

ASX: EQX | 30 September 2021 | ASX RELEASE

EQUATORIAL COMMENCES INTERNATIONAL ARBITRATION AGAINST CONGO

Equatorial Resources Limited (**Equatorial** or **Company**) advises that the Company, through its subsidiary, EEPL Holdings (**EEPL**), has referred its investment dispute with the Republic of the Congo (**Congo**) to arbitration at the International Centre for Settlement of Investment Disputes (**ICSID**) in Washington, D.C.

This investment dispute arises out of unlawful measures taken by Congo against EEPL's investments in two iron ore projects: the Badondo Iron Ore Project (**Badondo**), located in the Sangha region of Congo, and the Mayoko-Moussondji Iron Ore Project (**Mayoko-Moussondji**), located in the Niari region of Congo (together, the **Projects**). As outlined in the Company's announcement of 21 December 2020, the measures that Congo took against Badondo (which included expropriation) formed part of a wider campaign to dispossess foreign mining companies of their iron ore interests in Congo and grant them to a Chinese-linked company named Sangha Mining Development SASU. The measures that Congo took against Mayoko-Moussondji came later, in June 2021, when Congo unlawfully revoked the exploitation permit held over that tenement by Congo Mining Limited (**CML**), a company owned by Equatorial until 2015 and in which EEPL continues to participate (including through royalty arrangements).

EEPL is referring its investment dispute with Congo to arbitration at ICSID in accordance with Article 7 of the *Agreement between the Government of the Republic of the Congo and the Government of the Republic of Mauritius for the Promotion and Reciprocal Protection of Investments (Congo-Mauritius BIT)*, under which EEPL's investments in Congo are protected by virtue of EEPL being a Mauritian company. Congo's measures against the Projects violate multiple provisions of the Congo-Mauritius BIT, including (among others) the prohibition against unlawful expropriation and the fair and equitable treatment standard. EEPL will be seeking compensation for these treaty violations in an amount equal to the fair market value of its investments in the Projects and other relief, as appropriate. The ICSID arbitration is expected to take between three and four years to be completed. EEPL has engaged a specialist team at Magic Circle law firm Clifford Chance to represent it in these proceedings.

Equatorial Managing Director and CEO John Welborn commented as follows:

"The actions taken by the Republic of Congo Government in relation to Equatorial's interests in Badondo and Mayoko-Moussondji are deeply disappointing. Equatorial had hoped that, through the process of consultation under the treaty between Congo and Mauritius treaty initiated in December 2020, the dispute over the expropriation of Badondo could be resolved without formal legal proceedings. Unfortunately the Republic of Congo government did not engage with Equatorial, or EEPL, in the consultation process. In fact, the government aggravated the dispute by also expropriating our remaining investments in Mayoko-Moussondji and CML. In light of Congo's uncooperative conduct, we have concluded that international arbitration presents the only viable option for protecting the interests of our shareholders and we are confident that, with the assistance of Clifford Chance, we will achieve a satisfactory outcome."

About Equatorial

Equatorial is an ASX-listed company focused on advancing its existing projects and assets as well as searching for new opportunities in the resources sector which have the potential to build shareholder wealth. Prior to the measures outlined above and described in previous announcements, Equatorial was the majority owner of the potentially large-scale Badondo Iron Ore Project in the Republic of the Congo and also held a 2% royalty on all future production from the Mayoko-Moussondji Iron Ore Project. As at 30 June 2021, Equatorial had A\$20.0 million in cash with 125.9 million shares on issue.

This announcement has been authorised for release by the Company's Board of Directors.

For further information contact:

John Welborn Managing Director & CEO
Email: jwelborn@equatorialresources.com.au
Telephone: +61 414 695 800

Themi Kailis Business Development Manager
Email: tkailis@equatorialresources.com.au
Telephone: +61 8 9322 6322