# EXPLANATORY STATEMENT

## Purpose of Information

This Explanatory Statement accompanies and forms part of the Company's Notice of Annual General Meeting ("**Notice**") for the 2026 Annual General Meeting which will be held virtually via a video-conferencing facility at **3:30pm (AEDT) on Wednesday, 25 November 2026**.

The Notice incorporates, and should be read together with, this Explanatory Statement.

## Receipt and consideration of Accounts & Reports

A copy of the Annual Report for the financial year ended 30 June 2026 (which incorporates the Company's Financial Report, reports of the Directors (including the Remuneration Report) and the Auditor's Report) is not enclosed as there is no longer a requirement for the Company to incur the printing and distribution cost associated with doing so for all Shareholders.

We recommend you access the Annual Report at the Company's website at www.eqresources.com.au or via the Company's announcement platform on ASX. A copy is available on request by contacting the Company by phone on + 61 414 597 066. Except as set out in Resolution 1, no resolution is required on these reports.

Shareholders will have the opportunity to ask questions about or make comments on the 2026 Annual Report and the management of the Company. The Auditor will be invited to attend to answer questions about the audit of the Company's 2026 Annual Financial Statements.

## ORDINARY BUSINESS

### Resolution 1: Adoption of Remuneration Report

#### *Background*

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 2026 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with section 250SA of the Corporations Act, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the Remuneration Report at the Annual General Meeting.

In accordance with Division 9 of Part 2G.2 of the Corporations Act, if twenty-five per cent (25%) or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must be put up for re-election.

It is noted that at the Company's last Annual General Meeting, the votes cast against the Remuneration Report represented less than twenty-five per cent (25%) of the total votes cast on that resolution and accordingly, a spill resolution will not under any circumstances be required for this Meeting.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

#### *Board Recommendation*

The Directors unanimously recommend that Shareholders vote **in favour** of Resolution 1 to adopt the Remuneration Report.

It should be noted that each Director has a personal interest in their own remuneration from the Company (such interests are described in the Remuneration Report) and, as described in the voting exclusions on this resolution (set out in the Notice), that each Director (or any Closely Related Party of a Director) is excluded from voting their shares on this resolution.

The Chair intends to vote all undirected proxies **in favour** of this resolution.

***Voting Exclusions***

A voting exclusion statement for this resolution is set out in Note 5 above.

**Resolution 2: Re-Election of Mr Oliver Kleinhempel as a Non-Executive Director of the Company**

***Background***

Clause 17.5(b) of the Constitution of the Company requires that at each AGM one third of the Directors (except for the managing director), or, if their number is not three or a multiple of three, then the number nearest but not exceeding one-third, shall retire from office by rotation. The Directors to retire every year shall be those who have been longest in office since their last election but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree between themselves) be determined by lot.

This is consistent with Listing Rule 14.4, which provides that a director (other than the managing director) must not hold office without re-election past the third annual general meeting following the director's appointment or 3 years, whichever is longer, and Listing Rule 14.5, which requires the Company to hold an election of directors at each annual general meeting.

Mr Kleinhempel was appointed Non-Executive Director on 12 August 2019, Chair on 24 April 2020 before returning to the role of Non-Executive Director on 1 October 2025. Mr Kleinhempel started his career at Outotec, a leading minerals & metals processing technology company, where he spent several years in Europe, South America and Southeast Asia on various assignments. In the recent 9 years, Mr Kleinhempel held various executive management positions in project development, finance and commodity trading sectors, with a regional focus on Asia-Pacific. Mr Kleinhempel holds a bachelor's degree in Business Administration from the Cooperative State University Baden Wuerttemberg (Germany) and obtained a Master's Degree from the Mining Institute of the Clausthal University of Technology (Germany).

The Board has determined that Mr Kleinhempel remains considered as a non-Independent Non-Executive Director as he is an employee of a material customer and shareholder.

***Board Recommendation***

The Board (with Mr Kleinhempel abstaining) recommends that Shareholders vote **in favour** of the re-election of Mr Kleinhempel.

The Chair of the Meeting intends to vote undirected proxies **in favour** of Mr Kleinhempel's re-election.

***Voting Exclusions***

There are no voting exclusions on this resolution.

**Resolution 3: Election of Mr Michael Nossal (Chair) as an Independent Non-Executive Director of the Company**

***Background***

A Director (excluding the Managing Director) appointed to fill a casual vacancy or as an addition to the Board must not hold office without re-election past the next Annual General Meeting (Constitution clauses 17.5 & 17.7 and Listing Rule 14.4).

Mr Michael Nossal, having been appointed Non-Executive Chair of the Company on 31 March 2026, is retiring in accordance with these requirements and, being eligible, offers himself for re-election. If Shareholders do not approve the re-election of Mr Nossal, Mr Nossal will cease to be a Director at the conclusion of the AGM.

Prior to Mr Nossal's appointment, the Company completed several background and screening checks including in relation to Mr Nossal's character, experience, qualifications, criminal history, and bankruptcy history, with no adverse findings.

The Board also considered whether Mr Nossal had any interest, position, or relationship that may interfere with his independence as a Director, having regard to the relevant factors as set out in the ASX Corporate Governance Council Principles & Recommendations (4th edition) (ASX Principles). The Board has determined that, at present, Mr Nossal is considered independent and is therefore classified as an Independent Non-Executive Director.

Mr Nossal is an experienced mining industry professional, most recently serving as Chair of battery metals company IGO Limited (ASX:IGO). His executive career focused on strategy and business development across a wide range of commodities and geographies, including senior roles with Newcrest, MMG, and WMC Resources. He holds a Bachelor of Science from Monash University and an MBA from the Wharton School, University of Pennsylvania, and is a Fellow of the AusIMM and a Member of the Australian Institute of Company Directors.

***Board Recommendation***

The Board (with Mr Nossal abstaining) recommends that Shareholders vote **in favour** of the election of Mr Nossal as it considers that his qualifications, experience, skills and expertise are appropriate for the Board position and will enable him to act in the best interests of the Company and its Shareholders.

The Chair of the Meeting intends to vote undirected proxies **in favour** of Mr Nossal's election.

***Voting Exclusions***

There are no voting exclusions for this resolution.

**Resolution 4: Election of Ms Nicole Brook as an Independent Non-Executive Director of the Company**

***Background***

A Director (excluding the Managing Director) appointed to fill a casual vacancy or as an addition to the Board must not hold office without re-election past the next Annual General Meeting (Constitution clauses 17.5 & 17.7 and Listing Rule 14.4).

Ms Brook, having been appointed to the Board on 25 August 2026, is retiring in accordance with these requirements and, being eligible, offers herself for re-election. If Shareholders do not approve the election of Ms Brook, Ms Brook will cease to be a Director at the conclusion of the AGM.

Prior to Ms Brook's appointment, the Company completed several background and screening checks including in relation to Ms Brook's character, experience, qualifications, criminal history, and bankruptcy history, with no adverse findings.

The Board also considered whether Ms Brook had any interest, position, or relationship that may interfere with her independence as a Director, having regard to the relevant factors as set out in the ASX Corporate Governance Council Principles & Recommendations (4th edition) (ASX Principles). The Board has determined that, at present, Ms Brook is considered independent and is therefore classified as an Independent Non-Executive Director.

Ms Brook is an accomplished mining industry professional with more than 30 years' experience across operational leadership, strategy, business development, project development and technical governance. She has held senior executive roles with Glencore and Xstrata Coal, with responsibility spanning operations, major projects, M&A and technical risk across complex mining businesses.

Ms Brook is a Non-Executive Director of Whitehaven Coal Limited (ASX: WHC) and Silver Mines Limited (ASX: SVL) and was a Director of AusIMM from 2021 to 2025, serving as President and Chair in 2023 and 2024. She holds a Bachelor of Engineering (Mining) with Honours from UNSW and an MBA from the University of Melbourne and is a Fellow of the AusIMM and a Member of the Australian Institute of Company Directors.

***Board Recommendation***

The Board (with Ms Brook abstaining) recommends that Shareholders vote **in favour** of the election of Ms Brook as it considers that her qualifications, experience, skills and expertise are appropriate for the Board position and will enable her to act in the best interests of the Company and its Shareholders.

The Chair of the Meeting intends to vote undirected proxies **in favour** of Ms Brook's election.

***Voting Exclusions***

There are no voting exclusions on this resolution.

**Resolution 5: Election of Mr Taki Dermedgoglou as a Non-Executive Director of the Company**

***Background***

A Director (excluding the Managing Director) appointed to fill a casual vacancy or as an addition to the Board must not hold office without re-election past the next Annual General Meeting (Constitution clauses 17.5 & 17.7 and Listing Rule 14.4).

Mr Constandinos (Taki) Dermedgoglou, having been appointed to the Board on 25 August 2026, is retiring in accordance with these requirements and, being eligible, offers himself for re-election. If Shareholders do not approve the election of Mr Taki Dermedgoglou, Mr Taki Dermedgoglou will cease to be a Director at the conclusion of the AGM.

Mr Dermedgoglou has been nominated by Wonongarra Pty Ltd, the investment vehicle wholly owned by Dr Andrew Forrest AO. This appointment is pursuant to the director nomination right which transferred to Wonongarra upon its acquisition of Oaktree's interest in the Company, as announced on 20 July 2026. The Board has determined that

Mr Dermedgoglou is therefore considered a non-Independent Non-Executive Director.

Mr Dermedgoglou is an experienced resources and finance executive and brings significant capability in capital markets, mergers & acquisitions and corporate finance. Taki's career has included roles at Rio Tinto, BHP, Macquarie Capital and UBS. He holds a Bachelor of Engineering (Mechanical) with Honours from The University of Western Australia and is a CFA® Charterholder.

***Board Recommendation***

The Board (with Mr Dermedgoglou abstaining) recommends that Shareholders vote **in favour** of the election of Mr Dermedgoglou.

The Chair of the Meeting intends to vote undirected proxies **in favour** of Mr Dermedgoglou's election.

***Voting Exclusions***

There are no voting exclusions for this resolution.

**Resolution 6: Re-Election of Mr Stephen Weir as an Independent Non-Executive Director of the Company**

***Background***

Mr Stephen Weir was appointed Non-Executive Director of the Company on 19 January 2024 as nominee of Oaktree Capital Management. This right was transferred to Wonongarra Pty Ltd upon Oaktree's divestment of its interest in the Company on 20 July 2026. Thereafter Mr Weir agreed to remain on the Board as an additional Director.

Clause 17.5(b) of the Constitution of the Company requires that at each AGM one third of the Directors (except for the managing director), or, if their number is not three or a multiple of three, then the number nearest but not exceeding one-third, shall retire from office by rotation. The Directors to retire every year shall be those who have been longest in office since their last election but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree between themselves) be determined by lot. This is consistent with Listing Rule 14.4, which provides that a director (other than the managing director) must not hold office without re-election past the third annual general meeting following the director's appointment or 3 years, whichever is longer, and Listing Rule 14.5, which requires the Company to hold an election of directors at each annual general meeting.

Mr Weir, having been appointed to the Board on 19 January 2024, is retiring in accordance with these requirements and, being eligible, offers himself for re-election. If Shareholders do not approve the re-election of Mr Weir, Mr Weir will cease to be a Director at the conclusion of the AGM.

The Board considered whether Mr Weir had any interest, position, or relationship that may interfere with his independence as a Director, having regard to the relevant factors as set out in the ASX Corporate Governance Council Principles & Recommendations (4th edition) (ASX Principles). The Board has determined that as Mr Weir had no association with Oaktree prior to being introduced by the Company as a potential Oaktree nominee; he was never an officer, employee or adviser of Oaktree; he has no ongoing relationship with Oaktree and has demonstrated independence of judgement throughout his tenure on the Board, he is now classified as an Independent Non-Executive Director.

Mr Weir has more than 30 years of experience in mining, finance, and equity capital markets, with a background spanning senior corporate advisory, project financing, and construction management roles. Mr Weir's prior roles included CEO of ASX-listed Magnetite Mines Ltd, Managing Director at RFC Ambrian, a specialist resources corporate finance advisory firm, and project finance at Bankers Trust. He is currently a Non-Executive Director of Harena Resources Plc, Victory Minerals (owner of the Ballarat Gold Mine) and Chairs the Advisory Board of GBA Capital, a Sydney-based resources-focused stockbroker. Mr Weir is a Member of the Australian Institute of Company Directors.

***Board Recommendation***

The Board (with Mr Weir abstaining) recommends that Shareholders vote **in favour** of the re-election of Mr Weir.

The Chair of the Meeting intends to vote undirected proxies **in favour** of Mr Weir's re-election.

***Voting Exclusions***

There are no voting exclusions for this resolution.

**Resolution 7: Increase in Aggregate Non-Executive Director fee pool**

***Background***

The Company seeks Shareholder approval to increase the Director fee pool to A$1,000,000 from A$400,000 as

approved at the 2023 AGM, under clause 17.13 of the Constitution and ASX Listing Rule 10.17.

The Board considers the proposed increase to the Director fees paid to Non-Executives as prudent given recent changes to the Company's size and operations which will assist the Company in attracting and retaining high calibre Directors which is in the best interests of Shareholders.

Clause 17.13 of the Constitution provides that Directors' fees paid by the Company (or any entity with which it is associated) to its Directors shall not be increased without the prior approval of Shareholders. Clause 17.10(b) of the Constitution provides that fees payable to Non-Executive Directors shall be by a fixed sum and not by commission on or percentage of profit or operating revenue. Listing Rule 10.17 prohibits an entity increasing the amount of fees it pays to its Non-Executive Directors unless the increase is approved by Shareholders.

Clause 17.10(a) of the Constitution allows the Directors to divide the total aggregate amount between themselves in such manner and proportion as they may from time to time agree. For the purposes of Listing Rule 10.17, the "total amount of directors' fees payable" includes superannuation contributions made for the benefit of Non-Executive Directors and any fees which a Non-Executive Director agrees to sacrifice on a pre-tax basis.

Approval is sought pursuant to Clause 17.13 of the Constitution and Listing Rule 10.17, to increase the amount of fees payable to Non-Executive Directors to $1 million per annum.

For the purposes of Listing Rule 10.17:

- the amount of the proposed increase is $600,000;
- the maximum aggregate amount of directors' fees that may be paid to all of the Company's Non-Executive Directors will be $1,000,000 per annum; and
- the following securities have been issued to Non-Executive Directors under Listing Rule 10.11 or 10.14 with the approval of Shareholders in the period 8 October 2023-8 October 2026:

| Date of Issue | Name of Non-Executive Director | Number and Type of Securities |
|---|---|---|
| 29.07.24 | O. Kleinhempel | 370,370 Options at $0.0675 |
| 29.07.24 | S. Weir | 740,741 Options at $0.0675 |
| 29.07.24 | Z. P Yeo | 13,471,948 Options at $0.0675 |
| 29.07.24 | R. Morrow* | 222,222 Options at $0.0675 |
| 27.11.24 | O. Kleinhempel | 8,000,000 Options at $0.07 |
| 27.11.24 | S. Weir | 3,000,000 Options at $0.07 |
| 27.11.24 | Z. P Yeo | 3,000,000 Options at $0.07 |
| 27.11.24 | R. Morrow* | 3,000,000 Options at $0.07 |
| 27.11.24 | S. Layton** | 3,000,000 Options at $0.07 |
| 27.11.25 | C. Bradshaw | 5,000,000 Options at $0.05 |
| 16.03.26 | O. Kleinhempel | 6,000,000 Options at $0.15 |
| 16.03.26 | S. Weir | 6,000,000 Options at $0.15 |
| 16.03.26 | Z. P Yeo | 6,000,000 Options at $0.15 |
| 16.03.26 | S. Layton | 6,000,000 Options at $0.15 |
| 16.03.26 | C. Bradshaw | 15,000,000 Options at $0.15 |
| 16.03.26 | C. Bradshaw | |

*retired 30 June 2025
**retired 31 July 2026

If this Resolution is passed, the Company will be able to pay Non-Executive Directors' fees up to the increased aggregate amount. If this Resolution is not passed, the maximum aggregate amount of fees payable to Non-Executive Directors will remain at $400,000 per annum.

In determining the proposed increase in fees to Non-Executive Directors, the following matters were considered:

(a) to have flexibility to make additional appointments to the Board having regard to the increased size of the Company;
(b) to ensure the Company maintains the ability to remunerate, attract and retain Non-Executive Directors of high caliber;
(c) to allow for growth in Non-Executive Directors' remuneration in the future to reflect market competitiveness for Non-Executive Directors with the skills, expertise, and experience appropriate for the Company's business; and
(d) the continued growth of the Company and resulting increased required commitment from Non-Executive Directors on the Board and its Committees may require adjustments to remuneration that reflect the growth

and are comparable with peer companies.

***Current Remuneration Arrangements***

The proposed increase relates only to the maximum aggregate fee pool available for Non-Executive Directors. The actual remuneration paid to individual Non-Executive Directors will continue to be determined by the Board having regard to market practice, individual responsibilities and committee memberships, subject at all times to the approved aggregate limit. Approval of this Resolution does not itself result in any increase to the remuneration of any individual Non-Executive Director.

***Future Utilisation of the Fee Pool***

The Board does not presently intend to utilise the full proposed fee pool immediately. The proposed increase is intended to provide the Company with appropriate flexibility for future Board requirements and does not represent a commitment by the Company to pay directors' fees up to the proposed limit.

***Corporations Act***

The Company is not seeking shareholder approval under Chapter 2E of the Corporations Act.

The Board considers that any remuneration paid to Non-Executive Directors from the increased aggregate fee pool will constitute reasonable remuneration for the purposes of section 211 of the Corporations Act and accordingly falls within the exception to the related party benefit provisions in section 208 of the Corporations Act.

***Board Recommendation***

Given the interests of the Non-Executive Directors in this item, the Board makes no recommendation to shareholders as to how to vote in relation to Resolution 7.

The Chair of the Meeting intends to vote undirected proxies **in favour** of this Resolution.

***Voting Exclusions***

A voting exclusion statement for this resolution is set out in Note 5 above.

**Resolutions 8 & 9: Approval to issue Options to Mr Michael Nossal and Ms Nicole Brook (or their nominees) as Directors of the Company**

***Background***

Resolutions 8 & 9 seek Shareholder approval to issue Options to Mr Michael Nossal and Ms Nicole Brook (or their nominee(s)) (the **Option Recipient Directors**) on the terms described below and in accordance with the Company's Equity Incentive Plan (the **Plan**).

To facilitate the purpose of maintaining financial liquidity, minimising cash outflows and remunerating the Option Recipient Directors for their extensive contribution towards promoting the Company's operations, the Company is proposing to grant 9,000,000 unlisted Options to Mr Nossal and 6,000,000 unlisted Options to Ms Brook (or their nominee(s)) as part of their individual Director Appointment Agreements as Non-Executive Directors of the Company (being a right to acquire one fully paid ordinary share in the Company upon exercise of the Option) on the terms as described below (**Options**).

The Board believes that it is appropriate to use Options to compensate Option Recipient Directors as this remunerates them appropriately given the circumstances of the Company and provides an appropriate and meaningful form of remuneration that aligns with Shareholder interests. The Board believes that the allotment of the Options will be to the benefit of all Shareholders as these will motivate the Option Recipient Directors to remain in the Company's employ to carry on the role of implementing and executing the Company's strategies and overseeing operations. No director (other than Mr Nossal and Ms Brook) has an interest in the outcome of this resolution.

***Terms of Options***

It is proposed that a total of 9,000,000 Options be granted to Mr Nossal (or his nominee(s)), under the Plan, subject to Shareholder approval.

A summary of the major terms and features of the Options are set out as follows:

| **Terms** | |
|---|---|
| Vesting Condition | Subject to Shareholder approval and vesting in three tranches (3,000,000 options on 1 July 2026, 3,000,000 options on 1 July 2027, and 3,000,000 options on 1 July 2028) |

| | |
|---|---|
| Expiry Date | 3 years from the tranche issue date |
| Exercise Price | $0.40 (40 cents) |

It is proposed that a total of 6,000,000 Options be granted to Ms Brook (or her nominee(s)), under the Plan, subject to Shareholder approval.

A summary of the major terms and features of the Options are set out as follows:

| **Terms** | |
|---|---|
| Vesting Condition | Subject to Shareholder approval and vesting in three tranches (2,000,000 options on 1 October 2026, 2,000,000 options on 1 October 2027 and 2,000,000 options on 1 October 2028) |
| Expiry Date | 3 years from the tranche issue date |
| Exercise Price | $0.40 (40 cents) |

**Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Options to Mr Nossal and Ms Brook (the **Related Parties**) constitutes giving a financial benefit and the Related Parties are related parties of the Company by virtue of being Directors. It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought under Chapter 2E of the Corporations Act (and Listing Rule 10.14) for the issue of Options to the Related Parties.

**Technical information required by Listing Rule 10.15 and section 219 of the Corporations Act**

| **REQUIRED INFORMATION** | **DETAILS** |
|---|---|
| **Name of the person to whom Securities will be issued** | Mr Michael Nossal and Ms Nicole Brook (or their nominee(s)) |
| **Categorisation under Listing Rule 10.14** | The Related Parties fall within the category set out in Listing Rule 10.14.1 as they are related parties of the Company by virtue of being Directors.<br>Any nominee(s) of the Related Parties who receive Securities may constitute 'associates' for the purposes of Listing Rule 10.14.2. |
| **Number of Securities and class to be issued** | 15,000,000 Options will be issued to the Related Parties as set out above, comprising 9,000,000 Options to Mr Nossal (or his nominee(s)) and 6,000,000 Options to Ms Brook (or her nominee(s)).<br>Each Option is an unquoted option to acquire one fully paid ordinary share in the Company. |
| **Securities previously issued to the recipient/(s) under the Plan** | The Company has not previously issued any Securities to Mr Michael Nossal and Ms Nicole Brook. |
| **Material terms of the Plan** | The terms and conditions of the Plan are set out in Schedule 1. |
| **Material terms of any loan** | No loan is being made in connection with the acquisition of the Securities. |
| **Terms of Securities** | The Options will be issued on the terms and conditions set out above and in the Plan. |
| **Issue price of Securities** | The Options will be issued at a nil issue price. |
| **Purpose of the issue, including the intended use of any funds raised by the issue** | The purpose of the issue is to provide an equity component in the remuneration package for the Related Parties that is aligned with Shareholders to motivate and reward their contribution as Directors and to provide cost effective remuneration to the Related Parties, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties. |

| | |
|---|---|
| **Consideration of type of Security to be issued** | The Company has agreed to issue the Options for the following reasons:<br>(a) the issue of the Options has no immediate dilutionary impact on Shareholders;<br>(b) the issue to the Related Parties will align the interests of the recipients with those of Shareholders;<br>(c) the issue is a reasonable and appropriate method to provide cost-effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties;<br>(d) the deferred taxation benefit which is available to the recipient in respect of an issue of Options is also beneficial to the Company as it means the recipient is not required to immediately sell the Options to fund a tax liability (as would be the case in an issue of Shares where the tax liability arises upon issue of the Shares) and will instead, continue to hold an interest in the Company; and<br>(e) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options on the terms proposed. |
| **Consideration of quantum of Securities to be issued** | The number of Securities to be issued has been determined based upon a consideration of:<br>(a) current market standards and/or practices of other ASX-listed companies of a similar size and stage of development to the Company;<br>(b) the remuneration of the proposed recipients; and<br>(c) incentives to attract and retain the service of the proposed recipients who have appropriate knowledge and expertise, while maintaining the Company's cash reserves.<br>The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Securities upon the terms proposed. |
| **Remuneration package** | The current total remuneration package for Mr Nossal per annum is $120,000 inclusive of superannuation, comprising Directors' and Chair fees of $120,000. If the Options are issued, the total remuneration package of Mr Nossal will increase from $120,000 per annum to:<br>Tranche 1 (3,000,000 options vesting 1 July 2026) = $693,300<br>Tranche 2 (3,000,000 options vesting 1 July 2027) = $750,600<br>Tranche 3 (3,000,000 options vesting 1 July 2028) = $792,000<br>for a total of $2,355,900 being the value of the Securities (based on the Black-Scholes methodology).<br><br>The current total remuneration package for Ms Brook is $60,000 per annum inclusive of superannuation, comprising directors' fees of $60,000. If the Options are issued, the total remuneration package of Ms Brook will increase from $60,000 per annum to<br>Tranche 1 (2,000,000 options vesting 1 October 2026) = $471,800<br>Tranche 2 (2,000,000 options vesting 1 October 2027) = $501,500<br>Tranche 3 (2,000,000 options vesting 1 October 2028) = $530,200<br>for a total $1,563,600, being the value of the Securities (based on the Black Scholes methodology). |
| **Valuation** | The Company values the Options at $3,739,500 (being an average of $0.25 per Option based on the Black-Scholes methodology). Refer Schedule 2 for detailed analysis. |

**Interest in Securities**

The relevant interests of the recipients in Securities as at 8 October 2026 and following completion of the issue are set out below:

As at the 8 October 2026:

| Related Party | Shares[1] | Options | Undiluted | Fully Diluted |
|---|---|---|---|---|
| Mr Michael Nossal | 1,000,000 | 0.02% | -0.02% | -0.02% |
| Ms Nicole Brook | - | - | - | - |

Post Issue

| Related Party | Shares[1] | Options | Undiluted | Fully Diluted |
|---|---|---|---|---|
| Mr Michael Nossal | 1,000,000 | 9,000,000 | 0.19% | 0.18% |
| Ms Nicole Brook | - | 6,000,000 | 0.12% | 0.11% |

**Notes:**

1. Fully paid ordinary shares in the capital of the Company (ASX:EQR) purchased on market prior to his appointment as Director and not issued under the Plan.

**Dilution**

If the Options issued under these Resolutions are exercised, a total of 15,000,000 Shares would be issued. This will increase the number of Shares on issue from 5,187,619,353 (being the total number of Shares on issue as at 8 October 2026) to 5,202,619,353 (assuming that no other Shares are issued and no other convertible securities vest or are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 0.29%, comprising 0.18% by Mr Nossal and 0.11% by Ms Brook.

**Market price**

As at 8 October 2026, the shares were trading on ASX at a price lower than the exercise price of the Options. Refer trading history below. The Board approved the issue of these Options, subject to Shareholder approval, on the terms and conditions set out in this Notice at a time when the Shares were trading on ASX at $0.32 (32 cents) for Mr Nossal (close price 31 March 2026), and at $0.36 (36 cents) for Ms Brook (close price 25 August 2026). Shareholder approval has not been able to be obtained until this Meeting.

**Trading history**

The trading history of the Shares on ASX in the 12 months before the 8 October 2026 is set out below:

| | Close Price | Date |
|---|---|---|
| Highest | $0.545 | 21 September 2026 |
| Lowest | $0.038 | 5 November 2025 |
| Last | $0.335 | 8 October 2026 |

**Date(s) on or by which the Securities will be issued**

The Company expects to issue the Securities within 5 Business Days of the Meeting. In any event, the Company will not issue any Securities later than three years after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

**Additional Information**

Details of any Securities issued under the Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Securities under the Plan after this Resolution is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.

**Other information**

A voting exclusion statement for Resolutions 8 and 9 is set out in Note 5 to the Notice of Meeting.

The Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass these Resolutions.

***ASX Listing Rules requirements***

As noted above, the Company is proposing to issue Options to Mr Michael Nossal and Ms Nicole Brook (or their nominee(s)) (the "**Issue**").

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- 10.14.1 a director of the company;
- 10.14.2 an associate of a director of the company; or
- 10.14.3 a person whose relationship with the company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its Shareholders;

unless it obtains the approval of its Shareholders.

The Issue falls within Listing Rule 10.14.1 above, as the Plan constitutes an "employee incentive scheme" under the ASX Listing Rules, and therefore requires the approval of the Company's Shareholders under Listing Rule 10.14.

Resolutions 8 & 9 therefore also seek the required Shareholder approval to issue the Options to the Directors under and for the purposes of Listing Rule 10.14.

If Resolutions 8 & 9 are passed, the Company will be able to proceed with the issue of the respective Options and the applicable Director will receive the number of Options set out above, with the increase in their remuneration and potential increase in their shareholding if the Options are converted to Shares, as described above.

If Resolutions 8 & 9 are not passed, the Company will not be able to proceed with the issue of the respective Options to the applicable Directors and the Directors will not receive the Options or any potential shareholdings as described above.

If approvals are given under ASX Listing Rule 10.14, approvals are not required under ASX Listing Rule 7.1 (by virtue of Exception 14 in Listing Rule 7.2), and accordingly the issue of the Options will not use up any of the Company's 15% placement capacity under Listing Rule 7.1.

***Board Recommendation***

The Board (with Mr Nossal and Ms Brook abstaining) recommends that Shareholders vote **in favour** of Resolutions 8 & 9. Each of Mr Nossal and Ms Brook has an interest in the outcome of Resolution 8 and Resolution 9 respectively and therefore does not consider it appropriate to make a recommendation to Shareholders. No director (other than Mr Nossal and Ms Brook) has an interest in the outcome of this resolution.

The Chair of the Meeting intends to vote undirected proxies **in favour** of Resolutions 8 & 9.

***Voting Exclusions***

A voting exclusion statement for both of these resolutions is set out in Note 5 above.

**Resolution 10: Approval of FY 2027 grant of Performance Rights to Managing Director**

***Background***

ASX Listing Rule 10.14 requires Shareholder approval for the acquisition of securities by a director under an Equity Incentive Plan (the **Plan**).

Resolution 10 seeks Shareholder approval for the grant of 2,995,207 Performance Rights to Mr Craig Bradshaw, the Company's Managing Director, as a Long-Term Incentive (**LTI**) under the Plan on the terms and conditions set out in the Explanatory Statement. The annual grant of Performance Rights as a LTI is designed to align the Managing Director's reward with long-term shareholder value and the Company's strategic priorities. Performance Rights are used to deliver the LTI because they align reward with long-term performance without providing the full benefits of share ownership, including dividend and voting rights, unless and until they vest. The Board believes the proposed incentive arrangements the subject of this Resolution are an efficient and appropriate tool to align the interests of Mr Bradshaw with those of Shareholders.

Because Mr Bradshaw is a Director of the Company, Shareholder approval of the proposed issue of Performance Rights to Mr Bradshaw must be obtained under ASX Listing Rule 10.14.1 (or under ASX Listing Rule 10.14.2 if Mr Bradshaw elects for the Performance Rights to be granted to his nominee) before the Performance Rights can be issued.

Security holder approval is only required under ASX Listing Rule 10.14 if new Shares may be issued to a director and approval is not required if existing Shares are purchased on market to satisfy awards under the employee incentive scheme, where the terms of the employee incentive scheme permit such on-market purchases. Accordingly, security holder approval is being sought to preserve flexibility in the event the Board determines to issue Shares rather than purchase them on-market when Performance Rights vest and are exercised.

If Resolution 10 is passed, the Company will be able to proceed with the issue of Performance Rights to Mr Bradshaw. Subject to the satisfaction of the vesting conditions described below and to any adjustment in accordance with the rules of the Plan (e.g. upon a capital reconstruction), Mr Bradshaw will receive one Share for each vested Right. As approval is being obtained under Listing Rule 10.14, approval is not required under Listing Rule 7.1 (by virtue of Exception 14 in Listing Rule 7.2) and the issue of the Performance Rights will not use up any of the Company's 15% placement capacity under Listing Rule 7.1.

If Resolution 10 is not passed, the Company will not be able to proceed with the issue of the Performance Rights to Mr Bradshaw under the Plan and other substitute remuneration will need to be paid to Mr Bradshaw, equal to the value of the Performance Rights that are not approved.

***Quantum and value***

The quantum of Performance Rights to be granted to Mr Bradshaw, covering the three year period ending 30 June 2029), has been determined with reference to current market practice (as at 30 June 2026). For FY 2027 (ending 30 June 2027), the dollar value (face value) of the LTI grant to Mr Bradshaw is equivalent to 100% of his fixed remuneration for the year ending 30 June 2027 which equals $750,000.

Under the accounting standard AASB 2 Share-based Payment, the Company will recognise an expense in the income statement based on the fair value of the Performance Rights over the period from the grant date to the vesting date. The total of the fair value of the Performance Rights on the grant date of 1 July 2026 subject to Shareholder approval is approximately $778,305. If Shareholder approval is obtained, this valuation will be finalised based on the actual issue date of Mr Bradshaw's Performance Rights.

***Material terms of the Performance Rights***

The Performance Rights vest in accordance with the Performance Vesting Outcomes linked to the below Performance Hurdles. Performance Hurdles for the FY 2027 grant are measured over a period of three years (1 July 2026 to 30 June 2029) (**Performance Period**), with the Board determining the number of rights earned against the hurdles below to ensure that sustainable Shareholder growth has been created. Earned Performance Rights vest three years immediately following the FY 2029 determination (30 June 2029), subject to Mr Bradshaw's continuous employment up to that vesting date and to the good-leaver, change-of-control and Board-discretion provisions of the Plan. The deferred vesting period provides the retention and sustained-alignment element of the LTI, as Performance Rights that are not earned at the end of the Performance Period immediately lapse. Grants are subject to the Company's clawback policy for material misstatement, misconduct or risk failures provisions of the Plan and to the Securities Trading Policy (including the prohibition on hedging unvested awards).

<table>
<tr><th>Performance Hurdle</th><th>Performance Hurdle Description</th><th>Performance Vesting Outcomes, Criteria and Calculation</th><th>Portion of Performance Rights</th></tr>
<tr><td>Relative Total Shareholder Return (TSR) versus Peer Group (Performance Hurdle 1)</td><td>TSR is calculated by taking into account the growth in a company's share price over a Performance Period<br><br>The Company's TSR will be calculated over the Performance Period and ranked against the relative TSR performance of the below group of non-gold resources companies of broadly comparable market capitalisation together with listed tungsten-focused</td><td>To measure performance against Performance Hurdle 1:<br>• the TSR of the companies in the Peer Group is calculated;<br>• the Peer Group companies are ranked according to their TSR;<br>• the Company's TSR is calculated to determine its percentile in relation to the Peer Group; and<br>• the Company's percentile determines how many Performance Rights will vest in accordance with the below Performance Vesting Outcomes.<br><br><table><tr><th>Relative TSR Performance against Peer Group</th><th>% of Performance Vesting Outcomes*</th></tr><tr><td>At or above the 75th percentile</td><td>100%</td></tr><tr><td>50th to below 75th percentile</td><td>Straight-line between 50%</td></tr></table></td><td>50%</td></tr>
</table>

<table>
<tr>
<td></td>
<td>peers (including those listed overseas):<br>• Boss Energy (ASX:BOE),<br>• Liontown Resources (ASX LTR),<br>• New Hope Corporation (ASX NHC),<br>• Paladin Energy (ASX PDN),<br>• Stanmore Resources (ASX SMR),<br>• Whitehaven Coal (WHC),<br>• IGO Limited (ASX IGO),<br>• Iluka Resources (ASX ILU),<br>• Almonty Industries Inc (NASDAQ: ALM),<br>• Blue Moon Metals Inc (TSXV: MOON),<br>• Guardian Metal Resources plc (AIM: GMET),<br>• Tungsten Mining NL (ASX TGN)<br>• Group 6 Metals Ltd (ASX G6M) and<br>• Larvotto Resources Ltd (ASX LRV)</td>
<td>
<table>
<tr><td></td><td>and 100</td></tr>
<tr><td>Below the 50th percentile</td><td>Nil</td></tr>
</table>
*Subject to positive TSR and Board discretion in relation to year-on-year improvement in sustainability performance/systems and cultural measures.<br><br>The June 2026 volume-weighted average share price (VWAP) of $0.2504 was used to determine the share price at the commencement of the Performance Period and will be calculated at the end of the Performance Period to determine the share price used.<br>The number of Performance Rights to vest based on performance against Performance Hurdle 1 will be adjusted to allow for any applicable capital returns and dividends.
</td>
<td></td>
</tr>
<tr>
<td>Absolute Total Shareholder Return (Performance Hurdle 2)</td>
<td>The increase in the Company's Absolute TSR will be measured over the Performance Period. The Board considers that Absolute TSR is an appropriate performance hurdle because it ensures that MD performance is rewarded when a year-on-year improvement in shareholder value is achieved.</td>
<td>
<table>
<tr><th>Absolute TSR over the performance period</th><th>% of Absolute TSR Rights earned</th></tr>
<tr><td>At or above 20% per annum return</td><td>100%</td></tr>
<tr><td>10% to below 20% per annum return</td><td>Straight-line between 50% and 100</td></tr>
<tr><td>Below 10% per annum return*</td><td>Nil</td></tr>
</table>
*The 10% threshold approximates the cost of equity consistent with how comparable ASX boards calibrate absolute shareholder-return hurdles and with Guerdon Associates' ASX research.<br><br>The Board has absolute discretion to adjust performance rights vesting if, on assessment, absolute TSR is negative over the performance period.
</td>
<td>50%</td>
</tr>
</table>

**Additional terms and conditions of the Performance Rights**

1. The measurement against the Performance Hurdles and resultant Performance Vesting Outcomes will be determined by the Company and advised to Mr Bradshaw by no later than 30 September 2029.
2. Clawback – The Board has discretion to clawback vested but unexercised Performance Rights in the event of termination for serious misconduct or a material misstatement in the Company's financial statements.
3. Change of control – On the occurrence of a change of control of the Company, the Board will determine, in its sole and absolute discretion, the manner in which all unvested, and vested but unexercised, Performance Rights will be dealt with. In circumstances where Shareholders have voted in support of a positive change of control transaction, the Board's current intention would generally be to determine to vest any outstanding KMP LTI Performance Rights, subject to their being in the employ of the Company at the time the Shareholder decision is made.
4. Dividend and participation rights of unvested Performance Rights – There are no participating or voting rights or entitlements, nor rights to receive dividends inherent in the Performance Rights before their exercise and the issue of Shares (if applicable).
5. The Performance Rights are otherwise issued on the terms and conditions of the Plan and subject to the

Securities Trading Policy (including the prohibition on hedging unvested awards).

***Information required by ASX Listing Rule 10.15***

ASX Listing Rule 10.15 requires that the following information regarding the proposed issue of the Performance Rights be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to ASX Listing Rule 10.14:

(a) The Performance Rights are to be issued to Mr Bradshaw (and/or his nominee) who is the Managing Director of the Company.

(b) Mr Bradshaw is a Director of the Company and therefore a related party and subject to ASX Listing Rule 10.14.1. In the event the Performance Rights are issued to a nominee of Mr Bradshaw, that person will fall into the category stipulated by ASX Listing Rule 10.14.2.

(c) A maximum of 2,995,207 Performance Rights will be issued to Mr Bradshaw otherwise on the terms and conditions of the Plan.

(d) Mr Bradshaw's current remuneration for the financial year ending 30 June 2027 comprises a Fixed Remuneration of $750,000 pa (exclusive of superannuation) Base Salary, plus an STI award with a target outcome of 70% of Base Salary and, as outlined in this Explanatory Statement, an LTI award with a maximum potential of 100% of Base Salary. Further details regarding Mr Bradshaw's remuneration package are set out in the Remuneration Report in the Company's FY26 Annual Report.

(e) 3,135,000 Performance Rights have previously been issued to Mr Bradshaw under the Plan, and there is no average acquisition price applicable as Mr Bradshaw was not required to pay for those Rights.

(f) A summary of the material terms of the Performance Rights and the value the Company attributes to the Performance Rights is set out above.

(g) In accordance with Listing Rule 10.15.7, the Company will grant the Performance Rights within three years of the date of the Meeting, but anticipates their grant shortly following the Meeting.

(h) No consideration is payable by Mr Bradshaw at the time of grant of any of the Performance Rights or upon the allocation of Shares to which Mr Bradshaw may become entitled on the vesting of some or all of the Performance Rights.

(i) The terms of the Plan are set out in Schedule 1 to this Explanatory Statement.

(j) No loan has been or will be provided to Mr Bradshaw in relation to the issue of the Performance Rights.

(k) Details of any securities issued to Mr Bradshaw under the Plan will be published in the Company's annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the Plan after this resolution is approved and who are not named in this notice of meeting will not participate until approval is obtained under that rule.

(l) A voting exclusion statement for this Resolution is set out in Note 5 of the Notice.

***Chapter 2E of the Corporations Act***

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

Mr Bradshaw, as a Director, is a related party of the Company. The Board (excluding Mr Bradshaw) has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed grant of Performance Rights, as the grant constitutes reasonable remuneration for the purposes of section 211 of the Corporations Act.

***Board Recommendation***

The Directors (other than Mr Bradshaw) unanimously recommend that Shareholders vote **in favour** of Resolution 10. Mr Bradshaw has an interest in the outcome of this Resolution and therefore does not consider it appropriate to

make a recommendation to Shareholders.

The Chair of the Meeting intends to vote undirected proxies **in favour** of this Resolution.

***Voting Exclusions***

A voting exclusion statement for this resolution is set out in Note 5 above.

**Resolution 11: Approval of potential leaving entitlements for Executive KMP**

***Why is Shareholder approval being sought?***
***Chapter 2D of the Corporations Act***

In accordance with section 200B of the Corporations Act, subject to certain exceptions, the Company must not give a benefit to a person in connection with that person ceasing to hold an office or position of employment in the Company or a related body corporate, where the person holds, or held at any time in the three years before ceasing, a managerial or executive office in the Company or a related body corporate, unless it obtains Shareholder approval under section 200E of the Corporations Act.

This resolution seeks shareholder approval to preserve flexibility for the Board to determine the most appropriate leaving package for Executive KMP under the relevant employment agreements and Plan (including the Board's discretionary right to automatically vest or retain Performance Rights and/or Options on termination). This accords with the Company's policy of treating departing employees appropriately and in accordance with applicable laws, market practice and company policy.

To assist the Company meeting this policy objective, the Board considers it prudent to seek shareholder approval in respect of such potential leaving entitlements or benefits payable to any current or future employees or office holders who are Executive KMP at the time of cessation of their employment or at any time in the three years prior to cessation of their employment, as outlined in this Explanatory Statement.

The approval does not apply to any potential leaving entitlements or benefits payable to any current or future Directors of the Company, other than the Managing Director. The approval could therefore only potentially apply to the Performance Rights proposed to be granted to the Managing Director pursuant to Resolution 10, not to the Options proposed to be granted to the Non-Executive Directors pursuant to Resolutions 8 and 9.

Shareholder approval of Resolution 11 does not guarantee that Executive KMP will receive the leaving entitlements outlined in this Explanatory Statement.

***What are the details of benefits for which shareholder approval is sought?***

| **Potential Leaving Entitlements** | |
|---|---|
| **Discretionary Vesting or Retention of granted Performance Rights and Options** | In addition to the Performance Rights proposed to be issued to Mr Bradshaw (as outlined in Resolution 10) for FY 2027-FY 2029, the Board will also issue Performance Rights to (remaining) Executive KMP (as a Long Term Incentive) under the Plan on the same material terms as specified in explanatory statement to Resolution 10. As these (remaining) Executive KMP are not Directors of the Company, shareholder approval under ASX Listing Rule 10.14.1 or 10.14.2 is not required for this grant.<br><br>As noted in the Renumeration Report (section (e)(v) in the Annual Report), Executive KMP have previously been granted Performance Rights and/or Options in prior years with staged vesting dates, as part of their remuneration under the Rules of the Plan.<br><br>Under Rule 18.1 & 18.2 of the Plan, participants must remain employed on the vesting date of the relevant Performance Rights and/or Options, to be eligible for the issue of shares (subject at all times to the material terms of these grants). In accordance with these Rules, unvested Performance Rights and/or Options generally lapse where the participant ceases employment prior to the specified vesting date. |

| | |
|---|---|
| | However, under Rule 18.3, the Board has discretion to:<br>(i) automatically vest Performance Rights and/or Options; or<br>(ii) determine that granted Performance Rights and/or Options may continue to be held by the participant or participant's beneficiary until their nominated vesting date (subject at all times to the material terms of such grants)<br>on cessation of employment (for any reason, including Good or Bad Leaver status), if the Board determines that the relevant circumstances warrant such treatment.<br>As noted above, the Board's discretionary vesting or retention of entitlements under the Plan may constitute a 'benefit' for the purposes of the termination benefits provisions under the Corporations Act. Accordingly, approval is being sought for the Board to retain and exercise such rights under section 200E of the Corporations Act . All unvested and vested Performance Rights and/or Options remain subject to malus and clawback provisions of the Plan.<br>The terms and conditions of the Plan are set out in Schedule 1. |

***What is the value of the benefits?***

The value of any potential termination benefit connected to the Performance Rights and/or Options given in connection with Executive KMP ceasing to hold a managerial or executive office cannot presently be ascertained but matters, events and circumstances that will, or are likely to, affect the calculation of that value include:

(a) the number of Performance Rights and/or Options held at cessation and the number that are proposed to vest or have vesting conditions waived;

(b) the Executive KMP's previous performance year at the time of cessation of employment;

(c) the circumstances or reasons surrounding the cessation of employment;

(d) the market price of Shares on ASX on the last ASX trading day before the date of calculation;

(e) the Executive KMP's length of service;

(f) the number of Performance Rights and/or Options that automatically vest or that the Board decides to vest;

(g) the status of the vesting conditions attaching to the Performance Rights and/or Options at the time the Executive KMP's employment ceases, including the extent to which performance hurdles and criteria are achieved and

(h) any other matters that the Board considers relevant at the time of determination.

Approval is being sought for a three-year period. If shareholder approval is obtained, it will be effective from the date the resolution is passed until the conclusion of the 2029 AGM. The approval does not guarantee the Board will exercise the discretions set out above. Depending on the circumstances of cessation, any specific individual may not ultimately receive the benefits covered by this approval.

If Shareholder approval is obtained, it will give the Board maximum flexibility to vest or retain the unvested portion of the relevant Performance Rights and/or Options of Executive KMP when they cease employment or retire from office. It is anticipated that the Plan may be amended from time to time in line with market practice and changing governance standards and, where required, the Company will disclose these changes in the Company's Remuneration Report. However, it is intended that the approval will remain valid for the period specified above, provided that, at the time that the discretion is exercised, the Plan contains a discretion to vest or retain the unvested portion of the relevant Performance Rights and/or Options of Executive KMP when they cease employment or retire from office.

If Shareholder approval is not obtained, the Company may not be able to give Executive KMP any benefit in connection with the vesting or retention of the Performance Rights and/or Options on them ceasing employment to the extent that it would require approval under section 200B of the Corporations Act, which could constrain the Company's ability to attract and retain staff in the future.

### *Board Recommendation*

The Directors (other than Mr Bradshaw) unanimously recommend that Shareholders vote **in favour** of Resolution 11. Mr Bradshaw has a material personal interest in the outcome of this Resolution and therefore does not consider it appropriate to make a recommendation to Shareholders.

The Chair of the Meeting intends to vote undirected proxies **in favour** of this Resolution.

### *Voting Exclusions*

A voting exclusion statement for this resolution is set out in Note 5 above.

## GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

"**$**" means Australian Dollars;

"**AEDT**" means Australian Eastern Daylight Time (i.e. Sydney time);

"**Annual Report**" means the Directors' Report, the Financial Report, and Auditor's Report, in respect of the year ended 30 June 2026;

"**ASX**" means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;

"**Auditor**" means the Company's auditor;

"**Auditor's Report**" means the auditor's report on the Financial Report;

"**Board**" means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

"**Chair**" means the person appointed to chair the Meeting of the Company convened by the Notice;

"**Closely Related Party**" of a member of KMP has the meaning given in section 9 of the Corporations Act and includes close family members and companies that the member of KMP controls;

"**Company**" means EQ Resources Limited ACN 115 009 106;

"**Constitution**" means the constitution of the Company as at the date of the Meeting;

"**Corporations Act**" means the Corporations Act 2001 (Cth );

"**Director**" means a Director of the Company;

"**Directors' Report**" means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

**"Executive KMP"** means those current Key Management Personnel identified as 'Executives' in the Remuneration Report (including the Managing Director), and Key Management Personnel who may be identified as such in future by the Company, and for the avoidance of doubt, excludes all of the Directors of the Company from time to time (other than the Managing Director);

"**Explanatory Statement**" means the explanatory statement which forms part of this Notice;

"**Financial Report**" means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

"**Key Management Personnel**" or "**KMP**" means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company;

"**Listing Rules**" means the Listing Rules of the ASX;

"**Meeting**" has the meaning given in the introductory paragraph of the Notice;

"**Notice**" means this Notice of Meeting including the Explanatory Statement;

"Plan" means the Company's Employee Incentive Plan in Schedule 1 of this Explanatory Statement;

"**Proxy Form**" means the proxy form attached to the Notice;

"**Remuneration Report**" means the remuneration report which forms part of the Directors' Report of the Company for the financial year ended 30 June 2026 and which is set out in the 2026 Annual Report;

"**Resolution**" means a resolution referred to in the Notice;

"**Section**" means a section of the Explanatory Statement;

"**Security**" means an equity security or a debt security;

"**Share**" means a fully paid ordinary share in the capital of the Company;

"**Shareholder**" means a shareholder of the Company; and

"**Trading Day**" means a day determined by ASX to be a trading day in accordance with the Listing Rules.

**Schedule 1 – Employee Incentive Plan**

# EQ Resources Limited

**ACN 115 009 106**

## EQUITY INCENTIVE PLAN

### Contents


1 Defined terms and interpretation ..... 3

2 Purpose ..... 3

3 Commencement ..... 3

4 Principal conditions ..... 3

5 Offers ..... 4

6 Application for Awards ..... 6

7 Issue of Shares ..... 7

8 Share Vesting Conditions ..... 8

9 Forfeiture of Shares ..... 9

10 Voting rights and dividends of Shares ..... 10

11 Rights issues and bonus issues ..... 10

12 Capital reconstructions ..... 10

13 Issue of Options or Performance Rights ..... 11

14 Exercise of Options and Performance Rights ..... 11

15 Lapse of Options and Performance Rights ..... 13

16 Dealings with Options and Performance Rights ..... 13

17 Participation rights in new issues, reorganisations of capital and winding up ..... 14

18 Cessation of employment ..... 15

19 Change of Control Event ..... 16

20 Breach, fraud or misconduct ..... 17

21 Clawback ..... 17

22 Amendments of Rules ..... 18

23 Administration of Plan ..... 18

24 Rights of Eligible Employees ..... 18

25 Attorney ..... 18

26 ASIC relief.....19

27 Notices 19

28 Governing Law .....19

Schedule 1 —Dictionary.....19

## 1 Defined terms and interpretation

### 1.1 Definitions in the Dictionary

A term or expression starting with a capital letter:

(a) which is defined in the Dictionary in Schedule 1 (**Dictionary**), has the meaning given to it in the Dictionary;

(b) which is defined in the Corporations Act, but is not defined in the Dictionary, has the meaning given to it in the Corporations Act; and

(c) which is defined in the GST Law, but is not defined in the Dictionary or the Corporations Act, has the meaning given to it in the GST Law.

### 1.2 Interpretation

The interpretation clause in Schedule 1 (**Dictionary**) sets out rules of interpretation for this deed.

## 2 Purpose

The purpose of the Plan is to:

(a) assist in the reward, retention and motivation of Eligible Employees;

(b) link the reward of Eligible Employees to performance and the creation of Shareholder value;

(c) align the interests of Eligible Employees more closely with the interests of Shareholders by providing an opportunity for Eligible Employees to receive an equity interest in the form of Awards;

(d) provide Eligible Employees with the opportunity to share in any future growth in value of the Company; and

(e) provide greater incentive for Eligible Employees to focus on the Company's longer term goals.

## 3 Commencement

The Plan will commence on a date determined by resolution of the Board.

## 4 Principal conditions

### 4.1 Compliance with laws

Notwithstanding the Rules or the terms of any Award, no Award may be offered, issued or exercised, and no Share may be issued pursuant to the exercise of Options or Performance Rights under the Plan:

(a) if to do so:

(i) would contravene the Corporations Act, , the Listing Rules or any other Applicable Law; or

(ii) would contravene the local laws or customs of an Eligible Employee's country of residence or in the opinion of the Board would require actions to comply with those

local laws or customs which are impractical or unreasonably onerous; or

(b) to any person referred to in Listing Rule 10.14 (which includes a Director) without Shareholder Approval.

### 4.2 No prohibited financial assistance

No person may, whether directly or indirectly, provide financial assistance that is prohibited by the Corporations Act to an Eligible Employee for the purposes of, or in connection with, the acquisition or exercise of Awards under the Plan.

### 4.3 Plan limit

Where an Offer is made under the Plan, the Board must, at the time of making the Offer, have reasonable grounds to believe that the total number of Shares (or, in respect of Options or Performance Rights, the total number of Shares which would be issued if those Options or Performance Rights were exercised) will not exceed the maximum number permitted by the Corporations Act ( including the ESS Corporations Act Provisions) and the Listing Rules during the relevant period.

### 4.4 Quotation

Options and Performance Rights will not be quoted on ASX. However, application will be made to ASX for official quotation of any Shares issued for the purposes of the Plan, including pursuant to the exercise of Options and Performance Rights, to the extent required by Listing Rule 2.4 if the Company's Shares are listed on ASX at that time.

## 5 Offers

### 5.1 Board to make Offer

Subject to Rule 4.1, the Board, acting in its absolute discretion, may offer Awards to any Eligible Employee from time to time as determined by the Board and in exercising that discretion, may have regard to some or all of the following:

(a) the Eligible Employee's length of service with the Group;

(b) the contribution made by the Eligible Employee to the Group;

(c) the potential contribution of the Eligible Employee to the Group; or

(d) any other matter the Board considers relevant,

subject to the terms of the Awards being consistent with the Listing Rules.

### 5.2 Prospective Eligible Employees

Subject to Rule 4.1, the Board, acting in its sole and absolute discretion, may offer Awards in accordance with these Rules to a person where the Offer is conditional on the person becoming an Eligible Employee.

### 5.3 Number of Awards

Subject to Rule 4.3, the number of Awards the subject of an Offer to an Eligible Employee will be determined by the Board in its discretion and in accordance with the Rules and Applicable Law.

### 5.4 Form of Offer

An Offer must be made in an Offer Document.

**5.5 Information contained in Offer Document**

An Offer Document must include or be accompanied by:

(a) the name and address of the Eligible Employee to whom the Offer is made:

(b) the date of the Offer;

(c) the Final Acceptance Date;

(d) the maximum number of Awards which the Eligible Employee may apply for;

(e) the Grant Conditions (if any) attaching to the Awards the subject of the Offer;

(f) in respect of an Offer of Shares:

(i) the Issue Price (if any) or the manner of determining the Issue Price (if any) of the Shares the subject of the Offer; and

(ii) details of the Share Vesting Conditions (if any) attaching to the Shares the subject of the Offer;

(g) in respect of an Offer of Options or Performance Rights:

(i) the Issue Price (if any) or the manner of determining the Issue Price (if any) of the Options or Performance Rights the subject of the Offer;

(ii) details of Option Vesting Conditions or Performance Right Vesting Conditions (if any) attaching to the Options or Performance Rights the subject of the Offer;

(iii) the First Exercise Date of the Options or Performance Rights the subject of the Offer;

(iv) the Last Exercise Date of the Options or Performance Rights the subject of the Offer;

(v) the Exercise Price (if any) or the manner of determining the Exercise Price (if any) of the Options or Performance Rights the subject of the Offer;

(h) the Vesting Period (if any) applicable to the Shares, Options or Performance Rights the subject of the Offer;

(i) a prominent statement to the effect that:

(i) any advice given by the Company in relation to Awards issued under the Plan, and Shares issued upon exercise of the Options or Performance Rights, doesnot take into account an Eligible Employee's objectives, financial situation and needs; and

(ii) the Eligible Employee should consider obtaining their own financial productadvice from a person who is licensed by ASIC to give such advice;

(j) general information about the risks of acquiring and holding the Shares, Options or Performance Rights (and underlying Shares) the subject of the Offer;

(k) an explanation of how an Eligible Employee could, from time to time, ascertain the market price of the Shares underlying the Options or Performance Rights;

(l) any other specific terms and conditions applicable to the Offer;

(m) a copy of these Rules;

(n) Where an Offer is made under the ESS Corporations Act Provisions (including the offer involving consideration), any other information required to be included under the ESS

Corporations Act Provisions; and

(o) any other information that is required by Applicable Law.

### 5.6 Issue Price and Exercise Price

The Issue Price (if any) in respect of a Share, Option or Performance Right and the Exercise Price (if any) in respect of an Option or Performance Right (subject to any adjustment under the Plan) is as determined by the Board at its discretion.

### 5.7 Terms

The terms and conditions applicable to an Offer, including the Final Acceptance Date, the First Exercise Date, the Last Exercise Date, any Grant Conditions, any Vesting Conditions and any Vesting Period, are as determined by the Board (in its absolute discretion).

### 5.8 Exercise Price and Issue Price in Australian dollars

The Issue Price (if any) in respect of a Share, Option or Performance Right and the Exercise Price (if any) in respect of an Option or Performance Right must be denominated and payable in Australian dollars, unless otherwise determined by the Board.

### 5.9 Offer personal

Subject to Rule 5.10, an Offer is personal and can only be accepted by the Eligible Employee to whom the Offer is made.

### 5.10 Nominated Party

(a) Upon receipt of an Offer, an Eligible Employee may, by notice in writing to the Board, nominate a Nominated Party of that Eligible Employee in whose favour the Eligible Employee wishes the Shares, Options or Performance Rights the subject of the Offer to be issued.

(b) The Board may, in its sole and absolute discretion, decide not to permit the Shares, Options or Performance Rights the subject of an Offer to be issued to a Nominated Party without giving any reason for that decision.

(c) If the Board decides to permit the Shares, Options or Performance Rights the subject of an Offer to be issued to a Nominated Party, the Eligible Employee will procure that the Nominated Party also agrees to be bound by the Rules;

---

## 6 Application for Awards

### 6.1 Acceptance of Offer

(a) Subject to Rule 6.1(b), an Eligible Employee may accept the Offer by giving to the Company an Application (and in the case of an Offer of Awards that have an Issue Price, payment of the Issue Price) by the Final Acceptance Date. In the Application, the Eligible Employee may apply for the Awards the subject of the Offer to be issued to the Eligible Employee or a Nominated Party (if approved by the Board in accordance with Rule 5.10).

(b) An Eligible Employee may not accept an Offer, and an Application will not be accepted if, at the date the Application would otherwise be accepted:

(i) the Eligible Employee is not an Employee;

(ii) the Eligible Employee has given notice of his or her resignation as an Employee; or

(iii) the Eligible Employee has been given notice of termination of employment as an

Employee.

(c) The Board in its sole and absolute discretion can refuse to allow an Eligible Employee to participate in the Plan even though an Application is received from the Eligible Employee in accordance with Rule 6.1(a).

### 6.2 Partial acceptance of Offer

An Eligible Employee may accept an Offer in whole or in part, in multiples of 100 Shares, Options or Performance Rights, or such other multiple of Shares, Options or Performance Rights as the Board may permit for the Eligible Employee.

### 6.3 Lapse of Offer

An Offer that is not accepted in accordance with Rule 6.1 will lapse at 5.00pm (AEST/AEDT) on the Final Acceptance Date.

### 6.4 Withdrawal of Offer prior to acceptance

The Board reserves the right (subject to any Applicable Law) to withdraw an Offer made to an Eligible Employee, provided that the Offer has not yet been accepted in accordance with Rule 6.1.

---

## 7 Issue of Shares

### 7.1 Acceptance by Eligible Employee

By accepting an Offer for Shares in accordance with Rule 6.1, the Eligible Employee and the Nominated Party (if applicable) will be taken to have:

(a) agreed to become a Participant bound by these Rules;

(b) irrevocably offered to acquire Shares:

(i) under, and subject to, these Rules; and

(ii) on and subject to the terms and conditions of the Offer; and

(c) agreed to become a shareholder of the Company and be bound by the Constitution upon the issue of Shares to the Participant.

### 7.2 Acceptance by Company

(a) Subject to the terms and conditions included in an Offer, the Company will register that number of Shares set out in the Application in the name of the relevant Eligible Employee or Nominated Party (if applicable). Nothing in any Offer or Application, or in these Rules, will be taken to confer on any Eligible Employee or Nominated Party (if applicable) any right or title to or interest in, any Shares until the Shares are so registered.

(b) The Company will give notice, or cause notice to be given (including via a Holding Statement), to a Participant (or any person authorised to receive such notice on the Participant's behalf), in accordance with the Listing Rules, of the registration in the Participant's name of Shares issued under the Plan, including information on the following:

(i) the number of Shares issued to the Participant;

(ii) the date of issue of those Shares;

(iii) the Share Vesting Conditions (if any) attaching to the Shares;

(iv) the Vesting Period (if any) applicable to the Shares; and

(v) any other specific terms and conditions applicable.

### 7.3 Clearance of Issue Price

The Company is not obliged to issue Shares to the Participant until payment of the Issue Price (if any) is received by the Company in cleared funds.

### 7.4 Shares to rank equally

Unless otherwise determined by the Board at the time of an Offer, all Shares issued pursuant to the Offer will rank equally with existing Shares on and from their date of issue.

---

## 8 Share Vesting Conditions

### 8.1 Conditions

The Board may offer Shares with such conditions relating to the Dealing or forfeiture of the Shares as determined by the Board from time to time.

### 8.2 Compliance by Participant

Each Participant undertakes to:

(a) only Deal in the Shares as permitted by the Share Vesting Conditions (if any); and

(b) observe all Share Vesting Conditions attached to the Shares issued to them.

### 8.3 No hedging

If restricted by Applicable Law, a Participant may not enter into any arrangement for the purpose of hedging, or otherwise affecting their economic exposure to any Unvested Shares.

### 8.4 Refusal to register transfer

(a) Subject to the Listing Rules, the Company must refuse to register a paper-based transfer, and must apply or cause to be applied a Holding Lock to prevent a transfer, of any Shares to which Share Vesting Conditions attach, and the Board on behalf of the Company may take any other steps that it considers necessary or appropriate, to enforce and give effect to any Dealing restrictions under the Share Vesting Conditions.

(b) Each Participant irrevocably authorises the Board on behalf of the Company to apply a Holding Lock to any Shares to which Share Vesting Conditions attach held by that Participant.

### 8.5 Retention of Holding Statements

Until any Share Vesting Conditions for a Share (including in relation to any Dealing) are satisfied, if required by the Company, the Company may retain the Holding Statements in relation to the Share and any Shares issued with respect to the Share under a bonus or rights issue. The Company will promptly deliver any Holding Statements in relation to a Share which it holds to the Participant on the satisfaction of all Share Vesting Conditions for the Share (including in relation to any Dealing) imposed under Rule 8.1.

### 8.6 Waiver

The Board may, at its discretion, by notice to the Participant reduce or waive the Share Vesting Conditions attaching to Shares in whole or in part at any time and in any particular case, which may be subject to Shareholder Approval.

**Note:** The exercise of this discretion in the context of the termination of a participant's

employment may trigger the requirement for shareholder approval under s200B of the Corporations Act.

### 8.7 Vesting

If the grant or offer of Shares is subject to Share Vesting Conditions, the Company must give a Participant a Vesting Notice upon the Share Vesting Conditions relating to the Shares issued (or transferred) to the Participant having been satisfied, or waived by the Board.

### 8.8 Shares cease to be subject to Shares Vesting Conditions

On the earliest of:

(a) a determination by the Board that any Share Vesting Conditions have been satisfied, reached or met; and

(b) the Board making a determination to waive any applicable Share Vesting Conditions under Rule 8.6;

then:

(c) the relevant Shares become Vested Shares and cease to be subject to the restrictions under this Rule 8 and the forfeiture provisions under Rule 9 (except to the extent provided for by Rule 21); and

(d) the Board must, as soon as reasonably practicable, lift the Holding Lock in respect of the relevant Shares and must notify the holder of the Shares that the Holding Lock has been lifted.

### 8.9 Notification upon request by Participant

The Company must, if requested, notify the holder of the Shares of the particular time when the Holding Lock was lifted under Rule 8.8.

## 9 Forfeiture of Shares

### 9.1 Forfeiture of Unvested Shares

If a Participant holds any Unvested Shares, the Participant's ownership of those Unvested Shares will be forfeited by the Participant (or any person claiming through the Participant) to the Company (or otherwise as directed by the Board) on the earliest of:

(a) the Board determining that any Share Vesting Condition applicable to the Unvested Shares has not been satisfied, reached or met in accordance with its terms or is not capable of being satisfied, reached or met;

(b) the Unvested Shares being forfeited in accordance with Rule 18;

(c) the Unvested Shares being forfeited in accordance with Rule 19;

(d) the Unvested Shares being forfeited in accordance with Rule 20; or

(e) unless the Board determines otherwise:

(i) the Participant purporting to Deal in the Unvested Shares in breach of the Share Vesting Conditions attaching to those Unvested Shares, other than as permitted under these Rules;

(ii) the Board providing written notice under Rule 21(a); or

(iii) the Participant purporting to enter into any arrangement in respect of the Unvested Shares in breach of Rule 8.3.

**9.2 Treatment of Forfeited Shares**

(a) As soon as reasonably practicable after Forfeited Shares are transferred to the Company, the Company must:

(i) sell those Forfeited Shares in the ordinary course of trading on the stock market of the ASX;

(ii) buy-back and cancel the Forfeited Shares; or

(iii) deal with the Forfeited Shares in any other manner determined by the Board from time to time.

(b) For the avoidance of doubt, the Company will hold full legal and beneficial title to any Forfeited Shares which are transferred to the Company pursuant to any power of attorney granted by a Participant at all times until those Forfeited Shares are disposed of by the Company.

**9.3 Effect of forfeiture**

For the avoidance of doubt, no consideration or compensation will be payable to a Participant for or in relation to the forfeiture by the Participant of ownership of Shares held under the Plan.

**9.4 Conditions on forfeiture**

In making any determination as to the forfeiture or otherwise of the ownership of Shares or other entitlements under Rule 9 the Board may impose any conditions that it thinks fit.

## 10 Voting rights and dividends of Shares

(a) Unless otherwise resolved by the Board when it makes an Offer, and subject to the terms of issue of the relevant Shares, a Participant is entitled to notice of a meeting of the Shareholders of the Company and may exercise (whether in person or by proxy) any voting rights attaching to the Shares registered in the Participant's name which were the subject of the Offer.

(b) The Board may determine, at the time of an Offer of Shares to a Participant, whether the Participant is entitled to all dividends declared or paid on Unvested Shares (including whether any such dividends are to be held in escrow until the Shares are fully vested).

## 11 Rights issues and bonus issues

Unless otherwise resolved by the Board when it makes an Offer, a Participant who holds the Shares issued pursuant to the Offer has the same entitlement as any other shareholder in the Company to participate in any rights issue or bonus issue, provided however, if the Shares held by the Participant are subject to any Share Vesting Conditions or any restrictions on sale imposed under Rule 8.1, any shares issued to a Participant under the rights issue or bonus issue will be subject to these Rules and deemed to have the same Share Vesting Conditions and restrictions attached as if those shares were Shares issued under the Offer made to the Participant.

## 12 Capital reconstructions

In the event of a capital reconstruction, subject to any provision in the Listing Rules, the Board may adjust any or all of the number of Shares issued pursuant to the Offer to a Participant as the Board deems appropriate.

## 13 Issue of Options or Performance Rights

### 13.1 Acceptance by Eligible Employee

By accepting an Offer in accordance with Rule 6.1, the Eligible Employee and the Nominated Party (if applicable) will be taken to have:

(a) agreed to become a Participant bound by these Rules;

(b) irrevocably offered to acquire the Shares, Options or Performance Rights (and the Shares upon the exercise of Options or Performance Rights) the subject of the Offer:

(i) under, and subject to, these Rules; and

(ii) on and subject to the terms and conditions of the Offer.

### 13.2 Acceptance by Company

Unless provided for otherwise in an Offer, the Company will be deemed to have accepted an Eligible Employee's Application upon the issue to the Eligible Employee (or Nominated Party, if applicable), of the Awards the subject of the Application, and the notification to the Eligible Employee and Nominated Party (if applicable) of the issue of the Awards (including via the issue of a Certificate). Nothing in any Offer or Application, or in these Rules, will be taken to confer on any Eligible Employee or Nominated Party (if applicable) any right or title to or interest in, any Awards until they have been issued and notice is provided.

### 13.3 Certificates

The Company must give a Participant a Certificate in respect of Options and Performance Rights issued to them.

### 13.4 Interest in Shares

A Participant has no right or interest in a Share the subject of an Option or Performance Right held by the Participant unless and until the Option or Performance Right is exercised and the Share is issued. Nor does the holder of an Option or Performance Right have any rights to dividends, rights to vote or rights to the capital of the Company as a shareholder as a result of holding an Option or a Performance Right. Subject to the Corporations Act and the Constitution, a Participant will not, as a holder of an Option or a Performance Right, have any right to attend to vote at general meetings of holders of Shares.

---

## 14 Exercise of Options and Performance Rights

### 14.1 Exercise

(a) Subject to Rules 4.1, 14.2 and 18, a Participant will be entitled to exercise:

(i) an Option if any Option Vesting Conditions have been satisfied or waived;

(ii) a Performance Right if any Performance Right Vesting Conditions have been satisfied or waived; and

(iii) it is otherwise capable of exercise in accordance with the terms of the relevant Offer and the Rules.

(b) Once an Option or Performance Right is capable of exercise in accordance with this Rule 14.1, it may be exercised at any time up until 5.00 pm (AEST/AEDT) on the Last Exercise Date, subject to these Rules.

### 14.2 Adjustment to terms of Exercise

(a) The Board will have the power to make adjustments to or vary the terms of exercise of an Option or a Performance Right, including reducing or waiving the OptionVesting Conditions attaching to Options or Performance Rights Vesting Conditions attaching to Performance Rights in whole or in part at any time and in any particular case. Any proposed variation or adjustment will be subject to any requirements of the Corporations Act and/or the Listing Rules (including shareholder approval).

**Note:** The exercise of this discretion in the context of the termination of a participant's employment may trigger the requirement for shareholder approval under s200B of the Corporations Act.

(b) No adjustment or variation of the terms of exercise of an Option or a Performance Right will be made without the consent of the Participant who holds the relevant Option or Performance Right if such adjustment or variation would have a materially prejudicial effect upon the Participant (in respect of his or her outstanding Options or Performance Rights), other than an adjustment or variation introduced primarily:

(i) for the purpose of complying with or conforming to present or future Applicable Law governing or regulating the maintenance or operation of the Plan or like plans;

(ii) to correct any manifest error or mistake; or

(iii) to enable a member of the Group to comply with the Corporations Act, the Listing Rules, applicable foreign law, or a requirement, policy or practice of the ASIC or other foreign or Australian regulatory body.

**14.3 Exercise of Options or Performance Rights**

Options or Performance Rights granted to a Participant may only be exercised by delivery to the Company Secretary (at a time when the Options or Performance Right may be exercised) of:

(a) the Certificate for the Options or Performance Rights or, if the Certificate for the Options or Performance Rights has been lost or destroyed, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration that the certificate has been lost or destroyed;

(b) a Notice of Exercise signed by the Participant; and

(c) payment to the Company of an amount in cleared funds equal to the Exercise Price multiplied by the number of Options or Performance Rights which are being exercised unless there is no exercise price payable in respect of the Options or Performance Rights to be exercised.

**14.4 One or several parcels**

Subject to Rule 14.1, Options or Performance Rights may be exercised in one or more parcels of any size, provided that the number of Shares issued upon exercise of the numberof Options or Performance Rights in any parcel is not less than a Marketable Parcel.

**14.5 Vesting**

If the grant or offer of Options or Performance Rights is subject to Option Vesting Conditions or Performance Right Vesting Conditions respectively, the Company must give a Participant a Vesting Notice upon the Option Vesting Conditions relating to the Options Vesting Conditions or the Performance Right Vesting Conditions relating to the Options or Performance Rights issued (or transferred) to the Participant having been satisfied, or waived by the Board.

**14.6 Issue of Shares**

If the items specified in Rule 14.3 are delivered in accordance with that Rule, the Company will, subject to Rule 4.1 and the Listing Rules (if relevant):

(a) within 15 Business Days of delivery of the documents referred to in Rule 14.3 issue to the Participant the Shares credited as being fully paid in respect of which the Options or Performance Rights are exercised together with any additional Shares an entitlement to which has arisen under Rule 17 in consequence of the exercise of the Options or Performance Rights; and

(b) cancel the Certificate delivered pursuant to Rule 14.3(a) and, if any Options or Performance Rights held by the Participant have not lapsed and remain unexercised, deliver to the Participant a replacement Certificate reflecting the number of those Options or Performance Rights which remain unexercised.

### 14.7 Agrees to become a member

Upon issue of Shares under the Plan, a Participant agrees to become a member of the Company and be bound by the Constitution.

### 14.8 Equal rank

A Share issued on exercise of an Option or Performance Right will rank equally in all respects with Shares already on issue on the date of issue of the Shares, except for entitlements which had a record date before the date of issue of that Share.

## 15 Lapse of Options and Performance Rights

### 15.1 Lapse of Options or Performance Rights

Unless otherwise specified in the Options Vesting Conditions, or Performance Right Vesting Conditions or determined otherwise by the Board an Option or a Performance Right lapses on the earlier of:

(a) the Board determining that any Option Vesting Condition applicable to the Option or any Performance Right Vesting Condition applicable to the Performance Right has not been satisfied, reached or met in accordance with its terms or is not capable of being satisfied, reached or met;

(b) the day immediately following the Last Exercise Date; or

(c) the Option or Performance Right lapsing in accordance with Rule 18, 19 or 20.

### 15.2 On lapsing

Where a Participant's Options or Performance Rights have lapsed under Rule 15.1:

(a) all rights of a Participant under the Plan in respect of those Options or Performance Rights are forfeited; and

(b) the Company will:

(i) notify the Participant that the Options or Performance Rights have lapsed;

(ii) cancel the Options or Performance Rights;

(iii) if only part of the Options or Performance Rights covered by a Certificate have lapsed, issue a Certificate stating the remaining number of Options or Performance Rights held by the Participant that have not lapsed; and

(iv) not be liable for any damages or other amounts to the Participant in respect of the Options or Performance Rights.

## 16 Dealings with Options and Performance Rights

### 16.1 No Dealing

(a) A Participant may not engage in any Dealing with any Options or Performance Rights issued under the Plan, unless:

(i) the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion; or

(ii) such assignment or transfer occurs by force of law upon the death of a Participant to the Participant's legal personal representative.

(b) Unless otherwise decided by the Board, where a Participant purports to Deal with an Option or Performance Right other than in accordance with Rule 16.1(a), the Option or Performance Right immediately lapses.

### 16.2 No hedging

If restricted by Applicable Law, a Participant may not enter into any arrangement for the purpose of hedging, or otherwise affecting their economic exposure to any Options or Performance Rights.

## 17 Participation rights in new issues, reorganisations of capital and winding up

### 17.1 Application of this Rule

This Rule 17 applies to Participants who hold Options or Performance Rights that they have not yet exercised and which have not lapsed.

### 17.2 New issues

Participants holding Options or Performance Rights are not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless:

(a) they have become entitled to exercise their Options or Performance Rights under the Plan; and

(b) they exercise their Options or Performance Rights and receive Shares before the record date for the determination of entitlements to the new issue of securities and participate as a holder of Shares.

In accordance with the Listing Rules, the Company will give Participants notice of any new issue of securities before the record date for determining entitlements to the new issue.

### 17.3 Pro rata issues

If the Company makes a pro rata issue of Shares (except a bonus issue) to existing holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option or Performance Right before the record date for determining entitlements to the pro rata issue, the Exercise Price of the Option or Performance Right will be reduced according to the formula specified in the Listing Rules.

### 17.4 Bonus issues

If the Company makes a bonus issue of Shares to existing holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option or Performance Right before the record date for determining entitlements to the bonus issue, then the number of underlying Shares over which the Option or Performance Right is exercisable will be increased by the number of Shares which the Participant would have received if the Participant had exercised the Option or Performance Right before the record date for the bonus issue. No adjustment will be made to the Exercise

Price.

### 17.5 Reorganisation of capital

If there is a reorganisation of the issued capital of the Company (including a consolidation, subdivision, reduction or return) then the rights of a Participant (including the number of Options or Performance Rights to which each Participant is entitled and the Exercise Price) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

### 17.6 Winding up

If a resolution for a members' voluntary winding up of the Company is proposed (other than for the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to Participants of the proposed resolution. Subject to the Option Vesting Conditions or Performance Right Vesting Conditions, the Participants may, during theperiod referred to in the notice, exercise their Options or Performance Rights.

### 17.7 Fractions of Shares

For the purposes of this Rule 17, if Options or Performance Rights are exercised simultaneously, then the Participant may aggregate the number of Shares or fractions of Shares for which the Participant is entitled to subscribe. Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participant.

### 17.8 Calculations and adjustments

Any calculations or adjustments which are required to be made under this Rule 17 will be made by the Board and, in the absence of manifest error, are final and conclusive and bindingon the Company and the Participant.

### 17.9 Notice of adjustments

Whenever the number of Shares underlying an Option or Performance Right or the Exercise Price is adjusted pursuant to these Rules, the Company will give notice of the adjustment to the Participant and the ASX together with the calculations on which the adjustment is based.

### 17.10 Accumulation of adjustments

Effect will be given to this Rule 17 in such manner that the effect of the successive application of this Rule 17 will be cumulative, with the intention being that the adjustments that it progressively effects will reflect previous adjustments

---

## 18 Cessation of employment

### 18.1 Bad Leaver

Subject to clause 18.3, if an Eligible Employee who is a Participant or has nominated a Nominated Party to receive Unvested Shares, Options or Performance Rights under the Plan ceases to be an Employee due to:

(a) resignation (other than due to a Special Circumstance);

(b) dismissal for cause or poor performance; or

(c) any other circumstances (other than due to a Special Circumstance) determined by the Board to constitute a Bad Leaver,

(**Bad Leaver**)

then, subject to compliance with the Listing Rules and the Corporations Act:

(d) any Unvested Shares held by the Participant will be forfeited by the Participant in accordance with Rule 9;

(e) Unvested Options or Unvested Performance Rights held by the relevant Participant will immediately lapse in accordance with Rule 15; and

(f) any Vested Options or Vested Performance Rights that have not been exercised will lapse in accordance with Rule 15 on the date the Relevant Person ceases to be an Employee.

### 18.2 Good Leaver

Subject to clause 18.3, if an Eligible Employee who is a Participant or has nominated a Nominated Party to receive Unvested Shares, Options or Performance Rights under the Plan ceases to be an Employee due to a Special Circumstance or otherwise for reasons other than as a Bad Leaver (**Good Leaver**):

(a) all Unvested Shares held by the Participant will be forfeited by the Participant in accordance with Rule 9;

(b) Unvested Options or Unvested Performance Rights held by the relevant Participant will lapse in accordance with Rule 15; and

(c) Vested Options or Vested Performance Rights that have not been exercised will continue in force and remain exercisable until the Last Exercise Date.

### 18.3 Board discretion

(a) If an Eligible Employee who:

(i) is a Participant; or

(ii) has nominated a Nominated Party to receive Unvested Shares, Options or Performance Rights under the Plan,

ceases to be an Employee during the Vesting Period, notwithstanding the provisions of Rule 18.1 or 18.2, the Board may, subject to compliance with the Listing Rules and the Corporations Act (which may require Shareholder Approval), determine to treat any Unvested Shares, Options or Performance Rights held by the relevant Participant in any way other than in the manner set out in Rule 18.1 or 18.2, if the Board determines that the relevant circumstances warrant such treatment.

(b) The Company must, within 14 days of the Board making a determination as to how to treat any Unvested Shares, Options or Performance Rights in accordance with Rule 18.3(a):

(i) give notice to the Participant affected by the determination of the effect of the determination on the remaining Unvested Shares, Options or Performance Rights held by the Participant; and

(ii) issue a replacement Certificate for the Unvested Shares, Options or Performance Rights to the extent that the details set out in the Certificate requireamendment as a result of the determination.

## 19 Change of Control Event

### 19.1 Change of Control Event

If a Change of Control Event occurs, the Board may in its sole and absolute discretion, and subject to the Listing Rules determine how Unvested Shares, Unvested Options or Unvested Performance Rights held by a Participant will be treated, including but not limited to:

(a) determining that Unvested Shares, Unvested Options or Unvested Performance Rights (or a portion of Unvested Shares, Unvested Options or Performance Rights) will vest and become immediately exercisable with such vesting deemed to have taken place immediately prior to the effective date of the Change of Control Event, regardless of whether or not the employment, engagement or office of the Participant is terminated or ceases in connection with the Change of Control Event; and/or

(b) reducing or waiving any of the Share Vesting Conditions, Option Vesting Conditions or Performance Right Vesting Conditions attaching to those Unvested Shares, Unvested Options or Unvested Performance Rights in accordance with Rule 8.6 or Rule 14.2.

### 19.2 Notice to Participants

Whether or not the Board determines to accelerate the vesting of any Shares, Options or Performance Rights, the Company shall give written notice of any proposed Change of Control Event to each Participant.

## 20 Breach, fraud or misconduct

If the Board determines that a Participant (or an Eligible Employee who has nominated a Nominated Party to receive Shares, Options or Performance Rights under the Plan) at any time:

(a) has been dismissed or removed from office for a reason which entitles a Group Company to dismiss the Participant (or Eligible Employee) without notice;

(b) has been convicted on indictment of an offence against the Corporations Act in connection with the affairs of a Group Company;

(c) has had a judgement entered against him or her in civil proceedings in respect of the contravention by the Participant (or Eligible Employee) of his or her duties at law, in equity or under statute in his or her capacity as an executive or Director of a Group Company;

(d) has committed an act of fraud, defalcation or gross misconduct in relation to the affairs of that body corporate (whether or not charged with an offence);

(e) is in material breach of any of his or her duties or obligations to a Group Company; or

(f) has done an act which brings a Group Company into disrepute,

the Board may determine that:

(g) all Unvested Shares held by the relevant Participant will be forfeited by the Participant in accordance with Rule 9;

(h) all Options or Performance Rights held by the relevant Participant will lapse in accordance with Rule 15.

## 21 Clawback

If the Board becomes aware of a material misstatement in the Company's financial statements or some other event has occurred which, as a result, means that the Share Vesting Conditions, Option Vesting Conditions or Performance Right Vesting Conditions in respect of certain Vested Shares, Vested Options or Vested Performance Rights were not, or should not have been determined to have been, satisfied, then the Participant will cease to beentitled to those Vested Shares (**Affected Shares**), Vested Options (**Affected Options**) or Vested Performance Rights (**Affected Performance Rights**) and the Board may:

(a) by written notice to the Participant cancel the relevant Affected Options or Affected Performance Rights for no consideration or determine that the Affected Shares are

Forfeited Shares for the purposes of Rule 9;

(b) by written notice to the Participant require that the Participant pay to the Company the after tax value of the Affected Shares or Affected Options or Affected Performance Rights (and which have been converted into Shares), with such payment to be made within 30 Business Days of receipt of such notice; or

(c) adjust fixed remuneration, incentives or participation in this Plan of a relevant Participant in the current year or any future year to take account of the after tax value of the Affected Shares, Affected Options or Affected Performance Rights.

## 22 Amendments of Rules

Subject to and in accordance with the Listing Rules (including any waiver granted under such Listing Rules), the Board (without the necessity of obtaining the prior or subsequent consent of Shareholders of the Company in a general meeting) may from time to time amend (including the power to revoke, add to or vary) all or any provisions of the Rules in any respect whatsoever, by an instrument in writing, provided that rights or entitlements in respectof any Share, Option or Performance Right granted before the date of amendment shall not be reduced or adversely affected unless prior written approval from the affected Participant(s)is obtained.

## 23 Administration of Plan

(a) The Board may appoint for the proper administration and management of the Plan, such persons as it considers desirable and may delegate thereto such authorities as may be necessary or desirable for the administration and management of the Plan.

(b) Subject to the provisions of the Rules, the Board may make such regulations and establish such procedures for the administration and management of the Plan as they consider appropriate.

(c) The decision of the Board as to the interpretation, effect or application of the Rules will be final.

## 24 Rights of Eligible Employees

Neither participation in the Plan by a Group Company or any Eligible Employees or holders of an Award or anything contained in these Rules shall in any way prejudice or affect the right of a Group Company to dismiss any Eligible Employee or holder of an Award or to vary the terms of employment of any Eligible Employee or holder. Nor shall participation or the rightsor benefits of an Eligible Employee or holder of an Award under the Rules be relevant to or used as grounds for granting or increasing damages in any action brought by an Eligible Employee or holder of an Award against a Group Company whether in respect of any alleged wrongful dismissal or otherwise.

## 25 Attorney

Each Participant, in consideration of an Offer:

(a) irrevocably appoints the Company and any person nominated from time to time by the Company (each an "attorney"), severally, as the Participant's attorney to completeand execute any documents including applications for Shares and Share transfers and to do all acts or things on behalf of and in the name of the Participant which may be convenient or necessary for the purpose of giving effect to the provisions of these Rules;

(b) covenants that the Participant will ratify and confirm any act or thing done pursuant to this power;

(c) releases each member of the Group and the attorney from any liability whatsoever arising from the exercise of the powers conferred by this Rule; and

(d) indemnifies and holds harmless each member of the Group and the attorney in respect thereof.

## 26 ASIC relief

Notwithstanding any other provisions of the Plan, every covenant or other provision set out in an exemption or modification granted from time to time by the ASIC in respect of the Plan pursuant to its power to exempt and modify the Corporations Act and required to be included in the Plan in order for that exemption or modification to have full effect, is deemed to be contained in the Plan. To the extent that any covenant or other provision deemed by this Rule to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision shall prevail.

## 27 Notices

Any notice to Participants may be given in such manner as the Board determines.

## 28 Governing Law

This Plan is governed by and shall be construed and take effect in accordance with the laws of Victoria.

## Schedule 1 —Dictionary

### 1 Dictionary

In these Rules, unless the context otherwise requires, the following terms and expressionswill have the following meanings:

**Applicable Law** means any one or more or all, as the context requires of:

(a) the Corporations Act, including the ESS Corporations Act Provisions;

(b) the Listing Rules;

(c) the Constitution;

(d) the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth);

(e) any practice note, policy statement, regulatory guide, class order, declaration, guideline, policy, procedure, ruling, judicial interpretation or other guidance notemade to clarify, expand or amend (a), (b), and (d) above; and

(f) any other legal requirement that applies to the Plan.

**Application** means a duly completed and executed application for the issue of Shares, Options or Performance Rights made by an Eligible Employee in respect of an Offer, in the form approved by the Board from time to time.

**ASIC** means the Australian Securities and Investments Commission.

**Associated Bodies Corporate**, in relation to the Company, means:

(a) a body corporate that is a Related Body Corporate of the Company; or

(b) a body corporate that has voting power in the Company of not less than 20%; or

a body corporate in which the Company has voting power of not less than 20%.

**ASX** means the Australian Securities Exchange.

**ASX Operating Rules** means the ASX rules that govern the ASX and its clearing and settlement facilities.

**Award** means:

(a) an Option;

(b) a Performance Right; or

(c) a Share,

as applicable.

**Bad Leaver** has the meaning given in Rule 18.1.

**Board** means the board of directors of the Company.

**Business Day** means a day on which banks are open for general business in Perth, Western Australia, excluding Saturdays or Sundays.

**Casual Employee** means an individual who is, or might reasonably be expected to be, engaged to work the number of hours that are the pro-rata equivalent of 40% or more of a comparable full time position with a Group Company.

**Certificate** means a certificate issued under Rule 13.3 in the form approved by the Board from time to time.

**Change of Control Event** occurs where:

(a) an offer is made for Shares pursuant to a takeover bid under Chapter 6 of the Corporations Act and is, or is declared, unconditional; or

(b) the Court sanctions under Part 5.1 of the Corporations Act a compromise or arrangement relating to the Company or a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or

(c) any other merger, consolidation or amalgamation involving the Company occurswhich results in the holders of Shares immediately prior to the merger, consolidation or amalgamation being entitled to 50 per cent or less of the voting shares in the body corporate resulting from the merger, consolidation or amalgamation; or

(d) any Group Company enters into agreements to sell in aggregate a majority in value of the businesses or assets (whether or not in the form of shares in a Group Company) of the Group to a person, or a number of persons, none of which are Group Companies; or

(e) the Board determines in its reasonable opinion, control of the Company has or is likely to change or pass to one or more persons, none of which are Group Companies.

**Company** means EQ Resources Limited ABN: 77 115 009 106

**Constitution** means the constitution of the Company (as amended from time to time).

**Contractor** means:

(a) an individual with whom a Group Company has entered into a contract for the provision of services under which the individual performs work for a Group Company; or

(b) a company with whom a Group Company has entered into a contract for the provision of services under which an individual, who is a director of the company or their spouse, performs work for a Group Company,

where the individual who performs the work under or in relation to the contract is, or might reasonably be expected to be, engaged to work the number of hours that are the pro-rata equivalent of 40% or more of a comparable full-time position with a Group Company.

**Corporations Act** means the *Corporations Act 2001* (Cth), as amended from time to time.

**Deal or Dealing** means, in relation to a Share, Option or Performance Right:

(a) to sell, transfer, assign, novate, swap, declare a trust over, grant a Security Interest over, dispose of or otherwise alienate or deal with any legal or equitable interest in the Share, Option or Performance Right (as applicable); or

(b) taking any steps or attempting to do any of the things set out in paragraph (a).

**Directors** means the directors of the Company.

**Eligible Employee** means:

(a) an Employee whom the Board determines is to be issued Awards under the Plan; or
(b) any other person who is declared by the Board in its sole and absolute discretion to be eligible to receive the Award.

**Employee** means a person who is a:

(a) full-time or part-time employee of a Group Company (including an executive director);

(b) a non-executive director of a Group Company;

(c) Contractor or consultant of a Group Company;; or

(d) Casual Employee of a Group Company.

**ESS Corporations Act Provisions** means the provisions contained in Division 1A of Part 7.12 (Employee Share Schemes) of the Corporations Act, or equivalent provisions as amended from time to time;

**Exercise Price** means the exercise price of an Option or Performance Right.

**Final Acceptance Date** means the final date that an Eligible Employee may accept an Offer.

**First Exercise Date** with respect to an Option or Performance Right means:

(a) the date specified in an Offer or Certificate;

(b) subject to paragraph (c), if no date is specified in an Offer or Certificate, the date of issue of the Option or Performance Right; or

(c) the date determined under these Rules (if any).

**Forfeited Shares** means the Shares the ownership of which has been or is required to be (as the case maybe) forfeited under the Rules.

**Good Leaver** has the meaning given in Rule 18.2.

**Grant Conditions** means the conditions (if any) determined by the Board and specified in the Offer which are, subject to these rules, required to be satisfied, reached or met before a Share, Option or Performance Right will be granted.

**Group** means the Company and its Associated Bodies Corporate and **Group Company** means the Company or any of its Associated Bodies Corporate.

**Holding Lock** means a mechanism arranged or approved by the Board and administered by the Company (including through its share registry) that prevents Shares being disposed of by a Participant.

**Holding Statement** means a statement issued by the share registry of the Company detailing a Participant's holding of Shares.

**Income Tax Assessment Act** means the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) as appropriate.

**Issue Price** means the amount (if any) payable per Share, Option or Performance Right by an Eligible Employee on application for Shares, Options or Performance Rights offered under an Offer.

**Marketable Parcel** has the meaning given to that term in the ASX Operating Rules, as amended from time to time.

**Market Value** means, in relation to a Share, the volume weighted average closing sale price of a Share sold on ASX on the last 5 trading days on which sales were recorded immediately before the relevant date.

**Mental Illness** means, in relation to a Participant, the termination or cessation of a Relevant Person's employment with a Group Company as a result of mental illness, as determined by the Board.

**Last Exercise Date** with respect to an Option or Performance Right means:

(a) the date specified in an Offer or Certificate;

(b) subject to paragraph (c), if no date is specified in an Offer or Certificate, the date two years after the First Exercise Date; or

(c) the date determined under Rule 18 (if any).

**Listing Rules** means the listing rules, market rules or operating rules of a financial market in respect of which the Company's shares are quoted or are the subject of an application for quotation, including but not limited to, the official listing rules of the ASX (as relevant).

**Nominated Party** means, in respect of an Eligible Employee:

(a) an immediate family member of the Eligible Employee;

(b) a corporate trustee of a self-managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993*) where the Eligible Employee is a director of the trustee; or

(c) a company whose members comprise no persons other than the Eligible Employee or immediate family members of the Eligible Employee.

**Notice of Exercise** means a duly completed and executed notice of exercise of an Option or Performance Right in the form approved by the Board from time to time.

**Offer** means an offer made to an Eligible Employee to subscribe for one or more Shares, Options or Performance Rights under the Plan.

**Offer Document** means an offer document that complies with Rule 5.5 and is otherwise in the form approved by the Board from time to time.

**Option** means an option granted pursuant to these Rules to subscribe for one Share upon and subject to the terms of these Rules and the terms of the Offer.

**Option Vesting Condition** means the performance, vesting or other conditions (if any) as determined by the Board (in its absolute discretion) and set out in the Certificate or Offer which are, subject to these Rules, required to be satisfied, reached or met before an Option vests and can be exercised.

**Participant** means an Eligible Employee to whom Shares, Options or Performance Rights have been granted under the Plan, or if Rule 5.10 applies, a Nominated Party of the Eligible Employee to whom Shares, Options or Performance Rights have been granted under the Plan.

**Plan** means the employee equity incentive scheme established in accordance with these Rules.

**Performance Right** means conditional right issued to a Participant under the Plan to receive a Share, subject to the terms of the Offer and these Rules.

**Performance Right Vesting Condition** means the performance, vesting or other conditions (if any) as determined by the Board (in its absolute discretion) and set out in the Certificate or Offer which are, subject to these Rules, required to be satisfied, reached or met before a Performance Right vests and can be exercised.

**Related Body Corporate** has the same meaning as in section 50 of the Corporations Act.

**Redundancy** means, in relation to a Participant, the termination or cessation of a Relevant Person's employment or office with a Group Company as a result of redundancy, as determined by the Board.

**Relevant Person** means:

(a) in respect of an Eligible Employee, that person; and

(b) in respect of a Nominated Party of an Eligible Employee being a Nominated Party under Rule 5.10, that Eligible Employee.

**Rules** means the rules of the Plan set out in this document.

**Share** means a fully paid ordinary share in the Company.

**Share Vesting Conditions** means the conditions (if any) determined by the Board and specified in the terms of the Offer under which a Share is offered, limiting the rights of the Participant holding the Share to Deal in the Share or which might result in forfeiture of the Share.

**Shareholder** means a holder of Shares.

**Shareholder Approval** means any prior approvals that need to be obtained from Shareholders of the Company before an action is taken or determination made under these Rules.

**Security Interest** means a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature (including the registration and/or perfection of that security interest under the *Personal Property Securities Act* 2009 (Cth)).

**Special Circumstances** means with respect to a Participant:

(a) Total and Permanent Disablement;

(b) Mental Illness;

(c) Redundancy; or

(d) the death, or terminal illness, of the Relevant Person.

**Total and Permanent Disablement** means in relation to a Participant, the termination or cessation of a Relevant Person's employment with a Group Company as a result of total and permanent disablement, as determined by the Board.

**Unvested Share** means a Share that is not a Vested Share.

**Unvested Option** means an Option that is not a Vested Option.

**Unvested Performance Right** means a Performance Right that is not a Vested Performance Right.

**Vested Option** means an Option in respect of which the Board has determined that all the Option Vesting Conditions (if any) have been satisfied or waived.

**Vested Performance Right** means a Performance Right in respect of which the Board has determined that all the Performance Right Vesting Conditions (if any) have been satisfied or waived.

**Vested Share** means a Share the subject of an Offer in respect of which the Board has determined that all of the Share Vesting Conditions (if any) attaching to the Share have been satisfied or waived.

**Vesting Notice** means a notice to a holder of a Share, Option or Performance Right that, to the extent specified in the vesting notice, the Share Vesting Conditions or the Option Vesting Conditions or Performance Right Vesting Conditions have been satisfied or waived.

**Vesting Period** means the period (if any) determined by the Board and specified in the terms of the Offer during which:

(a) in the case of an Offer of Shares, the Shares will be subject to the Share Vesting Conditions; and

(b) in the case of an Offer of Options or Performance Rights, any Option Vesting Conditions or Performance Right Vesting Conditions (as applicable) are required to be satisfied (unless waived by these Rules) before the Options or Performance Rights vest and can, between the First Exercise Date and the Last Exercise Date, be exercised.

**AEST/AEDT** means Australian Eastern Standard Time and Australian Eastern Daylight Time as applicable.

## 2 Interpretation

In these Rules unless the context otherwise requires:

(a) headings are for convenience only and do not affect the interpretation of these Rules;

(b) the singular includes the plural and vice versa;

(c) words that are gender neutral or gender specific include each gender;

(d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;

(e) the words 'such as', 'including', 'particularly' and similar expressions are not used as, nor are intended to be, interpreted as words of limitation;

(f) a reference to:

(i) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate;

(ii) a document includes all amendments or supplements to that document;

(iii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity and is a reference to that law as amended, consolidated or replaced;

(iv) an agreement other than these Rules includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing; and

(v) a monetary amount is in Australian dollars;

(g) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day; and

(h) in determining the time of day, where relevant to these Rules, the relevant time of day is:

(i) for the purposes of giving or receiving notices, the time of day where a party receiving a notice is located; or

(ii) for any other purpose under these Rules, the time of day in the place where the party required to perform an obligation is located.

## Schedule 2 Options Valuation

22 Corporate Advisory

6 October 2026

EQ Resources Limited
6888 Mulligan Highway
Mount Carbine, QLD 4871
**Attention: Minh-Ha Tran**

**RE: Valuation of EQ Resources Limited stock options**

Dear Minh-Ha,

## 1. Introduction

You have requested that we determine the fair value of six tranches of stock options (the **Options**) in accordance with AASB 2 – Share Based Payment (the **Engagement**). The Options are proposed to be granted by EQ Resources Limited (the **Company**) to Michael Nossal and Nicole Brook, directors of the Company, following shareholder approval at the Company's next General Meeting. As a result, we undertook the valuation as at 5 October 2026 (**Valuation Date**), being the most recently concluded market day prior to the date of this report.

## 2. Summary of the Options

The tranches comprising the Options are summarised below and further detailed in Annexure 1.

| Tranche | Grantee | # | Exercise Price | Term | Summary of vesting conditions |
|---|---|---|---|---|---|
| Tranche 1 | Michael Nossal | 3,000,000 | $0.4000 | 2.74 yrs | Remaining employed/engaged with the Company until the tranche's issue date / vesting date of 1 July 2026 |
| Tranche 2 | Michael Nossal | 3,000,000 | $0.4000 | 3.74 yrs | Remaining employed/engaged with the Company until the tranche's issue date / vesting date of 1 July 2027 |
| Tranche 3 | Michael Nossal | 3,000,000 | $0.4000 | 4.74 yrs | Remaining employed/engaged with the Company until the tranche's issue date / vesting date of 1 July 2028 |
| Tranche 4 | Nicole Brook | 2,000,000 | $0.4000 | 2.99 yrs | Remaining employed/engaged with the Company until the tranche's issue date / vesting date of 1 October 2026 |
| Tranche 5 | Nicole Brook | 2,000,000 | $0.4000 | 3.99 yrs | Remaining employed/engaged with the Company until the tranche's issue date / vesting date of 1 October 2027 |
| Tranche 6 | Nicole Brook | 2,000,000 | $0.4000 | 4.99 yrs | Remaining employed/engaged with the Company until the tranche's issue date / vesting date of 1 October 2028 |

## 3. Valuation Methodologies

We have used the Black-Scholes Option Pricing (**BSOP**) methodology, which utilises the Black-Scholes-Merton model, to estimate the fair value of the Options. Our valuation of the Options takes into consideration:

(1) The material terms of the Options ..... Annexure 1
(2) Methodology and key inputs of the BSOP ..... Annexure 2
(3) Other considerations ..... Annexure 3
(4) Key relevant accounting standards ..... Annexure 4

## 4. Valuation Conclusion

Based on the inputs and assumptions discussed in this letter (including annexures), the resulting fair value for the Options is summarised in Table 1 below.

**Table 1: Valuation Conclusion**

| Tranche | Grantee | # of equity instruments | NMBVC Expected Vesting[1] | Fair Value per Option | Concluded value |
|---|---|---|---|---|---|
| | | (a) | (b) | (c) | (d) = (a)*(b)*(c) |
| Tranche 1 | Michael Nossal | 3,000,000 | 100.0% | $0.2311 | $693,300 |
| Tranche 2 | Michael Nossal | 3,000,000 | 100.0% | $0.2502 | $750,600 |
| Tranche 3 | Michael Nossal | 3,000,000 | 100.0% | $0.2640 | $792,000 |
| **Sub-Total** | | **9,000,000** | | | **$2,235,900** |
| Tranche 4 | Nicole Brook | 2,000,000 | 100.0% | $0.2359 | $471,800 |
| Tranche 5 | Nicole Brook | 2,000,000 | 100.0% | $0.2508 | $501,600 |
| Tranche 6 | Nicole Brook | 2,000,000 | 100.0% | $0.2651 | $530,200 |
| **Sub-Total** | | **6,000,000** | | | **$1,503,600** |
| **Total** | | **15,000,000** | | | **$3,739,500** |

Should you have any questions regarding anything contained in this letter please do not hesitate to contact me. Yours faithfully



Oliver Schweizer, CFA
Director

## VALUERS' CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this letter are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinion, and conclusion.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- No one provided significant professional assistance to the persons signing this certification other than other employees of 22 Corporate Advisory Pty Ltd.

[1] Non-market based vesting conditions (**NMBVC**), including the Service Condition, are taken into account in the valuation by adjusting the number of equity instruments included in the measurement. For the purposes of this valuation, it was assumed that the Service Condition would be met resulting in 100% vesting for each tranche (see Annexure 3 for further discussion).

## STATEMENT OF LIMITING CONDITIONS

In accordance with professional ethics, our fees for this service are not contingent upon the opinions expressed herein. Information provided by management or its representatives in the course of this investigation has been accepted, without further verification, as correctly reflecting EQ Resources Limited's business conditions and operating results.

Financial and statistical information is from sources we deem reliable. We make no representation as to our sources' accuracy or completeness and have accepted their information without further verification.

The conclusions are based upon the assumption that present management will continue to maintain the character and integrity of EQ Resources Limited through any sale, reorganisation, or diminution of the owners' participation.

Our opinions expressed herein are valid only for the stated purpose and date of the appraisal. Though some similarities exist between the value as set forth for this purpose and others, it would be incorrect to use the opinions as determined herein for any other purpose due to specific timing, performance, and marketability issues. Accordingly, any such use of the conclusions as determined herein for other purposes would be inaccurate and possibly misleading.

Future services regarding the subject matter contained herein, including, but not limited to, testimony or attendance in court shall not be required of 22 Corporate Advisory Pty Ltd unless previous arrangements have been made in writing.

Neither all nor any part of the contents contained herein shall be conveyed to the public through advertising, public relations, news, sales, mail, direct transmittal, or other media without the prior written consent and approval of 22 Corporate Advisory Pty Ltd.

## Annexure 1

### Summary of the Options

## Annexure 1 – Summary of the Options

- Table A1-1 below summarises the key terms of the Options:

**Table A1-1: Summary of the Options**

| Tranche | # of Options | Valuation Date | Expiry Date | Term | Exercise Price | Vesting Period Start | Vesting Period End |
|---|---|---|---|---|---|---|---|
| Tranche 1 | 3,000,000 | 05-Oct-26 | 01-Jul-29 | 2.74 yrs | $0.400 | n/a | n/a |
| Tranche 2 | 3,000,000 | 05-Oct-26 | 01-Jul-30 | 3.74 yrs | $0.400 | Grant date | 01-Jul-27 |
| Tranche 3 | 3,000,000 | 05-Oct-26 | 01-Jul-31 | 4.74 yrs | $0.400 | Grant date | 01-Jul-28 |
| Tranche 4 | 2,000,000 | 05-Oct-26 | 01-Oct-29 | 2.99 yrs | $0.400 | n/a | n/a |
| Tranche 5 | 2,000,000 | 05-Oct-26 | 01-Oct-30 | 3.99 yrs | $0.400 | Grant date | 01-Oct-27 |
| Tranche 6 | 2,000,000 | 05-Oct-26 | 01-Oct-31 | 4.99 yrs | $0.400 | Grant date | 01-Oct-28 |

- The grant of the Options is subject to shareholder approval at the Company's next General Meeting. As a result, we undertook the valuation as at 5 October 2026, being the most recently concluded market day prior to the date of this report.
- Each individual Option, upon vesting, entitles the holder to purchase one ordinary share in the Company at the exercise prices listed in Table A1-1 above.
- Subject to shareholder approval, the Company will issue the Options: (i) for tranches 1 -3 (issuance to Michael Nossal), 9,000,000 options in three equal tranches on 1 July 2026, 2027, and 2028; and (ii) for tranches 4 - 6 (issuance to Nicole Brook), 6,000,000 options in three equal tranches on 1 October 2026, 2027, and 2028. While the Options are proposed to be issued at future dates (provided the grantee remains employed), in effect this is the same as issuing the tranches on the Valuation Date and having a required service vesting period until the future issue date (i.e. remaining employed with the Company). As a result, we valued all of the Options as standard options, being as at the Valuation Date and each with their own vesting period and expiry date.
- The Options are subject to the following vesting conditions:

| **Non-market-based vesting criteria** | |
|---|---|
| All Tranches | Remaining employed/engaged with the Company until each tranche's issue date / vesting date. |

| **Market-based vesting criteria** | |
|---|---|
| All Tranches | no market-based vesting criteria |

- We understand the Options are subject to a service condition, whereby the holder of the Options must remain employed by the Company until the future issue date of each tranche to receive the Options. In effect, this is the same as receiving the Options at grant and requiring the grantee to remain employed until the future vesting dates (i.e. issue dates) to be able to exercise the Options, otherwise the Options lapse (**Service Condition**).
- The Options are exercisable from their issue dates (i.e. the vesting date of each tranche) until expiry.
- The Options expire three years after their issue date (the issue date being each tranche's vesting date for the purposes of this valuation) and following which the Options lapse.
- We understand that the Options do not carry any entitlement to dividends (if any) prior to exercise.
- We understand that there are no other market-based or non-market-based vesting conditions, or any other conditions that impact on the value of the Options.

- Table A1-2 below shows the number of Options to be issued to each Grantee:

**Table A1-2: Number of Options by Grantee**

| Grantee | Tranche 1 | Tranche 2 | Tranche 3 | Tranche 4 | Tranche 5 | Tranche 6 | Total |
|---|---|---|---|---|---|---|---|
| Michael Nossal | 3,000,000 | 3,000,000 | 3,000,000 | 0 | 0 | 0 | **9,000,000** |
| Nicole Brook | 0 | 0 | 0 | 2,000,000 | 2,000,000 | 2,000,000 | **6,000,000** |

## Annexure 2

Methodology and Key Inputs of the BSOP

## Annexure 2 – Methodology and Key Inputs of the BSOP

In determining the fair value of the Options we used the Black-Scholes Option Pricing (BSOP) methodology, which utilises the Black-Scholes-Merton model.

Table A2-1 below summarises the key inputs used in the BSOP methodology, and is followed by an explanation of each of the six key inputs and how they were determined.

**Table A2-1: BSOP Inputs**

| Input | | Values at Valuation Date | | | | | |
|---|---|---|---|---|---|---|---|
| | | Tranche 1 | Tranche 2 | Tranche 3 | Tranche 4 | Tranche 5 | Tranche 6 |
| i. | Underlying share price | $0.395 | $0.395 | $0.395 | $0.395 | $0.395 | $0.395 |
| ii. | Exercise price | $0.400 | $0.400 | $0.400 | $0.400 | $0.400 | $0.400 |
| iii. | Term | 2.74 yrs | 3.74 yrs | 4.74 yrs | 2.99 yrs | 3.99 yrs | 4.99 yrs |
| iv. | Risk-free rate | 4.917% | 4.925% | 4.976% | 4.925% | 4.936% | 4.991% |
| v. | Dividend yield | Nil | Nil | Nil | Nil | Nil | Nil |
| vi. | Volatility (rounded) | 93.0% | 87.0% | 82.0% | 91.0% | 84.0% | 80.0% |

*i.* *Underlying share price*
Being the price of the Company's shares at the close of the market on the Valuation Date.

*ii.* *Exercise price*
We have been provided with the exercise price of the Options as listed in Table A2-1 above.

*iii.* *Term*
Being the period from the Valuation Date to the Expiry Date (see Annexure 1).

*iv.* *Risk-free rate*
The risk-free rate was determined to be the yield-to-maturity of an Australian government bond on the Valuation Date and with a term of equal duration to each tranche. The government bond interest rates were taken from data provider S&P Capital IQ for the government bonds quoted on the Australian Office of Financial Management website (https://www.aofm.gov.au/securities/treasury-bonds). As the term of the Options did not match any term-to-maturity for the Australian government bonds as at the Valuation Date, linear interpolation was used to determine the risk-free rate.

*v.* *Dividends*
The dividend yield was assumed to be nil as no dividend has been recently paid by the Company and it was assumed that this trend would continue over the term of the Options.

*vi.* *Volatility*
In accordance with AASB 2 paragraph B22, Volatility was determined to be the annualised standard deviation of the continuously compounded change in price of the Company's shares. For each Tranche, the volatility was calculated using the daily, weekly, and monthly share prices for a period prior to the Valuation Date and of equal duration to the term of each tranche (or as long as the shares have been publicly traded). We also considered the volatility over different calculation periods (from 6-months to 60-months) to determine an appropriate go-forward volatility. A summary of our volatility calculations is set out on the following page.

Based on the foregoing methodology and inputs, and before any other considerations discussed in the next section, we determined the value of the Options to be:

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Tranche 1 | - | $0.2311 | per Option | Tranche 4 | - | $0.2359 | per Option |
| Tranche 2 | - | $0.2502 | per Option | Tranche 5 | - | $0.2508 | per Option |
| Tranche 3 | - | $0.2640 | per Option | Tranche 6 | - | $0.2651 | per Option |

The following tables detail our volatility calculations for the underlying shares in the Company over: (i) a period equal to the term of each tranche (Tables A2-2 and A2-4); and (ii) various calculation periods (Tables A2-3 and A2-5).

## Tranches 1 – 3

**Table A2-2: Volatility Summary – tranche term calculation period**

| Tranche | Tranche 1 | Tranche 2 | Tranche 3 |
|---|---|---|---|
| Interval of changes in share price | Daily | Daily | Daily |
| End date (Valuation Date) | 05/10/2026 | 05/10/2026 | 05/10/2026 |
| Period (days) | 1,000 | 1,365 | 1,730 |
| Period (months) | 32.87 mths | 44.87 mths | 56.87 mths |
| Period (yrs) | 2.74 yrs | 3.74 yrs | 4.74 yrs |
| Start date | 09/01/2024 | 09/01/2023 | 09/01/2022 |
| **Workings** | | | |
| Beginning of period (Trading day) | 09/01/2024 | 09/01/2023 | 10/01/2022 |
| Trading segments in period (Days) | 695 | 948 | 1199 |
| Standard deviation of price change | 5.9% | 5.4% | 5.1% |
| Annualised Volatility | 93.9% | 85.6% | 81.2% |

**Table A2-3: Volatility Summary – various calculation periods**

| Calculation date: | | 05-Oct-26 | 05-Oct-26 | 05-Oct-26 | | |
|---|---|---|---|---|---|---|
| **Calculation Period** | **Weight** | **Change in share price** | | | **All** | **Selected** |
| | | Daily | Weekly | Monthly | | |
| 6 mnths | 0.0 | 96.6% | n/m | n/m | | |
| 12 mnths | 1.0 | 107.4% | 98.6% | n/m | | |
| 18 mnths | 0.0 | 100.7% | 92.9% | n/m | | |
| 24 mnths | 0.0 | 101.3% | 89.6% | n/m | | |
| 30 mnths | 0.0 | 95.7% | 83.5% | n/m | | |
| 33 mnths | 2.0 | 93.8% | 81.4% | 92.6% | | |
| 36 mnths | 0.0 | 91.1% | 79.0% | 89.8% | | |
| 42 mnths | 2.0 | 86.9% | 74.9% | 85.8% | | |
| 48 mnths | 0.0 | 84.7% | 72.7% | 82.0% | | |
| 54 mnths | 2.0 | 82.5% | 70.1% | 79.1% | | |
| Average | | 94.1% | 82.5% | 85.9% | **88.0%** | |
| Median | | 94.7% | 81.4% | 85.8% | **88.3%** | |
| Weighted average – Tranche 1 | | 98.3% | 87.1% | 92.6% | **92.7%** | **93.0%** |
| Weighted median – Tranche 1 | | 93.8% | 81.4% | 92.6% | **93.2%** | |
| Weighted average – Tranche 2 | | 93.7% | 82.8% | 85.8% | **87.6%** | **87.0%** |
| Weighted median – Tranche 2 | | 86.9% | 74.9% | 85.8% | **86.3%** | |
| Weighted average – Tranche 3 | | 90.8% | 79.6% | 79.1% | **83.7%** | **82.0%** |
| Weighted median – Tranche 3 | | 82.5% | 70.1% | 79.1% | **80.8%** | |

## Tranches 4 – 6

**Table A2-4: Volatility Summary – tranche term calculation period**

| Tranche | Tranche 4 | Tranche 5 | Tranche 6 |
|---|---|---|---|
| Interval of changes in share price | Daily | Daily | Daily |
| End date (Valuation Date) | 05/10/2026 | 05/10/2026 | 05/10/2026 |
| Period (days) | 1,092 | 1,457 | 1,822 |
| Period (months) | 35.87 mths | 47.87 mths | 59.87 mths |
| Period (yrs) | 2.99 yrs | 3.99 yrs | 4.99 yrs |
| Start date | 09/10/2023 | 09/10/2022 | 09/10/2021 |
| **Workings** | | | |
| Beginning of period (Trading day) | 09/10/2023 | 10/10/2022 | 11/10/2021 |
| Trading segments in period (Days) | 758 | 1010 | 1261 |
| Standard deviation of price change | 5.7% | 5.3% | 5.1% |
| Annualised Volatility | 91.3% | 84.8% | 81.6% |

**Table A2-5: Volatility Summary – various calculation periods**

| Calculation date: | | 05-Oct-26 | 05-Oct-26 | 05-Oct-26 | | |
|---|---|---|---|---|---|---|
| **Calculation Period** | **Weight** | **Change in share price** | | | **All** | **Selected** |
| | | Daily | Weekly | Monthly | | |
| 6 mnths | 0.0 | 96.6% | n/m | n/m | | |
| 12 mnths | 1.0 | 107.4% | 98.6% | n/m | | |
| 18 mnths | 0.0 | 100.7% | 92.9% | n/m | | |
| 24 mnths | 0.0 | 101.3% | 89.6% | n/m | | |
| 30 mnths | 0.0 | 95.7% | 83.5% | n/m | | |
| 36 mnths | 2.0 | 91.1% | 79.0% | 89.8% | | |
| 42 mnths | 0.0 | 86.9% | 74.9% | 85.8% | | |
| 48 mnths | 2.0 | 84.7% | 72.7% | 82.0% | | |
| 54 mnths | 0.0 | 82.5% | 70.1% | 79.1% | | |
| 60 mnths | 2.0 | 81.5% | 68.1% | 75.8% | | |
| Average | | 92.8% | 81.0% | 82.5% | **86.3%** | |
| Median | | 93.4% | 79.0% | 82.0% | **85.2%** | |
| Weighted average – Tranche 4 | | 96.5% | 85.5% | 89.8% | **90.7%** | **91.0%** |
| Weighted median – Tranche 4 | | 91.1% | 79.0% | 89.8% | **90.5%** | |
| Weighted average – Tranche 5 | | 92.2% | 81.3% | 82.0% | **85.6%** | **84.0%** |
| Weighted median – Tranche 5 | | 84.7% | 72.7% | 82.0% | **83.3%** | |
| Weighted average – Tranche 6 | | 90.1% | 78.3% | 75.8% | **82.1%** | **80.0%** |
| Weighted median – Tranche 6 | | 81.5% | 68.1% | 75.8% | **78.6%** | |

## Annexure 3

Other Considerations

## Annexure 3 – Other Considerations

***Non-market based vesting conditions***

Per paragraph 19 and 20 of AASB 2, any non-market based vesting conditions are taken into account in the valuation of the Options by adjusting the number of equity instruments included in the measurement. The Company must estimate the probability of achievement of any non-market-based vesting condition (expressed as a % probability) and apply that percentage to the total number of instruments comprising the Options, to determine the number of equity instruments expected to vest as at the Valuation Date.

Given the service condition described in Annexure 1 of this report, the Company should estimate the probability of achievement of this condition and the corresponding expected vesting outcome for each tranche. The vesting percentage should be applied to the total number of Options comprising each tranche. For the purposes of this valuation, it was assumed that the likelihood of meeting the service condition was 100%, and therefore, 100% of the Options in each tranche was assumed to vest.

## Annexure 4

### Summary of AASB 2 Share-based Payment

Table A4-1 below sets out the pertinent clauses of AASB 2 – Share-based Payment as they relate to the Options.

**Table A4-1: AASB 2 – Share Based Payment**

| AASB Paragraph | Comment |
|---|---|
| 2 (a) *Applicable paragraph* | An entity shall apply this Standard in accounting for all share-based payment transactions, whether or not the entity can identify specifically some or all of the goods or services received, including:<br>(a) equity-settled share-based payment transactions;<br>(b) cash-settled share-based payment transactions; and<br>(c) transactions in which the entity receives or acquires goods or services and the terms of the arrangement provide either the entity or the supplier of those goods or services with a choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments,<br>except as noted in paragraphs 3A-6. In the absence of specifically identifiable goods or services, other circumstances may indicate that goods or services have been (or will be) received, in which case this Standard applies. |
| *22 Corporate Advisory comment* | The Options are equity-settled share-based payment transactions, in which the entity (EQ Resources Limited) receives goods or services (employment services of the grantee) as consideration for equity instruments of the entity (including shares or share options). |
| 10 | For equity-settled share-based payment transactions, the entity shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless the fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.<br>We believe that the entity cannot reliably measure the goods or services received along with the corresponding increase in equity. Accordingly, per clause 10, we have defaulted to measuring the goods or services received and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.<br>Given that the Options essentially allow the holder to receive a fully-paid ordinary share in the Company (whose value can be reliably estimated), subject to certain vesting criteria, we are of the view that the fair value of the equity instruments granted can be reliably estimated causing AASB 2 clauses 24 – 25 to be irrelevant. |
| 11 | To apply the requirements of paragraph 10 to transactions with employees and others providing similar services, the entity shall measure the fair value of the services received by reference to the fair value of the equity instruments granted, because typically it is not possible to estimate reliably the fair value of the services received, as explained in paragraph 12. The fair value of those equity instruments shall be measured at grant date.<br>We consider the grantee of the Options to be "employees and others providing similar services". As the Options are subject to shareholder approval and have not yet been granted, we will measure the fair value of the services to be received by reference to the fair value of the equity instruments to be granted, as at the Valuation Date. |
| 14, 15 | If the equity instruments granted vest immediately, the counterparty is not required to complete a specified period of service before becoming unconditionally entitled to those |

**Table A4-1: AASB 2 – Share Based Payment**

| AASB Paragraph | Comment |
|---|---|
| | equity instruments. In the absence of evidence to the contrary, the entity shall presume that services rendered by the counterparty as consideration for the equity instruments have been received. In this case, on grant date the entity shall recognise the services received in full, with a corresponding increase in equity.<br><br>If the equity instruments granted do not vest until the counterparty completes a specified period of service, the entity shall presume that the services to be rendered by the counterparty as consideration for those equity instruments will be received in the future, during the vesting period. The entity shall account for those services as they are rendered by the counterparty during the vesting period, with a corresponding increase in equity. For example:<br><br>(a) If an employee is granted share options conditional upon completing three years' service, then the entity shall presume that the services to be rendered by the employee as consideration for the share options will be received in the future, over that three-year vesting period.<br><br>(b) If an employee is granted share options conditional upon the achievement of a performance condition and remaining in the entity's employ until that performance condition is satisfied, and the length of the vesting period varies depending on when that performance condition is satisfied, the entity shall presume that the services to be rendered by the employee as consideration for the share options will be received in the future, over the expected vesting period. The entity shall estimate the length of the expected vesting period at the grant date, based on the most likely outcome of the performance condition. If the performance condition is a *market condition*, the estimate of the length of the expected vesting period shall be consistent with the assumption used in estimating the fair value of the options granted, and shall not be subsequently revised. If the performance condition is not a *market condition*, the entity shall revise its estimate of the length of the vesting period, if necessary, if subsequent information indicates that the length of the vesting period differs from previous estimates.<br><br>We understand the Options to have a service condition (i.e. holder must remain employed by the Company until the Issue/Vesting Date). As such, we consider the Company should account for the services rendered by the holder of the Options over the expected vesting period of the Options, with a corresponding increase in equity. The Company should estimate the length of the expected vesting period as at the grant date, based on the most likely outcome of the performance condition.<br><br>► For instruments with only a service condition, or that vest at completion of the service condition, the vesting period should be equal to the period of required service.<br><br>We note that these accounting treatments should be confirmed with the Company's auditors. |
| 16 | For transactions measured by reference to the fair value of the equity instruments granted, an entity shall measure the fair value of equity instruments granted at the measurement date, based on market prices if available, taking into account the terms and conditions upon which those equity instruments were granted (subject to the requirements of paragraphs 19-22).<br><br>We have used the closing share price on the Valuation Date as accurately reflecting the fair value per share of a fully-paid ordinary share in the Company as at the Valuation Date. |

**Table A4-1: AASB 2 – Share Based Payment**

| AASB Paragraph | Comment |
|---|---|
| 19 | A grant of equity instruments might be conditional upon satisfying specified *vesting conditions*. For example, a grant of shares or share options to an employee is typically conditional on the employee remaining in the entity's employ for a specified period of time. There might be performance conditions that must be satisfied, such as the entity achieving a specified growth in profit or a specified increase in the entity's share price. Vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the shares or share options at the measurement date. Instead, vesting conditions shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Hence, on a cumulative basis, no amount is recognised for goods or services received if the equity instruments granted do not vest because of failure to satisfy a vesting condition, for example, the counterparty fails to complete a specified service period, or a performance condition is not satisfied, subject to the requirements of paragraph 21.<br><br>Any non-market-based vesting conditions will be taken into account by estimating their probability of achievement and adjusting the number of equity instruments included in the measurement of the transaction.<br><br>Any market-based vesting conditions will be taken into account when determining the fair value of the Options. |
| 20 | To apply the requirements of paragraph 19, the entity shall recognise an amount for the goods or services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and shall revise that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates. On vesting date, the entity shall revise the estimate to equal the number of equity instruments that ultimately vested, subject to the requirements of paragraph 21.<br><br>The Company must estimate the probability of achievement of each non-market-based vesting condition (expressed as a % probability) and apply that percentage to the total number of instruments comprising the Options, to determine the number of equity instruments expected to vest as at the Valuation Date. |
| 21 | Market conditions, such as a target share price upon which vesting (or exercisability) is conditioned, shall be taken into account when estimating the fair value of the equity instruments granted. Therefore, for grants of equity instruments with market conditions, the entity shall recognise the goods or services received from a counterparty who satisfies all other vesting conditions (e.g. services received from an employee who remains in service for the specified period of service), irrespective of whether that market condition is satisfied.<br><br>We have determined that exercisability of the Options is subject to market conditions (share price appreciation above the exercise price) and therefore these market conditions must be taken into account when estimating the fair value of the Options.<br><br>Based on information provided, there are no other market conditions upon which vesting is conditioned. |

| Table A4-1: AASB 2 – Share Based Payment | |
|---|---|
| **AASB Paragraph** | **Comment** |
| AG B4 | For share options granted to employees, in many cases market prices are not available, because the options granted are subject to terms and conditions that do not apply to traded options. If traded options with similar terms and conditions do not exist, the fair value of the options granted shall be estimated by applying an option pricing model.<br><br>We have used the Black-Scholes Option Pricing (BSOP) methodology, which utilises the Black-Scholes-Merton model to estimate the fair value of the Options. The valuation under the BSOP methodology is discussed in Annexure 2. |
| AG B5 | The entity shall consider factors that knowledgeable, willing market participants would consider in selecting the option pricing model to apply. For example, many employee options have long lives, are usually exercisable during the period between vesting date and the end of the options' life, and are often exercised early. These factors should be considered when estimating the grant date fair value of the options. For many entities, this might preclude the use of the Black-Scholes-Merton formula, which does not allow for the possibility of exercise before the end of the option's life and may not adequately reflect the effects of expected early exercise. It also does not allow for the possibility that expected volatility and other model inputs might vary over the option's life. However, for share options with relatively short contractual lives, or that must be exercised within a short period of time after vesting date, the factors identified above may not apply. In these instances, the Black-Scholes-Merton formula may produce a value that is substantially the same as a more flexible option pricing model.<br><br>There is substantial empirical evidence (including a paper[1] by the author of the Black-Scholes-Merton model) showing that the value a European call option (one that can be exercised only on expiry) and an American call option (one that can be exercised prior to expiry) are the same. A difference in values between an American and European option arise only in certain circumstances, such as the presence of significant financial frictions, or prior to a significant dividend payment. Therefore, we consider the effect of early exercise on the value of the Options to be immaterial.<br><br>Further, we consider the Options to be sufficiently simple enough for the BSOP methodology to be an appropriate pricing model to use in their valuation.<br><br>(1) "Theory of Rational Option Price" (Robert Merton, published 1973) showed that an American call option (one that can be exercised before expiry) on a non-dividend paying stock should not be exercised prematurely. |
| AG B6 | All option pricing models take into account, as a minimum, the following factors:<br><br>(a) the exercise price of the option;<br>(b) the life of the option;<br>(c) the current price of the underlying shares;<br>(d) the expected volatility of the share price;<br>(e) the dividends expected on the shares (if appropriate); and<br>(f) the risk-free interest rate for the life of the option.<br><br>The above factors are taken into account in the valuation of the Options (See Annexure 2). |
| AG B7 | Other factors that knowledgeable, willing market participants would consider in setting the price shall also be taken into account (except for vesting conditions and reload features that are excluded from the measurement of fair value in accordance with paragraphs 19-22). |

| Table A4-1: AASB 2 – Share Based Payment | |
|---|---|
| **AASB Paragraph** | **Comment** |
| | Based on our instructions, there are no other factors a knowledgeable, willing market participant would consider in setting the price of the Options. |
| | Expected volatility – Unlisted Entities |
| AG B27 – B29 | An unlisted entity will not have historical information to consider when estimating expected volatility. Some factors to consider instead are set out below.<br><br>In some cases, an unlisted entity that regularly issues options or shares to employees (or other parties) might have set up an internal market for its shares. The volatility of those share prices could be considered when estimating expected volatility.<br><br>Alternatively, the entity could consider the historical or implied volatility of similar listed entities, for which share price or option price information is available, to use when estimating expected volatility. This would be appropriate if the entity has based the value of its shares on the share prices of similar listed entities.<br><br>As the Company is listed this clause is not applicable to the Options. See Annexure 2 for our discussion on volatility. |
| AG B34 & B35 | Conversely, if the employees are not entitled to dividends or dividend equivalents during the vesting period (or before exercise, in the case of an option), the grant date valuation of the rights to shares or options should take expected dividends into account. That is to say, when the fair value of an option grant is estimated, expected dividends should be included in the application of an option pricing model. When the fair value of a share grant is estimated, that valuation should be reduced by the present value of dividends expected to be paid during the vesting period.<br><br>Option pricing models generally call for expected dividend yield. However, the models may be modified to use an expected dividend amount rather than a yield. An entity may use either its expected yield or its expected payments. If the entity uses the latter, it should consider its historical pattern of increases in dividends. For example, if an entity's policy has generally been to increase dividends by approximately 3 per cent per year, its estimated option value should not assume a fixed dividend amount throughout the option's life unless there is evidence that supports that assumption.<br><br>The Company has not paid any dividends recently and is assumed to continue this trend for the term of the Options. As such, this clause is not applicable to the valuation of the Options. |