

# EQ Resources | EQR

The pre-eminent Western World Tungsten Producer

New Analyst Report – Processing excellence wins critical mineral global market share

4 October 2024

Analyst: Lawrence Grech

lgrech@pacpartners.com.au

+61 2 9134 9133

*EQ Resources Ltd - EQR is an ASX listed minerals explorer, project developer and producer. In 2022 it reactivated the Mt Carbine Tungsten operation in Queensland. EQR initially treated low-grade dumps with enhanced Tungsten Trioxide (WO<sub>3</sub>) recovery techniques. In DecH 2023 EQR started primary ore mining and now is moving beyond commissioning phase to profitability. Upsides come from exploration at Mt Carbine and 60km south-west at Wolfram Camp to extend operations beyond 12-years.*

In January 2024 EQR acquired the Saloro Tungsten mine in Spain for just its net debt of ~€30m. Saloro added 49% to EQR's WO<sub>3</sub> Resource.

Combined mines Tungsten output makes EQR the largest Western World concentrate producer of a strategic metal dominated by China's output.

## METALLURGICAL SKILLS – a key success factor

EQR's team is led by hands-on process manager and team that is succeeding in raising throughput and recoveries by applying state of the art sorting technology. This means less waste is processed for more paying metal. Progressive plant de-bottlenecking sees growing output.

Disciplines learned in Queensland have had remarkable turnaround in Spain where WO<sub>3</sub> recoveries have risen from +/- 40%'s to +60% and rising. This enables Saloro's open cut operation to move to profitability.

Mt Carbine EBIT-breakeven may need to wait until next year. Mining is transitioning through a high-strip phase to access high grade zones.

EQR has secured A\$20m debt to expand processing and deepen an existing 0.4km underground decline at Mt Carbine. Exploration could determine if the 8-year open-pit may be augmented by >30% of WO<sub>3</sub> Resource. Indications are that mineralised veins get thicker with depth.

Exploration success near Wolfram Camp could initiate development of a process concentrate for a 60 km journey to the finishing plant.

## KEY DRIVERS – moving to profitability and project life extensions

We see EQR re-rating as it moves to profitability, both Spain, and Australia. This services debt and enables efficiency investments to grow output. Development options also open up for Mt Carbine underground, Wolfram Camp startup and/or to acquire satellite deposits in Spain.

## INVESTMENT VIEW – SPECULATIVE BUY \$0.083/share PRICE TARGET

- Speculative Buy rated with 12-month Price Target \$0.083/share.
- Leveraged - a 10% WO<sub>3</sub> price rise sees Target rise 42% to \$0.12/sh.
- Cash generative in calendar 2025 and strong EPS growth to 2027.

## FOR INVESTMENT RISKS – see Page 18

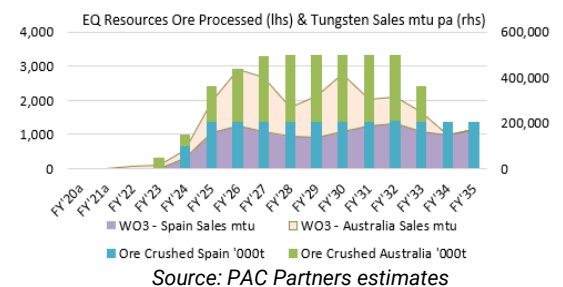
## Recommendation – Speculative Buy

Report Type	New Analyst report
Current Share Price	\$0.057/share
Market Capitalisation \$m	\$128m fully dil.
<b>Price Target</b>	<b>\$0.083/share</b>
<b>Valuation \$m / A\$/sh</b>	<b>\$186m / A\$0.083/share</b>
Methodology for valuation	Risked NPV
Risk Rating	Very High
Liquidity \$/day	0.80m sh/d; \$0.04m/day
Oaktree, Cronimet, Z.Yeo	13.8%,5.7%, 5.1% holdings

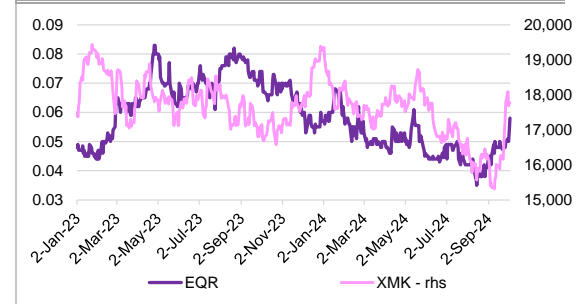
### Spain + Mt Carbine open-pit and underground

Jun Yr A\$	FY'24A	FY'25	FY'26	FY'27
Sales Revenue	26.8	117.6	175.8	165.5
EBITDA	(18.6)	32.7	84.2	79.0
NPAT	(28.3)	1.2	37.6	38.1
EPS	(1.6)	0.0	1.7	1.7
PE	(3.5)	>>50.0	3.4	3.3
Div. Yield	0%	0%	0%	13%
EV/EBITDA	(10.3)	6.2	1.7	1.3
Interest cover	(10.0)	2.1	67.0	>50.0

### Two mines growth to FY27; Qld u/ground may add more



### EQR: 21-month Share Price and ASX Materials Index



Source: Iress

## Table of Contents

<b>Table of Contents</b> .....	<b>2</b>
<b>Section A – CORPORATE PROFILE and ENTERPRISE VALUATION</b> .....	<b>3</b>
Corporate Overview .....	3
<b>Section B – VALUATION and PRICE TARGET</b> .....	<b>4</b>
<b>Section C – MT CARBINE – ramping up production with options for expansion</b> .....	<b>5</b>
2024 and 2025 Workflow and Value Catalysts from Mt Carbine and beyond .....	7
Mt Carbine – Grade and Process Drivers .....	8
Mt Carbine is a Designated Commonwealth Critical Minerals Project .....	9
Exploration and Satellite Opportunities .....	10
<b>Section D – SALORO’s Barruecopardo Mine – with efficiency comes profitability</b> .....	<b>11</b>
2024 and 2025 workflow and value catalysts from Saloro .....	13
<b>Section E – OPERATIONAL FORECASTS</b> .....	<b>14</b>
EQ Resources: Production and Sales Forecast .....	14
Leverage of Valuation and Target Price to a 10% WO3 Price Rise is over 40% .....	15
What Could Underground Operations at Mt Carbine and at Saloro Add? .....	16
EQ Resources: Divisional EBITs; Overall Profit & Loss and Cashflow Forecasts .....	17
<b>Section F – INVESTMENT RISKS and MITIGATION OPPORTUNITIES</b> .....	<b>18</b>
<b>Section G – BOARD and MANAGEMENT</b> .....	<b>19</b>
<b>APPENDIX 1 – Australia’s Critical Minerals &amp; selected Overseas Classifications</b> .....	<b>21</b>
<b>Contact Information</b> .....	<b>22</b>
Recommendation Criteria .....	22
<b>Disclosure of Economic Interests</b> .....	<b>23</b>
<b>Disclaimer</b> .....	<b>23</b>

### PAC Partners Research on EQ Resources and Tungsten Industry – library of previous notes

- **EQ Resources** – Spanish acquisition – [Olla! Oaktree](#) : 10-August-2023
- **Tungsten Industry** – [Tungsten Industry: Poised for Production](#) : 26 June-2023
- **Tungsten industry** – [A Critical Renaissance](#) : March 2023
- **EQ Resources** – Initiation report - [RR\\_EQR\\_2022\\_12\\_07\\_INITIATION.02.pdf \(mcusercontent.com\)](#) : 7-Dec-2022
- *EQ Resources – Initiation report (indirect link)* - [Smaller Start, Significant Potential](#) : 7-Dec-2022

## Section A – CORPORATE PROFILE and ENTERPRISE VALUATION

### Corporate Overview

#### Brief Corporate Description and History

EQ Resources Limited (EQR) is an ASX listed leading Western World tungsten mining and processing group dedicated to sustainable practices and resourcing the new economy with critical minerals.

EQR focuses on expanding its world-class tungsten mine and processing assets at Mt Carbine in Far North Queensland. EQR re-started processing in 2019; and now operates Barruecopardo in Salamanca Province, Spain.

The latter is 100% owned asset of Saloro S.L.U., acquired by EQR in 2024. The Barruecopardo mina de wolframio is an open pit producing ~160k mtu pa in hi-quality scheelite concentrate, since modern restart in 2019.

Process improvements are boosting recoveries and revenues at both mines since last year. This continues apace with Sep 2024 month output rising 51% over JunQ2024 run-rate with more efficiencies and scale-up in train.

EQR also evaluates corporate, partnering and exploration opportunities such as Wolfram Camp in Qld and Gold exploration in NSW. It also seeks to leverage advanced mineral processing technology for non-optimised existing operations or unexploited resources across jurisdictions to position EQR as a leading global supplier of tungsten.

*EQR has significant liabilities at this stage of mine reactivation and commissioning.*

*Also for its acquisitions of Saloro and 50% of Mt Carbine joint venture from Cronimet.*

*We see operating cashflow being generated in the current half year. This accelerates through 2025.*

*This cashflow can adequately service current obligations.*

*New sources of funding from EQR's status as critical material producer are likely in our opinion.*

*This includes US and Australian sourced grants and debt facilities to enable output expansions.*

EQ Resources Ltd	EQR			
Capital Structure	Share Price	Raise price	Units	Capitalis-ation
EQ Resources Ltd	\$0.057	Strike price	mil	A\$mil.
		A\$/unit		
Ordinary shares	\$0.057	\$0.057	2,237.03	127.5
	Expiry			
EQRAO	3/07/2026	\$0.100	16.40	0.0
EQRAA	18/01/2026	\$0.100	78.00	0.0
EQRAM	7/11/2025	\$0.065	19.75	0.0
EQRAQ	29/05/2027	\$0.068	103.45	0.0
EQRAN	31/01/2026	\$0.065	1.25	0.0
Elmet options	2/09/2026	\$0.100	20.00	0.0
<b>Total in-money securities</b>			<b>2,237.03</b>	<b>127.5</b>
Total Options			238.85	
Total Securities			2,475.88	
Cash @ 30 Jun24				3.49
Saloro SLU: Gross debt EUR m.	-25.000		0.62	-40.32
Convertible Notes as Debt	6/11/2025	\$1.000	0.75	-0.75
Other debt				-15.60
Financial Liabilities				-10.49
Net current liabilities				-20.38
Sep Q expenditure est.				-3.50
In-money Options				0.00
Net Cash				-87.55
Enterprise Value - Current & est. \$m.			Est as at 30 Sep	215.1
Financial Gearing: Net Debt/Capitalisation		68.7%		
<b>Ownership</b>				<b>Shares mil</b>
Top 20 shareholders	48.5%			1,084
Board & Management	8.0%			178
Oaktree	13.8%			310
Cronimet	5.7%			127
Zhui Pei Yeo (Director)	5.1%			114
<b>Turnover</b>	<b>Volume mil/day</b>	<b>Value \$m/day</b>	<b>Volume</b>	<b>Value</b>
Month Rolling	0.73	0.04	15,486,725	769,872
6 Month Rolling	0.80	0.04	101,857,964	4,751,090
Year Rolling	0.75	0.04	189,474,186	9,966,920

## Section B – VALUATION and PRICE TARGET

Valuation \$0.083/share; Price Target \$0.083/share

Our valuation for EQR is \$0.123/share is NPV based incorporating added underground and is prior to risk allocation. However due to various uncertainties we have *risk weighted valuation* of each component. This includes for the execution of expansion and processing recoveries, ore variability and whether Mt Carbine underground will proceed.

**Our risked valuation is \$0.083/share and Price target is \$0.083/share.** However, unrisked the value is \$0.123/share

**Our Recommendation is Speculative Buy.** We see potential to move to outright Buy as EBITDA breakevens are achieved across both Saloro and Mt Carbine operations. EQR is also poised to raise value of unexploited resources.

EQ Resources Ltd	\$0.057	Project	Project	Confidence	Risk	Risk	Product	Unrisked	Unrisked
Diluted No. sh.	Ownership	Mined	LOM	Factor	Valuation	Valuation	Valuation	Valuation	Valuation
2237.0	%	t. WO3	t. WO3	%	A\$m.	A\$/sh	A\$/mtu	Valn A\$m.	A\$/sh
Mt. Carbine Open Pit	100%	18,689	15,067	83%	118.0	0.05	63.13	142.2	0.06
Mt. Carbine Underground	100%	10,029	8,060	50%	24.9	0.01	24.84	49.8	0.02
Saloro Open Pit	100%	34,617	24,262	83%	123.5	0.06	35.68	148.8	0.07
Saloro Underground	100%	9,745	7,018	25%	0.7	0.00	0.74	2.9	0.00
Projects Valuation	74.4%	73,079	54,407	78%	267.1	0.12	49.10	343.7	0.15
Mt. Carbine Resource	100.0%	3,737	Prospective	33%	2.6	0.00	6.96	7.8	0.00
Saloro Resource	100.0%	2,650	Prospective	33%	0.9	0.00	3.46	2.8	0.00
Wolfram Creek - Qld	100.0%			25%	1.9	0.00		7.5	0.00
Gold exploration - NSW	50.0%			25%	0.1	0.00		0.4	0.00
Net Cash				100%	-53.3	-0.02		-53.3	-0.02
Other Net Liabilities				100%	-30.9	-0.01		-30.9	-0.01
Options Exercise				100%	0.0	0.00		0.0	0.00
Other incl. Corporate Cost				100%	-2.8	0.00		-2.8	0.00
Financials & Corporate					-86.9	-0.04		-86.9	-0.04
Total Valuation		89,211		73%	185.7	0.083		275.2	0.123
Target Price	Set at the "Risked" NPV level				185.7	0.083			

Source: PAC Partners estimates

### Valuation Ratios – show room for price rises over coming year on earnings milestones

Positive EBITDA in DecH24 grows strongly out to FY2027

Free cashflow breakeven occurs during FY2025 and sees strong coverage of interest cost

Shrinking PE and low EV/EBITDA can justify higher share price as earnings milestones accrue

Source: PAC Partners estimates

Date	Price	Risk	Valr	Curr.Sh.	Mkt Cap			
4-Oct-24	\$0.057	\$0.083	2237.0	\$128 m				
<b>KEY RATIOS</b>								
Y/E 30 June	FY'23	FY'24	DecH'24	JunH'25	FY'25	FY'26	FY'27	
EBITDA	\$m	-0.5	-18.6	10.4	22.2	32.7	84.2	79.0
EBITDA Margin	%		-69%	20%	34%	28%	48%	48%
EBIT Margin	%		-96%	-7%	11%	3%	30%	32%
Group NPAT Margin	%		-106%	-7%	8%	1%	21%	23%
ROE	%	-23%	-50%	-6%	7%	2%	34%	29%
NTA per share	\$	0.01	0.03	0.03	0.03	0.03	0.05	0.06
Interest Cover	x	(1.3)	(10.0)	(2.9)	9.8	2.1	67.0	>50
Net Gearing	%	-1%	69%	76%	52%	52%	-9%	-46%
<b>VALUATION PARAMETERS</b>								
Y/E 30 June	FY'23	FY'24	DecH'24	JunH'25	FY'25	FY'26	FY'27	
EPS	c/ps	(0.3)	(1.6)	(0.2)	0.2	0.0	1.7	1.7
P/E	x	(21.5)	(3.5)	(31.8)	25.4	+>50.0	3.4	3.3
Enterprise Value	\$m	104	180	205	191	191	127	68
EV / Sales	x		6.7	3.9	2.9	1.6	0.7	0.4
EV / EBITDA	x		(10.1)	20.5	9.1	6.2	1.7	1.3
EV / EBIT	x		(7.0)	(58.9)	25.6	47.9	2.4	1.3
Price / NTA	x	5.2	2.1	1.9	1.8	1.8	1.2	1.0
Dividend Yield	%	0%	0%	0%	0%	0%	0%	13%
Free Cashflow	c/ps	(0.8)	(1.5)	(1.1)	0.6	(0.5)	2.3	2.6
P / CFPS	x	(6.8)	(3.7)	(5.0)	9.0	(11.1)	2.4	2.2
Issued shares: clos	mil.	1,474	2,065	2,237	2,237	2,237	2,237	2,237

## Section C – MT CARBINE – ramping up production with options for expansion

Connected by sealed road to Cairns and access to utilities.

Long Tenement life to 2041: ML4867, ML4919

X-Ray Sorting Tomography upgrades  $WO_3$  remaining in ore stream by ~9x..

EQR has since late 2020 successfully proven recoveries from low grade stocks and is now building capacity.

Has restarted open pit and access to higher grade ore.

Mt Carbine tungsten mine is located 120 km north-west of Cairns in Far North Queensland with sealed road access. It was discovered in the 19th Century and is a series of clustered narrow and vertical sheeted veins systems of quartz with Tungsten inclusions of predominantly Wolframite and with varying Scheelite ratios of mineral assemblages.



Mt Carbine became a major tungsten producer in the 1970-80's from open pit operations and processing adopting simple optical sorters as well as floatation and also establishing infrastructure.

The Mt Carbine project is on 100%-owned granted Mining Leases to 2041 with power, water, tailings storage and environmental approvals for tungsten production and quarrying revenue.

*NB: An mtu is equivalent to 10kg of  $WO_3$ .*

### Resources and Reserves

EQ Resources work has identified over 13 mt of low-grade stocks/tailings at 0.07% Tungsten Trioxide or  $WO_3$  with 0.98 million mtu.

In addition, primary ore Resource is 28 mt at 0.30% grade for 8.4 million mtu.

The open-pit 5.3 mt of Reserves has upside on recent drilling. The grade is 0.28%  $WO_3$  that is much higher than Low Grade Stocks 0.072%  $WO_3$ .

### Modern processing of tails

EQ Resources established a 50/50 joint venture with CRONIMET – a global metals trader and recycling group – to refurbish and install processing plant to initially treat tailings and low-grade stockpiles starting in August 2020.

A key component was installation of X-Ray Tomography (XRT) Sorters that have successfully enhanced the upgrade of tails and recovery of tailings ~0.07% Tungsten Trioxide or  $WO_3$  before final floatation to produce a ~50% grade  $WO_3$  concentrate. This ongoing trial has been successful in demonstrating high tungsten recoveries and providing EQR the confidence to invest in the open pit and extra processing plant.

Orebody	Resource Classification	Tonnes (Mt)	Grade (% $WO_3$ )	$WO_3$ (mtu)
<b>Low-Grade Stockpile</b>				
	Indicated	10.13	0.075%	759,450
	Inferred	2.57	0.070%	166,832
	Inferred	0.83	0.060%	53,789
	<b>Subtotal</b>	<b>13.53</b>	<b>0.070%</b>	<b>980,071</b>
<b>In-Situ</b>				
	Indicated	17.49	0.30%	5,235,286
	Inferred	10.68	0.30%	3,217,311
	<b>Subtotal</b>	<b>28.17</b>	<b>0.30%</b>	<b>8,452,597</b>
<b>All</b>	<b>Total</b>	<b>41.70</b>	<b>0.23%</b>	<b>9,432,668</b>

Mt Carbine Ore Resources Estimate at 30th June 2024.\*

Reserve Category	ROM Tonnes (Mt)	$WO_3$ (%)	Contained $WO_3$ (mtu)
Open Cut - Proven	-	-	-
Open Cut - Probable	5.36	0.28%	1,500,800
<b>Open Cut - Total</b>	<b>5.36</b>	<b>0.28%</b>	<b>1,500,800</b>
LGSP - Proven	-	-	-
LGSP - Probable	9.77	0.075%	732,750
<b>LGSP - Total</b>	<b>9.77</b>	<b>0.075%</b>	<b>732,750</b>
<b>All - Total</b>	<b>15.13</b>	<b>0.148%</b>	<b>2,233,550</b>

Mt Carbine Ore Reserve Estimate at 30th June 2024.\*

### Restart of Mt Carbine Open pit's primary ore – moving from commissioning to major operations

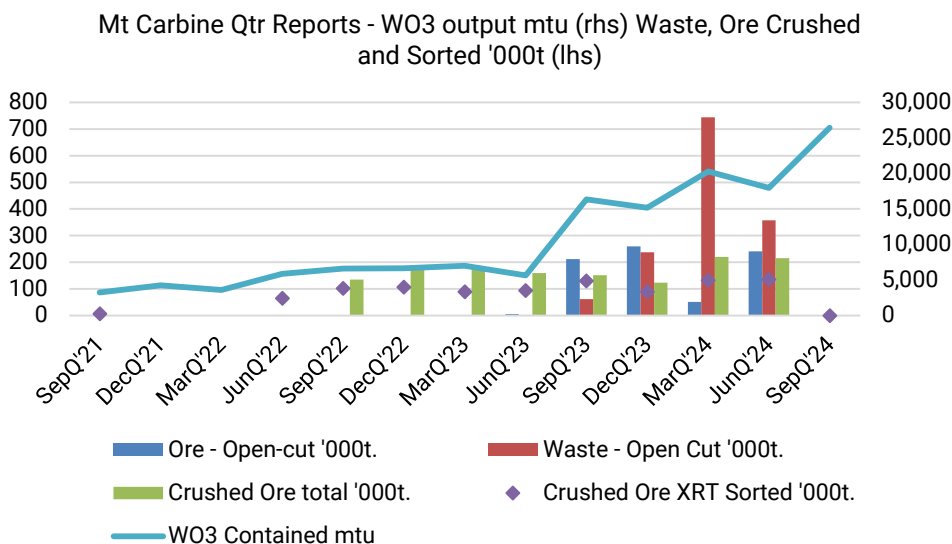
*Learnings treating tails and low-grade stockpiles now being employed on higher grade mined primary ore.*

During the DecH2023 EQR de-watered and removed ~300 kt waste and mined ~470 kt of ore to re-start the existing open pit. EQR managed the challenges of excess water from a cyclone.

Fresh ore from the pit has 3 to 5 times the grade of tailings formerly exclusively being processed.

The result has been a step-change in WO<sub>3</sub> output from ~6,000 mtu's per quarter to 26,400 mtu's in the SepQ2024 as per our chart of EQR's Quarterly Reports.

*A successful reactivation of open pit see grade treated and saleable WO<sub>3</sub> and rise.*



*We expect more rises as Pit 2 is fully operational. Later in 2025 the doubling of process capacity will see throughput rise.*

Waste and ore extracted to 30<sup>th</sup> June 2024 is 1,401 kt and 769 kt indicating higher strip ratio encountered over the last six months.

*Any spare process capacity can be topped up with low grade ore/tails inventory.*

EQR will be transitioning from Pit 1 to Pit 2, and high strip ratios will persist over FY2025.

### Investing to increase capacity at a number of levels:

*Higher ore grade, increased process capacity and higher recoveries.*

1. Fresh ore once Pit 2 is opened up.
2. Bringing in-house mining activities allows EQR more shifts flexibility with the cycle of blasting, waste removal and ore movement to stockpiles.
3. Greater capacity and optimised crushing strategy augments process capacity.
4. Adding of a new higher capacity XRT sorter and software updates boost output of existing sorters.
5. Fine tuning gravity (floatation) plant.

*Another dimension is to co-operate with customers on product specifications.*

*The aim vis to increase most cost-effectively tungsten units sold.*

Working with customers to provide best all-round concentrate grade that can cost-effectively add MTU's sold and boost revenue revenues for both EQR and its customer(s).

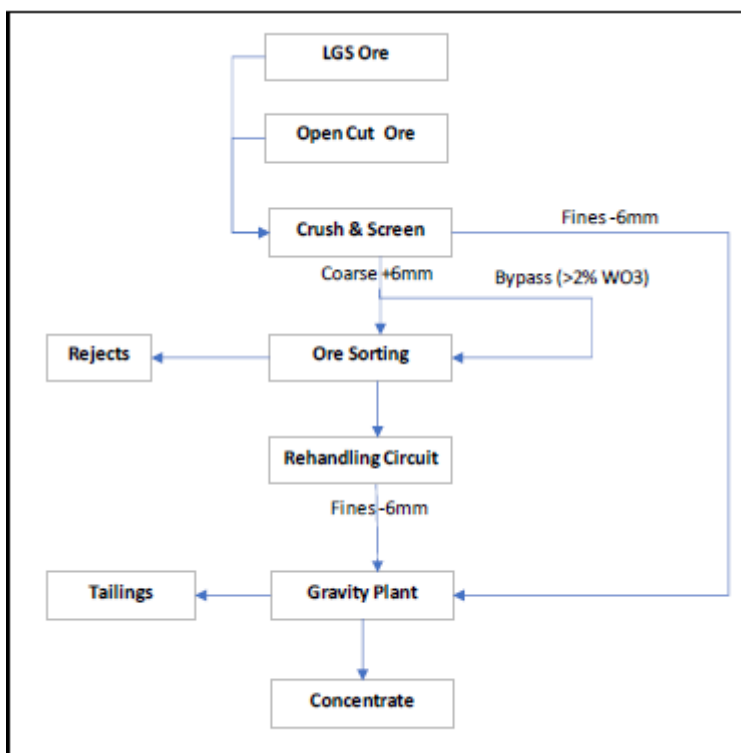


Figure 5 - Processing Flow Chart

## 2024 AND 2025 WORKFLOW AND VALUE CATALYSTS FROM MT CARBINE AND BEYOND

*Mt. Carbine operations are now managed fully in house*

*Expansion of capacity with higher recoveries see output growth*

*Underground project investigations underway*

*Exploration proceeding nearby*

*Upgraded ancillary equipment to add crusher capacity commissioning DecQ2024.*

*Coarse material fed to a 4<sup>th</sup> sorter with more capacity*

*Crusher fines go directly to screens along with sorted coarse ore.*

*Expanded jig, roll crushing plus coarse and fines vibrating tables make final separation for WO<sub>3</sub> concentrate*

*Tailings can be sold as a clean quarry product*

*Underground 430 metre decline at Mt Carbine has been re-entered and cleared for further exploration & possible mining.*

**From JunQ2024** – EQR is increasing recoveries with scalping tails for higher WO<sub>3</sub> output.

**SepQ2024** – owner operated mining comes into force. This harmonises shifts and allows greater flexibility to enable increased periods where the processing plant is fully utilised.

**DecQ2024** – installation of key plant to double overall capacity. De-bottlenecking results in both added saleable concentrate and lowered unit costs.

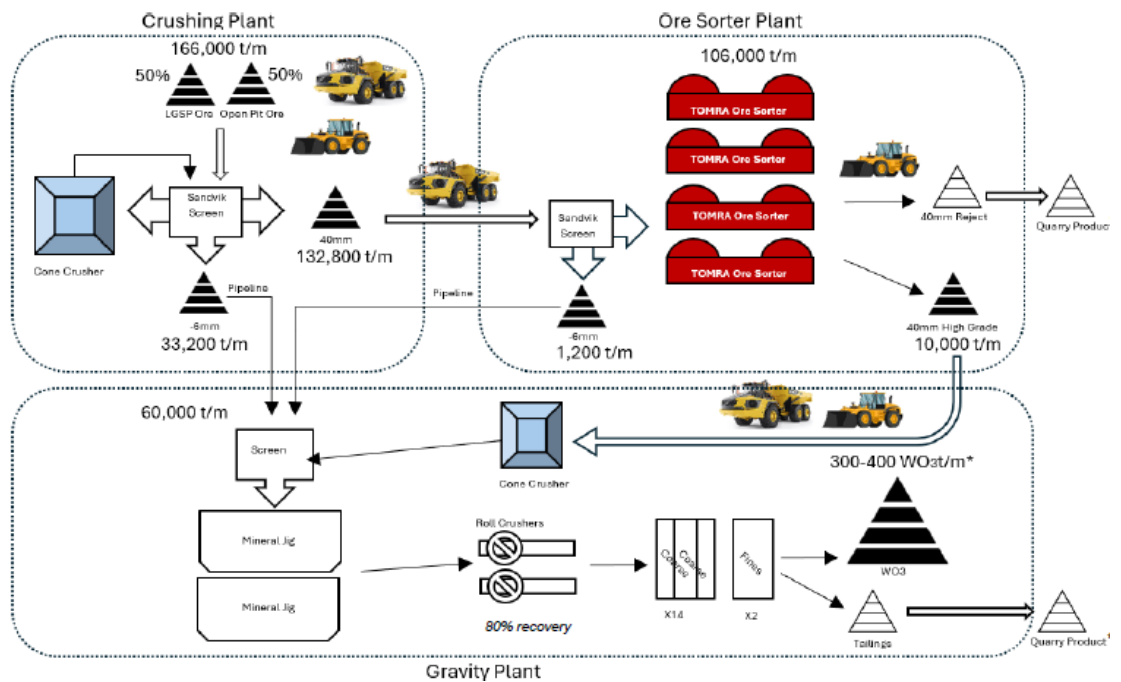
**DecQ2024** – 24,000 meters drilling to bring Inferred to Indicated Resources and a new Ore Reserves announcement by year’s end and to assist mine plan optimisation. Results may provide confirmation of thickening of productive tungsten mineralised sheeted veins at depth.

**DecQ2024** – Bankable Feasibility Study of Mt Carbine Underground Mine life extension project.

**DecQ2024** – EQR is refurbishing an existing decline at Mt Carbine. Drilling and trial mining activities will assist determining resource configuration and the project’s economics. The QIC \$20m funding facility is directed towards assessing this project.

**SepQ2024 to MarQ2025** – Wolfram Camp / Bamford Hill exploration starts. Depending upon results, EQR will follow-up with drilling activities to identify if either have potential for a stand-alone project or as a satellite beneficiated ore producer to add supply Mt Carbine’.

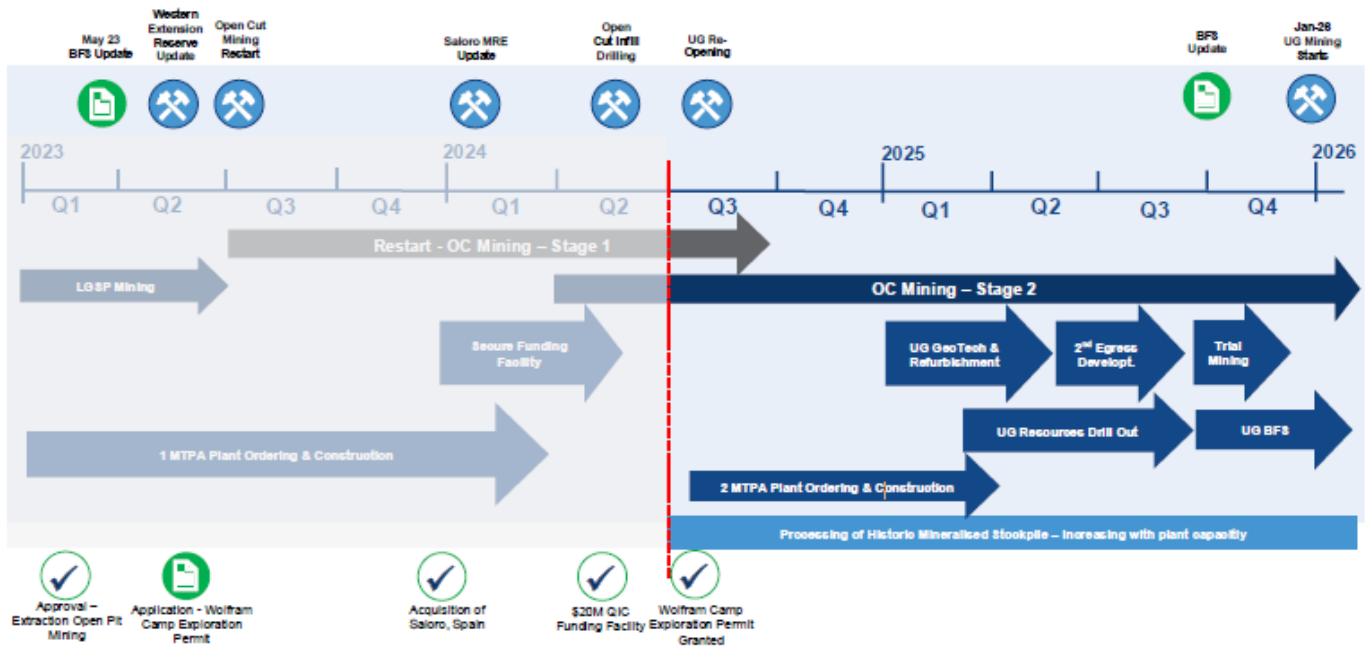
### Plan to Double Process Capacity at Mt Carbine – is near term growth



### Underground – potential future growth and with added mine longevity



**Mt Carbine timeline – plant capacity doubling, underground assessment, drilling and BFS**



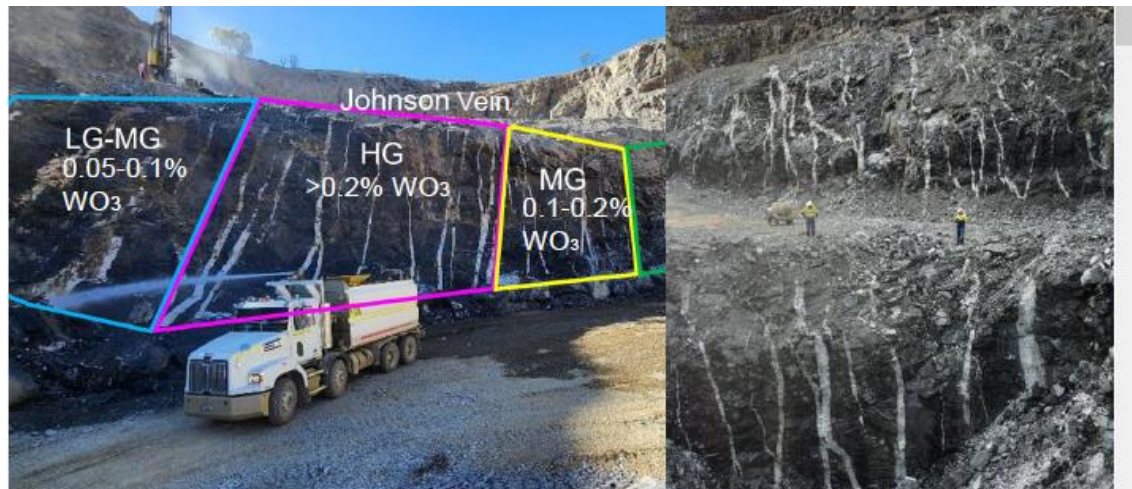
**MT CARBINE – GRADE AND PROCESS DRIVERS**

**Near vertical tungsten minerals bearing quartz veins – may be thicker at depth increasing grade**

*Mt Carbine at depth and laterally has more Resource upside.*

*WO<sub>3</sub> mineralised quartz sheeted veins thicken with depth.*

*WO<sub>3</sub> contained per metre of mineralised depth appears to be rising.*



**Diver for increasing recoveries – X Ray Tomography that sorts coarse ground ores**

*Crushed coarse ore can be beneficiated via X-Ray Tomography sorting*

*Eliminates ~90% of coarse ground ore of largely barren grade going to the gravity plant. Results in major cost savings*

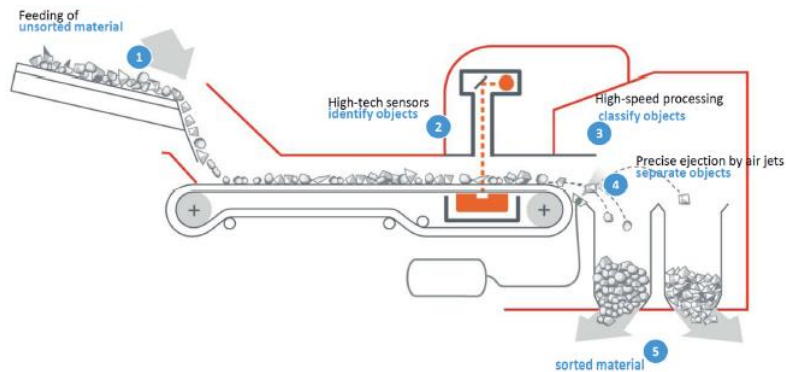


Fig.2 - Basic operations (step 1-5) of Tomra XRT Sorter (COM Tertiary XRT 1200)



## Sorting reduces volumes treated in gravity plant – for minimal tungsten loss

Key to efficiency is the gravity plant treats ~32% of ore crushed at ~3.2x grade increase.

Lower mass primary ore to gravity plant reduces operating costs.

Spare gravity plant capacity can be used to process low grade stockpiles.

In this way all of Mt Carbine ores can be efficiently utilised.

Materials Flow - Nominal Capacity		Primary Input	XRT Sorter	To Gravity Plant	Product WO3	% Original Mass
Crushing plant	t/month	166,000				100%
Fines - to gravity	t/month			38,180		23%
Screened fines - to gravity	t/month			3,600		2%
Screened Tails	t/month	18,220				11%
Coarse sorted	t/month		106,000			64%
Sorted Tails	t/month		95,400			57%
<b>Total crushed to tails</b>		<b>113,620</b>				<b>68%</b>
Sorted Coarse - to gravity	t/month			10,600		6%
<b>Feed for Gravity Plant</b>	<b>t/month</b>			<b>52,380</b>		<b>32%</b>
WO3 recovered - high	t/month				400	0.24%
WO3 recovered - low	t/month				300	0.18%
WO3 recov'd grade gravity feed - high %					3.2	0.76%
WO3 recov'd grade gravity feed - low %					3.2	0.57%

\* On recovered metal basis

## MT CARBINE IS A DESIGNATED COMMONWEALTH CRITICAL MINERALS PROJECT

EQR has received Commonwealth and Qld State grant assistance and help reactivating Mt Carbine and ramping up output of primary ore. The Commonwealth Government of Australia is working with other countries who also recognise tungsten as a critical material. Below lists Tungsten's status in key trade partner countries.

EQR's new initiatives including underground development at Mt Carbine or potential for satellite deposits may enable it to qualify for added grant assistance. Tie-up with Elmet may bring assistance from US Critical Minerals programs.

See also appendix 1. [Aust Critical Mins MtCarbine 2024.pdf](#) View the [Australian Critical Minerals Prospectus](#) | [Austrade International](#)

**Australia's Critical Minerals List includes tungsten.** Other Countries Critical Minerals list are as follows:

Critical mineral	US	EU	India	Japan	Republic of Korea	UK	Australian geological potential	Australian economic resources (2022)	Australian production (2022)	World resources (2022)	Global production (2022)
Tungsten	Yes	Yes	Yes	Yes	Yes	Yes	High	568 kt	0.23 kt	3,800 kt	84 kt

[Australia's Critical Minerals List and Strategic Materials List](#) | Department of Industry Science and Resources

### Why is Tungsten a critical material

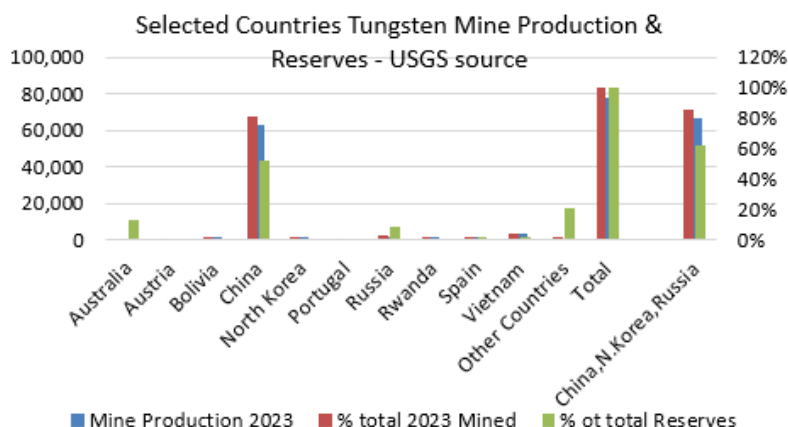
Tungsten is the hardest and highest melting point temperature of all metals. Its uses in cutting tools, heating, electronics and alloying are **difficult to substitute**.

World tungsten supply is dominated by production in China and its refined exports from China.

**China plus Russia & North Korea are >85% of global output** and are potentially unreliable sources.

Production of tungsten concentrate outside

China marginally increased with Australian mine reactivations at Mt Carbine and Group 6 Metal's King Island Dolphin Scheelite Mine. Possible additional production may come from mines in the Republic of Korea, Russia and Spain.



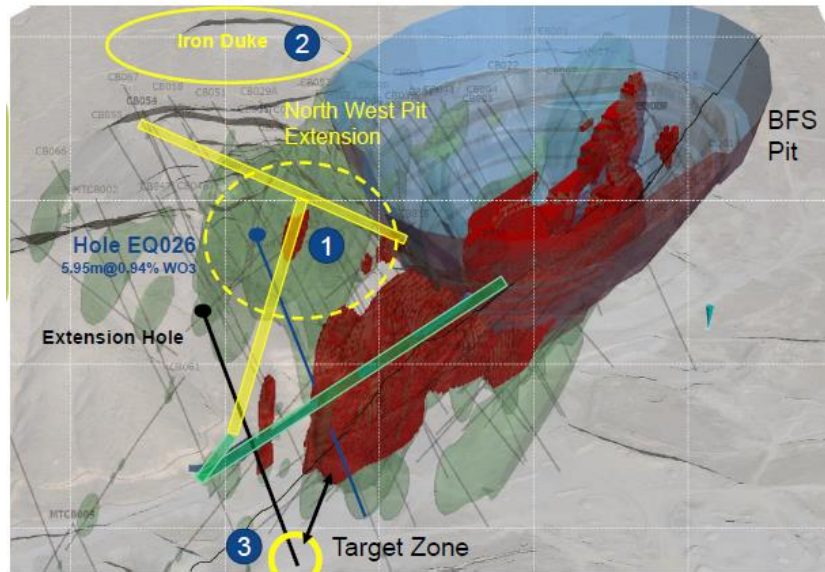
## EXPLORATION AND SATELLITE OPPORTUNITIES

Resource Drilling at the North-West pit extension is finding more ore.

Iron Duke is a large target. Also near-pit the new find Ruby Veins outcrop at >430m RL with grades up to 1.2% WO<sub>3</sub>.

Below-pit depth extensions are accessed by extending existing decline (green) with development drive funded by the QIC facility.

### Mt Carbine - Exploration & Underground Potential



21

### QIC - \$20M Facility For Mt Carbine Expansion

Queensland Investment Corporation (QIC) provides a \$20million 3-year loan facility in two tranches from its Queensland Critical Minerals & Battery Technology Fund:

- **Tranche A: \$12m** will double processing capacity to 2mtpa and start underground drill testing
- **Tranche B: \$8m** to continue underground drill testing and start underground trial mining

Funding is for:

Plant expansion

Underground drilling

Underground trial mining

QIC's State Chief Investment Officer Allison Hill commented:

"Securing additional tungsten mineralisation will strengthen Queensland's position as a significant contributor to global critical minerals supply chains. There are relatively few mines globally in a position to fill anticipated supply-demand gaps for tungsten as existing outputs are challenged and demand for clean energy technologies grows."

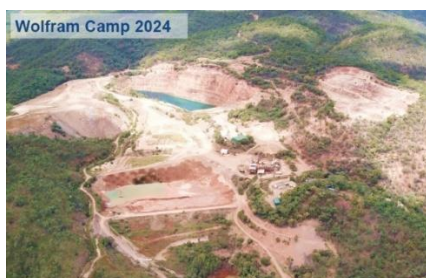
**Wolfram** **Camp** already has delineated hi-grade resources.

**Bamford Hill** grades exceed 0.5% and historical mining. A program is under way to plan next phase exploration.

### Exploring Qld in areas with known Tungsten Prospectivity: with identified 823,050 mtu WO<sub>3</sub>

Orebody	Resource Classification	Tonnes (kt)	Grade (% WO <sub>3</sub> )	WO <sub>3</sub> (mtu)
Greisen	Indicated	442	0.15	66,300
	Inferred	1,829	0.15	274,350
Pipe Material	Indicated	77	0.69	53,130
	Inferred	602	0.69	415,380
<b>Total</b>		<b>2,950</b>	<b>0.279</b>	<b>823,050</b>

Wolfram Camp Resources. Source: 2015 Technical Report Almonty Industries (NI 43-101)



[Restricted Area 442 - Wolfram Camp - Initial Data Package Release - Restricted Area 442 - Wolfram Camp - Initial Data Package Release - Dataset - GSQ Open Data Portal](#)

EQR successfully tendered the under Queensland Government initiative to reactivate old mines. Restricted Area 442 (RA 442) now MLR2023-1 contains the historic Wolfram Camp mine, Bamford Hill mine and surrounding exploration areas. EQR is aiming to increase these resources.

## EQR's two established tungsten operations – with scope to expand to satellite development opportunities

Significant exploration upside exists at Wolfram Camp and the nearby Bamford Hill licences that could be integrated into Mt Carbine.

Central-western Spain has a cluster of tungsten resources. EQR's success in operations opens door to developments.

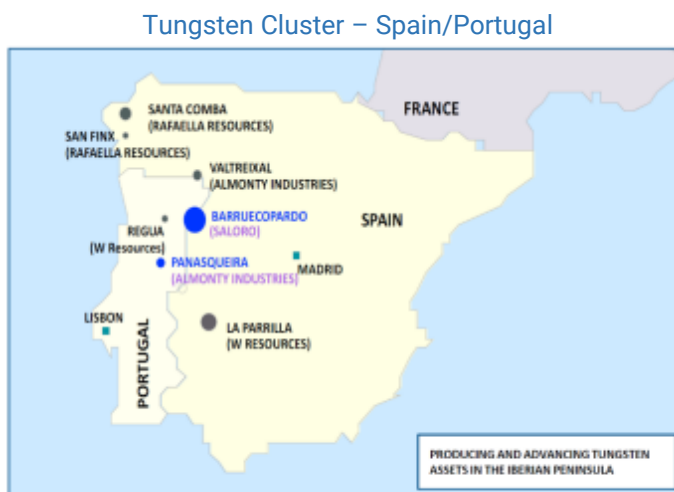


Fig.1 - Selected tungsten projects (as of October 2022) across the Iberian Peninsula, with only two operating mines (in blue)

## Section D – SALORO's Barruecopardo Mine – with efficiency comes profitability

In early 2024, EQR acquired 100% of Saloro S.L.U's Barruecopardo Tungsten Mine for its debt of €30m. The acquisition sees EQR as a world leading independent tungsten concentrate producer.

The Barruecopardo tungsten mine of predominantly scheelite mineral lies within a prominent tungsten cluster and is Europe's largest tungsten mine. Spain has a long-dated mining culture, even dating back to the Romans.

The mine was discovered in 1900 and operated until closure in 1982. Barruecopardo was reopened in 2019 with a \$200m modernised plant, mine plan program and has ~130 experienced staff and contractors.

Revised June 2024 Resource of 22.9mt at 0.20% WO<sub>3</sub> for 4.46 million mtu WO<sub>3</sub> of which 78% is Measured and Indicated. This provides well over ~10 years mine life with ore production of 1.7mtpa and ~ 2,400 tonnes of high-grade 65% WO<sub>3</sub> concentrate.

### Saloro Resources Estimate

Orebody	Resource Classification	Tonnes (Mt)	Grade (% WO <sub>3</sub> )	WO <sub>3</sub> (mtu)
In-Situ	Measured	8.82	0.19	1,659,959
	Indicated	10.27	0.18	1,799,757
	Inferred	3.82	0.26	995,555
<b>Total</b>		<b>22.91</b>	<b>0.20</b>	<b>4,455,272</b>

Saloro Barruecopardo Resources as per June 2024, Resources >=0.05% WO<sub>3</sub>, data from topography June 2024

Source: EQR FY2024 Annual Report

Modern processing facilities at the Barruecopardo Tungsten Mine with large tailings and water storage.



Saloro's Barruecopardo Tungsten Mine

*Pit, waste piles, rehabilitation & site water dams in foreground.*

*Background is process facilities and tailings dams.*

*A large proportion of water used is treated recycled water adding to Saloro's sustainability credentials.*



Barruecopardo Open Pit end of June 2024

With a 30-year (renewable) mining license EQR's Barruecopardo mine located in the Spanish Province of Salamanca where the company extracts, upgrades, and sells to downstream end-users a high-quality Tungsten mineral concentrate.

**Saloro WO<sub>3</sub> Recoveries – rise from <40% to 60-65% with more pending – spells profitability**

Previous owners found difficulty in achieving high enough recoveries to generate consistent cash profitability.

During EQR's due diligence, it was able to identify recovery increases by suggesting changing grind size and by adding XRT Tomography ore sorting beneficiation and confirmed in trial sorting – see left.

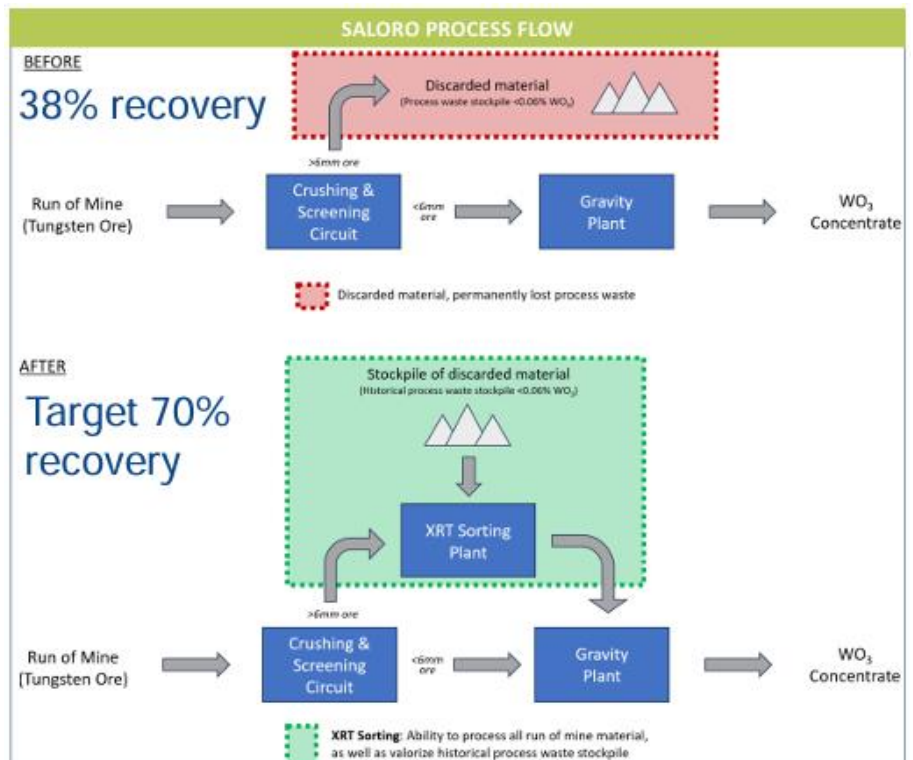
Since EQR's Saloro acquisition, it added a second XRT sorter. A full operational cycle activity review identified and implemented work-in-progress handling changes that has seen tungsten recoveries rise from below 40% to ~60 to 65%.

Plant changes included new coarse and fine hydrocyclones, which enhanced fines classification efficiency. While hi-frequency shaker table helps optimise feed quality.

Enhancements to the float (gravity) circuit enhancements are expected to raise recovery rates to final saleable product concentrate.

More optimisation, process hygiene and discussions with customers that could see variation in final product concentrate grade combined could see recoveries reach ~70% of WO<sub>3</sub>.

*Process improvement sees insertion of XRT sorter to reduce WO<sub>3</sub> losses*



*With unit profitability rising there is the ability to review life of mine and see Resource increased.*

Saloro Operations during the JunQ2024 focussed upon the southern Phase 5 Mine open pit mine section. This is transitioning to Phase 6 northern area that will that is part of the program to align mine production with the increased plant capacity though put and manage mineral stockpiles accumulated in previous months.

**SepQ2024** – will see higher tungsten concentrate output from the newly installed XRT Sorter Plant and Gravity Plant debottlenecking of the previous quarter.

**SepQ2024** – Purchase and installation of a third XRT Sorter is a major final element to increasing process recoveries.

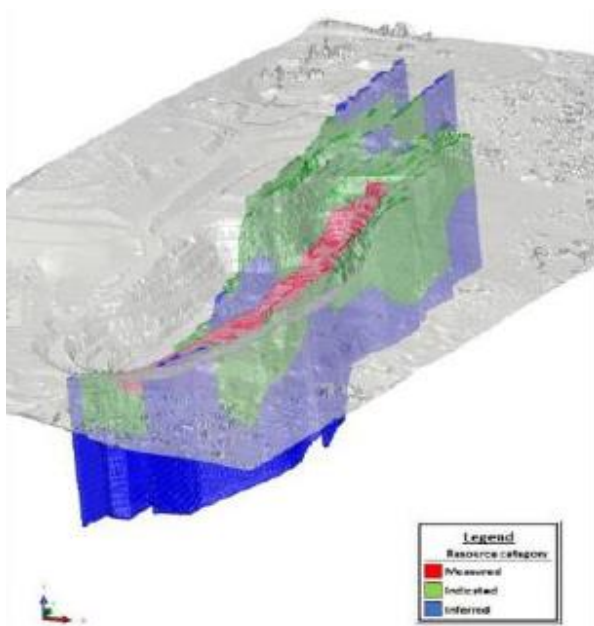
**SepQ2024 to DecQ2024** – Exploration along strike for continuation of Resource.

**DecQ2024** – Process optimisation and improvements over full quarter should result in a very marked increase in and r WO<sub>3</sub> concentrate produced and saleable.

**MarQ2025** – Work commenced on an updated JORC Ore Reserves report in MarQ2024 and due in 6 months. In previous studies, the open pit mine has shown a potential LOM of 10 years. Added infill and extension of Resource drilling

**Life of mine extension opportunities at Saloro**

Conversion of Inferred Resource (blue) to mine grade Reserves could extend mine life.



Source: EQR's Saloro Mine information supplement Feb 2024

**Saloro depth Extensions below pit**

Are showing encouraging grade profiles with depth. More drilling and studies required to determine commercial significance and possibility of underground operation.

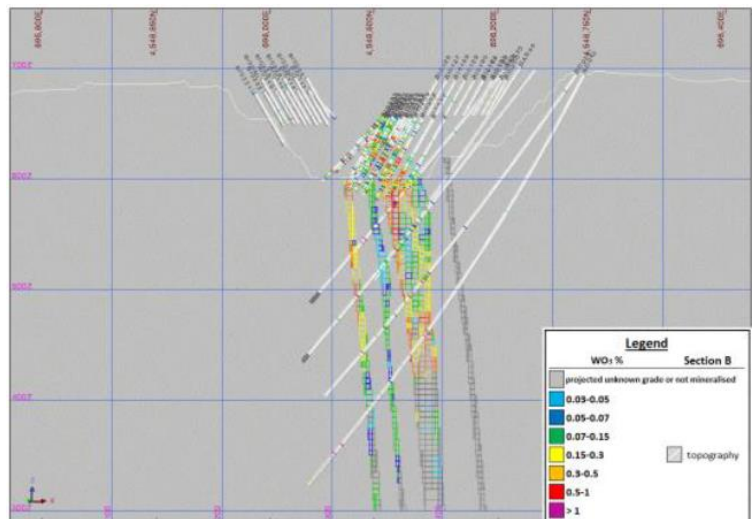


Figure 14-26 Section B (incl. drill hole BD042)

Source: EQR's Saloro Mine information supplement Feb 2024

## Section E – OPERATIONAL FORECASTS

### PRICE ASSUMPTIONS

Y/E 30 June		FY'24	DecH'24	JunH'25	FY'25	FY'26	FY'27	FY'28	FY'29	FY'30
Aust\$/USD \$	US\$	0.656	0.671	0.695	0.683	0.713	0.725	0.725	0.725	0.725
Aust\$/EUR €	EUR €	0.606	0.620	0.638	0.629	0.654	0.665	0.665	0.665	0.665
<b>APT Price - Asia</b>	APT US\$/mtu	<b>315</b>	<b>348</b>	<b>356</b>	<b>352</b>	<b>374</b>	<b>389</b>	<b>396</b>	<b>403</b>	<b>409</b>
APT Price - EU	APT US\$/mtu	319	359	364	362	381	397	404	410	417
APT Price - Mt. Carbine	APT US\$/mtu	221	244	251	248	268	285	294	299	304
Mt. Carbine Discount to Asian APT %		-30%	-30%	-29%	-30%	-28%	-27%	-26%	-26%	-26%
<b>Mt. Carbine EBITDA</b>	<b>Margin %</b>	<b>-36%</b>	<b>17%</b>	<b>31%</b>	<b>24%</b>	<b>52%</b>	<b>59%</b>	<b>3%</b>	<b>33%</b>	<b>57%</b>
Mt. Carbine operating costs	US\$/mtu sold	-448	-211	-185	-197	-134	-117	-294	-205	-132
APT Price - Saloro	APT US\$/mtu		288	293	290	307	321	328	334	339
Saloro Discount to EU APT %			-20%	-20%	-20%	-20%	-19%	-19%	-19%	-19%
<b>Saloro EBITDA</b>	<b>Margin %</b>		<b>33%</b>	<b>38%</b>	<b>36%</b>	<b>45%</b>	<b>35%</b>	<b>11%</b>	<b>1%</b>	<b>16%</b>
Saloro Operating costs	US\$/mtu sold		-194	-180	-186	-170	-209	-291	-329	-285
<b>EBITDA Margin overall</b>	APT US\$/mtu	<b>-229</b>	<b>80</b>	<b>135</b>	<b>110</b>	<b>192</b>	<b>197</b>	<b>25</b>	<b>75</b>	<b>172</b>

Source: Bloomberg, PAC Partners' estimates

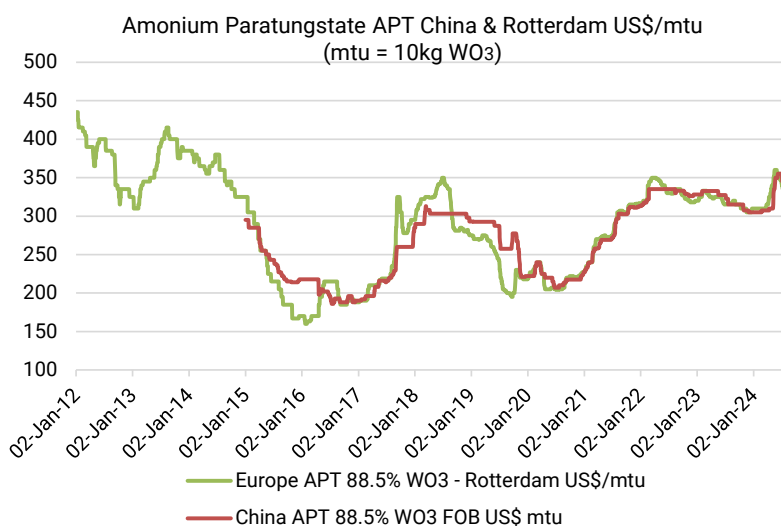
Ammonium Paratungstate (or APT) is a recognised commodity price primarily traded in over-the-counter markets in China and in Europe.

Prices in recent years have been trending upward. See chart right.

Our forecast to 2030 is for APT to gently rise to US\$400/mtu & escalate at CPI.

Due to Saloro's tungsten concentrate being generally higher (~65% WO<sub>3</sub>) than Mt Carbine's ~50% its discount to APT price is lower.

Our AUDUSD forecast sees a return to long run average of US\$0.725. A lower exchange rate would boost valuation.



### EQ RESOURCES: PRODUCTION AND SALES FORECAST

#### PRODUCTION & SALES Ore

Y/E 30 June		100% operati	FY'24	DecH'24	JunH'25	FY'25	FY'26	FY'27	FY'28	FY'29	FY'30
<b>Mt Carbine, Qld</b>	<b>Equity Share</b>	50%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Strip Ratio - Open Pit	x	1.8	4.1	6.0	4.9	3.5	2.5	10.0	2.0	1.3	
Ore extracted Open Pit	'000t.	381	491	384	875	1,174	557	403	1,339	1,087	
Ore Crushed Australia	'000t	354	522	543	1,065	1,551	1,942	1,948	1,942	1,942	
Crushed ore grade - Austr.	%	0.14%	0.15%	0.16%	0.16%	0.21%	0.15%	0.08%	0.12%	0.16%	
Tungsten Recovery - Austr.	%	79.5%	80.6%	85.2%	83.0%	77.1%	81.2%	78.2%	78.2%	79.5%	
Concentrate Production	tonnes	698	1,300	1,488	2,788	5,087	4,651	2,521	3,654	5,096	
WO <sub>3</sub> - Australia Sales	mtu	34,620	63,733	75,087	138,821	249,765	238,360	125,568	181,853	256,123	
<b>Saloro, Spain</b>	<b>Equity Share</b>	50%	100%	100%	100%	100%	100%	100%	100%	100%	
Strip Ratio	x	6.0	2.0	4.3	3.1	3.6	3.5	4.9	6.1	6.2	
Ore Extracted total	'000t.	597	768	647	1,415	1,395	1,532	1,636	1,739	1,776	
Ore Crushed Spain	'000t	644	683	672	1,356	1,373	1,373	1,376	1,383	1,386	
Crushed ore grade - Spain	% WO <sub>3</sub>	0.29%	0.21%	0.21%	0.21%	0.20%	0.17%	0.15%	0.15%	0.17%	
Tungsten Recovery - Spain	%	25.3%	48.5%	62.8%	55.7%	68.8%	69.2%	68.8%	68.3%	68.3%	
Concentrate Production	tonnes	714	1,143	1,497	2,641	3,108	2,692	2,359	2,301	2,676	
WO <sub>3</sub> - Spain Sales	mtu	46,559	67,516	89,810	157,326	187,790	162,020	141,541	137,722	160,341	
WO <sub>3</sub> - Total Sales	mtu	81,179	131,249	164,898	296,147	437,555	400,379	267,109	319,575	416,464	

Forecasts for Mt. Carbine and Saloro (no underground case is shown); Source: PAC Partners' estimates

## LEVERAGE OF VALUATION AND TARGET PRICE TO A 10% WO3 PRICE RISE IS OVER 40%

DCF BASED VALUATION	Base Case		WO3 price +10%		Sensitivity
DCF after project risking	A\$M \$/share		A\$M \$/share		% Δ
Mt. Carbine	142.9	\$0.064	172.4	\$0.08	21%
Saloro	124.2	\$0.056	167.5	\$0.07	35%
Qld Upside	4.6	\$0.002	5.1	\$0.00	12%
Spain Upside	0.9	\$0.000	1.2	\$0.00	36%
Net Cash & options	-53.3	-\$0.024	-47.9	-\$0.02	-10%
Other & Corporate	-33.7	-\$0.015	-34.8	-\$0.02	3%
<b>Total Valuation</b>	<b>185.7</b>	<b>\$0.083</b>	<b>263.5</b>	<b>\$0.12</b>	<b>42%</b>
Target Price	185.7	\$0.083	263.5	\$0.12	42%
Total Valuation excluding risk factor	275.2	\$0.123	375.1	\$0.17	36%

EQR provides exceptional leverage to tungsten prices.

Higher realised cashflow would enable EQR to invest more quickly in value enhancement expansions. This would add more to potential value. *The calculated 4:1 upside to valuation price leverage could be much higher.*

Saloro's WO<sub>3</sub> mtu production is more consistent than Mt Carbine due to lower variation in forecast strip ratio.

During high strip ratio periods Mt Carbine processes higher proportion of low-grade stockpiles to utilise plant.

Saloro at this stage has a longer life than the Mt Carbine open pit on current Resources.

Exploration and satellite orebodies could see an extension Mt Carbine's life.

A concept Mt Carbine underground mine would contribute a modest ore amount from FY2028 in our scenario.

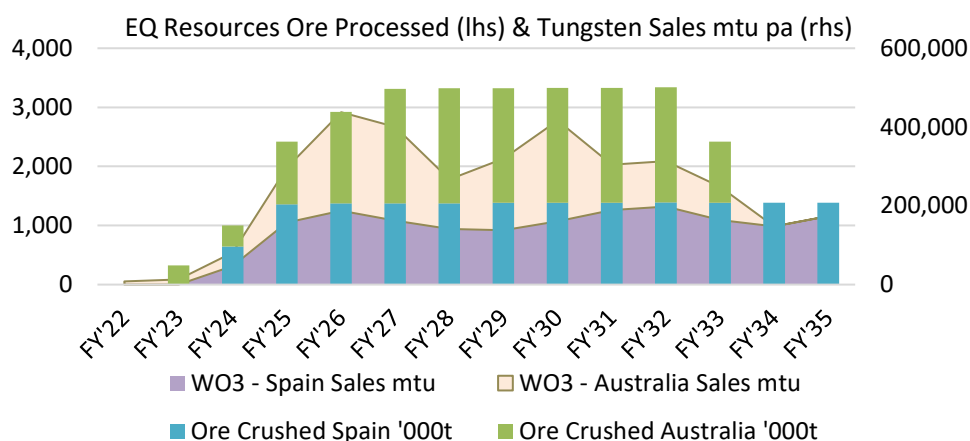
However underground ore mined selectively will likely be of higher grade.

This ore disproportionately boosts product mtu's output.

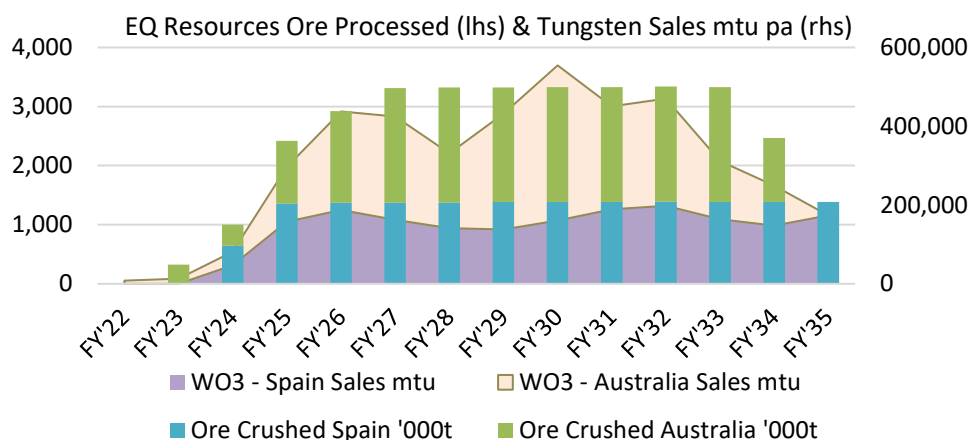
Underground ore would also displace processing low grade stocks until later years.

The combined impact is to add markedly to Project NPV.

### BASE SCENARIO – Open Pit Mt Carbine and Saloro



### UPSIDE SCENARIO – Concept Underground operation added at Mt Carbine



Source: PAC Partners' estimates, historical data EQR announcements

## WHAT COULD UNDERGROUND OPERATIONS AT MT CARBINE AND AT SALORO ADD?

Mt Carbine open pits ore output is determined by its strip ratio.

We believe EQR can smooth the scenario depicted in 2027-28.

Mt Carbine may optimise ore stockpile strategy, while exploration and extra ore delineation in-pit can stabilise and extend product output.

In addition we have added a concept underground mine.

This is the subject of current review via existing u/g decline.

**Underground** promises higher grade & selective mining to boost product WO<sub>3</sub> mtu's appreciably. **Also \$49.8m in value or \$0.02/share unrisks.**

**Risked the valuation is \$25m.**

Wolfram Camp or Bamford Hill may also contribute crushed ores in time to extend process facilities life.

The Saloro operation is in relative steady state having been in production since 2019.

Strip ratios are likely to drift up over time as the pit matures.

A drilling program along strike and depth is being designed.

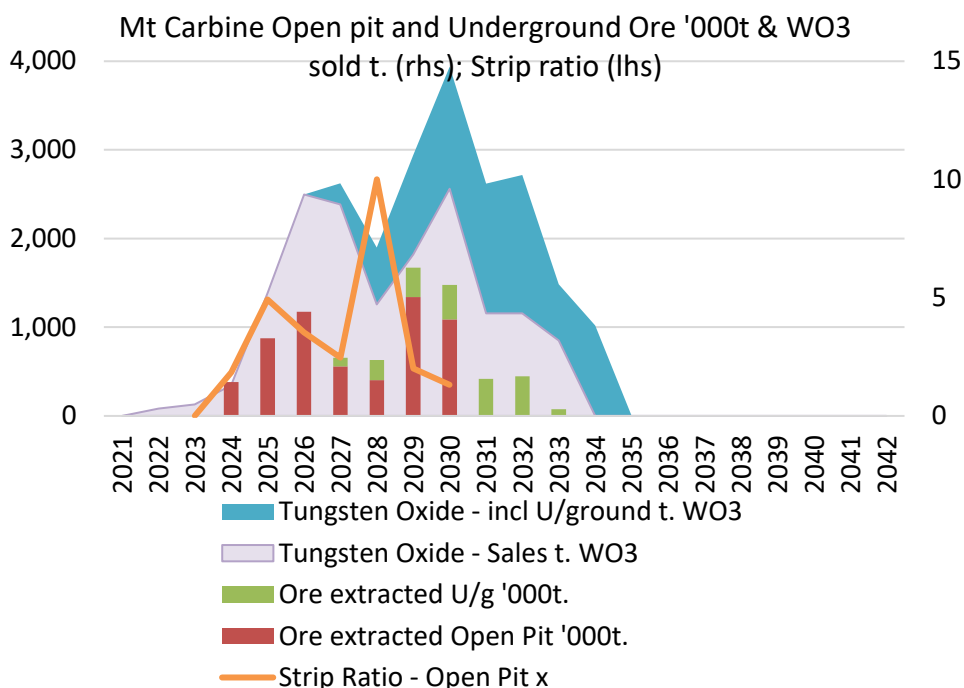
Its aim is to extend mine life and better manage strip ratios.

While it is early days, there is a potential for an underground mine to provide ore feed.

**We value Saloro's underground at a token \$0.7m after risking.**

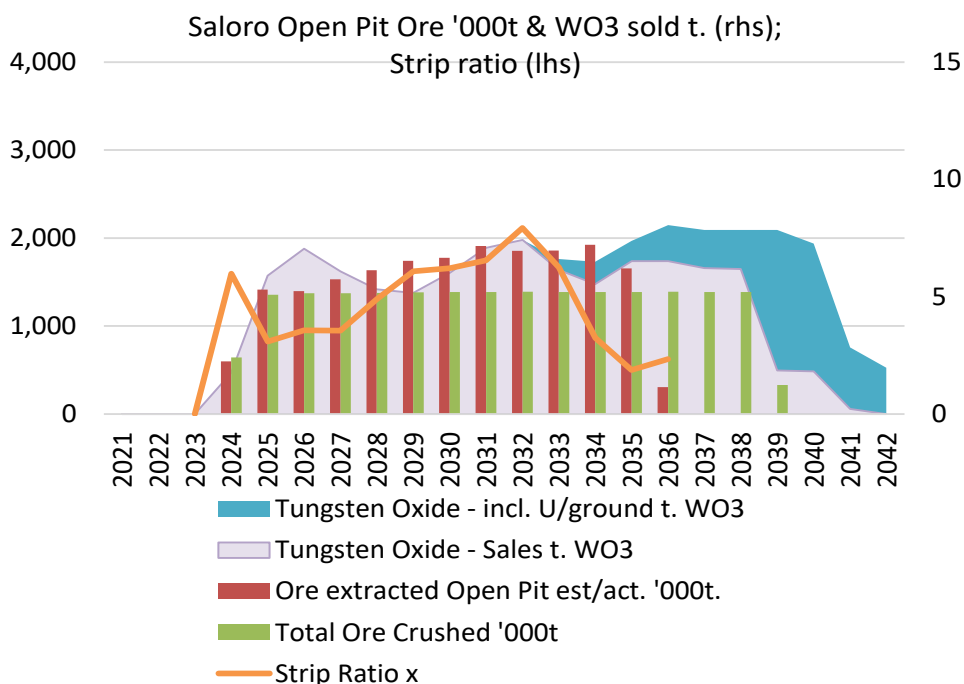
We look forward to drilling results and a Study evaluation on whether underground or pit deepening makes most sense.

### Mt. Carbine Base Case with Concept Underground – could add \$49m in value



Source: PAC Partners' estimates, historical data EQR announcements

### Saloro Base Case with Concept Underground Addition – only token value for now



Source: PAC Partners' estimates, historical data EQR announcements and Saloro Study



## EQ RESOURCES: DIVISIONAL EBITs; OVERALL PROFIT & LOSS AND CASHFLOW FORECASTS

Divisional profitability – Spain leads initially in cash generation, while Australia overtakes in 2026

Y/E 30 June	P&L/sales ton	FY'23	FY'24	DecH'24	JunH'25	FY'25	FY'26	FY'27	FY'28	FY'29	FY'30
Revenue - Australia	A\$m.	5.1	12.6	23.2	27.6	50.8	94.8	93.8	51.4	75.5	107.7
COGS - Australia	A\$m.	-15.4	-23.6	-20.1	-20.0	-40.0	-46.9	-38.5	-50.9	-51.4	-46.7
<b>Cash Margin - Australia</b>	<b>A\$m.</b>	<b>-10.2</b>	<b>-11.0</b>	<b>3.1</b>	<b>7.7</b>	<b>10.8</b>	<b>47.9</b>	<b>55.3</b>	<b>0.5</b>	<b>24.1</b>	<b>61.0</b>
Other costs - Australia	A\$m	9.7	-1.9	0.5	0.7	1.2	1.4	0.0	0.6	0.6	0.1
Deprecn & R&D w/off	A\$m	-1.4	0.2	-6.9	-8.1	-15.0	-18.7	-14.7	-10.3	-7.4	-8.1
<b>EBIT - Australia</b>	<b>A\$m</b>	<b>-1.9</b>	<b>-12.7</b>	<b>-3.2</b>	<b>0.3</b>	<b>-3.0</b>	<b>30.5</b>	<b>40.5</b>	<b>-9.1</b>	<b>17.2</b>	<b>53.1</b>
Revenue - Spain	A\$m	0.0	14.2	29.0	37.8	66.8	81.0	71.8	64.0	63.4	75.1
COGS - Spain	A\$m	0.0	-19.9	-22.2	-23.9	-46.1	-46.1	-48.1	-58.3	-63.9	-64.6
<b>Cash Margin - Spain</b>	<b>A\$m.</b>	<b>0.0</b>	<b>-5.7</b>	<b>6.8</b>	<b>13.9</b>	<b>20.7</b>	<b>34.9</b>	<b>23.7</b>	<b>5.7</b>	<b>-0.5</b>	<b>10.4</b>
Other costs - Spain	A\$m	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deprecn & R&D w/off	A\$m	0.0	-7.3	-7.0	-6.7	-13.7	-12.4	-11.4	-10.6	-9.9	-9.8
<b>EBIT - Spain</b>	<b>A\$m</b>	<b>0.0</b>	<b>-13.1</b>	<b>-0.2</b>	<b>7.2</b>	<b>7.0</b>	<b>22.5</b>	<b>12.3</b>	<b>-5.0</b>	<b>-10.5</b>	<b>0.6</b>
<b>EBIT - Total EQR</b>	<i>check</i>	<b>0.0</b>	<b>-25.8</b>	<b>-3.5</b>	<b>7.5</b>	<b>4.0</b>	<b>53.0</b>	<b>52.9</b>	<b>-14.1</b>	<b>6.7</b>	<b>53.7</b>

FY26 and FY27 highly profitable, managing strip ratios can smooth subsequent two years' profitability

### PROFIT & LOSS (A\$m)

Y/E 30 June	FY'24	DecH'24	JunH'25	FY'25	FY'26	FY'27	FY'28	FY'29	FY'30
<b>Sales Revenue</b>	<b>26.8</b>	<b>52.2</b>	<b>65.4</b>	<b>117.6</b>	<b>175.8</b>	<b>165.5</b>	<b>115.4</b>	<b>138.9</b>	<b>182.8</b>
Cost of Goods Sold	-43.5	-42.3	-43.9	-86.2	-93.0	-86.6	-109.3	-115.4	-111.3
<b>Gross Operating Profit</b>	<b>-16.7</b>	<b>9.9</b>	<b>21.5</b>	<b>31.5</b>	<b>82.8</b>	<b>79.0</b>	<b>6.2</b>	<b>23.5</b>	<b>71.5</b>
Operating, Admin & other	-5.4	-0.2	-0.2	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4
Other Income & associates	3.5	0.7	0.9	1.6	1.8	0.4	1.0	1.0	0.6
<b>EBITDA</b>	<b>-18.6</b>	<b>10.4</b>	<b>22.2</b>	<b>32.7</b>	<b>84.2</b>	<b>79.0</b>	<b>6.8</b>	<b>24.1</b>	<b>71.6</b>
Deprecn & Amortn	-7.2	-13.9	-14.8	-28.7	-31.2	-26.1	-20.9	-17.4	-17.9
<b>EBIT - operations</b>	<b>-25.8</b>	<b>-3.5</b>	<b>7.5</b>	<b>4.0</b>	<b>53.0</b>	<b>52.9</b>	<b>-14.1</b>	<b>6.7</b>	<b>53.7</b>
Net Interest Expense	-2.6	-1.2	-0.8	-1.9	-0.8	0.7	1.4	1.0	1.5
<b>Pre-Tax Profits</b>	<b>-28.3</b>	<b>-4.7</b>	<b>6.7</b>	<b>2.1</b>	<b>52.2</b>	<b>53.5</b>	<b>-12.7</b>	<b>7.7</b>	<b>55.2</b>
Tax	0.0	0.8	-1.7	-0.9	-14.6	-15.5	3.5	-2.9	-16.6
Discontinued & other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>NPAT EQR s/holders pre-Compreh</b>	<b>-28.3</b>	<b>-3.9</b>	<b>5.0</b>	<b>1.2</b>	<b>37.6</b>	<b>38.1</b>	<b>-9.2</b>	<b>4.9</b>	<b>38.7</b>
Net Comprehensives	26.1	0.2	0.3	0.5	0.2	0.0	0.0	0.0	0.0
<b>Group Profit</b>	<b>-2.2</b>	<b>-3.6</b>	<b>5.3</b>	<b>1.7</b>	<b>37.8</b>	<b>38.1</b>	<b>-9.2</b>	<b>4.9</b>	<b>38.7</b>
Tax Rate (%)	0.0%	17.2%	25.1%	43.0%	27.9%	28.9%	27.6%	37.2%	30.0%

Cash generation accelerates during FY25 to FY27 leaving ample room for expansions and/or dividends

### CASHFLOW STATEMENT (A\$m)

Y/E 30 June	FY'24	DecH'24	JunH'25	FY'25	FY'26	FY'27	FY'28	FY'29	FY'30
<b>Cash Flows From Operating Activities</b>	<b>-12.7</b>	<b>13.4</b>	<b>22.2</b>	<b>35.6</b>	<b>62.4</b>	<b>63.2</b>	<b>8.2</b>	<b>20.8</b>	<b>55.3</b>
Receipts from Customers	28.4	52.2	65.4	117.6	175.8	165.5	115.4	138.9	182.8
Payments to Suppliers	-43.7	-42.5	-44.1	-86.6	-93.4	-87.0	-109.7	-115.8	-111.8
Net Interest	-1.0	-1.2	-0.8	-1.9	-0.8	0.7	1.4	1.0	1.5
Tax payments	0.0	0.0	0.0	0.0	-6.3	-12.5	0.0	-3.5	-16.5
Working Cap Δ & other chge	3.6	4.8	1.6	6.4	-12.9	-3.6	1.0	0.2	-0.7
<b>Cash Flows From Investing Activities</b>	<b>-18.9</b>	<b>-39.1</b>	<b>-7.9</b>	<b>-47.1</b>	<b>-10.0</b>	<b>-5.1</b>	<b>-3.5</b>	<b>-3.5</b>	<b>-3.5</b>
Acq. of Property & Equip.	-12.6	-15.0	-6.9	-21.9	-8.2	-3.6	-3.5	-3.4	-3.5
Exploration Expenditure	-1.9	-0.5	-0.4	-0.9	-0.4	-0.1	0.0	0.0	0.0
Acquisitions & Capitalised Interest	-4.4	-23.6	-0.7	-24.2	-1.4	-1.4	0.0	0.0	0.0
<b>Cash Flows From Financing Activities</b>	<b>29.8</b>	<b>25.5</b>	<b>-22.6</b>	<b>3.0</b>	<b>-17.2</b>	<b>-24.9</b>	<b>-18.1</b>	<b>-3.1</b>	<b>-43.3</b>
Net Change in Borrowings	-14.4	10.7	-21.7	-11.0	-13.1	-19.9	0.2	0.1	-3.1
Dividends Paid	0.0	0.0	0.0	0.0	0.0	-1.1	-14.9	0.0	-36.9
Equity Issues less Buy backs	37.5	13.5	0.0	13.5	0.0	0.0	0.0	0.0	0.0
Other Financing & FX Adjust.	6.6	1.3	-0.9	0.5	-4.1	-3.9	-3.3	-3.2	-3.3
<b>Net Increase In Cash</b>	<b>-1.8</b>	<b>-0.2</b>	<b>-8.4</b>	<b>-8.5</b>	<b>35.2</b>	<b>33.2</b>	<b>-13.3</b>	<b>14.3</b>	<b>8.5</b>
Cash At End of Period	3.5	3.3	-5.0	-5.0	30.1	63.3	50.0	64.3	72.8
Free Cash flow	-31.6	-25.7	14.2	-11.5	52.4	58.1	4.7	17.4	51.8

## Section F – INVESTMENT RISKS and MITIGATION OPPORTUNITIES

EQR is a minerals exploration development and production company.

At this stage it has yet to establish enough cash generating capacity to sustain all its efficiency and expansion capital programs.

Commodity project development groups have key risks which include, but are not limited to:

*Exploration and Resource upgrade drilling is risky, and programs may be costly and fail.*

- There is no guarantee that additional exploration will cost effectively find significant new tungsten mineralisation at sufficient grade to add to Resource endowment at Mt Carbine, Wolfram Camp and Bamford Hill. This may limit mine life investments that would otherwise lift present value of current Resources.

*EQR is having significant success drilling in-pit, below pit and on strike at Mt Carbine. Tungsten intersections in some cases increase in width with depth along with grade enhancement. Access to underground drive enables more cost-effective drilling for depth extensions and underground scoping studies.*

*Saloro has positive indications along strike/at depth for added resource. Its early to judge whether this will be of sufficient volume/grade.*

- While Saloro has a mine life longer than Mt Carbine's open pit, strip ratios will tend to rise in the absence of exploration finds or in-fill/extensions of resource.

*Saloro has numerous drill intersections that penetrated just beyond blocked-out Resource. These are indicative for potential Resource extension along strike and at depth. While we are confident that more tungsten mineralisation can be found the uncertainty lies with whether adequate grade can offset strip ratios or enable EQR to fund a start-up of underground operations.*

*Tungsten prices can be volatile and market forces can be influenced by industry and export policies of China.*

- Tungsten is a critical material though is still a volatile priced commodity. China controls the majority of Tungsten output globally and its industry policies can cause price volatility, both up and down.

*Key customer relationships can assist with selling volumes of concentrate in strong and weak tungsten markets. These include key downstream producers in Vietnam, in Germany and an emerging relationship with leading US-owned and fully integrated tungsten manufacturer Elmet Technologies LLC. Listing on Australia's and other Nations Critical Minerals list may assist marketing efforts.*

*Tungsten mines are modest grade.*

*Care is needed in mine planning and execution to supply sufficient ore grade for processing to generate positive earnings margins.*

- Reconciliation of mine plans with mined ore tonnes/grade achieved has provided some unexpected outcomes in recent quarters. Pit production and plant expansion may be delayed or underperform management expectations.

*EQR experienced a cyclone and pit flooding impeded access for mine-block confirmatory drilling. This resulted in less than expected ore volume and grade retarding progress to cash break even at Mt Carbine. However, stepped up drilling is providing more reliable mine planning information.*

*Switch to owner operations for mining activities is providing more control to achieve tonnage movements of waste, ore and to crushing operations.*

*Plant performance has largely met expectations and where it has fallen short procedures and/or amendments to process plan have remediated performance.*

*Access to capital is not assured but as cash generation increases this risk should lessen*

- Capital – equity and/or debt may be unavailable particularly due to commodity price weakness, project-specific or general market conditions.

*Environmental and safety performance is vital*

*EQR has succeeded in obtaining grants, strategic investor support, equipment and supplier forward sales plus debt funding in addition to equity raisings. As operations in Spain and then Australia ramp-up, then cash generation should accelerate. This enables debt servicing and an organic source of funding.*

- Safety and environmental performance are key for ongoing licence to operate.

*Vigilant environmental and safety performance, water recycling and tails for quarry materials provide good basis for sustainability credentials.*

## Section G – BOARD and MANAGEMENT

**Deep and broad experience of specific tungsten and mining project development, operation and project funding.**

### **Oliver Kleinhempel**

Chair & Non-executive Director

*BBA, M.Sc. (Mining)*

Oliver was appointed Non-executive Director on 12 August 2019.

Oliver has held various executive management positions in the project development, finance and commodity trading sectors, and with organisations including Outotec, Ferrostaal Group and CRONIMET.

He is currently an executive director of CRONIMET Holding GmbH, Germany and provides the Board strong tungsten market experience .

### **Stephen Layton**

Non-executive Director

*MSIAA*

*Board Committees:*

*Remuneration and Nomination*

Stephen was appointed Non-executive Director on 14 November 2017.

He has over 35 years' experience in equity capital markets in the UK and Australia. Stephen has held both principal and director roles in his extensive career and active in capital raisings, ASX listings and corporate advisory.

Stephen is currently also a non-executive director on ASX-listed Mithril Resources Limited and has previously been a non-executive director on ASX-listed company, New Age Exploration Limited.

### **Zhui Pei Yeo**

Non-executive Director

*BEng (Electrical & Electronic Eng.) Hons*

*Board Committees:*

*Audit and Risk, Remuneration and Nomination (Chair)*

Zhui Pei was appointed Non-executive Director on 12 August 2019.

Zhui Pei has held a number of executive, management and supervisory roles. Additionally he has gained wide range of experience in project planning, to resource management and to commercial negotiations.

He works with a leading system integrator in telecommunications in South-East Asia and is currently an executive director of a steel-product maker.

### **Richard Morrow**

Non-executive Director

*FAusIMM*

*Board Committees:*

*Audit and Risk, Remuneration and Nomination*

Richard has more than 30 years' experience as a sharebroker in Melbourne and in London, with a particular interest in resources. He is a long-serving steering committee member of the Melbourne Mining Club.

Richard's investment experience includes a role as director of Lowell Resources Fund Management, manager of the ASX-listed Lowell Resources Fund. He is a Fellow of the AusIMM and an honorary member of the AusIMM Investment Advisory Committee.

### **Stephen Weir**

Non-executive Director

*B. Eng. Hons (Mech), Grad Dip Applied Finance SIA, GAICD*

*Board Committees:*

*Audit and Risk (Chair), Remuneration and Nomination*

Stephen was appointed Non-executive Director on 19 January 2024 representing Oaktree Capital Management.

Stephen has an extensive background in mining and finance and was recently CEO of Magnetite Mines Ltd. His prior experience including senior corporate advisory, project finance, and construction management roles provides valuable expertise in support of EQR's growth strategy.

Stephen is a member of the Australian Institute of Company Directors and the GBA Capital Advisory Board, a Sydney specialist resource stockbroker.

### **Operational Management – now expanding with added finance experience**

### **Kevin MacNeill**

*CEO*

*B Tech Mineral (Mineral Processing and Civil Construction); Dip Canadian Securities Course, Stockbroker's Licence*

Kevin was appointed the Company's Interim-CEO & Senior Technical Advisor in May 2019.

Kevin has deep experience in resource projects from discovery, feasibility study, development to mining & minerals processing.

His managing director appointments include Etruscan Diamonds, part of TSX-listed Etruscan Resources. He also founded Specialized Metallurgical

Projects Pty Ltd, an engineering consulting and project development company, focusing on metal recovery and mining waste processing.

As CEO, Kevin is focused on operations at Mt Carbine as well as overseeing the Saloro acquisition and assessment of the Company's project portfolio.

### **Melanie Leydin**

*Company Secretary*

*BBus (Acc. Corp Law) CA FGIA*

Ms Leydin has over 25 years' experience in the accounting profession and over 15 years as a Company Secretary with extensive Public Co experience.

After graduated from Swinburne University in 1997, she became a Chartered Accountant in 1999 and a Principal of Leydin Freyer Corp Pty Ltd.

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 industries.

### **Tony Bainbridge**

*Chief Geologist*

*BSc (Geology and Chemistry), AusIMM*

Tony is contracted as EQR's Chief Geologist focusing on Mt Carbine's underground development of narrow high-grade mine.

Tony has extensive experience with projects in South Korea and Africa, including building, owning and managing a South Korean tungsten mining operation. His capabilities include assisting with feasibility studies, acquisition, mine exploration and development, strategic personnel placements, equipment sourcing. He is a current a director of Asia Intercept Mining Ltd and AMB Exploration Pty Ltd.

### **Andrew Mooney**

*(to starts 21<sup>st</sup> Oct 2024)*

*Chief Financial Officer*

*BCom, BA and GAID.*

As a soon to be member of the EQR leadership team Andrew will be responsible for finance, investor relations, capital management, strategic and tax planning and governance matters.

Andrew has over 25 years of experience with PricewaterhouseCoopers and Deloitte as well as industry experience at Coronado Global Resources, Peabody Energy and Macarthur Coal.

Andrew is a Chartered Accountant with Commerce/Arts Degrees at Uni. of Qld and is a Graduate of the Aust Institute of Company Directors.

## **Barruecopardo Salamanca (España)**

### **Board and Operational Management**

### **Joern Vogt**

*Chairman & Director*

With a Ph.D. in Economic Geology, Joern has more than 30 years of executive management as well as hands-on experience in various fields of the metals industry in Australia, Africa, Europe and the Americas. His experience covers exploration, mining, processing, general management, project development. He held senior positions at Degussa (now Umicore), H.C. Starck, and others.

### **Alvaro Serrano**

*CFO*

Alvaro succeeded Agne Ahlenius being recently appointed Managing Director. Alvaro was previously Barruecopardo's Chief Financial Officer.

Alvaro holds a degree in economic and business sciences and an executive M.B.A. from IE Business School. He has +20 years' experience in senior financial roles, including purchasing and internal audit, and has held CFO roles across a number of leading Spanish companies.

### **Tomas Vecillas**

*Barruecopardo Statutory Manager*

Tomas is a Mining Engineer, MSc, with 25 years operating experience including 3 years as statutory Mine Manager at the Los Santos Tungsten mine, Salamanca, Spain; and 7-years on the Barruecopardo Project.

### **Miguel Angel Menendez**

*Mine Manager*

Miguel holds a Mining Engineer degree, MSc, from the Technical University of Oviedo (Spain), in addition to an MBA from the Chamber of Commerce

in Oviedo. Miguel has over 15 years' experience in management positions in several open pit/underground mining and processing operations.

### Pedro Jimenez

Plant Manager

Pedro holds a Mining Engineer degree, MSc, from the Technical University of Madrid, in addition to an MBA from Salamanca University. Pedro has over 20 years of professional experience including mining project development and management roles in mining operations and processing plants.

## APPENDIX 1 – Australia's Critical Minerals & selected Overseas Classifications

[Australia's Critical Minerals List and Strategic Materials List | Department of Industry Science and Resources](#)

Table 1: Australia's Critical Minerals List

Critical mineral	<a href="#">On US list[1]</a>	<a href="#">On EU list[2]</a>	<a href="#">On India list[3]</a>	<a href="#">On Japan list[4]</a>	<a href="#">On Republic of Korea list[5]</a>	<a href="#">On UK list[6]</a>	<a href="#">Australian geological potential[7]</a>	<a href="#">Australian economic demonstrated resources (2022)[8]</a>	<a href="#">Australian production (2022)[9]</a>	<a href="#">World resources (2022)[10]</a>	<a href="#">Global production (2022)[11]</a>
<b>Tungsten</b>	Yes	Yes	Yes	Yes	Yes	Yes	High	568 kt	0.23 kt	3,800 kt	84 kt
Antimony	Yes	Yes	Yes	Yes	Yes	Yes	Moderate	139.4 kt	2.3 kt	1,800 kt	110 kt
Cobalt	Yes	Yes	Yes	Yes	Yes	Yes	High	1,742 kt	5.8 kt	8,480 kt	185 kt
Germanium	Yes	Yes	Yes	Yes	No	No	High	No data	No data	No data	No data
Lithium	Yes	Yes	Yes	Yes	Yes	Yes	High	7,046 kt	75 kt	27,000 kt	143 kt
Niobium	Yes	Yes	Yes	Yes	Yes	Yes	Unknown	216 kt	No data	Over 17,000 kt	79 kt
<a href="#">Rare-earth elements[17]</a>	Yes	Yes	Yes	Yes	Yes	Yes	High	5,700 kt	16 kt	127,000 kt	300 kt
Scandium	Yes	Yes	No	No	No	No	High	36.65 kt	0	No data	No data
Vanadium	Yes	Yes	Yes	Yes	Yes	Yes	High	8,510 kt	0	26,700 kt	100 kt

Tungsten Global Production and Reserves US Geological Survey - June 2022	Mine Production 2022	Mine Production 2023	% total 2023 Mined	Reserves	% of total Reserves	Reserves/Pr oduction x
Australia	200	800	1.0%	570,000	12.9%	713
Austria	910	910	1.2%	10,000	0.2%	11
Bolivia	1,360	1,500	1.9%	10,500	0.2%	7 Assumes 7yrs
China	66,000	63,000	80.9%	2,300,000	52.0%	37
North Korea	1,520	1,700	2.2%	29,000	0.7%	17
Portugal	500	500	0.6%	4,000	0.1%	8
Russia	2,000	2,000	2.6%	400,000	9.0%	200
Rwanda	1,400	1,400	1.8%	9,800	0.2%	7 Assumes 7yrs
Spain	800	1,500	1.9%	66,000	1.5%	44
Vietnam	4,000	3,500	4.5%	74,000	1.7%	21
Other Countries	1,080	1,100	1.4%	950,000	21.5%	864
<b>Total</b>	<b>79,770</b>	<b>77,910</b>	<b>100.0%</b>	<b>4,423,300</b>	<b>100.0%</b>	

China, North Korea, Russia 69,520 66,700 85.6% 2,729,000 61.7%

Units - Metric tonnes of tungsten contained

### USGS Sourced data

Production of tungsten concentrate outside China marginally increased with Australian mine reactivations at Mt Carbine and G6M's King Island Dolphin Mine with large resources.

Additional production, primarily from mines in the Republic of Korea, Russia, Spain – including Saloro, and the United Kingdom are additional possible sources over a few of years.

## Contact Information

CORPORATE FINANCE		RESEARCH		DEALING	
<b>CRAIG STRANGER</b> MD / Head of Corporate Finance cstranger@pacpartners.com.au	0409 206 500	<b>SHANE BANNAN</b> Senior Research Analyst sbannan@pacpartners.com.au	0422 588 635	<b>JAMES WILSON</b> Institutional Sales jwilson@pacpartners.com.au	02 9134 9111
<b>BROOKE PICKEN</b> Chief Operating Officer / ECM bpicken@pacpartners.com.au	0401 844 677	<b>PHIL CARTER</b> Senior Analyst pcarter@pacpartners.com.au	0400 252 465	<b>ANDREW MANCHEE</b> Institutional Sales amanchee@pacpartners.com.au	02 9134 9155
<b>SEAN KENNEDY</b> Corporate Finance skennedy@pacpartners.com.au	0414 185 797	<b>LAWRENCE GRECH</b> Senior Equities Analyst lgrech@pacpartners.com.au	0404 052 913	<b>JAMES NICOLAOU</b> Institutional Sales jnicolaou@pacpartners.com.au	0412 585 081
<b>WILL CROSS</b> Corporate Finance wcross@pacpartners.com.au	0447 699 950	<b>CALEB WENG</b> Analyst cweng@pacpartners.com.au	0416 861 165	<b>RYAN GALE</b> Advisor rgale@pacpartners.com.au	0423 000 092
<b>ANDREW SHEARER</b> Technical Consultant ashearer@pacpartners.com.au	0411 720 516	<b>MAX ANDREWS</b> Analyst mandrews@pacpartners.com.au	0402 817 911	<b>JAMES HOLYMAN</b> Institutional Sales Manager jholyman@pacpartners.com.au	02 9134 9133
<b>PETER WARD</b> Corporate Broking pward@pacpartners.com.au	0414 800 358			<b>HAYDEN SCHAMPERS</b> Junior advisor / Brokering operations hschampers@pacpartners.com.au	0488 449 155
<b>JOSH GORDON</b> Corporate Finance jgordon@pacpartners.com.au	0430 191 640			<b>OLIVER CARR</b> Desk Assistant / Institutional sales ocarr@pacpartners.com.au	0405 589 869
<b>JAMES GURRY</b> Consultant jgurry@pacpartners.com.au	0451 349 688				
<b>DANIEL GADALLA</b> Associate, Corporate Finance dgadalla@pacpartners.com.au	0402 244 106				
<b>SYDNEY</b> Level 26, Governor Phillip Tower, 1 Farrer Place, Sydney +61 2 9134 9133		<b>MELBOURNE (Head Office)</b> Level 29, 360 Collins Street, Melbourne 3 9114 7400		<b>PERTH</b> Suite 2.1, 9 Havelock Street, West Perth +61 8 6372 7900	

## RECOMMENDATION CRITERIA

### Investment View

PAC Partners Investment View is based on an absolute 1-year total return equal to capital appreciation plus yield. A Speculative recommendation is when a company has limited experience from which to derive a fundamental investment view. **Speculative buy** = We expect the stock's total return (nominal yield plus capital appreciation) to exceed 20% over 12 months. The investment may have strong capital appreciation but also has a high degree of risk and there is a significant risk of capital loss.

### Investment View

PAC Partners Investment View is based on an absolute one-year total return equal to capital appreciation plus yield.

A Speculative recommendation is when a company has limited experience or early project stage from which to derive a fundamental investment view.

Speculative buy = We expect the stock's total return (nominal yield plus capital appreciation) to exceed 20% over 12 months. The investment may have strong capital appreciation but also has a high degree of risk and there is a significant risk of capital loss.

Speculative Buy	Buy	Hold	Sell
>20%	>20%	20% – 5%	<5%

### Risk Rating

PAC Partners has a four tier Risk Rating System consisting of: Very High, High, Medium, and Low. The Risk Rating is a subjective rating based on: Management Track Record, Forecasting Risk, Industry Risk and Financial Risk including cash flow analysis.

### Disclosure of Economic Interests

The views expressed in this research report accurately reflect the personal views of about the subject issuer and its securities. No part of the analyst's compensation was, is or will be directly or indirectly related to any recommendation or view expressed in this report.

The following person(s) does not hold an economic interest in the securities covered in this report or other securities issued by the subject issuer which may influence this report.

- The author of this report – Lawrence Grech.
- A member of the immediate family of the author of this report

## Risk Rating

PAC Partners has a four tier Risk Rating System consisting of: Very High, High, Medium and Low. The Risk Rating is a subjective rating based on: Management Track Record, Forecasting Risk, Industry Risk and Financial Risk including cash flow analysis.

### Disclosure of Economic Interests

The views expressed in this report accurately reflect the personal views of Lawrence Grech about the subject issuer and its securities. No part of the analyst's compensation was, is or will be directly or indirectly related to any recommendation or view expressed in this report.

The following person(s) **does not hold an economic interest** in the securities covered in this report or other securities issued by the subject issuer which may influence this report:

- the author of this report, **Lawrence Grech**.
- a member of the immediate family of the author of this report

*PAC Partners Securities Pty Ltd. ("PAC Partners", "PAC" or "PPS") is a Corporate Authorised Representative of PAC Asset Management Pty Ltd holder of an Australian Financial Services Licence (AFSL No. 335 374).*

### Disclaimer

PAC Partners Securities Pty Ltd. ("PAC Partners", "PAC" or "PPS") is a Corporate Authorised Representative of PAC Asset Management Pty Ltd holder of an Australian Financial Services Licence (AFSL No. 335 374).

The information contained in this report is provided by PAC Partners to Wholesale Investors only. Retail investor and third-party recipients should not rely, directly or indirectly, on this report. Users of this research report should not act on any content or recommendation without first seeking professional advice. Whilst the report has been prepared with all reasonable care from sources which we believe are reliable, no responsibility or liability is accepted by PAC Partners, for any errors or omissions or misstatements however caused. Any opinions, forecasts or recommendations reflect our judgement and assumptions at the date of publication or broadcast and may change without notice. This report is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. This publication contains general securities advice. In preparing our Content it is not possible to take into consideration the investment objectives, financial situation or particular needs of any individual user. Access of this report does not create a client relationship between PAC Partners and the user. Before making an investment decision on the basis of this advice, you need to consider, with or without the assistance of a securities adviser, whether the advice in this publication is appropriate in light of your particular investment needs, objectives and financial situation.

PAC and its associates within the meaning of the Corporations Act may hold securities in the companies referred to in this publication. PAC believes that the advice and information herein is accurate and reliable, but no warranties of accuracy, reliability or completeness are given (except insofar as liability under any statute cannot be excluded). No responsibility for any errors or omissions or any negligence is accepted by PAC or any of its directors, employees or agents. Any content is not for public circulation or reproduction, whether in whole or in part and is not to be disclosed to any person other than the intended user, without the prior written consent of PAC Partners.

### Disclosure of Corporate Involvement

PAC Partners has received fees in the past 12 months by the EQ Resources as Lead Manager of the May 2024 \$9.5m placement.

PAC Partners does seek to do business with companies covered in the research. PAC may receive commissions from dealing in securities associated with the Company. As a result, investors should be aware that PAC Partners may have a conflict of interest that could affect the objectivity of this report.

If you would like to be removed from this distribution list, please click here: [UNSUBSCRIBE](#).

If you would like to update your details please click here: [MODIFY](#).

For more information about PAC Partners please visit [www.pacpartners.com.au](http://www.pacpartners.com.au)