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10th August 2023

EQR ACQUIRES LEADING EUROPEAN TUNGSTEN PRODUCER, SALORO S.L.U., AND SECURES $25 MILLION INVESTMENT BY OAKTREE

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

Highlights:

- EQR agreed binding terms to acquire leading European tungsten producer Saloro S.L.U. from global investment manager, Oaktree
- Transformational acquisition strengthens EQR's relevance in the global tungsten industry and enhances the Company's capital market positioning
- As part of the transaction, Oaktree invests $25 million into EQR, through the subscription of 278 million new ordinary shares at $0.09 per share (representing a ~30% premium to the 15 days VWAP)
- Through the combination of operations, EQR becomes the largest tungsten concentrate producer in the Western World, with a robust growth pipeline across two top-tier mining jurisdictions
- The transaction remains subject to various closing conditions, incl. the approval of foreign direct investment agencies both in Australia and Spain

EQ Resources Limited ("EQR" or "the Company") is pleased to announce that it has agreed binding terms through signing of a Share Purchase Agreement ("SPA") to acquire a 100% interest in Saloro S.L.U., Spain ("Saloro") from Tungsten Mining JV S.L.U., Spain, ("Tungsten Mining"), a portfolio company of funds managed by Oaktree Capital Management L.P. ("Oaktree") ("Transaction").

As part of the Transaction, Oaktree will subscribe for 278 million new ordinary shares ("Subscription Shares") in the Company at an issue price of $0.09 per share (representing a ~30% premium to the 15 days VWAP), amounting to an investment of $25 million. As a result, Oaktree will become a substantial shareholder in EQR with a holding of 15.86% (calculated as of the day of SPA signing) at completion of the Transaction. Oaktree will receive 78 million options, with an exercise price of $0.10 per share, exercisable during the period of 2 years following the date of completion of the SPA ("Options").

EQR's Chief Executive Officer, Mr Kevin MacNeill, commented: "This is without doubt an outstanding development and a transformational acquisition for EQR that delivers a huge value opportunity for shareholders. We continue building a robust growth pipeline with the addition of the Saloro operation and considering the exploration ground around the Barruecopardo mine is covering prospective historical workings. Saloro has a great management team which built and commissioned a mine during rough times of Covid and

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now coming to a stage of sustainable production growth. Our technical and geology teams assessed this opportunity in the recent months and with the installation of their first Tomra XRT sorter we can provide technical assistance to our new colleagues at Saloro to immediately optimise production."

"We are delighted Oaktree agrees and supports the value proposition of the expanded operation across two jurisdictions through their investment in EQR at a significant premium, demonstrating commitment to the forthcoming value creation journey. We look forward to having a high-profile globally significant fund such as Oaktree, who has been an excellent owner to Saloro, join our share register and support EQR to expand its footprint and strategic positioning in the global tungsten supply chain. We feel this relationship is accretive to our shareholders", Mr MacNeill said.

Mr Federico Alvarez-Demalde, Managing Director at Oaktree, commented: "We are excited to have selected EQR as partner to acquire Saloro. EQR is a remarkable partner that shares our operational excellence and ESG values, committed to responsible and sustainable practices. This partnership reinforces our conviction about the incredible opportunity presented in the tungsten supply space, and the need to secure sustainable and ESG focused critical metals supply chains. In that capacity, we have found in EQR an excellent team which demonstrated the ability to create lasting value while positively impacting society and the environment."

STRATEGIC RATIONALE

Through the acquisition of Saloro, EQR adds the leading European tungsten producing mine to its project portfolio, which aligns with the Company's corporate strategy to become a substantial and globally leading supplier of sustainably produced critical minerals. The expanded scale of operation will further strengthen EQR's relevance within the global tungsten industry and will enhance the Company's capital market positioning.

The Transaction provides EQR's shareholders an exposure to two geographically diverse tungsten operations across top-tier mining jurisdictions and a re-rating opportunity due to enhanced production scale and exploration upside within the exploration permits at Mt. Carbine and Barruecopardo.

Both assets have been de-risked in recent years, now being in an early production stage having a well-established and even complementary customer base with tungsten downstream players in Asia, Europe and North America. Both operations under a combined leadership and complementary expertise will provide cost-saving as well as significant operational synergies. Saloro is in the process of integrating highly efficient XRT Sorters into the process circuit, an area of core competence of EQR. At the same time EQR is currently preparing the ramping up of the Mt Carbine Open Pit Operation, an exercise that Saloro has gone through over the last 3 years as part of their reactivation of the historic Barruecopardo mine.

BACKGROUND ON SALORO S.L.U.

Saloro is a Spanish company dedicated to the production and marketing of tungsten, an industrial metal with a wide range of applications, which the European Union recognizes as a 'Critical Raw Material'. With a 30-year (renewable) mining license Saloro's flagship producing asset is the Barruecopardo mine located in the Spanish Province of Salamanca.

Barruecopardo has a mining history dating back almost 100 years. Historic activities ceased at the old mine in the early 1980s. After 10 years of preparation including a 15-month construction period, Saloro brought the Barruecopardo mine

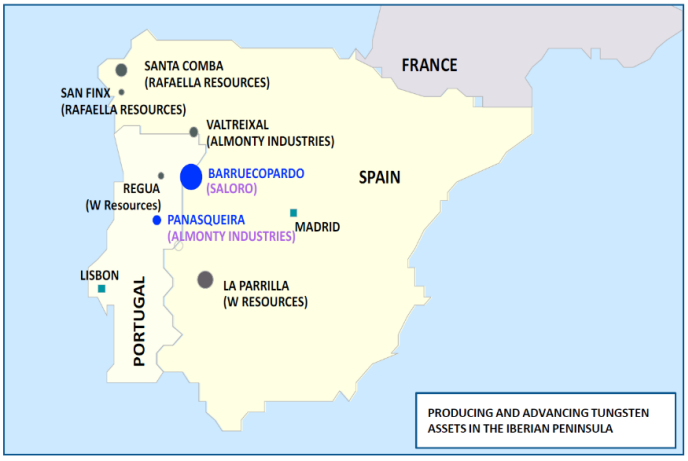


Fig.1 - Selected tungsten projects (as of October 2022) across the Iberian Peninsula, with only two operating mines (in blue)

back online in early 2019 leveraging modern technology after nearly 40 years of shutdown. Mining and concentrating activities at the mine are designed to minimise any environmental impact while ensuring a high mineral recovery. Current production is approximately 140 tons/month of high-grade (>65% WO_3) tungsten concentrate, with various minor plant expansion projects ongoing for higher recovery and throughput.



Fig.2 - Barruecopardo Site: In Green shown the mining operation, in Blue shown the crushing & screening circuits and main processing plant; in Orange shown the laboratory and administration building



Fig.3 - Barruecopardo Site: Looking from North to South; in front the main processing plant with the crushing & screening circuits to the right

At Barruecopardo, Saloro is operating without incident beside a National Park and inside an EU Nature Network 2000 Bird Protection Zone. Saloro operations are regarded within Spain as an environmental showpiece operation that “Sets the Standard”.

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Over 68% of employees live in Barruecopardo and 10 surrounding towns. 97% live in the Salamanca Province. Saloro has entered into a collaboration agreement with the local council including annual contributions to the municipal accounts.

Saloro's Barruecopardo operations are accredited under ISO 14001 and ISO 45001. For more information visit saloro.com.

BARRUECOPARDO MINE

The Barruecopardo Mine is a tungsten deposit with Scheelite ($CaWO_4$) as the main tungsten bearing mineral and the deposit type being vein and sheeted vein coarse (nuggety) scheelite mineralisation style. Within the pit area, mineralisation forms a main approximate 30 metre wide envelope of sub-vertical-steep east dipping veins. The pit accommodates the intersection of two main sub-divisions, being a main north trending mainly scheelite mineralised zone and a second north-northwest trending scheelite plus wolframite mineralised zone.



Fig.4 - Aerial view of the Barruecopardo open pit (as of July 2023)

Barruecopardo Mineral Resource Statement (JORC 2004), as of February 2012:

In December 2011, a Mineral Resource Estimate was prepared for the Barruecopardo Project by CSA Global and reported according to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2004 Edition) ("JORC 2004 Estimate"). The JORC 2004 Estimate, which incorporated all the results of the drilling carried out to that date, was prepared pre-commencement of operations at Barruecopardo as a part of the Definitive Feasibility Study for the Project the results of which were publicly reported in February 2012. For further information, the JORC 2004 Estimate will be placed on the Investors/Technical Reports page of Company's website.

Orebody	Resource Classification	Tonnes	Grade (WO_3 %)	WO_3 Metal (MTU)
Barruecopardo	Measured	5,469,000	0.34	1.86 million
	Indicated	12,326,000	0.26	3.20 million
	Inferred	9,594,000	0.23	2.20 million
All	**Total**	**27,389,000**	**0.26**	**7.26 million**

Cautionary Statement: The JORC 2004 Estimate set out above has been undertaken in accordance with JORC 2004 by parties not associated with, or engaged by, EQR, and therefore it has not been independently verified by EQR. The JORC 2004 Estimate has not been reported in accordance with JORC 2012, and a competent person has not done sufficient work to classify the JORC 2004 Estimate as a mineral resource in accordance with the JORC Code 2012. It is uncertain that following evaluation or further exploration work that the JORC 2004 Estimate will be able to be reported as a Mineral Resource in accordance with the JORC Code 2012. Given the JORC 2004 Estimate was prepared in 2012 by a third party, the Company does not have details of the work programs on which the estimates were based nor does it have the key assumptions, mining and processing parameters and methods used to prepare the estimates.

EQR notes that in July 2023, Saloro, in coordination with EQR, engaged an independent competent person to perform an update and revision of the JORC 2004 Estimate shown above to comply with the JORC Code 2012. The update is expected to be completed by the fourth quarter 2023. The work required to complete the update is the addition of the information of 38 diamond drill holes (referred to below) that expand the area of the existing mineral resource, reconciliation of remaining tonnes and outlining the criteria as stipulated in Table 1 of the JORC 2012 code. This work will be undertaken prior to completion and funded by Oaktree.

Important Note: EQR considers the JORC 2004 Estimate to have been an accurate and reliable estimate at the time it was issued and, subject to the disclosure in this Important Note, nothing has come to the attention of the acquirer that causes it to question the accuracy or reliability of the JORC 2004 Estimate. EQR is aware that a detailed internal non-JORC compliant estimate completed in May 2022, shows an overall reduction in ore grade but an increase in tonnes and total WO_3 metal contained (in MTU). This internal report has reflected the addition of 38 Diamond Drill Holes and an extension of the resource area. This change cannot currently be verified but given 4 years of historical production also reflects lower head grades to the resource model by a similar amount, the Company advises that an updated mineral resource will likely be lower in grade for this reason, but higher in tonnage due to increased resource size. The Company has not independently validated the JORC 2004 Estimate and therefore is not to be regarded as reporting, adopting or endorsing that estimate.

USE OF FUNDS AND NEAR-TERM WORK PLANS AT SALORO

The Company proposes to use the funds raised under the Oaktree subscription as follows:

Repayment of debt under the Saloro Bank Facilities	$8,340,000
Capital Expenditure for Barruecopardo Project	$8,340,000
Working Capital contingency for Company	$8,340,000
TOTAL	**$25,020,000**

As part of the project due diligence work, EQR's experts have defined key priorities with regards to further operational improvement initiatives to be implemented. Saloro's management team has initiated the work plan as defined by the joint project teams, with follow up on progress on a weekly basis:

- Completing commissioning and ramping up Saloro's first TOMRA XRT Sorter (building and infrastructure for a second unit is available and negotiations with TOMRA for the additional unit are ongoing);
- Flowsheet review and optimisation works for further improved metallurgical recovery (optimisation potential identified around jig feed preparation and operation, feed distribution to spirals circuit, hydrosizers and shaking tables);
- Installation of a new fines recovery circuit as verified by metallurgical test work conducted in the recent 12 months;
- Pit mapping of alteration and fluid flow vectors to understand potential mineralisation extensions;

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- Structural review of open pit (i.e., review of low angle structures and reflection of depth) and gaining a better understanding of the potential strike extent and repetition of jog structures.

SUMMARY OF TRANSACTION TERMS

Under the terms of the Transaction, EQR through its wholly-owned subsidiary, European Tungsten Pty Ltd ("European Tungsten") has agreed to acquire 100% of the issued capital of Saloro from Tungsten Mining for a nominal consideration of EUR1 and the benefit of all of the intercompany loans owed by Saloro to the Oaktree group (which is approximately EUR80,000,000) for EUR1. EQR has agreed guarantee all of the obligations of European Tungsten under the SPA.

Completion under the SPA is conditional upon the satisfaction of certain conditions precedent, including the approval of foreign direct investment agencies in both Australia and Spain ("Conditions Precedent"), and shall occur on the fifteenth (15th) business day after the date on which the last Conditions Precedent is satisfied or waived ("Completion Date"),

The Transaction was conditional upon ASX confirming that ASX Listing Rules 11.1.3 did not apply to the Transaction and the Company obtaining shareholder approval in accordance with ASX Listing Rule 11.1.2, if required by ASX. ASX has determined that neither ASX Listing Rules 11.1.2 nor 11.1.3 will apply to the Transaction.

On the Completion Date, the Company shall issue 278 million Subscription Shares at an issue price of $0.09 per share (representing a ~30% premium to the 15 days VWAP) and grant 78 million Options (with an exercise price of $0.10 per share, exercisable during the period of 2 years following the Completion Date) to Oaktree's nominee entity, OCM Luxembourg Tungsten Holdings S.À R.L. ("OCM") pursuant to a subscription agreement ("Subscription Agreement"). EQR intends to issue the Subscription Shares and Options under its ASX Listing Rule 7.1 and 7.1A placement capacity[1].

Additionally, under the Subscription Agreement, the Subscription Shares, Options and the shares to be issued upon the exercise of the Options ("Option Shares") will be subject to voluntary escrow for a period of twelve (12) months from the Completion Date. The parties have also agreed that for so long as OCM holds a shareholding of 10% or more in the Company, OCM shall be entitled to appoint a director to the Board of the Company ("Investor Director"). The Investor Director shall also be appointed as the chair of the Company's Audit and Risk Committee and another representative of OCM shall be appointed as a member of the Audit and Risk Committee.

Saloro currently has outstanding debts of approximately EUR35,000,000 to various reputable third party Spanish banks ("Spanish Lenders") ("Saloro Bank Facilities"). Please refer to Annexure A for a summary of the Saloro Bank Facilities. Note that a condition precedent to the Transaction is the extension of the terms of each of the Saloro Bank Facilities to a date no earlier than 18 months following the Completion Date. In order to secure the obligations of Saloro under the Saloro Bank Facilities, Oaktree procured Wells Fargo Bank N.A. (London Branch) ("Wells Fargo") to issue certain guarantees and standby letters of credit in favour of the Spanish Lenders ("Letter of Credit").

EQR and European Tungsten will enter into a counter indemnity agreement ("Counter Indemnity") with various Oaktree entities (together, the "Beneficiaries") to indemnify them in respect of certain liabilities that may arise in the event of any calls on the Letter of Credit, which may occur in the event of a default under the Saloro Bank Facilities (such events of default are summarised in Annexure A). European Tungsten will also grant security over all of its shares in Saloro to the Beneficiaries as security for its obligations under the Counter-Indemnity.

[1] 130,551,307 Subscription Shares and 78,000,000 Options are to be issued under ASXLR 7.1 whilst 147,448,693 Subscription Shares are to be issued under ASXLR 7.1A.

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Following Completion under the SPA, in the event the Options granted to OCM are exercised, all of the proceeds shall be used to repay the Saloro Bank Facilities.

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

Further Enquiries:
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About the Company

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

About Oaktree

Oaktree is a leader among global investment managers specializing in alternative investments, with $179 billion in assets under management as of 30 June 2023. The firm emphasizes an opportunistic, value-oriented and risk-controlled approach to investments in credit, private equity, real assets and listed equities. The firm has over 1,100 employees and offices in 20 cities worldwide. For additional information, please visit Oaktree's website at oaktreecapital.com.

Competent Person's Statement

EQ Resources' exploration and resource work is being managed by Mr. Tony Bainbridge, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. 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 mineralisation 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. Mr. Bainbridge confirms that the information contained in this release is an accurate representation of the available data and studies for the Barruecopardro Mining Project.

The technical information contained in this announcement refers to JORC 2004 Estimate that was released in 2012 as part of a Definitive Feasibility Study, which was implemented into the Barruecopardro Mining Project starting 2019. The JORC 2004 Estimate was completed by a competent person and has been reviewed as part of this release. It is however material in the Competent Person's viewpoint that production and internal reporting has demonstrated a lower grade occurring to that of the 2012 report. A revision of the mineral resources is currently being undertaken by an independent competent person that follows the 2012 JORC Code, and uses all the additional data completed, including RC holes, additional diamond drilling, head grade reconciliations, since mining commenced.

Forward-looking Statements

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

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ANNEXURE A: SALORO BANK FACILITIES

1. EUR 5,000,000 CREDIT FACILITY AGREEMENT	
Date	9 September 2022.
Type of facility	Credit facility.
Total principal amount	€ 5,000,000.00
Purpose	Working capital financing.
Maturity	9 September 2023
Repayment	Bullet, at maturity date.
Interest Rate	EURIBOR + 1.500% p.a.
2. S.A. EUR 10,000,000 CREDIT FACILITY AGREEMENT	
Date	28 February 2020, as amended an extended on 15 March 2021, 25 February 2022 and 27 February 2023.
Type of facility	Credit facility.
Total principal amount	€ 10,000,000.00
Purpose	Working capital financing.
Maturity	27 February 2024.
Repayment	Bullet, at maturity date.
Interest Rate	EURIBOR + 1.100% p.a.
3. S.A. EUR 8,000,0000 CREDIT FACILITY AGREEMENT	
Date	31 March 2021, as amended and extended on 21 March 2022 and 24 March 2023.
Type of facility	Credit facility.
Total principal amount	€ 8,000,000.00
Purpose	Working capital financing.
Maturity	15 March 2024.
Repayment	Bullet, at maturity date.
Interest Rate	▪ Up to 15 June 2023: fixed 4.912% p.a. ▪ From 16 June 2023 until maturity: EURIBOR + 1.250% p.a.
4. S.A. EUR 5,000,0000 CREDIT FACILITY AGREEMENT	
Date	21 October 2020, as amended and extended on 11 October 2021 and 19 October 2022.
Type of facility	Credit facility.

Total principal amount	€ 5,000,000.00
Purpose	Working capital financing.
Maturity	11 October 2023.
Repayment	Bullet, at maturity date.
Interest Rate	EURIBOR + 1.250% p.a.
5. EUR 3,500,0000 CREDIT FACILITY AGREEMENT	
Date	1 October 2021, as amended and extended on 21 September 2022.
Type of facility	Credit facility.
Total principal amount	€ 3,500,000.00
Purpose	Working capital financing.
Maturity	15 September 2023.
Repayment	Bullet, at maturity date.
Interest Rate	EURIBOR + 1.250% p.a.
6. EUR 3,500,0000 CREDIT FACILITY AGREEMENT	
Date	31 January 2022, as amended and extended on 23 January 2023.
Type of facility	Credit facility.
Total principal amount	€ 3,500,000.00
Purpose	Working capital financing.
Maturity	13 January 2024.
Repayment	Bullet, at maturity date.
Interest Rate	EURIBOR + 1.250% p.a.

Each of the Saloro Bank Facilities contains industry standard events of default, including:

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Events of default	▪ Non-payment of principal and interest payment obligations under the credit facility agreement or other debt instruments in favour of the lender. ▪ Failure to create or maintain security interests required under the credit facility agreement or other debt instruments in favour of the lender. ▪ Failure to comply with undertakings deemed essential under the credit facility agreement or other debt instruments in favour of the lender. ▪ Misrepresentation in the data or documents provided that serve as a basis for the granting of the credit or the validity of the agreement, or failure to comply with the request for documentation to determine the legal or financial situation of the borrower. ▪ Widespread failure by the borrower, for one month, in the payment of: - tax or social security obligations; - wages, indemnities and other amounts payable arising from labour obligations or work performed; or - commercial indebtedness regarding transactions made in the ordinary course of its business. ▪ Disposal or encumbrance of over 25% of the borrower's assets in a period lower than 6 months or in economic conditions below market prices, or embargoes affect over 50% of the borrower's declared assets. ▪ Application for the borrower's declaration of insolvency (*declaración de concurso de acreedores*) by the borrower, its creditors or other protected third parties.

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