Balance as at 30 June 2023		**1,474,486,938**		**27,222,060**

1 July 2021 to 30 June 2022	Date	Number of Shares	Issue Price	$
Balance b/fwd		1,313,354,631		20,603,915
Issue of 11,560,592 shares @ $0.065 per share on the conversion of 750,000 convertible notes plus accrued interest to conversion date (refer ASX announcement dated 28 September 2021)	28/08/2021	11,560,592	$0.065	751,438
Issue of 9,646,535 shares @ $0.065 per share on the conversion of 625,800 convertible notes plus accrued interest to conversion date (refer ASX announcement dated 29 September 2021)	29/09/2021	9,646,535	$0.065	627,025
Issue of 9,625,180 shares @ $0.065 per share on the conversion of 624,200 convertible notes plus accrued interest to conversion date (refer ASX announcement dated 30 September 2021)	30/09/2021	9,625,180	$0.065	625,637
Convertible note issue costs				(415,310)
Balance as at 30 June 2022		**1,344,186,938**		**22,192,705**

Terms and Conditions of Contributed Equity

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up, on the shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Option holders have no voting rights until the options are exercised.

(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 2022	111,000,000	0.058	6,401,000
Options recognised as share-based payments expense	-	-	-
Options recognised as share issue costs	-	-	-
Options recognised as capitalised borrowing costs	-	-	-
Amortisation share based payments	30,075,000	0.065	1,954,875
Forfeited / cancelled	(292,654)	(0.065)	(19,023)
Exercised	(10,000,000)	(0.050)	(500,000)
Expired	-	-	-
Balance at 30 June 2023	130,782,346	0.060	7,836,852

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)
Issue EQRAF	2,000,000	2,000,000	0.040	01/02/24	0.59
Issue EQRAI	12,000,000	12,000,000	0.060	23/06/24	0.98
Issue EQRAJ	10,000,000	10,000,000	0.060	23/06/24	0.98
Issue EQRAH	22,000,000	22,000,000	0.060	25/05/24	0.90
Issue EQRAG	30,000,000	30,000,000	0.432	19/03/24	0.72
Issue EQRAK	25,000,000	25,000,000	0.065	17/09/23	0.22
Issue EQRAM	28,532,346	28,532,346	0.065	07/11/25	2.36
Issue EQRAN	1,250,000	1,250,000	0.065	31/01/26	2.59
Outstanding at 30 June 2023	130,782,346	130,782,346			

(c) Movements in Performance Rights

No performance rights were issued nor outstanding at the end of the reporting period.

13. CONVERTIBLE NOTES

On 17 September 2021 the Company issued 6,000,000 convertible notes with an aggregate principal value of $6,000,000.

The notes are convertible at the option of the noteholders into ordinary shares at a conversion price of $0.065 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 17 September 2023 at the principal amount together with accrued but unpaid interest thereon. The notes carry interest at a coupon rate of 7.00% per annum (effective interest rate of 1.4% 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 September.

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.

Subsequent to issue, 2,000,000 notes plus accrued interest were converted into 30,832,307 ordinary shares on 28 September, 29 September and 30 September 2021.

The noteholders opted for the first year’s interest at the coupon rate of 7% per annum to be converted into 6,300,000 ordinary shares rather than the Company making a cash payment for this amount.

The notes are due to expire on 17 September 2023 and the Company is confident that the noteholders will opt to convert to shares rather than being paid in cash, thus reclassifying the liability as equity.

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

	Debt ($)	Equity ($)	Number
Opening balance at 1 July 2022	-	-	-
Nominal value of convertible notes issued on 17 September 2021	2,852,667	1,147,333	4,000,000
Notes converted during the period	-	-	-
Balance as at 30 June 2023	**2,852,667**	**1,147,333**	**4,000,000**

Notes to the Consolidated Financial Statements continued

Debt Component – Convertible Notes	**2023 $**
Opening balance at 1 July 2022	3,004,651
Accrued interest at effective interest rate	586,963
Interest paid at coupon rate	(280,000)
Capitalised borrowing costs	182,601
Balance as at 30 June 2023	**3,494,215**

Opening balance at 1 July 2021	**2022 $**
Convertible notes issued on 17 September 2021	4,279,000
Notes converted 28, 29 & 30 September 2021	(1,426,333)
Convertible notes on issue as at 30 September 2022	2,852,667
Captialised borrowing costs as at 30 September 2022	(365,202)
Accrued interest at effective interest rate	380,235
Capitalised borrowing costs recognised at FVPL	136,951
Balance as at 30 June 2022	**3,004,651**

Accounting Policy

The component of convertible notes that exhibits characteristics of a liability is recognised as a liability in the Statement of Financial Position, 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.

14. EARNINGS PER SHARE

	2023 $	**2022 $**
Profit (Loss) after income tax attributable to the owners of the Company used in calculating basic and diluted earnings per share	**(3,716,846)**	(6,063,051)
	Number	**Number**
Weighted average number of ordinary shares on issue used in the calculation of basic loss per share	**1,420,196,670**	1,336,589,754
Weighted average number of ordinary shares used in calculating diluted earnings per share. Note options outstanding at reporting date have not been brought to account as they are anti-dilutive.	**1,547,960,515**	1,444,252,768
Basic profit (loss) per share (cents)	**(0.26)**	(0.45)
Diluted profit (loss) per share (cents)	**(0.24)**	(0.42)

15. KEY MANAGEMENT PERSONNEL COMPENSATION

	2023 $	2022 $
Short-term employee benefits	**533,652**	618,347
Post-employment benefits	**-**	1,806
Share based payments	**120,830**	292,383
Balance at the end of period	**654,482**	912,536

16. CONTINGENT LIABILITIES

The Group has provided guarantees totalling $1,172,598 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.

17 COMMITMENTS

Exploration Licence Expenditure Requirements

Queensland

The Queensland Government has approved a number of changes to Exploration Permits under the Natural Resources and Other Legislation Amendment Act 2019 (known as NROLA Act). This Act commenced in May 2020 which results in a change from an expenditure-based approach upon which a company's compliance with its licence conditions will be assessed on an outcomes-based approach.

New South Wales

In November 2021 EQ Resources Limited entered into a binding Farm-In and Joint Venture Agreement with Sozo Resources Pty Ltd ("Sozo") 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 as follows:

- Stage 1 – Sozo to complete $100K of expenditure within 9 months from the Agreement Commencement Date;
- Stage 2 – Sozo to spend a further $750K of expenditure within a further 24 months to earn a 49% interest. If Sozo elects to continue sole funding exploration expenditure at the end of Stage 2, it will have earnt a further 2% (51% in total) and a Joint Venture will be formed; and
- Stage 3 – Sozo to spend a further $750K of expenditure and complete a Scoping Study (as defined by the 2012 JORC Code) within a further 24 months to earn a further 29% (in total $1.6M for 80%).

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

This agreement ensures that the Company's minimum expenditure requirements, as shown in the table below, will be satisfied in order to maintain each tenement in good standing.

	2023 $	2022 $
Payable not later than 1 year (NSW only)	**118,000**	118,000
Payable later than one year but not later than two years	**160,000**	278,000
	278,000	396,000

It is likely also, that the granting of new licences and changes in licence areas at renewal or expiry will change the expenditure commitment of the Group from time to time.

Notes to the Consolidated Financial Statements continued

18. INVESTMENT IN SUBSIDIARIES

	Equity Interest		Cost of Parent Entity's Investment	
Parent Entity EQ Resources Limited	**2023** **%**	**2022** **%**	**2023** **$**	**2022** **$**
Controlled Entities				
Mt Carbine Mining Pty Ltd[2]	100	100	2	2
Mt Carbine Retreatment Pty Ltd	100	100	200	200
Troutstone Resources Pty Ltd	100	100	1	1
Mt Carbine Quarrying Operations Pty Ltd	100	100	100	100
Mt Carbine Quarries Pty Limited	100	100	8,130,000	8,130,000
Icon Resources Africa Pty Ltd	100	100	10	10
Mt Carbine Retreatment Management Pty Ltd[1]	50	50	50	50

[1] Mt Carbine Retreatment Management Pty Ltd acts as the agent for the unincorporated joint venture between Mt Carbine Retreatment Pty Ltd and CRONIMET Australia Pty Ltd.
[2] Formerly South Eastern Resourses Pty Ltd.

EQ Resources Limited and all of its subsidiaries are located and incorporated in Australia.

19. IMPAIRMENT OF DEFERRED EXPLORATION EXPENDITURE AND PLANT AND EQUIPMENT

The Directors reassess the carrying value of the Group's assets including deferred exploration expenditure, tenements and plant and equipment at each half year, or at a period other than that, should there be any indication of impairment to fair value. When making their assessment for the 2023 financial year the Directors took the following into consideration:

- The commencement of open-cut mining operations in July 2023 with the May 2023 Bankable Feasibility Study Update delivering the following strong Pre-Tax Economics* for the Mt Carbine Expansion Program:
  - o NPV_8 of $3071 million (47% increase compared to the November 2022 BFS update of $209 million);
  - o IRR of 477%; and
  - o Life of Mine EBITDA of $450 million;

  [1] Concentrate sales price basis US$340/mtu (mtu = metric tonne unit, 10kg) in 2023, with a long-term forecast average of US $369/mtu (2024 – 2040) calculated using the average of the Roskill Base Case and High Case price level scenarios (see Chapter 16 of 2021 BFS).

- Updated Ore Reserves for the Mt Carbine Tungsten Project following the successful 2022 drilling campaigns and corresponding update of the Mt Carbine Mineral Resource Estimate formed the basis for the significant increase in the estimated open cut Ore Reserves tonnage and contained WO_3 metal.

- The Company's wholly owned subsidiary, Mt Carbine Quarrying Operations Pty Ltd, continues to dedicate resources to the development of its 'green aggregates' business to enable the repurposed Mt Carbine aggregates to be classified as a recycled product. This will open additional opportunities in both the local and regional markets with the potential to increase future sales as regional industries demand more recycled products. The Company continues to submit tenders for substantial civil projects in the Quarry's operational area, all of which are dependent upon either Federal or State funding.

- The Company continues to hold:
  - o Two (2) gold prospects in NSW and has entered into Farm-In and Joint Venture Agreement (the "Agreement") executed with Sozo Resources Pty Ltd ("Sozo") whereby Sozo can earn up to an 80% interest in EQR's Panama Hat and Crow Mountain Projects (EL's 6648 and 8024) by completing expenditure of A$1.6M over 4 years.

As announced on 8 May 2023 Sozo Resources has successfully completed the Stage 1 Farm-In Conditions and has elected to proceed to Stage 2 Farm-In, providing Sozo the exclusive right to earn a 49% legal and beneficial interest in the Joint Venture gold properties subject to conditions.

- Three (3) tungsten focused Exploration Permits being as EPM 27394, EPM 14871 and EPM 14872 located at Mt Carbine, North Queensland. EPM 14872 contains both the Iron Duke and Petersen's Lode prospects whilst EPM 14871 features the Mt Holmes tin-tungsten prospect.

  EPM 14872 holds significant exploration upside given that the tungsten grades indicated in the sampling of the Iron Duke and Petersen's Lode are extensively higher than the estimated global average grade in the present open-pit resource within the Mt Carbine Mining Leases. These unencumbered, greenfield sites also offer the added advantage of having minimal environmental legacy issues.

Based on the above, Directors' have assessed there to be no indication of impairment in the current financial year.

Combined Deferred Expenditure, Plant and Equipment and Financial Assets	**2023 $**	**2022 $**
Non-current assets		
Receivables	**4,487,440**	1,081,292
	4,487,440	1,081,292
Plant and equipment		
Plant and equipment – at cost	**15,307,239**	9,652,194
Accumulated depreciation	**(1,292,283)**	(2,636,199)
	14,014,956	7,015,995
Inventory		
Inventory – Quarry Material	**8,812,714**	7,603,863
Inventory – Workshop	**278,682**	85,450
	9,091,396	7,689,313
Deferred exploration and evaluation expenditure		
Exploration and evaluation expenditure	**14,554,304**	10,876,719
Tenement and other security deposits – increase / (decrease)	**99,406**	-
Amortisation	**(380,579)**	(72,745)
	14,273,131	10,803,974
TOTAL	**41,866,923**	26,590,574

Reconciliation of the carrying amount of Mt Carbine assets at the beginning and end of the current and previous financial year:	**2023 $**	**2022 $**
Combined assets carrying amount at the beginning of the year	**26,590,574**	19,985,239
Receivables – increase / (decrease)	**3,306,742**	-
Plant and equipment – additions	**8,470,929**	5,111,648
Plant and equipment – WDV of disposals	**(179,685)**	(36,421)
Plant and equipment – depreciation expense	**(1,292,283)**	(866,847)
Inventory – increase / (depletion)	**1,402,083**	(125,887)
Tenement & other security deposits – increase	**99,406**	(779)
Capitalised exploration and evaluation expenses	**3,640,380**	2,616,884
Capitalised exploration and evaluation expenses - R&D Tax Offset	**(39,427)**	(20,518)
Capitalised exploration and evaluation – amortisation	**(131,796)**	(72,745)
TOTAL	**41,866,923**	26,590,574

Notes to the Consolidated Financial Statements continued

20. SUBSEQUENT EVENTS

There have been no material events subsequent to 30 June 2023 that have not previously been reported other than:

- 115 Grade Control drill holes, from a total of 155 planned holes that will form the basis of a detailed 'Dig Model' for the Ore Reserves over the next 12 months, confirms initial Ore Reserve section at the Mt Carbine Mine (refer ASX announcement "Infill Grade Control Drillings Confirms Initial Ore Reserve at Mt Carbine" dated 19 July 2023).
- EQR appointed preferred tenderer for resource exploration activities at the historic Wolfram Camp Mine Site and surrounding areas with the goal to assess the economic viability of re-commissioning (refer ASX announcement "EQR Awarded Permit for Historic Wolfram Camp Mine" dated 27 July 2023).
- Secondary variation to extend the repayment date of the Loan Agreement executed between shareholder and Director Mr Zhui Pei Yeo and the Company on 19 April 2022, and varied as announced on 30 September 2022, from 31 July 2023 to 31 July 2024 (refer ASX announcement "Variation to Loan Agreement" dated 31 July 2023).
- EQR agreed binding terms to acquire leading European tungsten producer Saloro S.L.U. from global investment manager, Oaktree. This transformational acquisition will not only strengthen EQR's relevance in the global tungsten industry and enhance the Company's capital market positioning but will also result in a $25 Million investment from Oaktree through the subscription of 278 million new ordinary shares at $0.09 per share (refer ASX announcement "EQR Acquires Leading European Tungsten Producer, Saloro S.L.U., and Secures $25 Million Investment by Oaktree" dated 10 August 2023).
- Exploration works towards the Eastern Extension of the Andy White open Pit uncovered a 20.8m @ 0.63% WO_3 zone in trench sampling (east of Iron Duke Fault) which EQR postulates could be the eastern offset of the main ore zone (refer ASX announcement "Brownfield Discovery at Ruby and Eastern Extension with Drill Targets Defined" dated 28 August 2023).
- Mt Carbine achieves daily concentrate production record with 11.1* tonnes of 50% WO_3 concentrate produced in a 24-hour period (refer ASX announcement "EQR Achieves Daily Concentrate Production Record in line with Ramp-up Schedule" dated 14 September 2023. **Wet tonnes as weighed on scales at the gravity processing plant as each bag is produced.*
- XRT Ore Sorter commissioning at the Barruecopardo Mine yields 85% recovery and a 10-times upgrade. Technical teams of EQR will join the Saloro team late September and through October 2023 on further implementation of key recovery improvement programs (refer ASX announcement "XRT Ore Sorter Trials at Barruecopardo Mine Hitting Targets" dated 19 September 2023).

21. STATEMENT OF CASH FLOWS

Reconciliation of net cash outflow from operating activities to operating loss after income tax	**2023 $**	**2022 $**
(a) Operating profit / (loss) after income tax	**(3,716,846)**	(6,063,051)
Depreciation and amortisation	**1,424,079**	939,592
Share based payments expense	**674,837**	411,648
Amortised finance expense	**1,072,449**	540,523
Gain on disposal of assets	**-**	-
Loss on disposal of assets	**119,352**	36,421
(Revaluation) Devaluation of investment to market value	**387**	(1,933)
Unrealised foreign exchange (gains) losses	**221,964**	372,958
R&D tax offset capitalisation	**39,427**	-
Change in assets and liabilities:		
Decrease (Increase) in receivables	**(6,349,632)**	(702,863)
Decrease (Increase) in other assets	**(322,694)**	98,068
Increase/(decrease) in trade and other creditors	**5,444,049**	1,255,867
Net cash outflow from operating activities	**(1,392,628)**	(3,112,770)
(b) For the purpose of the Statement of Cash Flows, cash includes cash on hand, at bank, deposits and bank bills used as part of the Company's cash management function. The Company does not have any unused credit facilities.		
The balance at 30 June 2022 comprised:		
Cash assets	**5,335,596**	1,723,426
Cash on hand and at Bank	**5,335,596**	1,723,426

22. CONTRACT LIABILITIES

	2023 $	**2022 $**
Contract Liability - Sublease[1]		
Current	**1,768,851**	405,851
Non-current	**-**	1,432,259
	1,768,851	1,838,110
Contract Liability - Offtake[2]		
Balance at beginning of the year	**3,266,190**	2,323,423
Plus: Offtake extension (final draw down)	**1,482,960**	689,265
Less: Unrealised foreign exchange (gain) / loss	**152,811**	253,502
	4,901,961	3,266,190

[1] Mt Carbine Sublease Rent prepaid to Mt Carbine Quarries Pty Ltd as per the Retreatment Operations Sublease Agreement between Mt Carbine Quarries Pty Ltd, CRONIMET Australia Pty Ltd and Mt Carbine Retreatment Pty Ltd.

[2] The Company's wholly owned subsidiary and 50% unincorporated joint venture partner, Mt Carbine Retreatment Pty Ltd's, Offtake Advance recognition. The Loan is denominated in USD and the terms and repayment of this advance are governed by the Offtake Advance Agreement between CRONIMET Asia Pte Ltd, CRONIMET Australia Pty Ltd and Mt Carbine Retreatment Pty Ltd.

A further offtake prepayment facility of US $3 million was secured from the Company's joint venture and offtake partner, CRONIMET Asia Pte Ltd with US $1 million of this additional facility being drawn as at 30 June 2022 (refer ASX Announcement "CAPEX Funding for Mt Carbine Expansion Secured" dated 2 May 2022). Note: The Company's wholly owned subsidiary and 50% unincorporated joint venture partner, Mt Carbine Retreatment Pty Ltd's, interest in the offtake prepayment equates to 50% of the total prepayment facility.

The contract liability arrangements for the Offtake Advance are secured as follows:

- general security deed from Mt Carbine Retreatment Pty Ltd over its present and subsequent acquired assets;
- general security deed from CRONIMET Australia Pty Ltd over all its present and subsequent acquired assets; and

Notes to the Consolidated Financial Statements continued

- mortgage from Mt Carbine Quarries Pty Ltd over mining leases ML4867 and ML4919. This mortgage also includes an interest over "Featherweight Property" which is all other property of Mt Carbine Quarries Pty Ltd other than the mining leases. The mortgage is limited recourse, in that it is limited to the value of the mining leases.

The contract liability arrangement for the unincorporated joint venture between Mt Carbine Retreatment Pty Ltd and CRONIMET Australia Pty Ltd (Joint Venture) are as follows:

- Deed of Cross Security between the Joint Venture parties and Mt Carbine Retreatment Management Pty Ltd (as the manager) which secures the performance of their obligations to each other under the Joint Venture; and
- General Security Deed from Mt Carbine Quarries Pty Ltd in favour of the Joint Venture parties over all present and after acquired property of Mt Carbine Quarries Pty Ltd including its rights under the Mining Leases.

23. OTHER BORROWINGS

	2023 $	2022 $
Unsecured at amortised cost		
Principal	**1,500,000**	1,500,000
Accrued interest	**150,618**	23,336
	1,650,618	1,523,336

A 6-month unsecured loan facility was provided by a related party of the Group, Director and shareholder, Zhui Pei Yeo, at an interest rate of 8% per annum charged on the outstanding loan balance. As announced on 31 July 2023 a secondary Variation Agreement was entered into to extend the repayment date from 31 July 2023 to 31 July 2024, hence its classification as a non-current liability in the Statement of Financial Position.

24. OTHER FINANCIAL LIABILITIES

	2023 $	2022 $
Financial liabilities carried at fair value through profit or loss:[1]		-
Current	**1,334,992**	-
Non-current	**11,505,740**	-
	12,840,732	-
Deferred interest:[2]		
Current	**34,204**	-
Non-current	**282,181**	-
	316,385	-
Total Financial Liabilities	**13,157,117**	

[1] 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.

[2] 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.

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25. LEASES

Right-of-use assets	2023 $	2022 $
Balance at 1 July 2022	**2,019,963**	1,118,930
Additions:		
- Plant & equipment	**180,005**	1,269,864
- Heavy & light vehicles	**930,146**	129,047
Disposals	**(115,768)**	(11,749)
Depreciation charge for the year	**(638,297)**	(486,129)
Balance at 30 June 2023	**2,376,049**	2,019,963
Lease Liability - Maturity Analysis		
Less than 1 year	**910,822**	665,754
1 to 5 years	**1,176,523**	1,335,829
5+ years	**-**	-
	2,087,345	2,001,583
Amounts Recognised in profit or loss		
Interest on lease liabilities	**115,168**	93,238
Expenses relating to short-term leases	**-**	-
	115,168	93,238
Amounts recognised in statement of cash flows		
Total cash outflow for leases	**345,492**	119,007

26. CORPORATE INFORMATION

The Financial Report of the Group for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors on 28 September 2023.

EQ Resources Limited is a company limited by shares and incorporated in Australia. Its shares are publicly traded on the Australian Securities Exchange under the ticker code “EQR”.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company’s principal financial instruments comprise cash, short term deposits and available for sale investments.

The main purpose of these financial instruments is to finance the Company’s operations. The Company has various other financial assets and liabilities such as trade receivable and trade payables, which arise directly from its operations. It is, and has been throughout the entire period under review, the Company’s policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company’s financial instruments are cash flow interest rate risk and equity price risk. Other minor risks are summarised below. The Board reviews and agrees policies for managing each of these risks.

(a) Price Risk

The Group is not exposed to equity securities price risk.

Notes to the Consolidated Financial Statements continued

(b) Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash reserves and marketable securities and through the continuous monitoring of budgeted and actual cash flows.

Contracted Maturities for Payables	<6 Months	6 - 12 Months	1 - 5 Years	>5 Years	Total
2023					
Trade and other payables	11,309,854	-	-	-	11,309,854
Lease liabilities	379,509	531,313	1,176,523	-	2,087,345
Financial liabilities	387,283	947,709	9,474,113	2,031,627	12,840,732
Total	**12,076,647**	**1,479,022**	**10,650,636**	**2,031,627**	**26,237,932**
2022					
Trade and other payables	5,026,531	-	-		5,026,531
Lease liabilities	277,397	388,357	1,335,829		2,001,583
Convertible note interest payable	280,000	-	-		280,000
Total	**5,583,928**	**388,357**	**1,335,829**		**7,308,114**

Refer Note 1 for commentary on going concern assumptions.

The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature.

(c) Fair Value of Financial Instruments

The following tables detail the consolidated entity's fair values of financial instruments categorised by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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	Level 1	Level 2	Level 3	Total
Total assets				
Deferred acquisition costs	221,729	-	-	221,729
Capitalised borrowing costs	308,500	-	-	308,500
Shares held in listed entities	5,156	-	-	5,156
Unexpired Interest	-	2,840,732	-	2,840,732
	535,385	**2,840,732**	**-**	**3,376,117**
Total liabilities				
Deferred interest	-	316,385	-	316,385
Financial liability	-	12,840,732	-	12,840,732
	-	**13,157,117**	**-**	**13,157,117**

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Assets	Level 1	Level 2	Level 3	Total
Shares held in listed entities	5,543	-	-	5,543
Total assets	5,543	-	-	5,543
Total liabilities	-	-	-	-

There were no transfers between levels during the financial year.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

The following table shows the valuation techniques used in measuring fair values for financial instruments in the Statement of Financial Position:

Type	**Valuation technique**
Equity securities	Quoted market share price.
Deferred Costs	Actual costs incurred.
Other financial assets & liabilities*	*Discounted cash flows*: the valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.**

* **Other** financial assets include unexpired interest.
Other financial liabilities include deferred interest and financial liabilities.

**Refer Note 24 for the inputs used in the discounted cash flows valuation model.

(d) Commodity Price Risk

The Company is exposed to commodity price risk. This risk arises from its activities directed at exploration and mining development of mineral commodities. If commodity prices fall, the market for companies exploring and/or mining for these commodities is affected. The Company does not currently hedge its exposures.

(e) Fair Values

For financial assets and liabilities, the fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form, other than listed investments. The Company has no financial assets including derivative financial assets and liabilities where the carrying amount exceeds the net fair values at reporting date. The Company's receivables at reporting date comprise of GST input tax credits refundable by the Australian Taxation Office and other receivables. The balance (if any) of receivables comprises prepayments (if any). The credit risk on financial assets of the Company which have been recognised on the Statement of Financial Position is generally the carrying amount.

(f) Capital Risk Management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. Consistently with others in the industry, the consolidated entity monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity" as shown in the Statement of Financial Position plus net debt. The gearing ratio as at 30 June 2023 was 57% as opposed to 41% at 30 June 2022.

The increase in the ratio is predominately due to the Company financing its capital growth initiatives for the Mt Carbine Tungsten Project via debt rather than equity.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity continues to evaluate corporate and exploration opportunities within the new economy and critical minerals sector.

The consolidated entity is subject to certain financing arrangements and covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Notes to the Consolidated Financial Statements continued

The capital risk management policy remains unchanged from the 30 June 2021 Annual Report. The consolidated entity is not subject to externally imposed capital requirements.

28. SHARE BASED PAYMENTS

(a) Expenses arising from share-based payment transactions

Total expenses rising from share-based payment transactions recognised during the period were as follows:

	FV at Grant Date	Expensed / Capitalised in prior years	Lapsed / Forfeited	Expensed 2023 Year	Capitalised 2023 Year	AASB 2 Not yet Expensed
Options issued to directors	334,876	239,458	-	95,418	-	-
Options issued to employees / consultants / sophisticated investors	2,041,204	1,461,785	-	579,419	-	-
Total share-based payments	**2,376,080**	**1,701,243**	**-**	**674,837**	**-**	**-**

The fair value of options issued during the year, as part of the October 2022 share placement, were calculated by using a black-scholes pricing model applying the following inputs:

	Sophisticated Investors	Sophisticated Investors	Sophisticated Investors	Sophisticated Investors
Grant date	07/11/2022	09/11/2022	11/11/2022	14/11/2022
Number issued	5,957,346[1]	11,917,654	4,899,766	4,182,580
Share price at grant date	$0.041	$0.046	$0.048	$0.047
Exercise Price	$0.065	$0.065	$0.065	$0.065
Life of options (years)	3 Years	3 Years	3 Years	3 Years
Expected share price volatility	81.530%	81.666%	81.648%	81.648%
Weighted average risk-free interest rate	3.37%	3.40%	3.16%	3.26%
Fair value per option	$0.01776	$0.01778	$0.01769	$0.01769
Vesting conditions	None	None	None	None

	Sophisticated Investors	Directors
Grant date	18/11/2022	31/01/2023
Number issued	1,575,000	1,250,000
Share price at grant date	$0.05	$0.046
Exercise Price	$0.65	$0.065
Life of options (years)	3 Years	3 Years
Expected share price volatility	81.648%	81.530%
Weighted average risk-free interest rate	3.21%	3.17%
Fair value per option	$0.01763	$0.02114
Vesting conditions	None	None

[1] 6,500,000 Options were issued on 7 November 2022 with 292,654 options being subsequently cancelled by agreement between the Company and the holder on 5 June 2023. The Options were cancelled as the beneficial holder's Constitution did not allow it to hold the Options.

Each option provides the right for the option holder to be issued one fully paid share in the Company, upon payment of the exercise price of each option once vesting conditions have been met.

Historical volatility has been used as the basis for determining expected share price volatility as it is assumed that this is indicative of future trends, which may not eventuate.

For service provider options the value of the service rendered was unable to be measured reliably and therefore the value was measured by reference to the fair value of the options issued.

(b) Options Issued

The following table details the number and movements in options issued as employment incentives to Key Management Personnel during the year.

	2023 Number	2023 WAEP	2022 Number	2022 WAEP
Outstanding at the beginning of the year	37,000,000	0.058	42,000,000	0.058
Granted	-	-	-	-
Forfeited / cancelled	-	-	-	-
Exercised[1]	(5,000,000)	0.050	(5,000,000)	-
Expired	-	-	-	-
Outstanding at year end	32,000,000	0.061	37,000,000	0.058
Exercisable at year end	**32,000,000**	**0.061**	**21,000,000**	**0.058**

[1] Options are deemed exercised upon the resignation of Key Management Personnel. The 1,250,000 Options issued to Directors as part of the October 2022 placement have been excluded as they were not issued as remuneration.

(c) Performance Rights / Options lapsed during the reporting period

There were no Performance rights issued during the reporting period.

29. EMPLOYEE BENEFITS

	2023 $	2022 $
Current		
Annual leave benefits	**413,798**	263,736
Long service leave benefits	**26,121**	18,661
	439,919	282,397
Non-current		
Long service leave benefits	**31,868**	15,418
Total employee benefits	**471,787**	297,815

30. 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 Company 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 Company. The Company has not elected to early adopt any new standards or amendments.

Notes to the Consolidated Financial Statements continued

31. PARENT ENTITY INFORMATION

The following information relates to the parent entity, EQ Resources Limited. The information presented has been prepared using accounting policies that are consistent with those presented in Note 1.

	2023 $	2022 $
ASSETS		
Current assets	**22,913,935**	12,969,887
Non-current assets	**27,512,937**	19,921,558
TOTAL ASSETS	**50,426,872**	32,891,445
LIABILITIES		
Current liabilities	**9,365,121**	4,236,606
Non-current liabilities	**9,974,439**	5,347,157
TOTAL LIABILITIES	**19,339,560**	9,583,763
NET ASSETS	**31,087,312**	23,307,682
EQUITY		
Issued capital	**27,222,110**	22,192,755
Reserves	**3,523,413**	2,848,576
Accumulated gains / (losses)	**341,789**	(1,733,649)
TOTAL EQUITY	**31,087,312**	23,307,682
FINANCIAL PERFORMANCE		
Profit (loss) for the year	**2,075,825**	(1,228,489)
Other comprehensive income/(loss) for the year	**(387)**	1,933
Total comprehensive profit/(loss)	**2,075,438**	(1,226,556)

Contingent Liabilities

As at 30 June 2023 and 30 June 2022 the Company had no contingent liabilities other than those disclosed in Note 16.

Contractual Commitments

The following contractual commitments were entered into during the period:

- Contract to purchase property, plant and equipment for $5,497,350. Non-refundable deposits of $1,780,000 were paid during the year with the balance expected to be settled via a supplier finance facility consisting of 5.75% interest p.a. with repayments spread over 48 months. This commitment is expected to be settled in the 2025 – 2026 financial year.
- Compensation contract with Australian Wildlife Conservancy, the underlying leaseholder of the Mt Carbine Mining Leases (ML 4867 & ML 4919). This contract will give rise to an annual expense of $68,474 for the life of mine.
- Mining Services Agreement with Golding Contractors Pty Ltd for the Andy White Open Cut mining operations. The committed contract period is for 70 months, has an estimated value of $179 million. The first 12-18 month period of the contract is based on a cost-plus model which will be transitioned to rise-and-run matrix rates once a site-specific baseline cost has been established.

Guarantees Entered into by Parent Entity

As at 30 June 2023, the Group has not provided any financial guarantees.

32. OPERATING SEGMENTS

Segment Information

Identification of Reportable Segments

During the 2023 financial year, the Company operated principally in one business segment being mineral exploration and in two geographical segments being Queensland and New South Wales, Australia.

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

	June 2023			June 2022		
	Total $	Queensland $	NSW $	Total $	Australia $	NSW $
REVENUE						
Revenue & Other Income	**13,119,652**	**13,153,179**	**-**	6,231,263	6,231,263	-
Total segment revenue	**13,119,652**	**13,153,719**	**-**	6,231,263	6,231,263	**-**
RESULTS						
Profit / (loss) before income tax	**(3,716,846)**	**(3,713,798)**	**-**	(6,063,051)	(6,063,051)	-
Income tax	**-**	**-**	**-**	-	-	-
Profit/ (loss) after income tax	**(3,716,846)**	**(3,716,459)**	**-**	(6,063,051)	(6,063,051)	**-**
ASSETS AND LIABILITIES						
Assets	**55,146,312**	**54,950,009**	**196,303**	31,275,434	31,079,962	195.472[1]
Liabilities	**(38,841,749)**	**(38,841,749)**	**-**	(16,958,216)	(16,958,216)	-

[1] 2022 Disclosure Correction.

33. RELATED PARTY DISCLOSURES

(a) The Company's main related parties are as follows:

Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise), are considered key management personnel.

The Directors and Officers in office during the year were as follows:

- Oliver Kleinhempel (Sonnenalee Investments Limited) — Appointed Non-executive Director, 12 August 2019; Appointed Non-executive Chairman, 24 April 2020
- Stephen Layton (Bodie Investments Pty Ltd) (Sindel Nominees Proprietary Limited) — Appointed Non-executive Director, 14 November 2017
- Richard Damon Morrow (Yavern Creek Holdings Pty Ltd) — Appointed Non-executive Director, 16 March 2021
- Zhui Pei Yeo (Whitfords Holdings Investments PtyLtd) — Appointed Non-executive Director, 12 August 2019
- Kevin Bruce MacNeill — Appointed Chief Executive Officer, 1 April 2021

For details of disclosures relating to key management personnel, refer to Key Management Personnel disclosures Directors and Remuneration Report.

Notes to the Consolidated Financial Statements continued

(b) Transactions with other related parties:

Transactions between other related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There were no transactions with other related parties during the reporting period.

(c) Receivable from and payable to related parties

There were no trade receivables from nor trade payables to related parties at the current and previous reporting date.

(d) Loans to/from related parties

During the reporting period, the Group obtained a $1.5 million, 6-month unsecured loan facility from Director and shareholder, Zhui Pei Yeo, at an interest rate of 8% per annum (refer ASX Announcement "CAPEX Funding for Mt Carbine Expansion Secured" dated 2 May 2022). The repayment of this loan was subsequently extended to July 2024 hence its classification as a non-current liability in the Statement of Financial Position.

There were no loans to or from related parties as at the previous reporting date.

(e) Parent entity

EQ Resources Limited is the parent entity.

(f) Subsidiaries

Interests in subsidiaries are set out in Note 18.

Directors' Declaration

The Directors of the Company declare that:

1. the Financial Statements, comprising the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and accompanying Notes, are in accordance with the Corporations Act 2001 and:
   a) comply with Accounting Standards, which, as stated in the accounting policy Note 1, to the financial statements, constitutes explicit and unreserved compliance with international Financial Reporting Standards (IFRS); and
   b) give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the company and consolidated group;
2. the directors have been given the declaration required by s.295A of the *Corporations Act* 2001 by the Interim Chief Executive Officer declaring that:
   a) the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the Corporations Act 2001;
   b) the Financial Statements and notes for the financial year comply with Accounting Standards; and
   c) the Financial Statements and notes for the financial year give a true and fair view; and
3. in the Directors' opinion 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 Kleinhempel
Non-executive Chairman
28 September 2023

Auditor's Independence Declaration

Nexia Australia

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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 year ended 30 June 2023 there has been:

a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

b. no contraventions of any applicable code of professional conduct in relation to the audit.

Nexia

Nexia Melbourne Audit Pty Ltd
Melbourne

Ben Bester
Director

Dated this 28th day of September 2023

Advisory. Tax. Audit.

Independent Auditor's Report

Nexia Australia

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Independent Auditor's Report to the Members of EQ Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of EQ Resources Limited (the Company and its subsidiaries (the Group)), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of EQ Resources Limited is in accordance with the *Corporations Act 2001*, including:

i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards and *the Corporations Regulations 2001.*

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group 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 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report continued

Nexia Australia

Independent Auditor's Report to the Members of EQ Resources Limited

Key audit matter	How our audit addressed the key audit matter
Carrying value Deferred exploration and evaluation expenditure ***Refer to Note 10 non-current assets***	
The Group carries significant exploration and evaluation assets at 30 June 2023 which is material to the financial report. As a result the capitalised exploration and evaluation expenditure were required to be considered for impairment indicators in accordance with *AASB 6 Exploration and Evaluation of Mineral Resources* and therefore considered a key audit matter.	Our procedures included, amongst others: • Obtain schedules of the areas of interest held by the Group and assessing whether the rights to tenure remain current at balance date; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Review the Group's capitalisation of exploration expenditure in the current year, ensuring that it is consistent with the criteria as stated under AASB 6. This included discussion with management, reviewing Group exploration budgets, ASX announcements and directors' minutes; • Review and considered whether any facts or circumstances existed that suggest impairment was required; • Assessing the adequacy of the related disclosures in Note 10 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Nexia Australia

Independent Auditor's Report to the Members of EQ Resources Limited

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report continued

Nexia Australia

Independent Auditor's Report to the Members of EQ Resources Limited

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 55 to 59 of the Directors Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of EQ Resources Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Nexia

Nexia Melbourne Audit Pty Ltd
Melbourne

Ben Bester
Director

Dated this 28th day of September 2023

Shareholder Information

Registered Office

Level4, 96-100 Albert Road
South Melbourne VIC 3205, Australia
Phone: +61 3 9692 7222

Company Secretary

Ms Melanie Leydin

Shareholder Enquiries

Shareholder's information in relation to shareholding or share transfer can be obtained by contacting the Company's share registry:

Automic Registry Services
Level 5/126 Phillip Street, Sydney NSW 2000
Telephone: 1300 288 664 (local), +61 2 9698 5414 (international) Website: www.automicgroup.com.au

For all correspondence to the share registry, please provide your Security-holder reference Number (SRN) or Holder Identification Number (HIN).

Change of Address

Changes to your address can be updated online at https://www.automicgroup.com.au or by obtaining a Change of Address Form from the Company's share registry. CHESS sponsored investors must change their address details via their broker.

Annual General Meeting

The Annual General Meeting will be held in Melbourne on 29 November 2023 at 3.00pm (AEDT). The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to the ASX immediately upon dispatch.

The Closing date for receipt of nomination for the position of Director is 11 October 2023. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on 11 October 2023, at the Company's Registered Office.

The Company notes that the deadline for the nominations for the position of Director is separate to voting on Director elections Details of the Director's to be elected will be provided in the Company's Notice of Annual General Meeting in due course.

Corporate Governance Statement

The Company's 2023 Corporate Governance Statement, once released to the ASX, will be available on the Company's website at https://www.eqresources.com.au

Annual Report Mailing List

All shareholders are entitled to receive the Annual Report. In addition, shareholders may nominate not to receive an Annual Report by advising the share registry in writing, by fax, or by email, quoting their SRN/HIN.

Shareholder Information continued

Securities Exchange Listing

EQ Resources shares are listed on the Australian Securities Exchange and trade under the ASX code EQR. The securities of the Company are traded on the ASX under CHESS (Clearing House Electronic Sub-Register System).

ASX Shareholder Disclosures

The following additional information is required by the Australian Securities Exchange in respect of listed public companies. The information is current as at 18 September 2023.

Distribution of Equity Securities

Analysis of numbers of ordinary shareholders by size of holding.

	Ordinary Shares		Options over Ordinary Shares		Convertible Notes	
	Number of Holders	Number Issued	Number of Holders	Number Issued	Number of Holders	Number Issued
1 – 1,000	85	12,333	-	-	-	-
1,001 – 5,000	47	154,545	-	-	-	-
5,001 – 10,000	215	1,843,760	-	-	-	-
10,001 – 100,000	1,084	46,291,322	48	2,271,250	-	-
100,001 – and over	775	1,434,965,650	64	136,130,424	3	4,000,000
Total	**2,206**	**1,483,267,610** **100%**	**112**	**138,401,674** **100%**	**3**	**4,000,000** **100%**
Holdings less than a marketable parcel	**175**	**383,213**				

Equity Security Holders

Twenty largest quoted equity security holders.

Position & Holder Name	Holding	% IC
1. BNP Paribas Noms Pty Ltd <DRP>	146,968,557	9.91%
2. Citicorp Nominees Pty Limited	115,751,947	7.80%
3. BNP Paribas Noms Pty Ltd Uobkh A/c R'miers <DRP>	94,275,148	6.36%
4. Zhui Pei Yeo	71,482,310	4.82%
5. Lynewood Holdings Ltd	59,300,000	4.00%
6. Archer Pacific Holding Limited	55,000,000	3.71%
7. Bodie Investments Pty Ltd	50,812,500	3.43%
8. Shawlane Capital Ltd	36,970,172	2.49%
9. Hemmingway United Investment Ltd	31,088,236	2.10%
10. Baglora Pty Ltd <Mott Family Super Fund A/C>	29,151,000	1.97%
11. TA Securities Holdings Berhad	29,080,197	1.96%
12. Dr Leon Eugene Pretorius	22,432,744	1.51%
13. Shawlane Capital Ltd	18,787,500	1.27%
14. Honwai Pty Ltd <Norvic Family A/c>	18,006,231	1.21%

Position & Holder Name	Holding	% IC
15.Rokks Resources Pty Ltd	18,000,000	1.21%
16. Monex Boom Securities (HK) Ltd <Clients Account>	17,600,000	1.19%
17.Mota Engil Minerals & Mining Investments BV\C	16,000,000	1.08%
18.Sonnenallee Investments Pty Ltd	15,333,600	1.03%
19.Covenant Holdings (WA) Pty Ltd <The Boyd No 3 A/c>	10,000,000	0.67%
20.Alan Scott Nominees Pty Ltd <Alan Scott Super A/C>	10,000,000	0.67%
Total: Top 20 Holders of Ordinary Fully Paid Shares	**875,727,364**	**58.39%**

Unquoted Equity Securities	Holding	Option Holders
Options over ordinary shares issues	138,401,674	112
Convertible Notes	4,000,000	3

Substantial Option Holders

Substantial option holders in the Company are set out below:

Substantial Option Holders	Holding	% of Total Options Issued
1. Bernie No 132 Nominees Pty Ltd <599694 A/C>	25,000,000	18.06%
2. Rymill Global Venture Ltd	25,000,000	18.06%
3. Oliver Kleinhempel	10,000,000	7.23%
4. Kevin MacNeill	10,000,000	7.23%

Substantial Convertible Note Holders

Substantial Convertible Note holders in the Company, as disclosed in substantial holding notices given to the Company, are set out below:

Substantial Shareholders	Number Held	Percentage
1. Venture Frontier Limited	2,500,000	62.50%
2. Mr Chee Yew Fei	1,000,000	25.00%
3. Shawlane Capital Ltd	500,000	12.50%

Substantial Holders

Substantial holders in the Company, as disclosed in substantial holding notices given to the Company, are set out below:

Substantial Shareholders	Number Held	Percentage
1. BNP Paribas Noms Pty Ltd <DRP>	148,168,557	9.99%
2. Citicorp Nominees Pty Limited	115,601,947	7.79%
3. BNP Paribas Noms Pty Ltd Uobkh A/c R'miers <DRP>	94,275,148	6.36%

Shareholder Information continued

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary Shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Unquoted Securities

There are no voting rights attached to the unquoted options.

There are no other classes of equity securities.

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

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