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POSITIVE PRE-FEASIBILITY STUDY FOR MAYOKO-MOUSSONDJI

Operating Costs below $40/t and Capital Intensity of only $72/t

HIGHLIGHTS

- **Pre-Feasibility Study results confirm the technical and economic viability of the Mayoko-Moussondji Iron Project and demonstrate the potential for strong operating cash margins.**
- **Key Pre-Feasibility Study results for the Mayoko-Moussondji Iron Project include:**
  - **Annual Production: 2.5 million tonnes (dry) per annum**
  - **Operating Costs (LOM ave cash costs FOB): US$39.93 per tonne**
  - **Total Capital requirement (mine, rail and port): US$181.16 million**
  - **Capital Intensity: US$72.46 per capacity tonne**
  - **Maiden Ore Reserve Estimate: 38.5 million tonnes at 42.0% Fe**
  - **Initial Mine Life (Ore Reserve Estimate Only): 8.5 years**
  - **Average EBITDA steady state: US$89 million per annum**
  - **Product Quality: 64.1% Fe "Mayoko Premium Fines"**
  - **Strip Ratio: 0.58:1 (waste to ore) average life of mine**
  - **Timeline to Production: 15-18 months from Final Investment Decision**
- **Attractive Project returns with IRR of 25% and estimated post tax NPV of US$115 million (10% discount rate) and four year capital payback based on long term index iron ore price of US$74/t (FOB).**
- **Equatorial has been granted a Mining Licence for the Mayoko-Moussondji Iron Project and is currently negotiating the related Mining Convention Agreement and associated transport infrastructure agreements.**
- **Study based solely on Indicated Mineral Resources, which comprise only 30% of the total Hematite Mineral Resource, with significant upside potential to increase mine life with the conversion of existing Inferred Mineral Resources into Indicated Mineral Resources with additional drilling.**
- **Pre-Feasibility Study will form the basis of due diligence reviews by project financiers and strategic partners looking to develop the Project into production.**

Equatorial Resources Limited ("Equatorial" or "Company") is pleased to announce the results of a Pre-Feasibility Study ("PFS" or "Study") for its 100% owned Mayoko-Moussondji Iron Project ("Mayoko-Moussondji" or "Project") in the south-west of the Republic of Congo ("ROC"), reported in accordance with the JORC Code (2012).

Commenting on the completion of the Study, Equatorial's Managing Director and CEO, Mr John Welborn, said: "The results confirm that even in a low iron ore price environment Mayoko-Moussondji will operate at a healthy operating margin and generate robust cashflows. The PFS has built on the operation defined in the Company's Scoping Study and has identified the potential for an increased production rate to 2.5 million tonne per annum, a reduction in operating costs to below $40 per tonne, and reduced the Project's capital intensity to a remarkably low $72 per capacity tonne. The Project has important advantages including the potential for a high quality product, low capital requirements, competitive operational costs, and a short timeframe to production based on access to existing rail and port infrastructure. These advantages, and the potential for future expansion, make Mayoko-Moussondji an outstanding development opportunity."

The PFS was prepared by WorleyParsons Services Pty Limited ("WorleyParsons") and Orelogy Pty Ltd ("Orelogy") and incorporates a revised mine plan based on a maiden Ore Reserve Estimate generated from the upgraded resource of near surface hematite material, rail and port advancements, and other Project refinements since the completion of a Scoping Study in July 2013. The PFS work also investigated the opportunity to reduce the Project's capital requirements through the use of leasing and build own operate ("BOO") contracting solutions.

PRODUCTION PROFILE

The PFS for Mayoko-Moussondji is based on the staged development of a 2.5 million tonnes per annum ("Mtpa") hematite fines product operation, commencing with a production rate of 1.0Mtpa in Year 1 and ramping up to 2.5Mtpa in the fourth year of operation.

It is expected that with further targeted drilling the resource will continue to grow with the upgrading of Inferred Mineral Resources into Indicated Mineral Resources and this will either be used to extend the mine life and/or to drive higher production volumes in the future.

HIGH QUALITY PRODUCT – 64.1% Fe MAYOKO PREMIUM FINES

The PFS flow sheet is designed to process both colluvial and friable hematite ore types from Mayoko-Moussondji and produce a premium fines iron product with low impurities, through simple processing techniques with high overall mass recovery. The excellent chemical and physical properties of Mayoko Premium Fines are expected to demand premium pricing relative to the 62% Fe index price.

Mayoko-Moussondji Iron Project Mayoko Premium Fines Target Product Specifications						
Fe %	SiO_2 %	Al_2O_3 %	P %	S %	TiO_2 %	LOI $_{1000}$
64.1	4.5	2.3	0.077	0.015	<0.07	2.2

Table 1: Mayoko Premium Fines Target Product Specifications

MAIDEN ORE RESERVE ESTIMATE

The maiden Ore Reserve Estimate for Mayoko-Moussondji totals 38.5 million tonnes ("Mt") at 42.01% Fe and is classified as a Probable Ore Reserve Estimate (refer Table 2 below).

Mayoko-Moussondji Iron Project Probable Ore Reserve Estimate - October 2014								
Resource Class	Material Type	Tonnage (Mt)	Fe grade (%)	SiO_2 grade (%)	Al_2O_3 grade (%)	P grade (%)	LOI (%)	S grade (%)
Probable	Total Probable	38.5	42.01	21.57	7.79	0.062	5.62	0.047
Note: Totals may not add up due to rounding. All Material is reported at 20% Fe cut-off grade. The Ore Reserves contain only Indicated Mineral Resource classifications which are detailed in Table 6 of this Announcement.								

Table 2: Probable Ore Reserve Estimate

The Ore Reserve Estimate has been reported in accordance with the JORC Code (2012) and has been prepared by Mr Aleksandar Mihailovic, a Senior Mining Engineer at Orelogy, who is a Competent Person and member of the Australasian Institute of Mining and Metallurgy. The Ore Reserve Estimate has been generated from the PFS mine plan which is based entirely on Indicated Hematite Mineral Resource comprising 55Mt at 39.3% Fe and does not take into account Inferred Hematite Mineral Resources of 127Mt that, upon further drilling, have the potential to be converted to the Indicated category and significantly increase mine life beyond the initial 8.5 years.

CAPITAL COSTS

The capital cost required to achieve 2.5Mtpa is estimated at US$181.16 million. This translates to a capital intensity figure of US$72/t which is low when compared with other iron ore developments globally.

These capital cost estimates include a 15% contingency on all items.

A summary of the schedule of capital expenditure is shown in Table 3 below:

MAYOKO-MOUSSONDJI IRON PROJECT			
Year	**Production**	**Capacity**	**Incremental Capex Total (USD)**
1	1.0 Mtpa	1.5 Mtpa	134.48 M
2	1.5 Mtpa	1.5 Mtpa	13.23 M
3	2.0 Mtpa	2.0 Mtpa	23.99 M
4	2.5 Mtpa	2.5 Mtpa	9.46 M
TOTAL			**181.16 M**

Table 3: Capital Cost Summary by Year

The capital cost estimates are presented in US dollars with a base date of second quarter 2014 and they carry an expected accuracy range of <+/-30%.

Equatorial has assumed the leasing of all major components of rail rolling stock, laboratories and power requirements. Total leased capital over the Life Of Mine ("LOM") was estimated at US$121.7 million. Leasing costs for these items have been included in operating costs (see below).

Sustaining capital was estimated at US$22.0 million over the LOM and excludes any escalation as well as the mine closure allowance estimate of US$8 million.

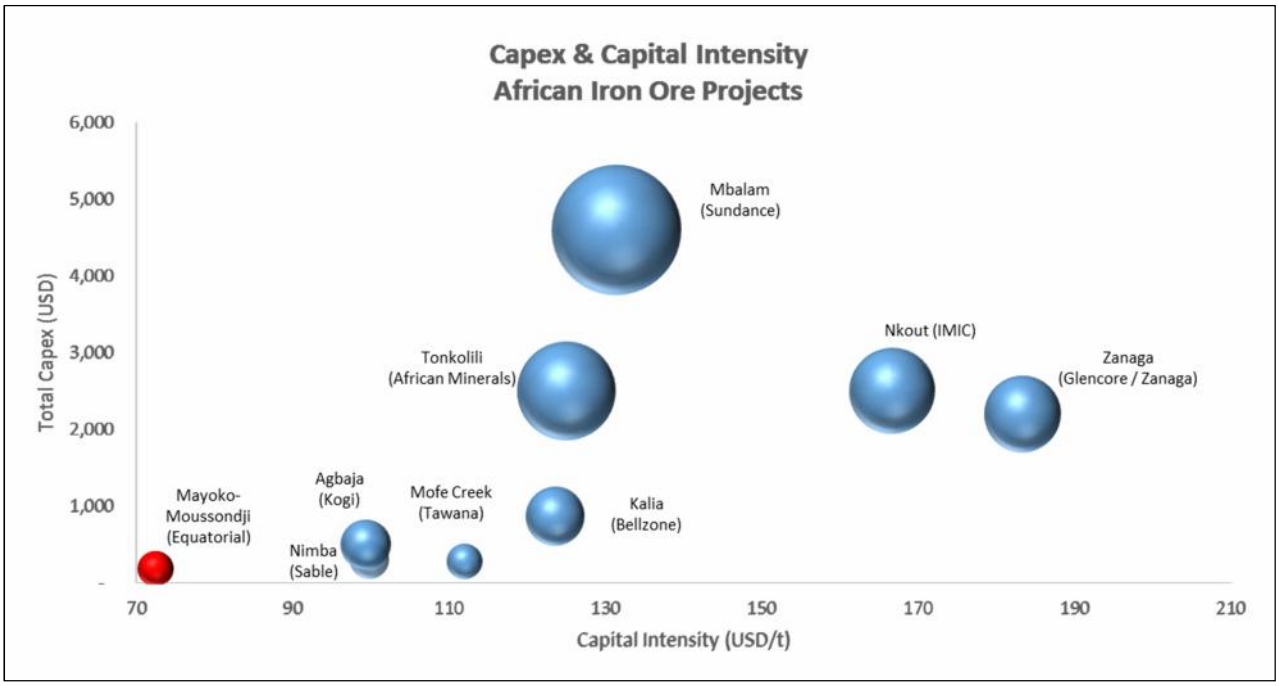

Figure 1: African Iron Ore Projects – Capital Required and Capital Intensity

Source: Published company data

OPERATING COSTS

The operational LOM is 8.5 years with a total production schedule of 18Mt of Mayoko Premium Fines produced at an average LOM operational cost of US$39.93/t "Free on Board" ("FOB") Pointe-Noire, including LOM lease costs of US$7.99/t.

MAYOKO-MOUSSONDJI IRON PROJECT						
Description	**Overall**	**Mining**	**Process**	**G&A**	**Rail**	**Port**
LOM	$39.93/t	$13.21/t	$7.16/t	$2.34/t	$14.35/t	$2.88/t

Table 4: Life of Mine Operating Cost Summary

The operating cost estimates are presented in US dollars with a base date of second quarter 2014 and they carry an expected accuracy range of <+/-30%.

POSITIVE FINANCIALS

Cash flow modelling of Mayoko-Moussondji shows a post-tax, 100% equity (no financing) net present value ("NPV") of US$115M (at a discount rate of 10%) with total earnings before interest, tax, depreciation and amortisation ("EBITDA") cash flows over the PFS 8.5 year project life of US$551M. The cash flow model utilises real dollars and therefore does not factor any inflationary impacts on revenue, operating and capital costs and uses an industry standard 10% discount rate. This generated a post-tax internal rate of return ("IRR") of 25.1%.

Financial Results (Post-tax without financing) (Sales to China only)	**Discount Rate**	**Result**
Net Present Value	10%	US$115M
	8%	US$145M
	12%	US$90M
Internal Rate of Return (post tax)		25.1%
Pay Back (nominal)		4 years
EBITDA (average at steady state)		US$89M pa
Gross Margin (per tonne steady state)		US$34/t

Table 5: Financial Results Summary

UPSIDE POTENTIAL

Equatorial has identified areas for potential economic improvement as follows:

- Significant potential exists to increase mine life with the conversion of Inferred Mineral Resource into Indicated Mineral Resource based on targeted additional drilling. The Indicated Hematite Mineral Resource that was used to support the PFS mine plan represents only 30% of total Hematite Mineral Resource (Inferred & Indicated).
- Potential exists to continue to increase the resource base at Mayoko-Moussondji in future if required. Drilling has been completed over only 21km of more than 46km of identified magnetic strike at the Project.

NEXT STEPS

The PFS has successfully defined Equatorial's preferred mining and processing plans, scale, throughput rate, initial project life, and infrastructure requirements to support the intended production and logistics profile of the Project. Equatorial has given diligent consideration to community and environmental impacts. The results of the PFS have determined the expected timeline, capital expenditure requirements and operating costs for Mayoko-Moussondji. The advantages of the Project's access to existing infrastructure and favourable mineralisation allow for the potential for competitive operating costs based on relatively low capital investment.

Mayoko-Moussondji's very positive project fundamentals provide a platform for Equatorial to advance discussions and negotiations with potential strategic partners and financiers. Given current market conditions Equatorial intends to secure the support of a suitable strategic partner (at either a corporate or project level), or project funding, to enable the development of the preferred production scenario for Mayoko-Moussondji. There is no guarantee that any agreement or transaction will eventuate from the Company's current discussions.

Equatorial looks forward to the signing of its Mining Convention for Mayoko-Moussondji which is expected to provide a strong platform for the financing and development of the Project.

For further information contact:

John Welborn *Managing Director & CEO*

Telephone: +61 8 9466 5030

Email: info@equatorialresources.com.au

Web: www.equatorialresources.com.au

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INTRODUCTION

Mayoko-Moussondji, located in the southwest region of the ROC, has a total Indicated and Inferred Mineral Resource of 917Mt at 31.4% Fe which includes a Hematite Mineral Resource of 182Mt at 35.7% Fe. The Project has access to a rail line running directly to the deep-water port of Pointe-Noire, where the Company's administrative office is located.

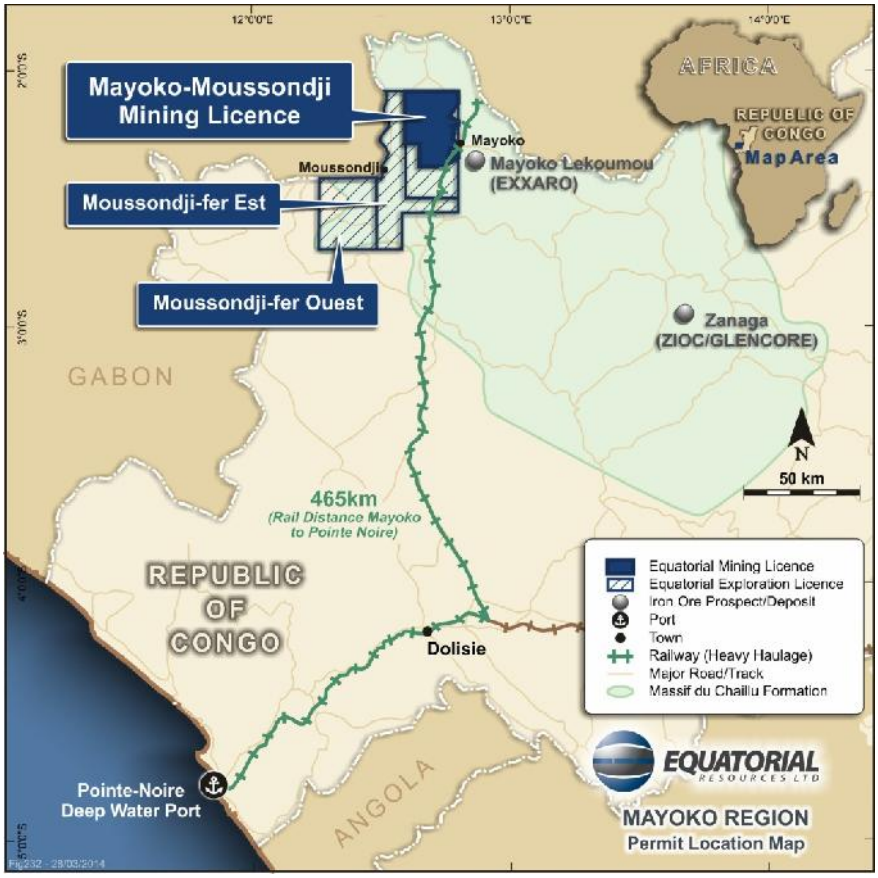

Figure 2: Project location map

Equatorial published the results of a Scoping Study for Mayoko-Moussondji on 16 July 2013 which envisaged the development of a 2Mtpa operation based on the maiden Indicated and Inferred Hematite Mineral Resource published in February 2013. WorleyParsons, under the direction of Mr Paul Henharen, who was seconded from WorleyParsons to the Company to act as Equatorial's Technical Studies Manager, has now completed a PFS which includes a number of improvements from the Scoping Study:

- A revised mine plan based on the Indicated Hematite Mineral Resource of 55Mt at 39.3% Fe which is included within the updated Mineral Resource Estimate ("MRE") published on 4 December 2013. The updated MRE includes a Hematite Mineral Resource of 182Mt with Indicated and Inferred resource classifications as follows: Indicated Hematite 55Mt, Inferred Hematite 127Mt;
- Estimation of an Ore Reserve Estimate by Orelogy;
- Increased annual production from 2Mtpa to 2.5Mtpa;
- Product transport based on optimisation of existing rail transport;
- Improved port export solutions as a result of recent government funded port expansions that will allow for the loading of iron ore into Panamax sized vessels within the port of Pointe-Noire; and
- Reduction in overall capital expenditure via leasing and other financing arrangements.

Previous work incorporated from the Scoping Study included:

- Tailing Storage Feasibility Study by Golder Associates Pty Ltd ("Golder"); and
- Metallurgical upgrading test work.

Work completed as part of the PFS included:

- Additional domaining of the December 2013 MRE for mine scheduling purposes;
- Pre-Feasibility mine engineering plan study by Orelogy;
- Non-process Infrastructure studies by WorleyParsons;
- Product handling and transport studies by WorleyParsons;
- Rail and ort landside option studies by Worley Parsons; and
- PFS level capital and operating cost estimates by WorleyParsons.

The final PFS report provided by WorleyParsons includes:

- Ore Reserve Estimate provided by Orelogy;
- Optimisation, mining schedule and mining costs provided by Orelogy;
- Run of Mine ("ROM") stockpiling;
- Tailings storage management preliminary design provided by Golder;
- Modular process plant, equipment and flow sheet;
- Non-process infrastructure;
- Product handling and transportation;
- Planned use of the existing rail transport system;
- Development plan for a vessel loading arrangement at the port of Pointe-Noire; and
- A summary of PFS level capital and operating cost estimates by WorleyParsons.

The key considerations in the PFS were the preferred mining and processing route, scale, throughput rate, project life, infrastructure requirements to support the production and logistics profile and diligent consideration to community and environmental impacts. The PFS carries an expected accuracy range of <+/-30%.

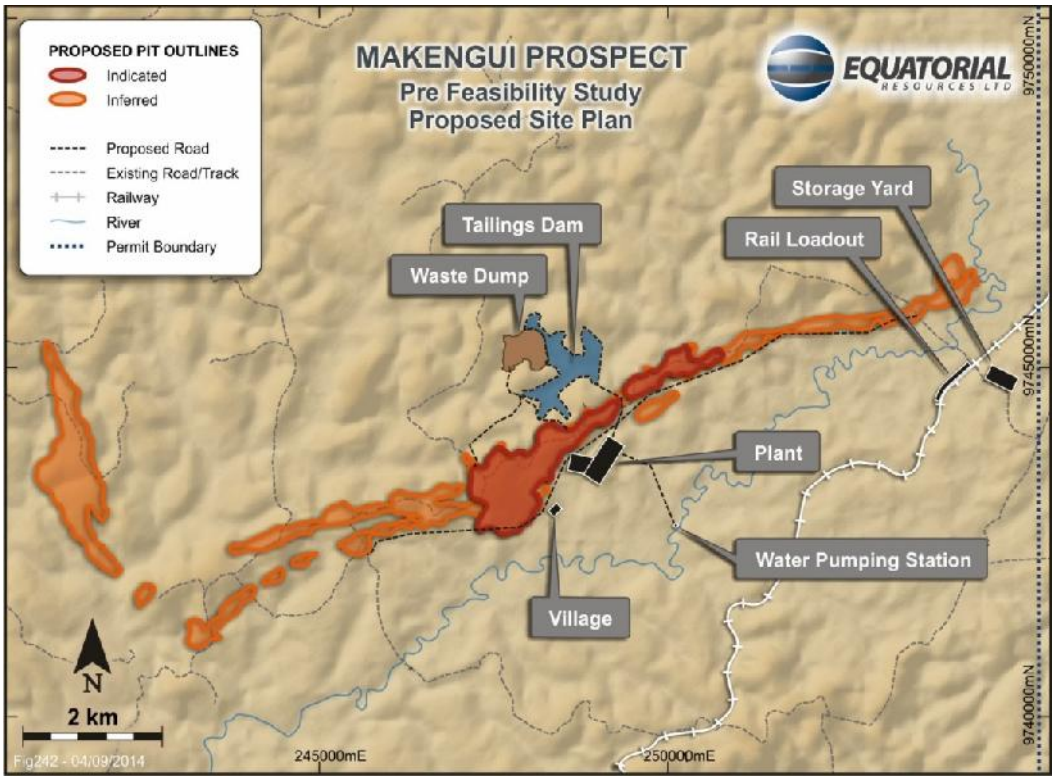

Figure 3: Mayoko-Moussondji mine infrastructure

PROJECT GEOLOGY AND RESOURCE

Mayoko-Moussondji is located within the north-west margin of the Achaean African Congo Craton and is comprised of an assemblage of granitoids known as the Chaillu Massif. The Chaillu Massif is comprised of banded gneiss, greenstones and banded iron formations ("BIF") or Magnetite BIF.

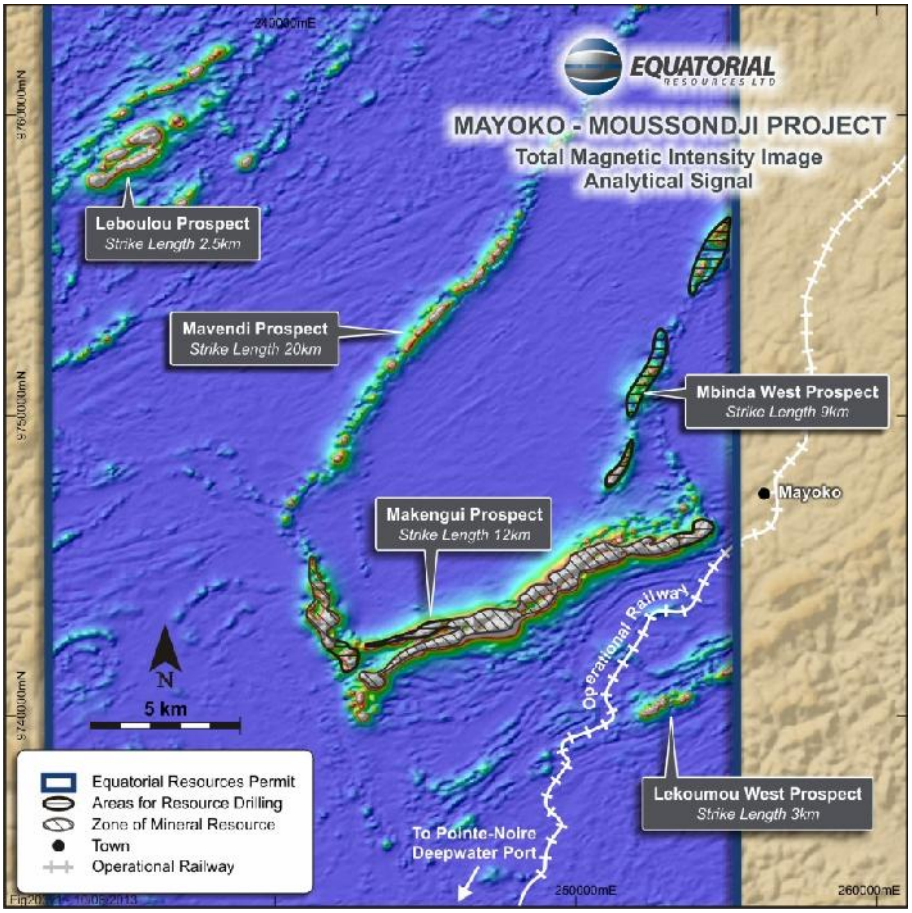

Figure 4: Mayoko-Moussondji Drilling Areas

Exploration carried out at Mayoko-Moussondji has included:

- Geophysical surveys, including Aeromagnetic, IP and Falcon Gravity survey;
- Regional mapping by SRK Consulting;
- Drill planning, including trenching, pitting and detailed mapping;
- 475 drill holes into the Mayoko-Moussondji iron deposit, comprising some 87 diamond drill holes and 388 reverse circulation ("RC") holes, for a combined total of 55,404 metres of drilling;
- 254 trenches have been dug and sampled; and
- Detailed metallurgical testing program involving drill core and bulk samples.

Drilling identified zones of mineralisation grading from a direct shipping ore ("DSO")/colluvium zone (Colluvial Hematite) which overlay an oxidized hematite zone (Friable Hematite) which passes through a transition zone (Hard Hematite) into unoxidized Magnetite BIF. For the purposes of the MRE the ore types at Mayoko-Moussondji have been classified according to geology and metallurgy as Friable Hematite, Hard Hematite, Colluvial Hematite, and Magnetite BIF. These zones have been identified as having the potential to produce premium iron ore products.

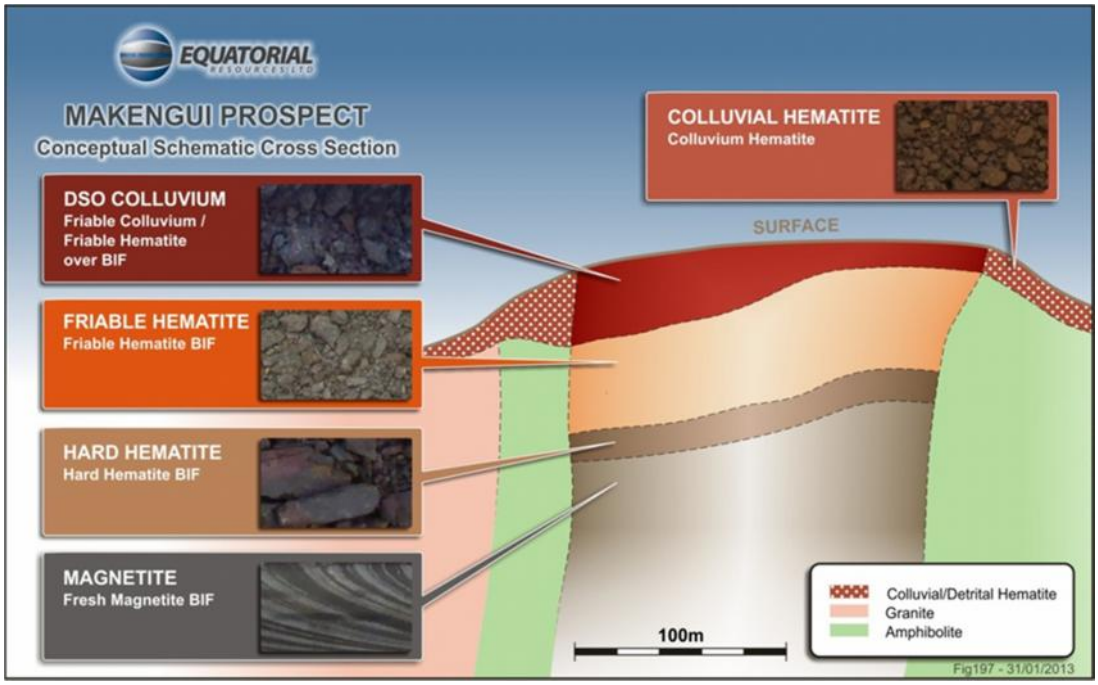

Figure 5: Conceptual Schematic Section

The PFS is based on the updated MRE completed for Mayoko-Moussondji and released to the ASX on 4 December 2013. Results were as follows:

Mayoko-Moussondji Iron Project Mineral Resource Estimate Upgrade - December 2013								
Resource Class	**Material Type**	**Tonnage (Mt)**	**Fe grade (%)**	**SiO_2 grade (%)**	**Al_2O_3 grade (%)**	**P grade (%)**	**LOI grade (%)**	**S grade (%)**
Indicated	Colluvial Hematite	41	39.1	23.0	12.0	0.061	7.8	0.06
	Friable Hematite	8	41.3	34.0	3.8	0.063	2.5	0.02
	Hard Hematite	7	38.1	41.0	1.9	0.061	1.0	0.01
	Magnetite BIF	2	36.0	43.2	1.9	0.064	-0.4	0.04
	Sub-Total	57	39.2	27.3	9.3	0.061	6.0	0.05
Inferred	Colluvial Hematite	62	33.9	22.7	16.3	0.062	10.9	0.09
	Friable Hematite	48	34.6	37.1	7.4	0.065	4.9	0.05
	Hard Hematite	17	33.7	43.2	4.2	0.064	2.3	0.07
	Magnetite BIF	733	30.4	46.8	3.5	0.055	-0.2	0.14
	Sub-Total	859	30.9	44.4	4.6	0.057	0.9	0.13
Total Indicated + Inferred	Colluvial Hematite	103	36.0	22.8	14.5	0.061	9.7	0.08
	Friable Hematite	56	35.5	36.7	6.9	0.065	4.6	0.04
	Hard Hematite	23	34.9	42.6	3.5	0.063	1.9	0.05
	Hematite Sub-Total	182	35.7	29.6	10.8	0.063	7.1	0.06
	Magnetite BIF	735	30.4	46.8	3.5	0.056	-0.2	0.14
Total Indicated and Inferred		**917**	**31.4**	**43.4**	**4.9**	**0.057**	**1.3**	**0.12**

**Note: Totals may not add up due to rounding. All material is reported at a 20% Fe cut-off grade.*

Table 6: Total Mineral Resource Estimate Table

The December 2013 MRE was reported in accordance with the JORC Code (2012) and was compiled by Mr Mark Glassock, at the time Equatorial's General Manager of Geology and a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Resources were first reported at Mayoko-Moussondji in the MRE prepared by independent consultants CSA Global Pty Ltd ("CSA") which was announced on 4 February 2013 and was reported in accordance with the JORC Code (2004) (see ASX announcement 4 February 2013). The maiden resource announcement was prepared based on data from 43,743 metres of drilling from 383 holes conducted during the period May 2011 to December 2012. The updated resource model prepared by Mr Glassock modelled data from 55,404 metres of drilling from 475 drill holes at the Makengui and Mbinda Prospects. This represents data from an additional 11,631 meters of drilling from 92 holes completed since the calculation of the maiden MRE. Approximately 23% of the total drilling metres is diamond core. The average hole depth was 117 metres with the deepest hole being 388.2 metres.

In addition to these drill results, the Company completed an extensive trenching and pitting program as part of the resource upgrade program. The trenching and pitting program was designed to verify the surface mineralisation and increase confidence in the resource classification. The trenching program was carried out adjacent to, and provided infill information between, previously completed drill holes, the results of which predominately increased resource confidence which has been incorporated into the upgraded MRE.

A volume block model was constructed in Micromine, using the material type wireframes defining colluvium, hematite, BIF and pegmatite, together with the DTM surfaces representing the topography and weathering profiles. Grade estimation of Fe, SiO_2, Al_2O_3, P, LOI_1000, S, TiO_2, K2O, Na_2O, MnO, CaO and MgO was completed using Ordinary Kriging ("OK") based on variography derived for Fe and P. Resource classifications were determined by a combination of OK estimation confidence (determined from the regression slope value), sample search pass number combined with geological confidence and drill hole spacing.

During H2 2014, the Company revised its mining philosophy and reviewed the benefit of treating the iron rich surficial clay as waste rather than processing the material. This required Mr Glassock to represent the Colluvial Hematite within the December 2013 MRE, into four easily identifiable material types:

- Surficial Clay
- Premium Hematite Colluvium
- Hematite Colluvium
- Hard Cap Hematite Colluvium

The Surficial Clay of approximately 7Mt is mined to waste leaving three colluvial hematite zones.

The outcome of this work has provided the following subset of the Indicated Resource which has been used by Orelogy to produce a mining and production schedule and Probable Ore Reserve.

Mayoko-Moussondji Iron Project Indicated Colluvium and Friable Hematite Ore								
Resource Class	**Material Type**	**Tonnage (Mt)**	**Fe grade (%)**	**SiO_2 grade (%)**	**Al_2O_3 grade (%)**	**P grade (%)**	**LOI (%)**	**S grade (%)**
Indicated*	Premium Hematite Colluvium	4.9	50.8	18.6	4.5	0.07	3.5	0.03
	Hematite Colluvium	24.4	45.1	19.0	9.0	0.07	6.6	0.06
	Hardcap Hematite Colluvium	5.6	39.5	18.4	14.0	0.06	9.7	0.08
	Friable Hematite	7.6	41.7	35.2	2.6	0.07	2.0	0.02
	Indicated Ore Total	42.5	44.4	21.7	8.0	0.07	5.8	0.05

Table 7: Estimate of Indicated Colluvium and Friable Hematite ore only

(Surficial clay reported to waste)*

ORE RESERVE ESTIMATE

The maiden Ore Reserve Estimate for Mayoko-Moussondji totals 38.5Mt at 42.0% Fe and is classified as a Probable Ore Reserve Estimate (refer Table 8 below).

Orelogy undertook a pit optimisation study to identify and quantify potential mining inventories and ore reserves, to create pit shells that were then utilised as a guide for pit design purposes and to determine the overall potential for advancing the project to higher study levels. In order to evaluate the economic potential of the MRE and to report Ore Reserves in accordance with JORC 2012 guidelines, a pit optimisation was generated using the Indicated Mineral Resources only.

Mayoko-Moussondji Iron Project Ore Reserve Estimate - October 2014								
Resource Class	**Material Type**	**Tonnage (Mt)**	**Fe grade (%)**	**SiO_2 grade (%)**	**Al_2O_3 grade (%)**	**P grade (%)**	**LOI (%)**	**S grade (%)**
Probable	Colluvial Hematite	31.5	42.38	18.60	8.87	0.062	6.41	0.054
	Friable Hematite	7.0	40.36	34.91	2.93	0.070	2.05	0.010
	Total Probable	38.5	42.01	21.57	7.79	0.062	5.62	0.047
	Waste	22.3						
	Total	60.8						
	Strip Ratio	0.58						
Note: Totals may not add up due to rounding. All Material is reported at 20% Fe cut-off grade. The Ore Reserves contain only Indicated Mineral Resource classifications which are detailed in Table 6 of this Announcement.								

Table 8: Ore Reserve Estimate

The Ore Reserve Estimate underpinning the production target has been reported in accordance with the JORC Code (2012) and has been prepared by Mr Aleksandar Mihailovic a Senior Mining Engineer at Orelogy who is a Competent Person and member of the Australasian Institute of Mining and Metallurgy. The Ore Reserve Estimate has been generated from the PFS mine plan which is based entirely on Indicated Hematite Mineral Resource comprising 55Mt at 39.3% Fe and does not take into account Inferred Hematite Mineral Resource of 127Mt that, upon further drilling, have the potential to be converted to the Indicated category and significantly increase mine life beyond the initial 8.5 years. Mayoko-Moussondji has a total MRE (Hematite and Magnetite) of 917Mt at 31.4% Fe including a total Hematite Mineral Resource (Indicated and Inferred) of 182Mt at 35.7% Fe. Significant potential exists to increase the mine life with the conversion of Inferred Mineral Resource into Indicated Mineral Resource based on targeted additional drilling.

PRODUCTION TIMELINE

The PFS for Mayoko-Moussondji is based on the staged development of a 2.5Mtpa hematite fines product operation, commencing with a production rate of 1.0Mtpa in Year 1 and ramping up to 2.5Mtpa in the fourth year of operations.

The proposed ramp up of product delivery as detailed in the PFS is as follows:

- Year 1 1.0Mtpa hematite;
- Year 2 1.5Mtpa hematite
- Year 3 2.0Mtpa hematite; and
- Year 4 onwards 2.5Mtpa hematite.

The production profile allows Equatorial to gradually resolve any product handling issues at both the rail and the port. The profile allows for an 8.5 year mine life based on Equatorial's Probable Ore Reserve Estimate which is generated only from Indicated Mineral Resources within the existing MRE. It is expected that the MRE will continue to grow with the

upgrading of Inferred Mineral Resource into Indicated Mineral Resource and this may allow the mine life to be extended and/or drive larger production volumes in the future.

Development time from Final Investment Decision to first production has been assessed to be 15-18 months.

MINING & SCHEDULING

Orelogy was commissioned by Equatorial to undertake the mining engineering components of the PFS which were based on the following:

- Each of the Mayoko-Moussondji project deposits will be developed using standard open pit mining methods;
- Nominal production rate of 1.0Mtpa initially and ramping up to 2.5Mtpa by Year 4;
- All mining activities will be undertaken using mining contractors;
- A 12 hour shift roster will be used for the mining operation;
- All waste will be stored adjacent to the tailings storage facility ("TSF") located immediately north of the Makengui pit;
- Electrical power will be provided by diesel powered generators; and
- Equatorial will be responsible for the supply of diesel and for providing accommodation and messing for the contract mining company's supervisory personnel.

The PFS mine plan is based solely on two material types within the MRE which are of economic interest to Equatorial, namely Colluvial Hematite and Friable Hematite which both require beneficiation in order to make a saleable product. The PFS proposes an open pit at Makengui which will mine 31.5Mt of colluvial hematite and 7.0Mt of friable hematite producing 18.0Mt of high grade iron fines product. This represents an average LOM dry mass yield of 46.7% from ROM. Approximately 22.3Mt of waste will be mined for an overall strip ratio of 0.58.

Given the friable nature of the Hematite Mineral Resource no blasting will be required in the mining operations. Mining will commence using small 40 tonne articulated dump trucks and excavators focusing firstly on the colluvial zones within the resource. A snapshot of the proposed mine by area and domain at the commencement of mining is presented below in Figure 6.

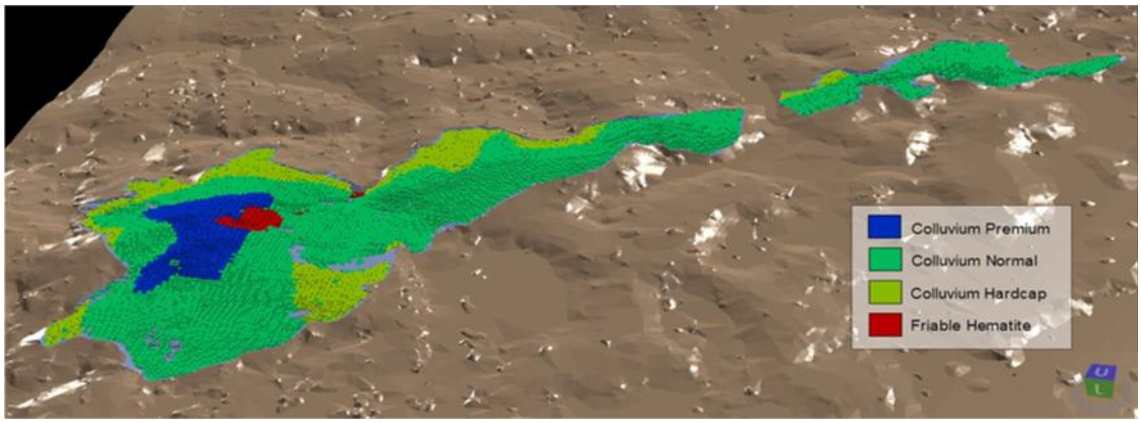

Figure 6: Mine Schedule Domains

PROCESSING PLANT

The flowsheet for Equatorial's proposed processing plant for Mayoko-Moussondji is designed to treat the hematite mineralisation types (Colluvial Hematite and Friable Hematite) and employs a typical iron ore processing circuit comprising crushing, scrubbing, wet screening, magnetic and gravity separation. The underlying philosophy of the plant design is to minimise initial capital investment without compromising good design principles.

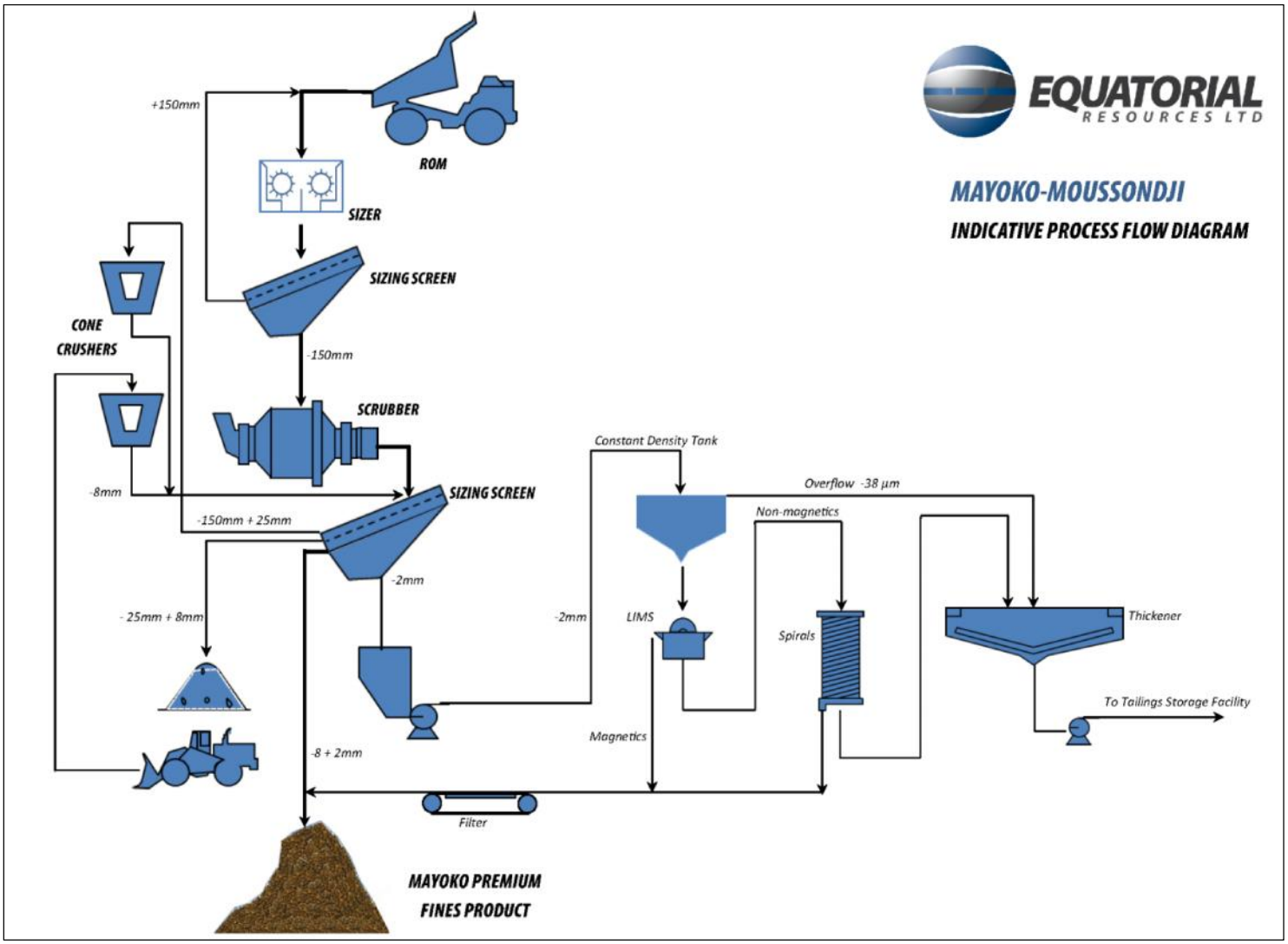

Figure 7: Indicative Process Flow Diagram for Mayoko-Moussondji

The processing plant is designed to operate for 6,500 hours per annum at a nominal ROM feed rate of 950 dry TPH (1,092 dry TPH design basis). The process plant is designed to produce a -8mm +0.038mm product.

The excellent upgradeability of the mineralisation types at Mayoko-Moussondji is associated with the characteristic of the Hematite and Magnetite mineralisation being well liberated and significantly denser than the clay and quartz gangue surrounding it. These properties lend the Mineral Resource to effective washing, magnetic and gravity separation to deliver a cleaner grade product.

Given the requirement of staged development to align with the incremental development of the railway line and port, a modular approach to the construction and expansion of the Project's ore processing facilities has been considered.

The ability to pre-fabricate, erect and commission plant and equipment off site and then transport it to site in containers and on skids is expected to significantly reduce construction and commissioning timelines and construction workforce numbers. In addition, standard modules are expected to be selected allowing for potential cost savings, design times to be reduced, and project schedules to be accelerated.

The different project stages relate to distinct changes in the process plant configuration as a result of ROM mining activities in response to deposit geology. The PFS has included cost and delivery information from existing suppliers of packaged process plant and equipment of quasi-standard design, with semi-mobile units for materials handling. These products provide cost-efficient solutions and short lead times, with a minimum of on-site construction labour.

PRODUCT QUALITY

Metallurgical upgrading test work and product quality development work, undertaken at Nagrom (Kelmscott) and SGS Lakefield Oretest (Malaga), identified the design of a process flow sheet that has the potential to process the Colluvial Hematite and Friable Hematitie from Mayoko-Moussondji and produce premium iron products grading 64.1% Fe with low impurities and with high overall mass recovery. The final flow sheet will form part of the staged development approach of this PFS which assesses early production from the shallow higher grade Colluvium and Friable Hematite mineralisation.

Details of Equatorial's target product specifications for iron products from Mayoko-Moussondji are presented below.

Chemical	Fines %
Fe (calcined)	65.5
Fe (natural)	64.1
SiO_2	4.5
Al_2O_3	2.3
P	0.077
S	0.015
Mn	0.1
LOI	2.2
H_20 (free moisture)	7.0

Table 9: Product Target Chemical Specifications for Mayoko Premium Fines Products (Chemical specifications based on dry weight percentage)

A number of individual and bulk composite samples from the Mayoko-Moussondji deposit have been subjected to metallurgical testwork and the results have demonstrated the ability to produce a premium high grade fines product as identified above ("Mayoko Premium Fines").

As part of Equatorial's study program, target chemical specifications for Mayoko Premium Fines were compared with other well-established products from the Pilbara region of Western Australia. The analysis demonstrated that the target product's excellent chemical and physical properties will compete strongly with Australian products and would be expected to achieve a price uplift, on a dry metric tonne unit ("DMTU") basis, when compared with the index price for iron ore (62% Fe).

The chemical quality of Mayoko Premium Fines has:

- Higher Fe compared with the Australian fine iron ore products;
- Higher Fe than 95% of the volume of fine iron products currently exported from Australia;
- Lower phosphorous comparable with a number of the Australian fine iron ores;
- Similar Al_2O_3, SiO_2 and phosphorous compared with the major Australian seaborne trade fine ores;
- Better quality than the sinter blend average minimum of 4 to 4.5% SiO_2 currently desired for low cost sintering technology practice in Asia; and
- Calcined Fe grade (after crystal water is removed at 1000ºC) that is better than the highest calcined Fe grade ore from Australia and only 1% lower than premium Brazilian products.

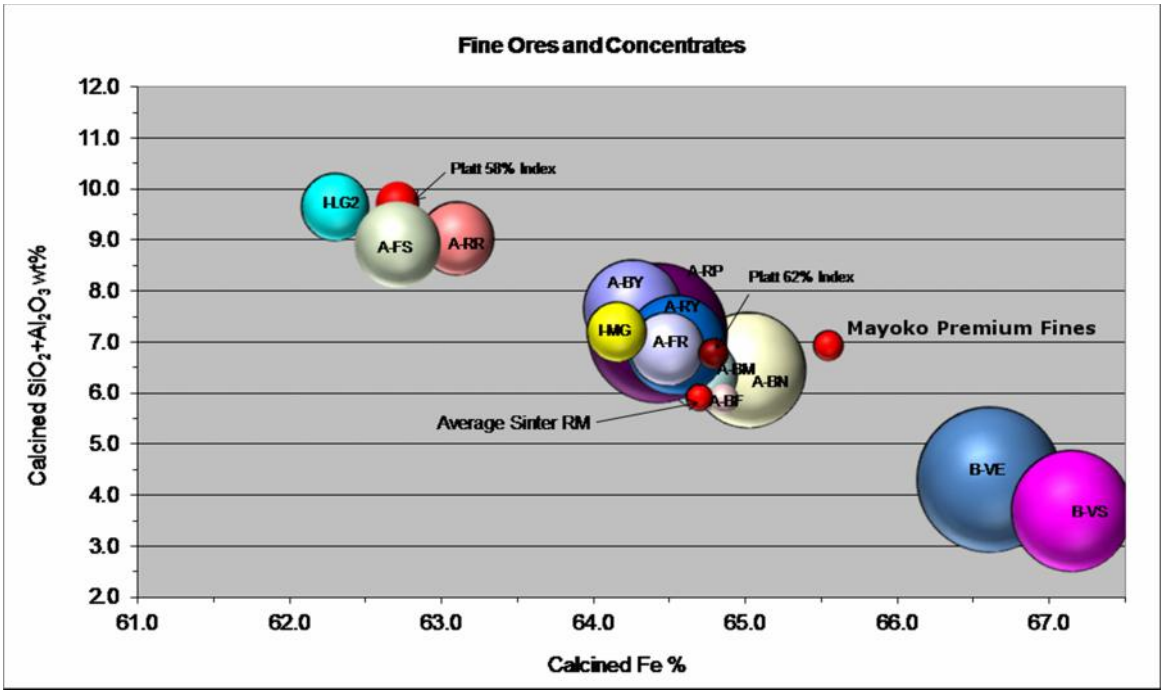

Figure 8: Comparative Chemical Specifications of Major Fine Iron Ore Products

Mayoko Premium Fines has a favourable coarse size, with moderate levels >4mm, and is very low in undesirable <0.150 mm particles. The percentage of >1mm indicates Mayoko Premium Fines will be classified as a medium to coarse fines, which is in high demand in China to compensate for their own very fine (<0.1mm) concentrates as well as imported concentrates.

MARKETING

As part of the PFS, the Company has undertaken a marketing study to determine product marketability and sales strategy with an analysis of target markets and potential end-users for the Mayoko Premium Fines product.

Demand

The vast majority of iron ore is used in steelmaking, mainly through the blast furnace process. Fines are shipped from the producing facility to the recipient steel plant where they are sintered prior to charging into the blast furnace. The European and East Asian markets rely heavily on fines for the production of sinter. Sinter fines or sinter feed accounts for about 65% of the total ore requirements.

Despite current iron ore price volatility, global iron ore demand is expected to be robust, growing at a compound annual growth rate of 1.8% from 2014 to 2017 in response to China's continuing industrialisation process. Global crude steel production is expected to grow by 4.40%, 3.50% and 3.50% in 2014, 2015 and 2016, respectively. Much of this growth is expected to come from China, India and developing economies in South America and Southeast Asia.

Global consumption of iron ore is expected to reach 2.44 Billion tonnes by 2035 which is 473Mt above the 2013 level of production.

The global steel demand recovery is expected to continue but growth is expected to stabilise at a lower rate with continued volatility and uncertainty leading to a challenging environment for steel companies.

Supply

The iron ore market tipped into surplus recently, with sentiment deteriorating sharply and prices falling considerably. It appears the iron ore market is experiencing a volatile transition from a period of relatively tight supply and higher prices to a period of over-supply where the significant recent expansion of Australian iron ore production is exerting downward pressure on prices.

Falling seaborne prices have dragged down the domestic Chinese price of concentrate and this has already forced some high-cost production to close. However, the timing and scale of the displacement of high cost Chinese iron ore production is difficult to forecast and is not expected to result in demand exceeding supply until at least 2020.

Forecasters believe that supply and demand will become more closely aligned from 2020 with a tendency towards under-supply emerging post 2022. The notional "supply gap" that emerges in the ten year period post 2025 will need to be filled by greenfield projects and/or brownfield expansions that currently are not included in forecasts.

The Company believes the following macro factors in the long term supply-side dynamics of the iron ore industry will support Mayoko-Moussondji's marketing and economics:

- Decreasing Chinese domestic iron ore production and China's need for resource security;
- Global decline in iron ore grades and a resulting growing demand for premium product; and
- The inability for large greenfield projects to raise the large amounts of capital required to construct new railways and ports.

Strategy

Mayoko-Moussondji is in a sound competitive position compared to both existing mines and likely project developments due to the presence of and ability to access the existing nearby railway and the port. The Company enjoys a unique set of strengths that are difficult to match by other new entrants, either in Central-West Africa, Australia or internationally, including:

- High quality product – Mayoko Premium Fines;
- Independent – due to the current oligopoly of the major producers there is the potential for buyers to have a preference for independent producers and seek diversification of supply;
- Close to existing infrastructure and therefore less uncertainty regarding time to market from project financing;
- Resource base that could extend the mine life well beyond the PFS mine life of 8.5 years enabling security of supply for long-term customers;
- Low cost producer – driven by favourable mining and beneficiation conditions, existing railway line and port, and proximity to the markets of Europe and Asia; and
- Located in the ROC, a Central-West African country with a lower sovereign risk compared to a number of other African countries.

Based on the quality of product expected from Mayoko-Moussondji, and considering the forecast demand for sinter fines from both Europe and Asia, the Company will pursue opportunities with potential clients in China and also examine opportunities in Europe and Africa. Equatorial will focus on the Asian markets for the sale of Mayoko Premium Fines, taking advantage of Asia's increasing need for iron ore raw material. The Company will also further investigate the opportunity to market Mayoko Premium Fines into Europe given the significant freight advantage compared to China and other Asian markets.

Long Term Iron Ore Price Forecast

The main reference price for iron ore is based on a 62% Fe product delivered to China ("CFR"). This reference price is deemed the most liquid "market clearing" price. The target chemical quality of Mayoko Premium Fines has a higher iron content compared with the quoted reference price and as a result the Company expects to receive a net 3% premium price uplift to reflect the quality of the product.

Recently the Company prepared a compilation of index iron ore price forecasts provided by global banks and market research organisations. The data collected indicated that the long term average iron ore price is expected to transition to somewhere between $US70 and US$116/t CFR.

Equatorial has decided to use an index price of US$74/t FOB Pointe-Noire for its long term iron price forecast for the purposes of the PFS. This long term index price is based on the October 2014 published forecasts provided by a world renowned market research organisation that conducts regular detailed and independent iron ore market supply and demand assessments for the global iron ore industry. The forecast used by the Company falls near the mid-point of the forecasted range when adjusted for the expected shipping costs from Pointe-Noire to China.

As a result, the Company has assumed it will receive a long term price equivalent to US$77/t FOB Pointe-Noire for the Mayoko Premium Fines product. This price, as explained below in Table 10, is based on the long term market reference price forecast for a 62% Fe fines product quoted on a CFR basis (US$100/t) plus a net 3% price uplift to reflect the higher iron content and chemical quality of the Mayoko Premium Fines product (64.1% Fe) and adjusted for expected shipping costs from Pointe-Noire to Qingdao, China (US$26/t).

Long Term Iron Ore Price Forecasts (CFR and FOB)		
Index Price CFR	62% Fe Fines	US$100/t
Shipping Costs	Panamax - Pointe-Noire to Qingdao	US$26/t
Index Price FOB Pointe-Noire	62% Fe Fines	US$74/t
Premium for product quality (64.1% Fe)	3% on Reference Price	US$3/t
Expected Sale Price FOB Pointe-Noire	Mayoko Premium Fines	US$77/t

Table 10: Long Term Iron Ore Price Forecasts

Expected Sales Prices for Mayoko Premium Fines

As described above the Company has based its price expectations for Mayoko Premium Fines with reference to the index iron ore price forecasts published in October 2014 by a world renowned market research organisation that conducts regular detailed and independent iron ore market supply and demand assessments for the global iron ore industry. Based on these forecasts and factoring in the expected timeline to production of 15 to 18 months the Company has used the prices disclosed in Table 11 below in the Company's cash flow modelling. These prices are quoted FOB Pointe-Noire and have been adjusted from the index forecast by adjusting for the expected 3% price uplift for Mayoko Premium Fines and also for the expected shipping costs of US$26/t.

Mayoko-Moussondji Iron Project – Sales Price Forecast (FOB Pointe-Noire)				
Year 1	Year 2	Year 3	Year 4	Year 5 onwards (long term price forecast)
US$60/t	US$64/t	US$66/t	US$69/t	US$77/t

Table 11: Expected Sales Prices for Mayoko Premium Fines

Ocean Freight

Ocean freight rates for iron ore from the port of Pointe-Noire vary considerably depending on the destination of the product and the route taken. Also the ocean freight rate depends on the shipment sizes used. Shipment sizes typically range between 30,000t and 200,000t depending on vessel capacity and hold availability.

The main limiting factors on the available shipment sizes will be depth of water (draft) available at both the loading and discharge ports. In many cases the length and breadth (beam) of a vessel can also be limiting factors. Limits in draft at the discharge ports is less of an issue, buyers simply buy according to their limits.

The largest vessel currently capable of entering the port of Pointe-Noire and leaving fully laden is a Panamax size vessel (approximately 80,000 DWT). Freight rates are expected to be in the order of US$24-28/t for Panamax transport to China from Pointe-Noire. Ultimately, the dominant consumers of North and South East Asia will be required to be supplied and would suit an elevated stage of production where Panamax and Capesize vessels would be better utilised and lower freight rate penalties are applied due to the offered economies of scale.

Based on the proximity to the main world iron ore markets, and as reflected in the ocean freight rates, it is clear that sales of iron ore from Pointe-Noire would be more competitive into the European markets – particularly in the initial stage of production. During this period, the Company plans to make individual “spot” shipments to Europe on a shipment by shipment basis. Ocean freight rates are expected to be in the order of US$13.50/t for Panamax transport to Rotterdam. This represents an opportunity to improve financial returns and operating cash margins if European based customers can be secured for the Company’s product at index prices.

For the purpose of the PFS financial analysis the Company has assumed all production will be supplied to China and has assumed a Panamax freight rate of US$26/t.

TAILINGS STORAGE FACILITY

Golder considered six options for tailings management for Mayoko-Moussondji. The options comprised three separate candidate sites, each assessed for two different tailings deposition methods.

A conventional TSF using the natural topography of the area and starter embankments was proposed and costed. Subsequent lifts have been included as sustaining capital expenditure. The current design has sufficient capacity for the 8.5 year operation, and sufficient expansion capacity to manage the tailings when the Inferred material is potentially mined. The low strip ratio of the mine provides significant cost benefits, but may create a requirement for external borrow pits to create suitable starter dam walls for the TSF.

MINE INFRASTRUCTURE, WATER, POWER

The power needs of the Project are modest and onsite diesel generation is proposed. Equatorial has negotiated access to the lowest fuel price in the ROC which is a government controlled price set by legislation which is currently equivalent to a price for diesel fuel delivered to site of US$0.66 per litre. It is anticipated that process, fire and potable water required for the Project will be sourced from the Louessé River which runs through the Mayoko-Moussondji tenement area. An allowance has been made for a water treatment plant(s) and distribution system to provide potable water. The Louessé River flows all year and it is not anticipated that the Project demand will affect any downstream users. Given the high rainfall in the area, any water held in catchment dams developed to manage catchment area flows will be considered a primary water supply to supplement / replace water usage from the Louessé River.

Equatorial benefits from having already refurbished the existing airstrip at Mayoko that will service future transportation needs of mine staff and allow for the delivery of goods and supplies to and from site.

OVERLAND TRANSPORT

Mayoko-Moussondji benefits from having an operating bulk commodity railway line that intersects the project area and leads directly to the deep water port of Pointe-Noire along 465km of track. The railway is owned and operated by the state owned railway company Chemin de Fer Congo Ocean ("CFCO"). The port is operated by the state owned port authority of Pointe-Noire ("PAPN"). The railway and the port were previously used by COMILOG, the French manganese producer, to transport up to 3Mtpa of ore between 1962 and 1991.

Equatorial's PFS investigated the potential to commence initial operations at Mayoko-Moussondji by utilising the existing railway line and exporting product through the port of Pointe-Noire.

Rail

Equatorial has signed two previous agreements with the CFCO in relation to the usage, financing and operations of the railway line for commercial transport. Under these agreements Equatorial has been granted access to the railway line and undertook to work together with the CFCO to complete a study for the use of the railway line to transport iron ore from Mayoko-Moussondji to the port of Pointe-Noire. The agreements, in the form of "Protocole D'Accords" (Memorandums of Understanding or "MOU's"), also specified the framework of future commercial arrangements. This framework has been confirmed by meetings held in 2013 and 2014 in Brazzaville with the Minister of Transport and with the CFCO and can be summarised as follows:

- Equatorial, or a third party operator, will own and be responsible for the maintenance of the fleet of locomotives and other rolling stock;
- The CFCO will be responsible for the safe operation of all rail traffic under an agreed and authorised train running protocol;
- The CFCO will retain ownership of the "below rail" and will be ultimately responsible for upgrade, maintenance and refurbishment of the railway system; and
- The final commercial arrangements will take the form of a 25 year User Agreement.

Equatorial is currently in negotiations with the CFCO in relation the 25 year User Agreement which is expected to be completed before the end of the 2014 calendar year.

WorleyParsons reviewed all available information on the railway as part of the PFS program and provided optimisation advice. In addition several visits were conducted to the ROC to inspect parts of the rail system and to participate in meetings with CFCO personnel. Based on these work programs an initial assessment of design, installation and potential tonnages was developed.

Currently, the section of rail from Mayoko to Mont Belo is infrequently used, with traffic consisting of two passenger and one freight train per week. The mainline between Brazzaville and Pointe-Noire runs a number of passenger and freight trains a day, with significant potential to increase rail capacity by re-opening a number of passing loops, upgrading some of the line and introducing a more robust and efficient train safe working system.

The principal transport task will be to convey up to 2.5Mtpa (dry) of product from the mine in an incremental, staged development over a number of years. The advantages of this approach include the avoidance of undue pressures on the rail system as a whole at start up, the ability to smooth out operational issues over time, and allowing proposed rail line rehabilitation to be completed prior to the maximum tonnage requirements and line usage.

The proposed method of overland transport is based on the use of 'half height' intermodal containers with lids carried individually on flat top rail wagons to transport the product from the mine site to the port via the existing narrow gauge railway from near Mayoko to the port at Pointe-Noire.

The intended composition of the proposed trains remains to be optimised based on the design characteristics of the rolling stock and locomotive types ultimately selected but are most likely to be between:

- Two locomotives + 38 wagons resulting in a gross trailing load of approximately 2,300t; and
- Three locomotives + 58 wagons resulting in a gross trailing load of approximately 3,500t.

The PFS assumes that there will be space constraints within the port itself and it will be necessary to establish a marshalling area at a suitable location between 5km and 8km from the port at a location referred to as "Tié-Tié". At this location the trains will be staged prior to being 'shuttled' utilising smaller shunting locos to and from the port. At the port the containers will be removed from the train, emptied and returned to the train for return to Tié-Tié. By separating the off-loading of the containers at the port from the overland transport of the product between Mayoko and Tié-Tié, the critical cycle time of the main line locomotives is reduced. Trip servicing of main line locomotives will take place whilst the train is being unloaded.

If a suitable area can be leased within the port to allow for a full train consist to be unloaded, then the need for a shunting yard outside of the port is removed. Negotiations for a suitable area are ongoing with the PAPN.

The PFS includes the provision of a spare train consist (locomotives and wagons) to maintain maximum availability and opportunity to achieve the target tonnages. The spare consist will provide an operational and cost benefit at 2.5Mtpa (dry), especially with regard to the utilisation of the locomotives.

Rail Route

The longitudinal profile of the line from mine to port is as shown in Figure 9 below.

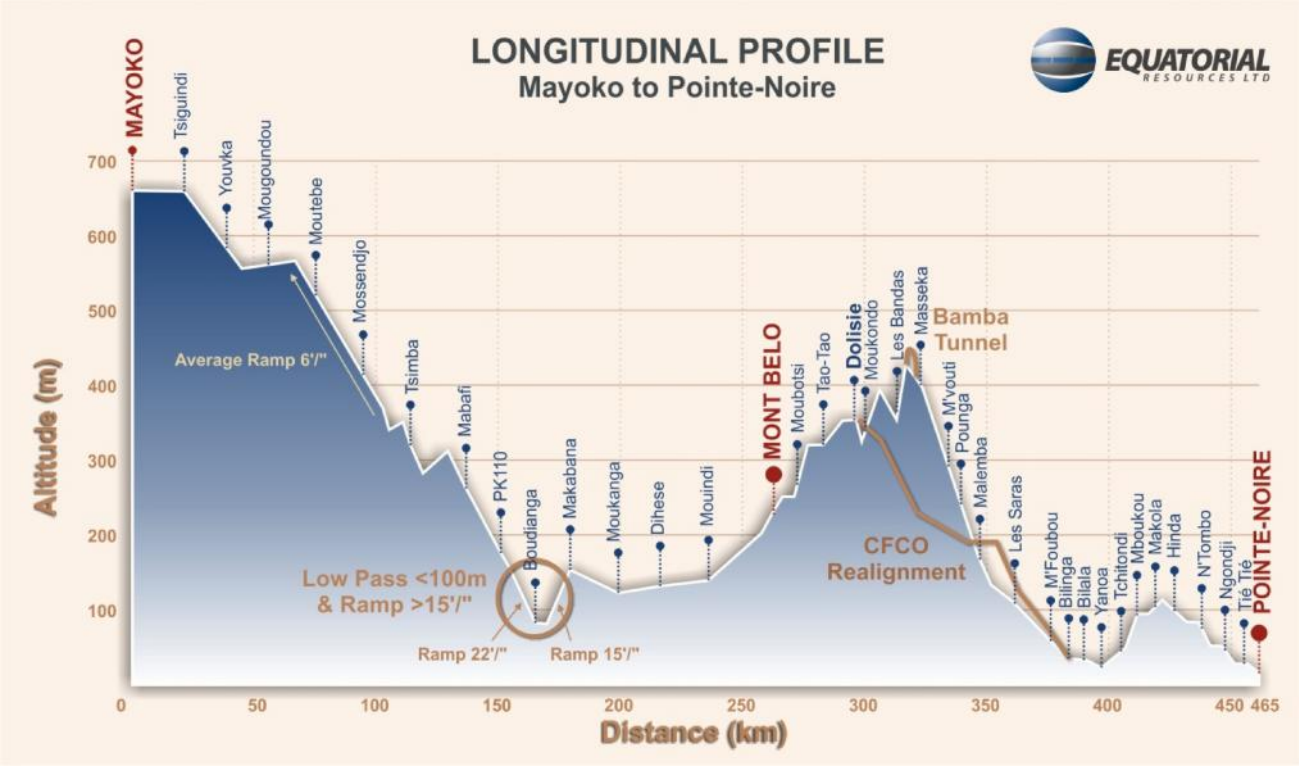

Figure 9: Mayoko-Moussondji Project and Rail Location Map

The geometrical constraints of the sections are listed in the following table:

Section	Vertical Gradient	Horizontal Curvature	Rail (kg/m)	Sleepers
Pointe-Noire to Bilinga	Up to 1.67%	R150m	36, 43 & 46	Timber
Bilinga to Dolisie (New)	Up to 1.67%	R250m	46	Timber
Bilinga to Dolisie (Old)	1.5% (Up)/ 2.1% Down	R150m	36	Steel
Dolisie to Mont Belo	Up to 1.67%	R150m	46	Timber
Mont Belo to Makabana	Up to 1.67%	R200m to R300m	30	Steel
Makabana to 110 km	Up to 2.2%	R<100m	30	Steel
110 km to Mayoko	Up to 1.67%	R200m to R300m	30	Steel

Table 11: Geometrical Constraints of Railway Sections

The proposed rail route is divided into two separate sections:

- A north-south route running from a proposed load-out loop adjacent to the mine at Mayoko to the junction at Mont Belo, a distance of 250km; and
- The east-west route that forms the principal line between Brazzaville and Pointe-Noire is utilised from Mont Belo to the port, a distance of 200km.

The PFS envisages the construction of a rail loop at Mayoko. Once loaded, the trains will depart the mine and head south towards Mont Belo where the loaded trains will join the east-west mainline at Mont Belo for ongoing transit to Tié-Tié for shunting into the port, approximately 8km away. During the time the wagons are being unloaded the mainline locomotives will be serviced and refuelled in readiness for their next cycle. It is proposed that rail crew changes would occur at Mayoko, Makabana, Mont Belo and Tié-Tié.

Rail Upgrade Program

The CFCO has indicated it will undertake a programme of improvement works to the railway infrastructure which includes but is not limited to increasing rail weight, improving turnouts and implementing a computer operated safe working system that incorporates ‘in-cab’ signalling.

The CFCO has confirmed that it will be responsible for all reinstatement or track upgrades of the existing infrastructure. This work will include:

- Upgrading of signalling and communication infrastructure to facilitate improved train management and control;
- Repair of known rail defects especially in the Mayoko – Mont Belo section; and
- Reinstatement of passing tracks, predominantly on the north-south route to operational status.

In order to commence commercial rail operations for the Project, the following construction work will need to be carried out by Equatorial:

- Construction of a rail load-out facility adjacent to the mine location south of Mayoko;
- Extension of the rail line and installation of a rail siding at the port of Pointe-Noire
- Establishment of crew changeover facilities at two suitable intermediate points; and
- Creation of a new marshalling facility at Tié-Tié or alternative location.

Equatorial understands that the CFCO has issued a Letter of Intent to install a communications based train control system with moving block technology. In discussions held with the CFCO and Ministry of Major Projects who are responsible for the rail upgrade projects, the ROC Government is anticipating that the contract will be awarded shortly and installed by 2017. The commissioning of the train control system will provide the single largest increase in confidence

that the rail system will be capable of handling Equatorial's production target of 2.5Mtpa (dry) and the anticipated traffic of other potential users in the region between Mayoko and Pointe-Noire.

Rolling Stock

The CFCO has no rolling stock suitable for dedication to the needs of the Project. Accordingly, it will be necessary for Equatorial to acquire its own rolling stock. The PFS assumes all rolling stock, with the exception of shunting locomotives, is obtained via lease arrangements with a South African rolling stock supplier on appropriate commercial terms. It is expected that the maintenance of the rolling stock will be the responsibility of the lessor and it is anticipated the CFCO workshops would be utilised by the lessor under a suitable financial arrangement.

Because of the constraints imposed by the configuration of the existing railway, train sizes are less than optimal. Equatorial expects that the proposed rail solution will allow the existing railway to be scaled up to cope with the increasing tonnage requirements.

A standard train is proposed to consist of between 38 and 58 containers of 42t capacity carried singly on flat bed wagons (~1512 to 2520t product) hauled by two or three locomotives respectively. For initial transport calculations a 7% product moisture content has been assumed and therefore transport planning and costing uses a total target figure of 2.675Mtpa. The overall train cycle time is estimated at 44 hours.

The locomotives will be chosen to accommodate the specific requirements of the task, the standard of the permanent way and the limited maximum axle load. They will be based on similar existing models and provide AC traction power in the range of 2200 to 3000HP on six wheeled bogies.

Figure 10: AC Traction Power Locomotive on six wheeled bogies

Simulation work was carried out as part of the PFS and demonstrated that with reasonable efficiencies the required ultimate tonnage can be handled utilising 10 train sets. To compensate for operating inefficiencies that will cause an increase in actual transit times beyond those indicated by the simulation and to provide additional capacity and maintenance cover, it is proposed to supplement the operation with an additional train set.

During subsequent stages of the project development, further studies will concentrate on confirming reasonable overall cycle times by improving access to train paths and train management. As the total rail capacity is a direct product of cycle times and the number of train sets, improvements in the overall cycle time may allow for the total number of train sets to be reduced.

The containers are proposed to be half height 20 foot containers with solid, removable lids that can be locked into position for transportation and storage. They are anticipated to weigh 3.5t and will hold a 42t payload allowing a single loaded container on a flatbed wagon to remain below the 17t axle load recommended for the current railway line. Further work will be carried out to pursue a rail wagon design that minimises tare weight, length and cost and may involve the investigation of the merits of 'hard coupling' the wagons in pairs.

Port

The port of Pointe-Noire is one of West Africa's busiest deep water ports and a major transport hub for Central and West Africa. The existing port was developed and used by COMILOG, the French manganese producer who constructed the Mayoko to Mont Belo railway system, to transport up to 3Mtpa of manganese ore between 1962 and 1991.

Since December 2010, the ROC Government has facilitated a significant refurbishment and expansion program at the existing port of Pointe-Noire funded by the European Investment Bank, Agence Française de Développement, Banque de Développement des États de l'Afrique Centrale, and through self-financing by the PAPN and existing users such as the Bolloré Group. As part of the ongoing port expansion, a significant dredging program has been conducted to deepen existing berths to support the movement of larger vessels. The PAPN is using the spoil from the dredging to reclaim land to the east of the port. When completed the reclamation will extend the landside area at the port as well as providing material to construct a new Quay within the port, known as Quay X. The ROC Government have indicated that the new Quay X, while ultimately developed as part of the containerised cargo facility, will be available for use by bulk mineral exporters such as Equatorial.

In addition to the expansion program and ongoing refurbishment work program at the existing port, the ROC government has plans for the development of new bulk mineral port facilities at Pointe-Indienne, an area 10km to the north of Pointe-Noire. The ROC government has recently signed an MOU with China Road and Bridge Construction Corporation ("CRBC") for the preparation of a feasibility study of these new facilities at Pointe Indienne. Equatorial, along with other international mining companies including Glencore, Evergreen, Cominco and Exxaro, are working with CRBC and the ROC Government on the plans for a multi user bulk commodity and minerals port.

Equatorial's long term port strategy is to partner with the ROC Government and other mining companies to facilitate the development of the proposed new facilities at Pointe-Indienne or another suitable location. As this solution is expected to take time to develop, Equatorial has focused on a short term strategy to utilise the existing infrastructure in the port of Pointe-Noire and particularly take advantage of the opportunities created by the ongoing expansion and refurbishment program.

WorleyParsons studied three options for port landside development within the Port of Pointe-Noire; namely Quay X, Quay D and a transhipment option. Equatorial's preferred port option is Quay X, a potential new wharf within the existing port with a berth length of approximately 370 metres long with fenders and bollards to accommodate the safe mooring and warping of fully laden Panamax size vessels. At this site, shipments of up to Panamax size or 80,000 dead weight tonnage will be possible with negligible shared use and access issues. Quay D, Equatorial's second development option, is currently used as a multi-purpose quay for bulk self-loading and self-unloading vessels and is currently being dredged to -16m (CD) with rehabilitation of the quayside to allow Panamax vessels to berth. PAPN has agreed to support the options of using Quay D or an interim trans-shipment operation from within the port if the timing on Quay X necessitates.

All of these three port options have been studied and are technically feasible.

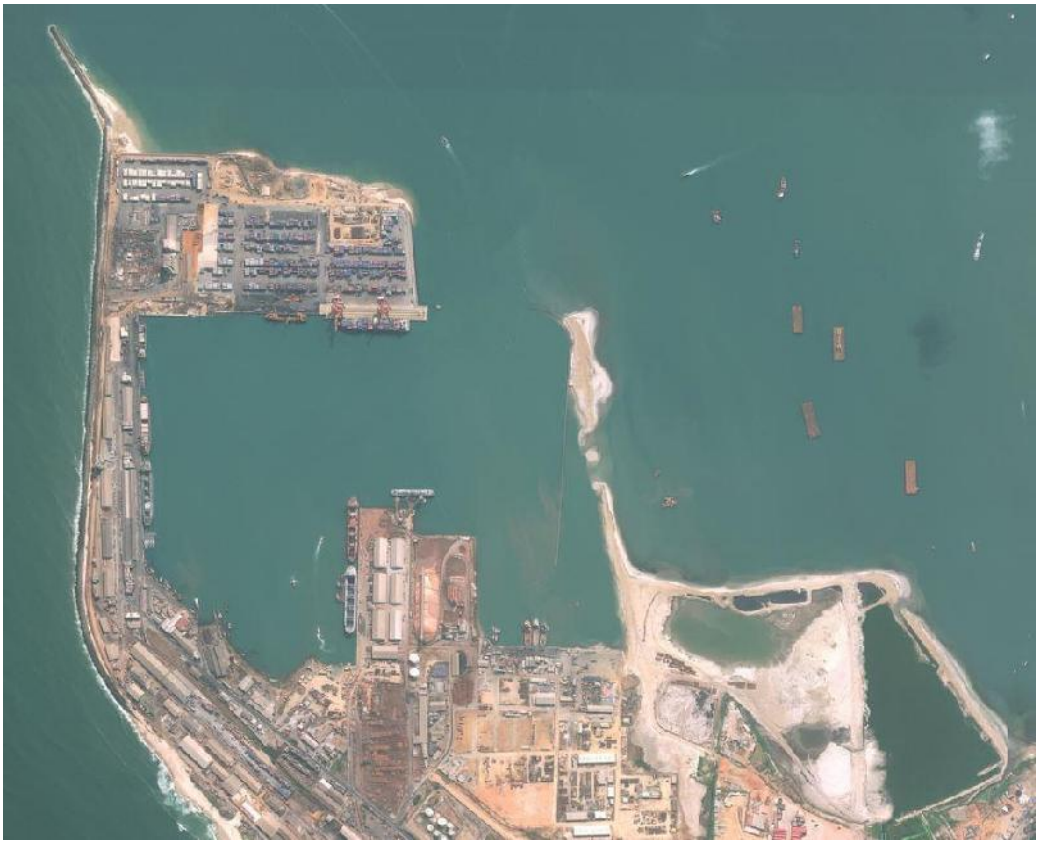

Figure 11: Aerial view of the port at Pointe-Noire showing new wharf progress

The selection of the port landside solution for the PFS was made from a high level screening of options which meet the imperative to support the unloading of product delivered by rail to the port at 2.5Mtpa.

The delivery of ore by rail car rakes is a steady process operating 24 hours per day seven days per week and will be based on a predetermined average arrival frequency of trains and acceptable unloading time. The ship loading will be premised on meeting an acceptable ship loading time of approximately two to three days total time in port for the larger size ships (Panamax 80,000 DWT) in order to avoid excessive demurrage. The stockyard size will be of the order of two times the nominal or average ship size of 60,000 to 80,000 DWT and configured to allow the system to remain efficient while accommodating the likely variability in the arrivals of trains and ships. On this basis a system for train unloading and shiploading has been selected for the purposes of this study as described below.

The port landside facility receives rakes of loaded rail wagons, and unloads them to a stockpile. When a ship is berthed for loading, the stockpile is drawn down by front end loaders and the product is delivered through a feed hopper and a series of outload conveyors, via a sampling station, to twin shiploaders at the wharf.

Where possible it is preferred that the unloading of trains can be executed with the trains left as one full rake and not broken up into smaller rake lengths.

The port facility also includes infrastructure (offices, workshop and store) plus power generation/distribution for materials handling, and water services for domestic functions, dust control and washdown.

Figure 12: Half Height Container on rotating RAM spreader prior to discharging

STAFFING, TRAINING AND COMMUNITY

The Project will employ approximately 730 trained staff upon reaching steady state production. The Company is seeking a high contingent of local employees that will be supplemented by Congolese from elsewhere in the ROC. It is intended that a small percentage of nationals from other countries will be sourced for critical core business positions especially during the start-up phase of the Project, and over time the majority of these position would be replaced by Congolese as their skills and experience allow.

Training is essential to the success of the Project and the Company is dedicated to implementing substantial skills development programs for its workforce. This will be conducted in accordance with the provisions of the Congo labour regulations. These schemes will aim at enhancing technical and safety awareness, and promoting Congolese nationals in the workplace.

The combined workforces of Equatorial and the various contractors based at site, will create an influx of a considerable number of personnel from outside the region. The Project will provide significant socio economic benefit to the local communities.

Equatorial has been present in the Mayoko area since 2010, providing local jobs, local community development (water supply, construction of a primary school and contribution of supplies, etc.) and community services. The Company has created local education programmes, provided health and medical services, invested in the creation of power and water purification community equipment and has significantly improved roads and other local transport infrastructure. These community initiatives will continue and be improved during the operational stage of the Project through a dedicated workforce that ensures the community activities are prioritised accordingly.

ENVIRONMENTAL & SOCIAL IMPACT ASSESSMENT

In July 2014 Equatorial announced that it had received a Certificate of Compliance confirming the approval of the Company's Environmental and Social Impact Assessment ("ESIA").

Equatorial submitted a completed ESIA to the ROC Government for approval as part of its Mining Licence Application. The ESIA was completed by local environmental consultancy Eco Durable based on the baseline work conducted by the Company's environmental consultants SRK Consulting and Genivar. The ESIA is an extensive study that includes the results of more than 12 months of environmental monitoring programs, field surveys to understand flora and fauna of the Project, ecosystem sensitivity assessments, a detailed community engagement plan, socio-economic surveys, and a review of the livelihood restoration requirements for communities directly affected by the Project. The study was prepared within the framework of the Terms of Reference for the ESIA that was drafted by a joint team of scientists from SRK, Genivar and Eco Durable and formally approved by government during 2012.

Numerous stakeholder meetings and workshops were undertaken as part of the ESIA, at local, regional and national levels, in line with Equatorial's strong focus on the environmental and social aspects of the Project. The results of this stakeholder engagement process were extremely positive, highlighting the strong levels of community and government support for the Project.

The completion and approval of the ESIA represents the successful achievement of a major development milestone for the Project.

PERMITTING AND FISCAL REGIME

Equatorial announced on 31 March 2014 that at the March 2014 meeting of the Ministerial Council of the ROC Government, the Company's application for a Mining Licence to develop and mine Mayoko-Moussondji was approved. The approval of the Mining Licence for Mayoko-Moussondji by the ROC Government followed the submission of Equatorial's application in December 2013. The application included a detailed technical feasibility study prepared in accordance with the applicable legislation, an ESIA, community development plans, and the completion of technical reviews by relevant government agencies.

Equatorial's Mining Licence is valid for an initial period of 25 years and is renewable, upon application by Equatorial, for further periods of 15 years.

The Mining Code of the ROC stipulates that, following the grant of a Mining Licence, a Mining Convention Agreement ("Mining Convention") is signed between the holder and the government. The Mining Convention defines the fiscal rights and responsibilities of both the government and the holder with respect to the operation of the relevant Mining Licence.

Typical Mining Convention terms negotiated by other iron ore mining companies in the ROC include:

- Royalty to government of 3% on revenues;
- Free ownership interest to government of 10%; and
- Reduction in the maximum corporate tax rate of 34% with tax holidays of up to ten years from first production.

On 31 July 2014 Equatorial announced that the Company's Managing Director and CEO Mr John Welborn had completed a week-long series of meetings in Brazzaville designed to negotiate the terms of Equatorial's Mining Convention and related agreements for Mayoko-Moussondji. The Committee of Negotiation significantly advanced the Mining Convention terms and a subsequent review of the documentation is currently underway after which the Mining Convention will be presented for formal approval and signature. Equatorial has negotiated various taxation and administrative concessions and incentives which are expected to be included in the Mining Convention for Mayoko-Moussondji. These incentives include various tax holidays over the first ten years of production and a reduced rate of corporate tax over the LOM. Following signature, the Mining Convention will be submitted to the ROC Parliament where it is expected to be ratified

and become legislation. Approval and signature of the Mining Convention is expected in the coming months and will provide a strong platform for the financing and development of the Project.

OPERATING COSTS

The operating costs estimate was compiled by WorleyParsons based on budget pricing, in-house data and allowances.

The contract mining costs are based on the physicals derived from the LOM schedule derived by Orelogy and responses from a request to tender from two mine contracting companies with experience in the ROC. In addition the owner's operating costs for the mine have been developed from the management structure and labour costs.

Power for the plant, accommodation and port facility was based on wet leased diesel powered generators. Diesel will be delivered and managed at the mine site, rail and port facility by a third party supplier. The diesel price is based on the current government decree.

Laboratory lease and operational costs for the grade control, plant operational and product sampling are based on a quote from a third party laboratory supply company with previous experience in the ROC.

Rolling stock configuration, diesel consumption and lease and maintain quotations were provided by internationally recognised rolling stock suppliers with the capacity and previous experience required to operate in the ROC.

Accommodation and catering costs are based on current in country contracts, with local and expat labour costs based on government decree, local conditions and current market expectations.

Rail and port costs are based on current discussions with government agencies in relation to rail and port access charges, albeit term sheets with the CFCO (Rail) and PAPN (Port) are in negotiation.

The operational life of the mine is 8.5 years with a total production schedule of 18Mt of product at an average LOM operational cost of US$39.93/t FOB Pointe-Noire including LOM lease costs of US$7.99/t.

MAYOKO-MOUSSONDJI IRON PROJECT — WorleyParsons

Description	Overall	Mining	Process	G&A	Rail	Port
Year 1 – 1.0 Mt/a	$60.31/t	$24.22/t	$11.92/t	$4.84/t	$16.07/t	$3.26/t
Year 2 – 1.5 Mt/a	$40.48/t	$10.54/t	$8.69/t	$3.31/t	$14.94/t	$3.00/t
Year 3 – 2.0 Mt/a	$38.83/t	$10.81/t	$7.90/t	$2.62/t	$14.50/t	$3.00/t
Year 4 – 2.5 Mt/a	$34.27/t	$8.84/t	$6.54/t	$1.98/t	$14.11/t	$2.80/t
LOM Average	$39.93/t	$13.21/t	$7.16/t	$2.34/t	$14.35/t	$2.88/t

Table 12: Operating Cost Summary

Shipping costs have been estimated at US$26 per tonne from Pointe-Noire to Qingdao, China by Panamax vessel and at US$13.50 per tonne from Pointe-Noire to Rotterdam, Netherlands by Panamax vessel.

CAPITAL COSTS

The capital cost estimates are presented in US dollars with a base date of second quarter 2014 and they carry an expected accuracy range of <+/-30%. The estimate pricing is based on quantities derived by engineering and budget pricing from vendors, historical and benchmark in-house data or allowances.

The following table shows the capital estimate pricing basis by percentage of the direct cost.

Pricing Basis	Year 1	Year 2	Year 3	Year 4
	1.0 Mt/a	1.5 Mt/a	2.0 Mt/a	2.5 Mt/a
Allowance	1.3%	0.0%	0.0%	0.0%
Estimated	49.7%	7.5%	2.5%	3.5%
Budget	23.0%	0.0%	10.8%	1.7%
Firm	0.0%	0.0%	0.0%	0.0%
	74.0%	**7.5%**	**13.3%**	**5.2%**

Table 13: CAPEX pricing basis

The major capital cost component for the Project is the process plant and associated infrastructure. The process plant design and cost estimates were provided in response to a request for tender issued to a number of internationally recognised modular iron ore processing plant suppliers. The design and cost estimates for the associated non-process infrastructure were undertaken by WorleyParsons.

The mining capital cost component was provided by Orelogy based on responses to a request for tender document to two mining contractors with experience in the ROC.

The rail and port capital cost component was designed and costed by WorleyParsons based on in-house data and budget quotations for major items of equipment.

Both a budget capital purchase and maintained lease quotation was provided for the rolling stock by internationally recognised rolling stock suppliers with the capacity and previous experience required to operate in the ROC.

The following items have been excluded from the capital estimate; owner's costs, including funding costs, study and investigation costs, licenses and any royalties, all recruitment and training costs for the owners operations staff, commissioning costs outside of vendor supply, any costs such as vessel demurrage time required to finalise the commissioning of the mine, port and rail, and all other operating costs of the owner required to support the delivery of the Project.

An overall project freight allowance has been included at 7.5% of the equipment and bulk material pricing. The allowance excludes the vendor supplied process plant pricing which included freight costs.

The estimate is based on an overall Engineering, Procurement, and Construction Management ("EPCM") contracting strategy. EPCM labour costs were obtained by adding 11.5% to the direct costs of the Project.

The contingency allowed for in the estimate of overall capital costs is 15.0% of the total installed cost which is standard for a PFS level estimate (excluding Owner's Costs).

The total capital cost required to achieve 2.5Mtpa is estimated at US$181.16M. This translates to a capital intensity figure of US$72/t which is very competitive in a global context.

A summary of major capital costs and schedule of capital expenditure is shown in Table 14 and 15 below:

MAYOKO-MOUSSONDJI IRON PROJECT			
Year	**Production**	**Capacity**	**Incremental Capex Total (USD)**
1	1.0 Mtpa	1.5 Mtpa	134.48 M
2	1.5 Mtpa	1.5 Mtpa	13.23 M
3	2.0 Mtpa	2.0 Mtpa	23.99 M
4	2.5 Mtpa	2.5 Mtpa	9.46 M
TOTAL			**181.16 M**

Table 14: Capital Cost Summary by Year

MAYOKO-MOUSSONDJI IRON PROJECT	
2.5Mt/a Area	**Total Cost (USD)**
Mining	1.84 M
Processing	72.76 M
Utilities & Services	3.00 M
Site Infrastructure	4.46 M
Offsite Infrastructure	46.28 M
Construction Support \ Equip \ Consumables	13.03 M
DIRECTS TOTAL	**141.37 M**
EPCM	16.16 M
Contingency	23.63 M
INDIRECTS TOTAL	**39.79 M**
TOTAL INSTALLED COST	**181.16 M**
CAPITAL INTENSITY $/t	**72.46**

Table 15: Capital Cost Summary at 2.5Mtpa capacity

Equatorial has assumed the leasing of all major components of rail rolling stock. Total leased capital over the LOM is estimated at US$121.7M.

Sustaining capital was estimated at US$22.0M over the LOM and excludes any escalation or the mine closure allowance estimate of US$8M.

FINANCIAL ANALYSIS

Cash flow modelling of Mayoko-Moussondji shows a post-tax, 100% equity (no financing) NPV of US$115M (at a discount rate of 10%) with total EBITDA cash flows over the PFS 8.5 year Project life of US$551M. The cash flow model utilises real dollars and therefore does not factor any inflationary impacts on revenue, operating and capital costs and uses an industry standard 10% discount rate. This generated a post-tax IRR of 25.1%.

Based on capital expenditure of US$181.16M, sustaining capital of US$22.0M, average annual operating expenditure steady state of US$94M, average annual sales revenue (net of shipping costs and government royalties (3%)) steady state of US$183M per annum, the Project has a nominal payback period (100% equity no financing) of 4 years.

Financial Results (Post-tax without financing) (Sales to China only)	Discount Rate	Result
Net Present Value	10%	US$115M
	8%	US$145M
	12%	US$90M
Internal Rate of Return		25.1%
Pay Back	Nominal	4 years
EBITDA (average at steady state)		US$89M p.a.
Gross Margin (per tonne steady state)		US$34/t

Table 16: Financial Results Summary

Sensitivities

The Company has run a number of financial sensitivities on Mayoko Moussondji. The key areas examined were:

- Iron ore price (FOB)
- Operating costs
- Capital costs

The results of these financial sensitivities are detailed in Table 17. All amounts in the table reflect the adjusted Project NPV shown in US dollars. As with many iron ore projects, Mayoko-Moussondji is most sensitive to changes in the iron ore price (FOB) and less susceptible to changes to the operating and capital costs.

OPEX Flex	Discount Rate		
	8%	10%	12%
-20%	226	187	154
-10%	186	151	122
0%	145	**115**	90
10%	104	79	58
20%	64	43	26

Ore Price Flex	Discount Rate		
	8%	10%	12%
-20%	2	(11)	(22)
-10%	74	52	34
0%	145	**115**	90
10%	216	178	145
20%	287	240	201

CAPEX Flex	Discount Rate		
	8%	10%	12%
-20%	176	145	118
-10%	161	130	104
0%	145	**115**	90
10%	129	100	75
20%	113	85	61

Table 17: Financial Sensitivities Results

FUNDING STRATEGY

Mayoko-Moussondji's positive project fundamentals provide a platform for Equatorial to advance discussions and negotiations with potential strategic partners and financiers. Equatorial continues to explore opportunities for collaboration and partnership with significant mining houses and potential funders in order to secure financing and commence with the development of Mayoko-Moussondji. Given current market conditions Equatorial intends to secure the support of a suitable strategic partner (at either a corporate or project level), or project funding, to enable the development of the preferred production scenario for Mayoko-Moussondji. There is no guarantee that any agreement or transaction will eventuate from the Company's current discussions.

The Company has engaged the services of an independent funding and debt advisory house to provide an assessment of the options available to secure funding for the development of the Project. Raising finance for iron ore projects is clearly challenging in the current environment of weakening commodity prices. Notwithstanding the current volatility, the assessment concluded that the PFS demonstrates the Project provides sufficient cashflow, and has sufficient strategic advantages, to potentially secure the required debt and equity finance to enable development of the Project.

CONCLUSIONS

Equatorial with the significant assistance of WorleyParsons and Orelogy has completed a PFS for its 100% owned Mayoko-Moussondji which substantially builds on the Scoping Study completed for the Project in July 2013. The PFS results confirm that even in a low iron ore price environment Mayoko-Moussondji will operate at a healthy operating margin and generate robust cash flows.

The PFS has identified the potential for an increased production rate to 2.5Mtpa of 64.1% Fe Mayoko Premium Fines, a reduction in operating costs to below $40/t and reduced the Project's capital intensity to a remarkably low $72 per capacity tonne. The PFS has also delivered a maiden Ore Reserve Estimate of 38.5Mt at 42.0% Fe.

The Project has important advantages including the potential for a high quality product, low capital requirements, competitive operational costs and a short 15-18 month timeframe to production based on access to existing rail and port infrastructure. In addition, potential exists to significantly extend the mine life beyond the 8.5 year mine life of the PFS, or to expand the production profile of the Project, by growing the resource inventory with further drilling and/or regional amalgamation.

Mayoko-Moussondji is an attractive project which the PFS highlights with a post-tax NPV of US$115M, post-tax IRR of 25.1% and a nominal capital payback of only 4 years.

The PFS has successfully defined Equatorial's preferred mining and processing plans, scale, throughput rate, project life, and infrastructure requirements to support the intended production and logistics profile of the Project. Equatorial has given diligent consideration to community and environmental impacts. The results of the PFS have determined the expected timeline, capital expenditure requirements and operating costs for Mayoko-Moussondji. The advantages of the Project's access to existing infrastructure and favourable mineralisation allow for competitive operating costs based on relatively low capital investment.

The ROC Government is a key stakeholder in the Project and Equatorial looks forward to the signing of its Mining Convention for Mayoko-Moussondji which is expected to provide a strong platform for the financing and development of the Project.

COMPETENT PERSONS STATEMENTS

The information in this announcement that relates to the Ore Reserves, mine plan, mine schedule and estimated mine operating costs for the Mayoko-Moussondji Iron Project is based on, and fairly represents, information compiled by Mr Aleksandar Mihailovic of Orelogy Pty Ltd who was engaged by Equatorial Resources Limited. Mr Mihailovic is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the activity he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Mihailovic consents to the inclusion of such information in this Report in the form and context in which it appears.

The information in this announcement that relates to the technical details, including the process flowsheet and mass recovery, capital and operating cost estimates for the mineral processing, rail and port infrastructure "pit to port" elements of the Mayoko-Moussondji Iron Project is based on, and fairly represents, information compiled by Mr Paul Henharen. Mr Henharen is a full time employee of Acacia Management Consultancy Pty Ltd, which consults to WorleyParsons Services Pty Limited and Equatorial Resources Limited. Mr Henharen is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the activity he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Henharen consents to the inclusion of such information in this Report in the form and context in which it appears.

The information in this announcement that relates to in-situ Mineral Resources for the Mayoko-Moussondji Iron Project is based on, and fairly represents, information compiled by Mr Mark Glassock, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Glassock was a full time employee of Equatorial Resources Limited. Mr Glassock has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Glassock consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to Geophysical Exploration Results based on, and fairly represents, information information compiled by Mr Mathew Cooper of Core Geophysics Pty Ltd, who was engaged by Equatorial Resources Limited to provide geophysical consulting services. Mr Cooper is a member of The Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Cooper consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

FORWARD LOOKING STATEMENTS

Statements regarding plans with respect to the Company's mineral properties may contain forward looking statements. Statements in relation to future matters can only be made where the Company has a reasonable basis for making those statements.

This announcement has been prepared in compliance with the current JORC Code 2012 Edition and the current ASX Listing Rules.

The Company believes it has a reasonable basis for making the forward-looking statements in this announcement, including any production targets, based on the information contained in this announcement and in particular:

(i) The Company's PFS was completed by WorleyParsons which envisages the development of a 2.5Mtpa operation based on the Indicated Hematite Mineral Resource. Orelogy has provided the mining schedule and estimated mine operating costs with WorleyParsons providing sign off for the PFS level capital cost estimate (excluding owners costs) and for other operating costs including process, rail, port, and G&A;

(ii) The Company has engaged the services of an independent funding and debt advisory house to assess and define an achievable funding path for the development of the Project. The advice received is that the PFS demonstrates the Project provides sufficient cashflow, and has sufficient strategic advantages, to potentially secure the required debt and equity finance to enable development of the Project as envisaged in the PFS;

(iii) The long term market reference price forecast of US$100/t for a 62% Fe fines product quoted on a CFR basis was provided by a world renowned organisation that conducts regular detailed and independent market supply and demand assessments for the global iron ore industry. The Company prepared a compilation of iron ore price forecasts provided by a number of global banks and organisations during the period July to October 2014. The data collected indicates that the future average iron ore price is expected to remain above historic average levels before transitioning to somewhere between $US80-US$116/t CFR. The long term iron ore price forecast used by the Company was published in October 2014 and falls near the mid-point of the forecasted range and was chosen in preference to using an average consensus price as it was current and supported by comprehensive research and analytical support.

The Company has assumed it will receive a price equivalent to $77/t FOB Pointe-Noire for the Mayoko Premium Fines product. This price is based on the market reference price forecast for a 62% fines product quoted on a CFR basis ($100/t) plus a net 3% price uplift to reflect the higher iron content and chemical quality of the Mayoko Premium Fines product (64.1% Fe) and adjusted for expected shipping costs from Pointe-Noire to Qingdao, China ($26/t);

(iv) The Company has been and is continuing to discuss with various parties the option of joining with the Company as a strategic partner in the Mayoko-Moussondji Iron Project. The technical process undertaken by the Company has in part been determined by the requirement of potential strategic partners that the Company complete a PFS and generate an Ore Reserve Estimate. This strategic partnership process has included various potential structures including an equity investment in the Project, access to off-take partners and to facilitate and underwrite other funding alternatives. The Company is also exploring a number of opportunities for on and off-balance sheet funding (including the leasing of equipment including rolling stock with a total capital cost of US$121.7M if purchased outright). It should also be noted that the Company has more than A$39M in the bank as at 30 September 2014 and these funds are available to progress development;

(v) The Company expects to finalise access arrangements to use the existing and underutilised rail infrastructure and the port at Point Noire which are key advantages of this Project. The Company has signed two previous MOU's with the CFCO in relation to the usage, financing and operations of the railway line for commercial transport. The Company has also been negotiating a rail term sheet with the CFCO which forms part of the Mining Convention agreement. The CFCO has confirmed that the transport operations presented in Equatorial's development plans are acceptable solutions;

Further, the Company and the PAPN have signed an MOU in relation to the port at Point-Noire. The Company has also been negotiating a port term sheet with the PAPN which forms part of the Mining Convention agreement. The PAPN has confirmed that the transport operations presented in Equatorial's development plans are acceptable solutions;

(vi) The Company has a MRE for Mayoko-Moussondji of 917Mt at 31.4% Fe (at a 20% Fe Cut-off grade) of which 56Mt at 39.3% Fe, is classified in the Indicated Mineral Resource category under the JORC Code (2012);

(vii) Mr Aleksandar Mihailovic, a Senior Mining Engineer at Orelogy, has used the MRE for the hematite mineralisation type prepared by Mark Glassock and the metallurgical test work results and has calculated a Probable Ore Reserve Estimate as the basis for the proposed mining schedule. Based on the Indicated hematite mineralisation in the MRE the Probable Ore Reserve Estimate is 38.5Mt of Colluvial and Friable hematite at an average grade of 42.01% Fe which will produce 17.95Mt of product. Orelogy has then used EVORELUTION, an open cut scheduling software system, to determine a production profile based on a production target of 2.5Mtpa at 64.1% Fe and has assessed the mining operation cost per tonne;

(viii) Mr Paul Henharen of WorleyParsons has taken the MRE for the hematite mineralisation type prepared by Mr Mark Glassock, the metallurgical test work carried out during the Scoping Study, and the production schedule and operating cost estimates for mining from Orelogy and has prepared capital and operating cost estimates for the mineral processing and has determined that there is an optimal transport methodology to convey up to 2.5Mtpa (dry) of product from the mine in an incremental, staged development utilising existing rail and port infrastructure; and

(ix) Equatorial's aspiration to be an iron producer is also based upon market research including ongoing discussions and meetings with various potential buyers for the product, the result of which identifies suitable market capacity for the stated Production Target referred to in this announcement.

All material assumptions on which the forecast financial information is based have been included in this announcement and are summarised below.

ASX Additional Information - Material Assumptions

The Production Targets contained in this announcement, and the forecast financial information derived from the Production Targets contained in this announcement, are based on the Company's PFS for Mayoko-Moussondji and include the material assumptions contained in this announcement, which are summarised below;

Material Assumptions:	
PFS Capital and Operating Cost Accuracy Variance:	<+/- 30%
Mining Method:	Conventional open pit - no blasting is required.
Processing Method:	Crushing, scrubbing, wet screening and then two stages of magnetic and gravity separation
Final Product Grade:	64.1% Fe "Mayoko Premium Fines"
Long term index iron ore price ("CFR"):	US$100/t
Expected shipping costs - PNR to Qingdao, China:	US$26/t
Long term index iron ore price ("FOB"):	US$74/t
Net price uplift "Mayoko Premium Fines":	3%
Long term Product Pricing (FOB):	US$77/t
Index iron ore forecast price – Year 1 ("CFR"):	US$86/t
Index iron ore forecast price – Year 2 ("CFR"):	US$90/t

Material Assumptions:	
Index iron ore forecast price – Year 3 (“CFR”):	US$92/t
Index iron ore forecast price – Year 4 (“CFR”):	US$95/t
Product Pricing -Year 1 (FOB):	US$62.50/t
Product Pricing -Year 2 (FOB):	US$66.48/t
Product Pricing -Year 3 (FOB):	US$68.41/t
Product Pricing -Year 4 (FOB):	US$72.06/t
Product Pricing – steady state (FOB):	US$77.12/t
Average LOM Operating Costs (FOB):	US$39.93/t
Run of Mine (“ROM”):	38.5Mt
Total dry mass yield from ROM	46.7%
LOM production:	18Mt “Mayoko Premium Fines”
Year 1 production:	1.0Mt per annum
Year 2 production:	1.5Mt per annum
Year 3 production:	2.0Mt per annum
Year 4 production (onwards):	2.5Mt per annum
Life of Mine (‘LOM’):	8.5 years
Average LOM strip ratio:	0.58:1 (waste to ore)
Mining Cut-off grade:	20.0% Fe
Initial Capital Expenditure (Year 1 production):	US$134.48 million
Total Capital Expenditure:	US$181.16 million
Leased Capital items:	US$121.7 million
Sustaining Capital Expenditure:	US$22.00 million
Closure allowance:	US$8.00 million
Construction period:	15 – 18 months
Royalty to government (on Revenues):	3%
Government free ownership interest:	10%

Table 18: Material Assumptions

In addition to the assumptions disclosed above the Company has made assumptions on the Rail Tariff, Port Tariff, and ROC Company tax rate, including any applicable tax holidays, that will be paid by the Company. These assumptions are commercially sensitive and have not been disclosed on the basis they are confidential and subject to ongoing negotiations that have not yet been concluded. The basis of these assumptions has been explained in the relevant sections of this announcement and are based on ongoing negotiations and discussions with the ROC Government. The assumptions used are consistent with similar terms secured by other iron ore companies operating in the ROC and the Company is confident that a conservative approach has been adopted.

SUMMARY OF ORE RESERVE ESTIMATE AND REPORTING CRITERIA

This ASX announcement has been prepared in compliance with the JORC Code (2012) and the ASX Listing Rules. The Company has included the Table 1 Checklist of Assessment and Reporting Criteria for Mayoko-Moussondji as prescribed by the JORC Code (2012) and the ASX Listing Rules.

The following is a summary of the pertinent information used in calculation of the Ore Reserve with full details provided in Table 1, included as Appendix 1.

Material Assumptions

The material assumptions within the PFS which support the Ore Reserve Estimate, Production Targets, and the forecast financial information derived from the Production Targets, are disclosed in the body of this announcement and outlined in the ASX Additional Information – Material Assumptions section, with the exception of commercially sensitive information. The material assumptions are further disclosed within Table 1 included as Appendix 1 to the announcement.

The mining costs used by Orelogy in the calculation of the Ore Reserve Estimate were based on the physicals derived from the LOM schedule developed by Orelogy, mining costs obtained from mining contractors with experience in the ROC, government gazetted diesel prices and an owner cost component developed by Orelogy with input from Equatorial.

Criteria Used for the Classification of Ore Reserves

Ore Reserves were calculated only on the Indicated portion of the MRE and within the Hematite Colluvium and Friable Hematite. A minimum cut-off grade of 20% Fe was applied throughout the Ore Reserve. The Ore Reserve was achieved by creating a Vulcan model from the resource model which was equivalent to a Whittle 4X optimisation, and a detailed mine design and mine scheduling. The mine scheduling incorporates a 5% dilution and 2% ore loss. The Ore Reserve Estimate has been classified as Probable based on guidelines specified in the 2012 JORC code. The Mineral Resources in this report are reported inclusive of Ore Reserves.

Mining, Metallurgy and processing methods and parameters

A PFS for the hematite portion of Mayoko-Moussondji was completed in October 2014 by WorleyParsons and Orelogy which incorporates an Ore Reserve, a revised mine plan based on an upgraded resource of the near surface hematite ore and rail and port advancements. The mine plan is based on an Ore Reserve Estimate which includes the Colluvium and Friable Hematite Indicated Mineral Resources only. The process flow sheet and mass recovery is based on the metallurgical test work and the resultant regression curves previously completed for the Scoping Study in July 2013.

Mining Method and Assumptions

All mining activities will be undertaken using mining contractors. The proposed mine is aligned NE-SW and consists of a main pit in the SW with a smaller pit in the NE for a maximum length of 4,300m. Mining will be conventional open pit using small scale excavators and articulated dump trucks. Material will be loaded from 2-3m flitches. No blasting is required as the material is believed to be ‘free dig’.

Processing Method and Assumptions

Detailed metallurgical test work, undertaken during the Scoping Study, from bulk samples, diamond core and RC samples have supplied sufficient test work to demonstrate that a high grade premium product can be achieved via a typical circuit comprising scrubbing, wet screening, crushing and then two stages of magnetic and gravity separation. A detailed metallurgical process design flow sheet has been designed for the project as part of the PFS.

Mineral processing will comprise of crushing, scrubbing, wet screening and then two stages of magnetic and gravity separation crushing to produce a fines product of 64.1% Fe as detailed within the PFS. The process allows for a total dry mass yield of 46.7% from ROM.

Metallurgical results indicate no allowances required for deleterious material in the final product.

Cut Off Grades

A cut-off grade of 20% Fe was used for the Ore Reserve which is based on the metallurgical test work previously completed for the Scoping Study and the mine scheduling and estimated mine operating costs which has demonstrated that an economic cut-off of 20% Fe was achievable for Mayoko-Moussondji.

Estimation Methodology

The Whittle Pit Optimisation was completed including a sensitivity analysis for, +20% Processing costs, +20% Price, +/- 20% Mining Costs and +/- 20% Selling costs.

A conventional open pit mine method was used due to the low strip ratio of 0.58:1 (waste:ore) for a mine life of 8.5 years. As no geotechnical assessment has been completed a conservative overall pit slope of 40^0 was used. An overall dilution factor of 5% was applied to all ore blocks. A 98% mining recovery was used as ore loss.

The targeted production is 2.5Mtpa of a 64.1% Fe.

Infrastructure

The ability to transport and ship at least 2.5Mtpa of product from the mine at Mayoko to the port of Pointe-Noire via the existing rail network and the existing port infrastructure has been agreed through MOUs, which have been signed with the CFCO for access to the railwayline and the PAPN for access to the port. In the past, COMILOG, the French manganese producer who constructed the Mayoko to Mont Belo railway system, successfully transported up to 3Mtpa of manganese ore between Mayoko and Pointe-Noire.

Economic

The financial evaluation undertaken as part of the PFS indicated a NPV of US$115M and an IRR of 25%.

Key Financial Parameters included:	
Discount Rate	10%
Royalties	3%
Life of mine	8.5 years
Steady state Product pricing (FOB)	$77.00/t
Initial capital expenditure (Yr 1)	$134.48M
Year 2 capital expenditure	$13.23M
Year 3 capital expenditure	$23.99M
Year 4 capital expenditure	$9.46M
Sustaining Capital expenditure	$22.00M
Closure allowance	$8.00M
LOM Average Operating costs	$39.93/t

Table 19: Key Financial Parametres included in PFS Ore Reserve

Marketing

Equatorial's aspiration to be an iron producer is also based upon market research including ongoing discussions and meetings with various potential buyers for the product, the result of which identifies suitable market capacity for the stated Production Target referred to in this announcement.

Other Non-Mining Modifying Factors

Legal, Environmental, Social and Government Modifying Factors have been addressed as follows;

- Equatorial has been granted a Mining Licence for Mayoko-Moussondji and the Ore Reserve is located within the boundaries of the Mining Licence.
- An ESIA has been completed and approved by the ROC Government in May 2014.
- Equatorial is currently negotiating the related Mining Convention and associated transport infrastructure agreements. Under ROC law an approved Mining Convention is required prior to mining. This convention, which includes the necessary approvals from the rail and port authorities, has been negotiated and final approval is awaited.

APPENDIX 1

JORC Code, 2012 Edition – Table 1 Report

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
SECTION 1	**Sampling Techniques and Data**	
Sampling techniques	Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.	**The Mayoko-Moussondji iron ore deposit was drilled using both diamond and reverse circulation ("RC") drilling. In addition trenches (up to 6m deep) were used to test the near surface mineralisation of the deposit. Industry standard techniques were employed. Both diamond and RC sampling was conducted on nominal 2 metres ("m") intervals within the ore zone and 6m either side of the ore zone. Diamond core was sawn in half using a diamond core saw where the core was competent or cut in half via a splitter where samples were of a friable nature. RC holes were sampled using a riffle splitter where samples were dried or spear sampled where wet. Trenches were sampled via channel sampling with sampling being conducted on nominal 2m intervals within lithological subdivisions.**
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	**Certified Reference Material (CRM) was inserted into the samples on the basis of 1/20. Samples were pulverized at the Equatorial Resources Limited ("Equatorial", "the Company") owned sample preparation laboratory at Mayoko, Republic of Congo. Sample pulps were assayed via standard XRF technique at SGS Laboratory in Perth Australia. Umpire assays were analysed Bureau Veritas Laboratory also**
		Standard QA/QC analysis was carried out on the assay data to confirm the validity of both the sampling method and laboratory analysis. In addition SGS laboratory has an internal QA process which includes both duplicates and standards in the analysis.
		An examination of the QAQC sample data indicates satisfactory performance of the duplicate samples and the laboratory has acceptable precision with no bias.
	Aspects of the determination of mineralisation that are Material to the Public Report.	**Samples were dried, crushed and pulverised at the Company's sample preparation laboratory to get 90% of the sample <160µm to provide a 150g gram sample which was then assayed via industry standard fused disc XRF at SGS Johannesburg and SGS Perth.**
	In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	**Additional 21 trench colluvium samples of 50 kg each were carried out to assist with the determination of clay deportment through assay by size testing and to assist with defining metallurgical characteristics.**
Drilling techniques	Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	**Drilling was carried out predominantly via RC with an additional 96 holes being diamond drilled. RC holes were completed using a 140mm diameter face sampling hammer and diamond holes were advanced using both HQ_3 and NQ_2 core (4 metallurgical holes were drilled using PQ_3 rods). HQ was drilled within the oxidised friable sections with NQ being used in the more competent material. All diamond core was orientated.**
Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed.	**Sample recovery was recorded for both RC and diamond sampling. Diamond Core recoveries were measured and recorded for each sample. RC recoveries were estimated and reported by the supervising geologist. Recoveries were directly proportional to the competency of the material with friable hematite having lower recoveries than magnetite banded iron formation ("BIF").**
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	**RC drilling was the preferred drill technique in order to maximise sample recoveries. Care was taken in keeping sample dry which maximised recoveries from both RC and diamond samples.**
		Trenching was carried out within the oxidised colluvium material to maximise sample return in a zone in which diamond core recoveries were generally low.

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	**Twin RC/diamond drill hole data has shown that some bias in grade may exist where sample recoveries are less than 50%, this generally only occurs within the top 10m of the ore-body. Recoveries of diamond core near surface were poor in places and to minimize this effect, trenching was conducted where 100% of the sample could not be collected.**
Logging	Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.	**All diamond drill core and RC chips have been geologically logged by suitably qualified geological staff. Lithologies, colour, texture, alteration, texture, percentages of iron ore minerals, RQD, structural density and magnetic susceptibility were recorded to add with the Mineral Resource Estimate ("MRE") interpretation and metallurgy.**
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	**Logging is qualitative in nature with the exception of density and magnetic susceptibility.**
		All core and trenches have been photographed.
	The total length and percentage of the relevant intersections logged.	**All diamond core has been geologically logged. Samples were selected from each hole to conduct on site density measurements using the wax/water immersion technique. Magnetic susceptibility was carried out on nominal 2m intervals from the entire diamond core recovered.**
		Every RC sample has been geologically logged on nominal 1m intervals. Magnetic susceptibility readings have also been collected on the sample intervals or a nominal 2m interval.
		All trenches have been logged (in-trench) with representative channel samples being collected down the profile, magnetic susceptibility readings were collected for each sample.
Sub-sampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all core taken.	**The diamond drill core was cut in half using a diamond core saw within the sampled zones. Where duplicate samples were collected these were collected by means of splitting the half core again into a quarter core sample, this sampling was conducted using standard industry techniques.**
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	**The majority of samples were sampled dry via a riffle splitter, those samples that were too moist to riffle split were dried in the sun and then sampled via a spear after remixing of the sample. A 2 to 4 kg sample was taken for analysis. Trench samples were predominantly dry and were channel sampled using a geological hammer and bucket. The wet and dry sample locations were recorded in database.**
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	**Sample preparation for all samples was carried out in the Company's Mayoko sample preparation laboratory run by SGS (accredited laboratory). Samples were dried crushed to 2mm, a 1.5 kg split of the 2mm samples was then taken and pulverized to 90% passing 106um. A 150g pulp split was then taken for analysis. The remaining 2mm coarse reject and the pulp residue are kept on-site for latter reference.**
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	**Sizing analysis of the laboratories crushing and pulverizing is monitored daily, no issues on the particle sizing has been discovered.**
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	**The diamond drill core was cut in half using a diamond core saw within the sampled zones. Duplicates samples were collected on the basis of 1/20 samples. For diamond core, duplicate samples were collected by means of splitting the half core again into a quarter core sample. This sampling was conducted using standard industry techniques. For RC samples, duplicate samples were re-split for the bulk residue samples. Analysis of the QA/QC data has shown the primary versus duplicate samples has shown excellent correlation and no sampling bias has been detected.**
	Whether sample sizes are appropriate to the grain size of the material being sampled.	**Samples were collected on nominal 2m intervals within the iron ore zone and 5m either side of the ore zone which is industry standard practice for sampling of iron ore drill core and RC samples. RC sample size was a nominal 3 kg. These are industry standard and are appropriate for this type of mineralisation.**
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.	**All samples were analysed at SGS Laboratory Perth (or Johannesburg), Australia using fused disc XRF analysis which is an industry standard analysis for iron ore. Three point Loss on Ignition (LOI) was also analysed in every sample by means of thermo gravimetric analysis (at 350°C, 650°C and 1000°C).**

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	**Magnetic susceptibility was measured on nominal 2m samples using a KT-10 plus machine. Three analyses for each sample were collected. The KT-10 plus machine is manufactured by Terraplus Inc. The machine measures in 1x10-6 SI units and contains an in-built calibration against magnetite.**
	Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	**Quality Assurance was conducted on the basis of 1 duplicate sample being collected for every 20 samples and 1 certified reference sample (CRM-standard) of iron ore material being inserted on a 1 in 20 basis as well. The duplicate samples and standard references material were analysed at SGS Laboratory Perth using identical methods. All duplicate samples returned acceptable analysis with samples achieving >95% coefficient of correlation, no bias is shown in the duplicate samples. The majority of Standard references (CRM) results returned analysis within three standard deviations of the expected grade. Approximately 5% of all analyses at SGS were sent to Bureau Veritas for Umpire assay comparison. These samples demonstrated excellent correlation with the SGS results.**
		Sample analysis is routinely checked via pulp round robin tests with other certified laboratories. No bias or analytical issues have been detected to date.
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel.	**All significant data has been checked by the Data Manager (Senior Geologist), General Manager Exploration and senior site based geologists.**
	The use of twinned holes.	**Twin diamond/RC holes have shown no significant bias between the drill techniques where sample recovery is greater than 50%. Independent consultants CSA Global conducted a site visit to assess the procedures for sampling and data collection and supported the methods in place.**
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	**All data is logged digitally into Excel data entry templates. The data entry templates are checked by the Data Manager and input into the Company's Sequel geological database. Data is input into temporary database tables where it passes through verification testing, once verified it is input into the database. All assay data is supplied in csv format from the laboratory and input directly into the data base assay tables. A QA/QC package is linked to the database which checks both duplicate and standard assay results to track sampling and analysis accuracy. Independent consultants CSA Global conducted a database review of the project database and found no significant errors.**
	Discuss any adjustment to assay data.	**No adjustments have been made to assay data returned from the laboratory.**
Location of data points	Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.	**All drill hole and trench locations have been picked up with a Real Time Kinematics GPS (RTKGPS) to an accuracy of 3cm in horizontal and 4cm in the vertical.**
	Specification of the grid system used.	**The licence is located entirely within Universal Transverse Mercator Zone 33 South with all co-ordinates recorded using the World Geodetic System 84 (WGS84) datum and UTM Zone 33 projection.**
	Quality and adequacy of topographic control.	**The quality of the hole and trench pick-ups is good with all surveys related back to a survey control point, CML03. All other topographic control is taken from the Gravity Survey DEM around Makengui (vertical accuracy 10m) and the Magnetic DEM (vertical accuracy 10m) for the rest of the project. The resource topography surface used the raw data from the Gravity Survey (accuracy sub 100mm in z), the collars positions and some RTKGPS pickup.**
Data spacing and distribution	Data spacing for reporting of Exploration Results.	**Drilling is nominally on 200m by 50-100m spacing with variation dependent upon orientation of the ore-body. The drill spacing is within acceptable industry standards for this style of ore body.**
		The Indicated portion of the resource has been drilled at 100 x 50 metres or better.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	**The drill spacing is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource classification.**

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
	Whether sample compositing has been applied.	**RC samples were collected on 1m intervals, riffle split and combined into nominal 2m intervals for sampling. Whole samples were collected from diamond core (half core) and face sampling within the trenches.**
Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.	**The orientation of bedding is perpendicular to the drilling orientation and as the mineralisation is strata bound it is considered unbiased.**
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	**No orientation based sampling bias has been identified in the data to date.**
Sample security	The measures taken to ensure sample security.	**A chain of custody is managed by Equatorial and SGS staff. Samples were collected at each drill site for RC holes and trenches under the supervision of Geological staff and transported to the Company's Mayoko site laboratory (managed by SGS). Diamond drill core was transported to the Mayoko core yard, sampled and taken to the Mayoko site laboratory which is immediately next to the core yard. Sample submission paper work was created digitally and on paper. Pulps were sent from the site laboratory to SGS in Perth for analysis. Details of the sample identity and analysis are sent to the Data Manager in both digital and paper format. Reconciliation of the samples occurred at site and the laboratory and monitored by both the Company and SGS.**
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	**All QA/QC data was reviewed on an ongoing basis. The Company's database was reviewed in the past by CSA Global at the time of the maiden Mayoko-Moussondji MRE and no issues were found.**
SECTION 2	**Reporting of Exploration Results**	
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings	**In accordance with Articles 25 and 27 of the Republic of Congo Mining Code, Presidential Decree 2009-73 was granted to Congo Mining Limited (CML) on 17 March 2009 to explore for iron ore. Congo Mining Limited is a 100% owned subsidiary of Equatorial. On 20 August 2012, under presidential decree 2012/931 the Mineral Research Permit was renewed for a further period of 2 years.**
		The permit is located in the province of Niari close to the border with Gabon and along a railway line, 10km west of the town of Mayoko.
		No historical sites are located within the permit.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	**The permit is considered secure.**
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	**No modern exploration has been conducted within the permit prior to Equatorial's exploration. Some early work by BGRM identified the presence of iron mineralisation at Mt Makengui.**
Geology	Deposit type, geological setting and style of mineralisation.	**The Mayoko-Moussondji iron ore deposit is located within the north-western margin of the Achaean African Congo Craton, the Chaillu Block. The Mayoko-Moussondji mineralised system consists of steeply dipping BIF's, amphibolites, granitoids and pegmatite swarms.**
Drill hole Information	A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:	**No individual exploration results are listed within this announcement as the announcement covers a MRE.**
	• easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • Hole length.	

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	**No information has been excluded.**
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.	**No individual exploration results are listed within this announcement as the announcement covers a MRE.**
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	**A composite length of 2 metres was used in the MRE to ensure equal sample weighing in the estimate. Further, 2 metre sample length was the nominal sample length.**
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	**No metal equivalents have been used.**
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results.	**All grade is reported on a weighted average basis.**
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	**All drilling is planned in such a way as to intersect mineralisation in a perpendicular manner. Drill holes are oriented as close as practical to be orthogonal to the general strike and dip of the iron ore mineralisation. The deposit is composed of sub-parallel, steeply dipping BIF units with an overall orientation of NNE-SSW with dips ranging sub-vertical to the NNW on the whole.**
	If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	**No individual exploration results are listed within this announcement as the announcement covers a MRE.**
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	**The appropriate maps are included in the body of the MRE report and subsequent ASX announcements.**
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	**No individual exploration results are listed within this announcement as the announcement covers a MRE.**
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	**Drilling at Mayoko-Moussondji was assisted by, mapping, rock chip sampling, trenching, pitting and geophysical surveys. Mapping was completed by consultants, SRK. Prior to drilling commencing an airborne magnetics survey on 200m line spacing was carried out to assist with the definition of BIF. To further assist with the definition of hematite mineralisation an airborne gravity survey on 200m line spacing over the Makengui Prospect was completed. An induced polarisation ("IP") survey has also been conducted over the Makengui Prospect. Rock chip sampling and pitting was routinely conducted ahead of drilling to define prospective zones of mineralisation.**
		Metallurgical test work was carried out to determine the upgradability of the key iron ore units. To achieve this bulk costean samples were collected of Hematite Colluvium and Friable Hematite. Metallurgical samples have also been gathered and analysed from diamond drill core and RC chips from the various mineralized rock units, Hematite Colluvium, Friable Hematite and Hard Hematite. Davis Test Tube analysis was carried out on diamond core to test the magnetite fractions.
		Bulk density measurements were collected in both ore and waste material using the water wax displacement method of diamond core and via test pits within the ore body of both Colluvium and Friable ore.

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
		Geotechnical information and measurements were collected of all diamond core with data recorded on paper logs and transferred to the Company database.
Further work	The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).	**Future in-fill drilling will be considered to upgrade the resource classes of the ore body.**
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	**No additional extensional drilling has been planned at this stage**
SECTION 3	**Estimation and Reporting of Mineral Resources**	
Database integrity	Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.	**Data is captured on site in a digital format and supplied from site via spread sheet. This data undergoes visual and digital validation prior to being input directly into the Company SQL Database (Cube TM) where routine validation checks are run. Assay data is received in csv format from the laboratory and merged directly into the Database. These are then reviewed along with drill hole data to locate any obvious errors.**
	Data validation procedures used.	**All data is re-run through a validation program to define any errors. Data is plotted and validated by geologists as a final measure of validation. QA/QC analysis of all assay data is routinely run to check for any laboratory errors.**
Site visits	Comment on any site visits undertaken by the Competent Person and the outcome of those visits.	**The Competent Person has carried out a number of site visits during all aspects of the exploration program. All exploration methodologies have been checked for their validity.**
	If no site visits have been undertaken indicate why this is the case.	
Geological interpretation	Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.	**The deposits geology and mineralisation controls are relatively simple and the interpretation is robust. Infill drilling in some places has assisted with refinements to that interpretation. The interpretation supports the Inferred and Indicated Resource categories.**
	Nature of the data used and of any assumptions made.	**Mineralisation has been identified by using a combination of geophysics, geology, geochemistry and magnetic susceptibility. A lower cut-off grade of 20% Fe was used to domain the mineralization geological units.**
	The effect, if any, of alternative interpretations on Mineral Resource estimation.	**The BIF has been interpreted as a steeply dipping unit, the interpretation is robust. There may be some slight local variation to the interpretation with infill data but these changes would only be minor.**
	The use of geology in guiding and controlling Mineral Resource estimation.	**As the mineralisation is strata bound the resource estimate used the geology to domain the resource and control the grade distribution. Geological boundaries were hard grade boundaries.**
	The factors affecting continuity both of grade and geology.	**The continuity of the geology and grade is reasonably well understood but is affected by local variation in folding, faulting and thinning or broadening of iron ore lenses as is typical with this style of mineralisation. Colluvium mineralisation uncomfortably lays over the in situ geology. This colluvium mineralisation thins and the grade drops as you move away from the in situ BIF units the colluvium is made from.**
Dimensions	The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	**The resource area was broken into three zones to better reflect the geometries or the mineralisation:** • **Makengui: The mineralisation is a series of steeply dipping iron ore bands with a strike of 13km at 65 degrees, with widths from 2 to 100 metres.** • **A1: The mineralisation is a series of steeply dipping iron ore bands with a strike of 5km at 330 degrees, with widths from 2 to 100 metres.** • **Mbinda: The mineralisation is a series of steeply dipping iron ore bands with a strike of 10km at 26 degrees, with widths from 2 to 100 metres.** • **Colluvium mineralisation lies above the in-situ mineralisation and varies from 2 to 30 metres in thickness.** **Oxidised hematite mineralisation has a depth extent of some 50 to 60 metres.**

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Estimation and modelling techniques	The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.	**The MRE was estimated in the software program Micromine using ordinary kriging (OK) as the estimation technique. This is a standard technique used for iron ore estimation and was used in the maiden resource in February 2013 by CSA Global.**
	The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.	**The current MRE is an update on the MRE announced in February 2013 which was estimated by CSA Global according to JORC 2004. All data used in the February 2013 MRE has been included in the current MRE.**
	The assumptions made regarding recovery of by-products.	**No assumptions have been made as inadequate information is available to make reliable assumptions.**
	Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).	**Fe, SiO_2, Al2O_3, P, LOI, S, MgO, MnO, K_2O, CaO, TiO_2 and Na_2O were all estimated in the resource, but MgO, MnO, K_2O, CaO, TiO_2 and Na_2O are not reported.**
	In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	**A total of 3 separate block models were created to better reflect the orientation and geometry of the mineralisation. The search geometry was determined from the orientation of the mineralisation.**
		Ordinary kriging (OK) was used to interpolate the grade with variography derived from the initial resource by CSA.
		Makengui: blocks 50 x 20 x 4 with sub-blocks 5 x 2x 2(x,y,z) average drill spacing 100/200 x 50. Search 500, 250, 4
		A1: blocks 20 x 50 x4 (x,y,z) sub block 2 x 5 x 1(x,y,z) average drill spacing 200 x 100/50. Search 800, 400, 4
		Mbinda: blocks 20 x 100 x4 (x,y,z) sub block 2 x 10 x 2(x,y,z) average drill spacing 400 x 50. Search 800, 400, 4
		A minimum of 5 samples from a minimum of 2 drill holes and maximum of 30 samples were required to estimate a block.
		For estimation passes two and three, the search ellipses were expanded by a factor of 2 and 20 respectively. The minimum and maximum number of samples was reduced appropriately for the second and third search passes.
	Any assumptions behind modelling of selective mining units.	**The scoping study used small (40 tonne) mining equipment, the block size of 4 metres in the z component is suitable for this size of equipment.**
	Any assumptions about correlation between variables.	**No assumptions were made about the correlation between variables.**
	Description of how the geological interpretation was used to control the resource estimates.	**Geological boundaries and domains were treated as hard boundaries and only samples within the geological domains were used to estimate that domain. Interpolation orientation was based on the geological unit's geometry.**
	Discussion of basis for using or not using grade cutting or capping.	**Statistical analysis of all geological domains was performed for the model elements. High grade top cuts were applied to elements who's coefficient of variation (CV) was greater than 1.2, top cuts were applied at the change of slope of the frequency histogram. This effected CaO, Na_2O, MgO, K_2O and S on some of the geological units.**
	The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	**The resource model was validated against the estimation data visually and statistically. Visual investigations against geology and estimated grade were carried out. Swath plots by north east and relative levels ("RL") were used to compare grade of the model to the estimation data. These processes the resource estimate is a valid representation of the sample data.**
Moisture	Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	**Tonnages estimates are on a dry basis**

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	**A cut-off grade of 20% Fe was applied as this reflected the economic cut-off for the metallurgical test work and from the recent scoping study.**
Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	**A block dimension of 4 metres was used in the z direction. 4 metres was used as it is twice the composite sample length of 2 metres and fits with the equipment selection used in the scoping study. No account has been taken for mining dilution.**
Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	**Detailed metallurgical test work was conducted and was based on upgraded products from six samples for HLS float sink testing using SG = 3.70 g/cm3 sink product results and eleven samples for Wilfley Table testing for the -1.00 +0.038 mm, combined with the natural wet screened -8.0 +1.00 mm fraction. The calculated products were designed to simulate a circuit comprising scrubbing, wet screening and then two stages of gravity separation. Design work on the flow sheet was completed as part of the scoping study and updated for the change in ROM feed rate for the PFS. Additional metallurgical work may be required to optimise the metallurgical treatment for each domain using equipment in the flowsheet and assess the need, if any, for upgrading of the +2 mm size fractions through gravity separation and likely impact on final product mass yield and grade.**
Environmental factors or assumptions	Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	**An Environmental Social Impact Assessment ("ESIA") of the project has been submitted to the ROC government. The ESIA investigates the environmental and social impacts of the proposed Mayoko-Moussondji mine. No major environmental or social issues have been found. The EISA was approved in May 2014.**
		Waste rock types are inert of volatiles. Occasional pyrite has been observed and there is the potential for acid mine drainage ("AMD") from waste dumps or tails when mining the fresh material. The ESIA outlined management and monitoring of the AMD potential.
Bulk density	Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.	**In-situ dry bulk density was measured from diamond drill core using the water displacement method (using wax for the friable material) which is considered appropriate for this style of mineralisation. However bulk density results for metallurgical test-work on near surface material highlighted the effect of swelling clays. To overcome any deleterious effect this may have, surface test pits were constructed, measured, extracted material weighed and the pits were lined with plastic and filled with water to estimate the true bulk density of this material. Final bulk densities used were, Hematite Colluvium 2.65, Friable Hematite 2.80, Hard Hematite 2.97 and Fresh Magnetite 3.20.**
	The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.	**Representative material for all rock types including mineralised and non-mineralised were tested via the water displacement method. All core was dried prior to the density measurements. Density measurements for the friable and porous samples were coated in wax to account for the porosity of the sample. Near surface material was shown to be affected by swelling clays. To overcome the effects of this bulk density was estimated by digging pits to determine the density by weighing the dried material excavated from the pit and determining the volume of the pit by coating it in plastic and measuring the volume to fill the pit. These pits were 0.5m by 0.5m by 0.5m in size. A total of 1,395 core density measurements were taken and 26 density pits have been dug across the deposit.**

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
	Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	**Statistical analysis shows that bulk densities are sensitive to lithology with low variability within lithological units. There is no correlation evident with the density and grade in the oxide material. However there is a slight correlation between density and Fe grade from the magnetite material. There was insufficient information to calculate a regression curve for the density vs grade so the average density was applied. The fresh material used the lithological unit average density as with the oxide.**
Classification	The basis for the classification of the Mineral Resources into varying confidence categories.	**Resource classifications were determined by a combination of OK estimation confidence (determined from the regression slope value), sample search pass number combined with geological confidence and drill hole spacing.**
	Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).	**The classification of these resources reflects the types and quality of the data collected. Appropriate account has been taken of all relevant factors and the estimates are considered robust.**
	Whether the result appropriately reflects the Competent Person's view of the deposit.	**Yes these results were what was expected from the knowledge of the deposit.**
Audits or reviews	The results of any audits or reviews of Mineral Resource estimates.	**CSA Global Completed a Mineral Resource review of this Resource estimate in May 2014. The review indicates there are no material errors in the Resource Estimate and that is a reliable estimate of the Insitu resource at the project.**
Discussion of relative accuracy/ confidence	Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.	**The relative accuracy of the MRE is reflected in the reporting of the MRE as per the guidelines of the 2012 JORC code.**
	The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.	**The statement relates to global estimate of tonnes and grade for an inferred and Indicated resource.**
	These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	**No production data is available. As mining has not been undertaken at the project.**
SECTION 4	**Estimation and Reporting of Ore Reserves**	
Mineral Resource estimate for conversion to Ore Reserves	Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.	**The Ore Reserve estimate is based on the updated Mineral Resource Estimate completed for Mayoko-Moussondji and released to the ASX on 4 December 2013.** **A subset of the Indicated Resource has been used by Orelogy to produce a mining and production schedule and Probable Ore Reserve.** **All elements were estimated in the block models within each of the geozone groups using Ordinary Kriging.**
	Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.	**The Mineral Resources are reported inclusive of Ore Reserve.**
Site visits	Comment on any site visits undertaken by the Competent Person and the outcome of those visits.	**The Competent Person has visited the Mayoko-Moussondji site in March 2014.** **The following observations were made:** • **The district around Mayoko-Mousssondji Project is supported by supplies transported to site by road and railway.** • **The geomorphology of the area consists of a rugged topography and chains of gullies and steeply sloping hills with peneplained tops. Abrupt changes in elevation are related to lithology and**

CRITERIA	JORC CODE EXPLANATION	COMMENTARY	
		geological structures. • **Rocks are highly weathered and exposed along the resistant crest of ridges and road side cuts.** • **Current site access routes are rudimentary and can be difficult to access. They are occasionally impassable in rainy weather and require a high degree of maintenance.**	
Study status	The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.	**The Study is currently classified as a Preliminary Feasibility Study. The Preliminary Feasibility Study was undertaken by a team of industry professionals as listed below**	
		CML and Equatorial Resources	**Land tenure and permitting;** **Provision of historical data.**
		Equatorial Resources	**Geology and Mineral Resource Upgrade (Dec 2013);** **Resource modelling and estimation.**
		CSA Global	**Review of Mineral Resource Estimate (Dec 2013).**
		Orelogy	**Pit optimisation;** **Reserve estimation;** **Mine capital and operating cost estimate.**
		WorleyParsons	**Vendor documentation and selection of modular process plant** **Process plant capital and operating cost estimates (vendor documentation);** **Rail load out and port stockpile and ship loading engineering and design;** **Capital and operating cost estimates;** **Overall report compilation.**
		Golder Associates	**Conceptual design for tailings management undertaken during the Scoping Study;** **Hydrological scoping study undertaken during the Scoping Study**
		Eco Durable	**Environmental baseline studies, co-ordination of environmental approval process.**
		Equatorial Resources	**Financial modelling.**
		Equatorial Resources	**Marketing and shipping.**
	The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.	**A Pre-Feasability level study has been completed.** **Whittle 4X optimisation completed, with sensitivities completed to input parameters to ensure economically viable.** **Material modifying factors have been considered.**	
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	**A minimum cut-off grade of 20% Fe was applied throughout the PFS and Ore Reserve and is consistent with the resource statement.** **The Reserve is based on the Colluvial and Friable Hematite portion of the Makengui Mineral Resource.** **The metallurgical test work together with the mine scheduling and estimated mine operating costs demonstrated that an economic cut-off of 20% Fe was achievable.**	

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Mining factors or assumptions	The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).	**Completion of a Whittle 4x optimisation including sensitivities analysis for:** • **+20% Processing costs** • **+20% Price** • **±20% Mining costs** • **±20% Selling costs** **Completion of a detailed mine design and mine schedule.**
	The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.	**The Mayoko Moussondji Iron Ore project comprises an extensive shallow deposit with a layer of low grade surficial clay, treated as waste, colluvial hematite and friable hematite. These three primary geozones form the basis of this Pre-Feasibility Study. A conventional open pit mine method was chosen as the basis of the PFS due to the low strip ratio and the outcropping of the ore at surface. The ore is relatively soft and friable and is free digging.** **A small scale mining fleet, utilising a fleet consisting of a single 90t excavator matched with 40t articulated dump trucks was selected to improve mining selectivity, minimise dilution, is suited to the steep terrain and capable of meeting production requirements.**
	The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling.	**No detailed geotechnical assessment has been completed to date.** **Conservative approach taken using an overall pit slope parameter of 40 degrees.**
	The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).	**Optimisation included only Indicated material type.** **An additional sensitivity completed to include inferred minerals.**
	The mining dilution factors used.	**An overall ore dilution factor of 5% was applied to all ore blocks during process of block regularisation.**
	The mining recovery factors used.	**98% mining recovery was applied as an ore loss during process of block regularisation.** **This resulted in a global 2% reduction to the mineralised resource.** **Small scale mining fleet and low production rates to ensure mining selectivity.**
	Any minimum mining widths used.	**Designs and cutbacks designed to suit Caterpillar mining fleet consisting of Excavator CAT390 and CAT740 Articulated dump trucks.** • **A minimum mining width of 15m.** • **Two way ramp systems widths 18m.** • **One way ramp systems widths 12m.** • **Ramp gradient 10%.**
	The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.	**No inferred Mineral Resources has been included within the reserves.** **Additional optimisation sensitivity performed to include inferred Mineral Resources. This sensitivity highlighted the project was not sensitive to the inclusion of Inferred Mineral Resource.**
	The infrastructure requirements of the selected mining methods.	**Contract mining is assumed and all supporting infrastructure will be supplied and mobilised by the selected contractor.** **Processing and other related infrastructure is at a preliminary feasibility design phase and comprises of:** • **General administrative and services infrastructure** • **General mining facilities (in addition to contract mining responsibility)** • **Diesel fuelled power station** • **Process Plant** • **Product haul road from plant to rail head (~6.5km)** • **Product load out rail siding addition to existing railway which runs to port of Pointe-Noire** • **Marshalling siding near port** • **Product off load rail siding at port** • **Product off load handling system at Port** • **Product stockpile at port of Pointe-Noire** • **Product ship load handling system at Port onto Panamax vessel at designated quay**
Metallurgical factors or	The metallurgical process proposed and the appropriateness of that process to the style	**Processing will be scrubbing, crushing, screening and gravity and magnetic**

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
assumptions	of mineralisation.	**separation typical of Iron Ore processing.** **Crushing and screening will occur on-site to produce a fines product for transport via rail to Pointe-Noire port for export.** **The testwork indicates that a final marketable fines product could be produced**
	Whether the metallurgical process is well-tested technology or novel in nature.	**The process stages are typical of those used within the iron ore industry.** **The proposed process flowsheet mirrors a typical hematite de-sanding circuit comprising scrubbing and wet screening followed by two stages of gravity and magnetic separation.**
	The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.	**The process has been simulated by six samples for HLS float sink tests using SG = 3.70 g/cm3 sink product results and eleven samples for Wilfley Table tests for the -1.00 +0.038 mm, combined with the natural wet screened -8.0 +1.00 mm fraction. The samples tested included four bulk surface samples and thirteen drill core coarse rejects samples. Each sample interval was defined on the basis of the geodomains.** **The regressions from the above work has allowed for calculation of a combined mass yield of 46.7% and product grade of 64.1% Fe from a head grade of 42.0% Fe**
	Any assumptions or allowances made for deleterious elements.	**The Mayoko-Moussondji ore contains silica as the major deleterious element. Ore and concentrate blending should successfully control the silica grade in iron concentrate below likely contractual penalty levels.**
	The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole	**Metallurgical test work includes four representative bulk samples collected from Makengui.**
	For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet specifications?	**The Ore Reserve has been based on the appropriate mineralogy to meet specifications.**
Environmental	The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.	**Deposit is located in the Mayoko province in Republic of Congo (ROC) and is contained within the approved Mining Licence boundary.** **An Environmental Social Impact Assessment of the project has been submitted and approved by the ROC Government.** **Waste landforms are intended to be developed adjacent to existing landform features and the proposed TSF location to minimise environmental impact.** **The overall strip ratio is ~0.58:1 indicates that only a small waste landform will be required, with some waste being required for TSF development.** **All impacted areas of the mined area will be cleared and grubbed and the topsoil will be stored and used for closure requirements.**
Infrastructure	The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	**The Mayoko Moussondji Iron Ore project benefits from an existing railway line within 5km of the proposed process plant location. The rail line runs down to the deep water port of Pointe-Noire and was previously used by Comilog to move 3Mtpa of manganese.** **There is a four lane sealed road (N1) between Pointe-Noire and Dolisie, about 220 km east of Pointe-Noire. At Dolisie, a trunk road (P1) heads north to Mayoko. This double lane unsealed road varies in condition depending on the traffic and weather conditions. The P1 is currently being upgraded as part of a Government project with completion scheduled in 2015. There are a number of laterite sheeted roads around the mine site which were used previously by logging companies.** **There is an existing aerodrome 4 km north of Mayoko at Lehala. This is approximately 1.3 km in length. There is also a regularly serviced aerodrome at Moussondji approximately 70 km south of Mayoko. Fixed and Rotary wing charter air services are readily available from Pointe-Noire.** **The river Louéssé adjacent to the deposit will provide sufficient water for process and personnel needs.** **Accommodation for a limited number of personnel is currently available on site.** **Currently no site processing infrastructure has been constructed.** **All mine processing infrastructure to be located within the approved**

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
		prospecting lease boundary, located to the south of the deposit. **Designs completed for TSF location and size requirements.** **Preliminary planning of site access roads completed by Orelogy. Current access tracks are unsuitable to support the operation, and require upgrade to all weather roads.**
Costs	The derivation of, or assumptions made, regarding projected capital costs in the study. The methodology used to estimate operating costs.	**All costs used in the generation of the Ore Reserve have been based on current modelling of the life of mine plan and are reported in US$.** **The capital and operating cost estimate was prepared by WorleyParsons (+/-30%). The estimate base date is 2nd Quarter 2014** **Contract mining was adopted as the basis of the PFS and, as such, the mine equipment ownership cost is incorporated into the mine operating costs.** **The PFS assumes all rolling stock is on a maintained lease. It is assumed that the maintenance of the rolling stock will be the responsibility of the lessor and it is anticipated the CFCO workshops could be utilised by the lessor under a suitable financial arrangement.** **The PFS assumes the laboratory(s) is on a lease arrangement, with a budgeted sampling and analysis cost per sample.** **The PFS assumes a lease and operate arrangement for a modular diesel power station** **The PFS assumes a diesel supply contract through a third party. Diesel costs are based on government decree and stated transport costs plus a management fee.** **All mining costs are based on a mining contract estimate. Allowances for grade control, fixed general & administration costs, dewatering, Run-of-Mine rehandle has also been included.** **Power costs are developed from estimated consumption per kW/hr at the government decree diesel price plus management fee.** **For pit optimisation the mining operating costs are derived from contractor's budget quotation, and included optimisation sensitivities completed @ ±20% around the mining cost.** **For pit optimisation the processing, transport, port and G&A operating cost estimate where provided from the early stages of the PFS and included optimisation sensitivities completed @ ±20% around the mining cost.** **At 2.5Mtpa the estimated capital cost of the project is $181.16M as summarised below:** • **Mining $1.84M** • **Processing $72.26M** • **Utilities and Services $3.00M** • **Site Infrastructure $4.46M** • **Offsite Infrastructure $46.28M** • **Construction Support $13.03M** • **Indirects - EPCM $16.16M** • **Contingency $23.63M** **The estimated LOM operating cost of the project is $39.93/t FOB Pointe-Noire as summarised below:** • **Mining $13.21/t** • **Processing $7.16/t** • **G & A $2.34/t** • **Rail $14.35/t** • **Port $2.88/t** **A 3% (FOB) government royalty was applied**
	Allowances made for the content of deleterious elements.	**No allowances have been made for deleterious elements.** **The Mayoko-Moussondji Ore Reserve contains silica as the major deleterious element. Ore and concentrate blending should successfully control the silica grade in iron concentrate below contractual penalty levels.**
	The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.	**For the mine optimisation exercise a CFR price of $97.0/t product has been used which has been reduced by a royalty amount of 3% to provide a net price of $94.1/t product.** **For the project financial analysis the product price was based on the following calculation:** • **Base cost and freight (CFR) Fe price (62% Fe) US $100/t CFR** • **Shipping costs Pointe-Noire to China) US $26/t** • **Base free on board (FOB) price US $74/t**

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
		• **Fe credit (64.1% Fe) US $ 3/t** • **Other diluents discount US $ 0/t** • **Final product Price (64.1% Fe) US $77/t**
	Derivation of transportation charges.	**Panamax vessel charges based on shipping cost estimate. Railway transport charges from Mayoko site to Pointe-Noire port and product export handling costs based on current government negotiations (not finalised).**
	The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.	**Process operating costs based on Preliminary Feasibility Study estimation of fixed and variable costs.** **No penalties for failure to meet product specification have been included.**
	The allowances made for royalties payable, both Government and private.	**Allowance of a 3% government royalty applied to the FOB price.**
Revenue factors	The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.	**Head grade based on sub-blocked block model.** **Commodity prices defined above.** **All prices based on USD.** **Processing costs include treatment charges to produce a fines product.** **Transportation and handling charges are included as selling cost within Whittle optimisation.**
	The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.	**Commodity prices as defined above.**
Market assessment	The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.	**Orelogy understands that an initial market assessment has been completed and that future studies will be ongoing. Certain assumptions regarding product specifications and production volume as well as logistics have been made. Statistical data from reputable sources including market analysts and global banks, such as Wood Mackenzie, AME Group, Macquarie Research, Credit Suisse, Goldman Sachs, Merrill Lynch, Barclays, Deutsche Bank, BMO Capital Markets, Investec, Jefferies, Canaccord Genuity Research, Metal Bulletin, Platts, Steel Business Briefing and internal databases were considered.**
	A customer and competitor analysis along with the identification of likely market windows for the product.	**Selling into global market for custom concentrates. Customer and competitor analysis completed from a wholistic perspective in the initial market assessment.**
	Price and volume forecasts and the basis for these forecasts.	**Steady state 2.5Mt of fines product is intended to be produced on an annual basis and it is currently limited to railway capacity.** **The global market for hematite fines is large relative to the Mayoko Hematite Ore Reserve with future consumption trends implying ongoing demand.**
Economic	The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.	**The financial evaluation undertaken as part of the PFS indicated a net present value (NPV) of US$115M and an internal rate of return (IRR) of 25%.** **The key financial parameters included:** • **Discount Rate 10%** • **Royalties 3%** • **Life of mine 8.5 years** • **Initial capital expenditure (Yr 1) $134.48M** • **Year 2 expenditure $ 13.23M** • **Year 3 expenditure $23.99M** • **Year 4 expenditure $9.46M** • **Sustaining Capital expenditure $22.00M** • **Closure allowance $8.00M** • **LOM Average Operating costs $39.93/t** • **Steady state Product pricing (FOB) $77.00/t** **Orelogy NPV estimate is $607.4M for pit optimisation purposes only. This is based on operating costs only with no allowance for any capital costs.**
	NPV ranges and sensitivity to variations in the significant assumptions and inputs.	**Sensitivity analysis indicated that a 10% change in product price, operating cost and capital cost resulted in the following impact on the pre-tax NPV:** • **Product pricing +/- 60%** • **Operating expenditure +/- 37%** • **Capital expenditure +/- 15%**
Social	The status of agreements with key stakeholders and matters leading to social licence to operate.	**Orelogy understands that agreements with key stakeholders are also underway.** **An Environmental Social Impact Assessment of the project has been**

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
		submitted and approved by the ROC Government. **Currently no local housing, farming or villages are located within the proposed mining area.**
Other	To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves.	**There are a number of key recommendations that have been made as part of this study that will need to be addressed during the next phase of assessment as outlined below.**
	Any identified material naturally occurring risks.	**As the Mayoko site is located relatively close to the equator, extreme rainfall events may be a risk to the operation during the wet season. The chosen articulated mining fleet is more reliable in wet conditions.** **Multiple faces will be open at any one time as well.** **Extreme weather conditions will impact the logistical side of the operation with the land haulage of product from the Mayoko processing facility to the rail siding.**
	The status of material legal agreements and marketing arrangements.	**The following Legal Agreements are in place:** • **Exploration License** • **Exploration Convention** • **Mining License** • **Rail and Port MOUs** • **Certificate of Environmental Compliance** **The following Legal Documents are in draft form and being negotiated:** • **Mining Convention** • **Rail and Port terms** **No marketing arrangements have been entered into.**
	The status of government agreements and approvals critical to the viability of the project, such as mineral tenement status and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third part on which extraction of the reserve is contingent.	**The project is located within an approved Mining Licence.** **The Mining Convention which is required for the extraction and export of the ore has been negotiated by the Company and approvals are pending. The Mining Convention incorporates both rail and port agreements.**
Classification	The basis for the classification of the Ore Reserves into varying confidence categories. Whether the result appropriately reflects the Competent Person's view of the deposit. The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).	**Only Indicated ore has been included as part of this Ore Reserve. As such a total Ore Reserve of 38.5Mt at 42.0% Fe at a strip ratio of 0.58:1 can be established.**
Audits or reviews	The results of any audits or reviews of Ore Reserve estimates.	**Ore Reserve estimate has been prepared by Orelogy and reviewed internally.** **No external reviews or audits have been completed.**
Discussion of relative accuracy/ confidence	Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.	**The relative accuracy of this estimate would be in the order of ±30%.** **Optimisation analysis indicates that the size of the project is sensitive to changes in price and mass recovery but not particularly sensitive to other key optimisation parameters.**
	The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.	**All modifying factors have been applied to design mining shapes on a global scale as current local data reflects the global assumptions.**

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
	Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.	**Additional work would need to be undertaken to finalise the appropriate geotechnical conditions. This will need to be completed prior to ultimate pit walls being mined.** **An aerial survey needs to be carried out prior to final study.** **Additional metallurgical may be required to optimise the metallurgical treatment for each domain using equipment in the flowsheet and to assess the need for, if any, for upgrading of the +2 mm size fractions through gravity separation and likely impact on final product mass yield and grade.**
	It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	**There has been no production to date, so no comparison to production or reconciliation data can be made.**

ABOUT EQUATORIAL RESOURCES

Equatorial Resources Limited (ASX:EQX), is focused on the exploration and development of two 100% owned large-scale iron ore projects located in the politically stable and investment friendly Republic of Congo ("ROC") in the emerging global iron ore province of Central West Africa.

The **Mayoko-Moussondji Iron Project**, located in the southwest region of the ROC, has Probable Ore Reserves of 38.5Mt at 42.01% Fe, and has total Indicated and Inferred Resources of 917Mt at 31.4% Fe which includes a Hematite Mineral Resource of 182Mt at 35.7% Fe. The resource contains Indicated and Inferred resource classifications as follows: Indicated Hematite 55Mt, Inferred Hematite 127Mt, Indicated Magnetite 2Mt, Inferred Magnetite 733Mt. For full details of the Mineral Resource Estimate including resource classifications, refer to ASX announcement dated 4 December 2013. For full details of the Ore Reserves refer to this ASX Announcement.

The project has access to a rail line running directly to the deep-water port of Pointe-Noire, where the Company's administrative office is located.

A Pre-Feasibility Study completed for the project has delivered excellent results demonstrating low capital intensity and an initial mine life of 8.5 years for production of 2.5Mtpa of "Mayoko Premium Fines", a 64.1% Fe product, with operating costs expected to average $39.93 per tonne FOB Pointe-Noire (including leasing costs). Equatorial intends to secure project funding, or the support of a suitable strategic partner, to enable the development of the Company's preferred production scenario for Mayoko-Moussondji.

The **Badondo Iron Project**, in the northwest region of ROC, has an estimated global Exploration Target of between 2.8 and 4.6 billion tonnes of iron mineralisation at a grade of 35% to 67% Fe. It should be noted that the potential quantity and grade of the Exploration Target is conceptual in nature, that there has been insufficient exploration to estimate a Mineral Resource, and that it is uncertain if further exploration will result in the estimation of a Mineral Resource. The project is located within a regional cluster of world-class iron ore exploration projects including Sundance Resources' Mbalam-Nabeba project.