



ASX: EQX | 14 August 2015 | ASX RELEASE

SALE OF MAYOKO-MOUSSONDJI IRON PROJECT

Equatorial to receive \$5 Million and retain a 2% Life-of-Mine Royalty

HIGHLIGHTS

- Equatorial has entered into a conditional Agreement with Midus Global Ltd, a subsidiary of European commodities trading company, Interallloys Trading Limited, for the sale of the Mayoko-Moussondji Iron Project.
- Consideration of \$5 million will be paid to Equatorial upon the satisfaction of various conditions to completion including consents from the Republic of Congo Mining and Finance Ministries on or before 31 October 2015.
- A 2% royalty will be paid to Equatorial on all production from Mayoko-Moussondji, calculated on the value of all sales of ore extracted, produced, sold or otherwise disposed of from the Project over the full life of any mining operations.
- Interallloys intends to rapidly advance development of Mayoko-Moussondji with the ambition of commencing small scale production in 2016.
- Equatorial retains 100% ownership of the potentially large-scale Badondo Iron Project in the northwest region of the Republic of Congo. A Mining Licence Application for Badondo has been completed and will be submitted in the current quarter with the intention of securing long term tenure.

Equatorial Resources Limited ("Equatorial" or the "Company") (ASX:EQX), is pleased to announce it has entered into a conditional agreement ("Agreement") with Midus Global Limited, a subsidiary of Interallloys Trading Limited ("Interallloys"), for the sale of the Mayoko-Moussondji Iron Project ("Mayoko-Moussondji" or "Project").

Equatorial Director, Mr John Welborn, commented that the sale represented a positive outcome for all stakeholders: "Interallloys is the right strategic partner for Mayoko-Moussondji. They have the skills, capacity, and motivation to advance the Project into production. The retention of a 2% royalty over all future production will allow Equatorial shareholders to remain a beneficiary of Interallloys success and has the potential to generate significant value if and when future production increases as a result of any recovery in iron ore prices. Mayoko-Moussondji is an important development for the Republic of Congo and the African iron ore industry. The transaction with Interallloys will ensure that, notwithstanding the difficult economic climate for iron ore projects, Mayoko-Moussondji capitalises on its competitive advantages of product quality and infrastructure availability, and captures a first-mover advantage in the regional iron ore industry".

Chairman of Interallloys, Mr Nick Clarke, commented: "The acquisition of Mayoko-Moussondji is an exciting expansion of our existing iron ore business in Africa. Our vision is aligned with Equatorial's and with the interests of the Republic of Congo. We intend to establish a high quality iron ore mine at Mayoko and take advantage of current market weakness to establish a long term sustainable business in an emerging mining region. Our aim is to continue to be the partner of choice to emerging miners in Africa."

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Transaction Details

The Agreement includes the following key terms and conditions:

- The sale of Mayoko-Moussondji will occur by Midus Global Limited acquiring 100% of Equatorial's wholly-owned subsidiary Congo Mining Ltd ("CML"), which is the legal and beneficial owner of Mayoko-Moussondji.
- The total consideration to be paid by Midus Global Limited to Equatorial to acquire 100% of CML will be:
 - (a) A\$5,000,000 in cash; and
 - (b) A royalty equal to 2% of the receipts from sales of all iron ore extracted, produced, or sold from any mining operations at Mayoko-Moussondji.
- Midus Global Limited has paid a deposit of A\$500,000 upon signing the Agreement. This deposit will be deducted from the purchase price at completion.
- A sum of A\$300,000 will be withheld from the purchase price at completion and retained by Midus Global Limited to cover any outstanding liabilities of CML, with any excess to be returned to Equatorial once all liabilities have been settled.
- The transaction is subject to the following conditions precedent which must be satisfied or waived on or before 31 October 2015 (unless extended by the parties):
 - (a) the Minister of Mines of the ROC providing his consent in writing to the transaction;
 - (b) the Minister of Finance of the ROC confirming he has no objection to the transaction; and
 - (c) the constitutional documents of the Company being amended to accommodate the transaction.
- Normal commercial warranties and indemnities associated with the sale of mining tenements and shares in companies are included as part of the Agreement.

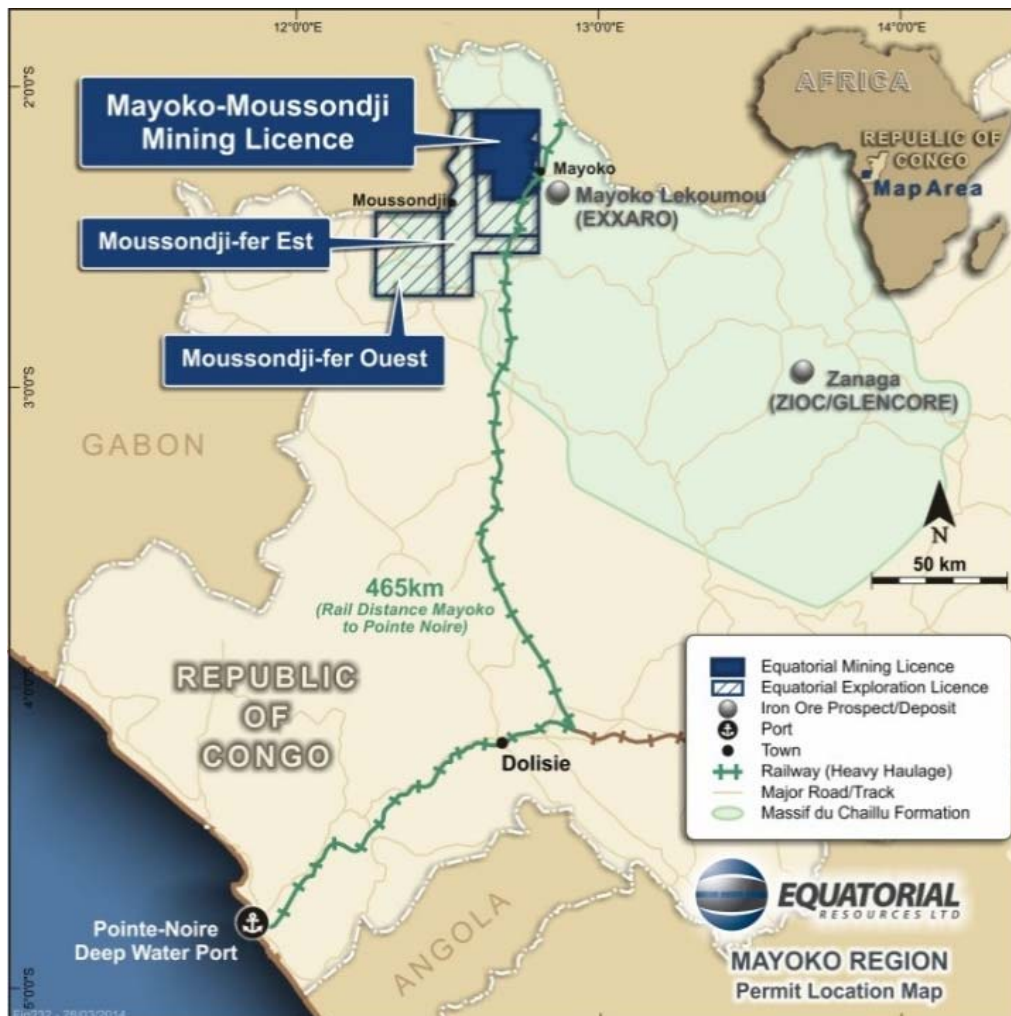


Figure 1: Mayoko-Moussondji Iron Project Permit Locations

About Mayoko-Moussondji

The Mayoko-Moussondji Iron Project, located in the southwest region of the ROC, is an advanced iron ore development opportunity with:

- A large JORC resource base including near surface hematite mineralisation (for full details of the Mineral Resource Estimate please refer to ASX announcement dated 4 December 2013);
- Access to an existing bulk commodity railway which directly connects the project to the Port of Pointe Noire;
- A 25 year Mining Licence granted by the ROC government;
- A Mining Convention signed with the ROC government which contains favourable economic and operational terms including:
 - Guaranteed access to state owned railway and port facilities;
 - Corporate tax holiday for first five years operation followed by a reduced corporate tax rate of 7.5% for a further five years and then a maximum corporate tax rate of 15% for the life of the mine; and
 - Other benefits including subsidised fuel costs and various advantageous tax exemptions or reductions.
- A completed positive Pre-Feasibility Study (see ASX announcement dated 25 November 2014).

Equatorial has been investigating strategic partnership and funding opportunities to progress Mayoko-Moussondji into production. Given the sustained fall in iron ore prices, and the resulting adverse market environment for iron ore development projects, the Company believes the transaction with Interallloys, which positions Equatorial to participate in any upside through the retention of a 2% life-of-mine royalty, represents the best possible outcome for shareholders.

About Midus Global and Interallloys

Midus Global is a subsidiary company of Interallloys. Interallloys is a UK based privately funded commodity trading company Chaired by Mr Nick Clarke, a successful entrepreneur with more than thirty years' experience in natural resources and related industries. Founded in 1993, Interallloys specialises in the purchase, sale and distribution of Steel Making Raw Materials and Non Ferrous products to a global customer base. In 2014 Interallloys acquired Euromin SA's ongoing business, a subsidiary of the Vitol Group, and earlier this year established a trading office in South Africa where it has existing long term offtake arrangements with one of the country's emerging iron ore miners.

Interallloys aim to be a partner of choice for emerging and established miners seeking a pathway to production and access to global markets. Interallloys continues to add to an expanding portfolio of offtake and distribution agreements in addition to direct ownership of mining operations. Interallloys provide a route to market; logistics, capital and marketing expertise. Headquartered in Europe and with satellite operations worldwide Interallloys provides global coverage with local know-how to ensure the best cultural and strategic fit to a range of suppliers and customers. Interallloys offer an all-inclusive approach to managing logistics which includes contract negotiations, handling, clearing and freightage through to customs port clearance and warehousing.

Interallloys current iron ore operations in South African encompasses a vast number of partnerships across the supply chain from pit to port which is expected to be leveraged in progressing Mayoko-Moussondji into production as rapidly as possible. Interallloys team includes several key former Exxaro employees who have first-hand experience in the ROC and with the Mayoko region.

Equatorial's Badondo Iron Project

The Agreement does not affect Equatorial's 100% ownership of the Badondo Iron Project ("Badondo"). Badondo is legally and beneficially owned by a separate wholly owned Equatorial subsidiary: Congo Mining Exploration Ltd ("CME").

Badondo is located in the northwest region of ROC within a regional cluster of world-class iron ore exploration projects including Sundance Resources Limited's Mbalam-Nabeba project, Core Mining's Avima Project, and the Belinga project in Gabon. Badondo has a large direct shipping ore ("DSO") hematite Exploration Target and assay results received to-date are highly encouraging as they confirm the presence of thick high grade iron mineralisation at, and close to, surface.

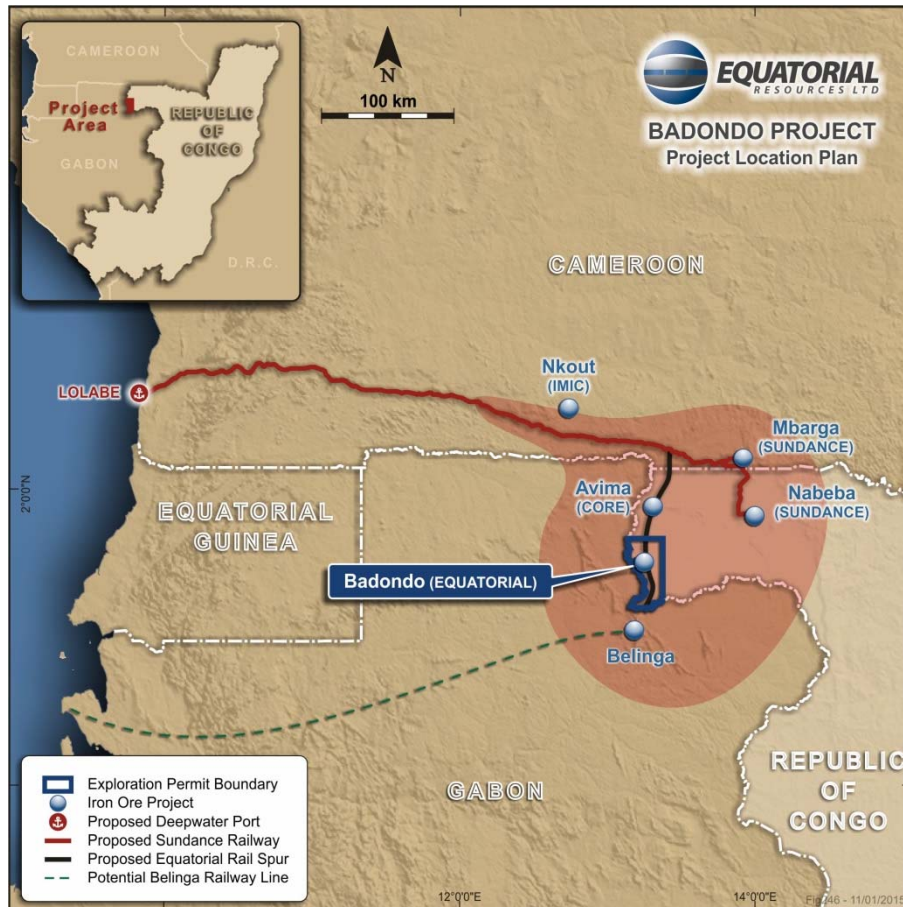


Figure 2: Badondo project location map

Equatorial has prepared a Mining Licence Application (“MLA”) for Badondo which will be submitted in the current quarter. Equatorial has previously applied for the renewal of the Badondo Exploration Licence and is now undertaking the process for the upgrading of the Company’s tenure to a 25 year Mining Licence. According to the ROC Mining Code, an MLA requires the submission of a feasibility study, an environmental and social impact assessment, community development plans, and the completion of technical reviews by relevant government agencies. Equatorial intends to lodge the MLA for Badondo based on completed exploration and feasibility work in order to position the Company with a 25 year right to mine at the project.

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Competent Persons Statement

The information in this report that relates to Exploration Results and Mineral Resources for Mayoko-Moussondji was extracted from the Company's ASX announcement dated 4 December 2013 entitled "Resource Upgrade at Mayoko-Moussondji" and is available to view on the Company's website at www.equatorialresources.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original ASX announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented in this presentation have not been materially modified from the original ASX announcement. The information in the original ASX announcement that relates to Exploration Results and Mineral Resources for the Mayoko-Moussondji Iron Project was based on, and fairly represents, information compiled by Mr Mark Glasscock, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Glasscock was a full time employee of Equatorial Resources Limited. Mr Glasscock 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'.

The information in this report that relates to Exploration Results and Exploration Targets for Badondo was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The information in this announcement that relates to Exploration Results and Exploration Targets for Badondo is based on, and fairly represents, information compiled by Mr Mathew Cooper, a Competent Person who is a Member of The Australian Institute of Geoscientists. Mr Cooper is employed by Core Geophysics Pty Ltd who was engaged by the Company to provide geophysical consulting services. Mr Cooper has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Cooper consents to the inclusion in this presentation of the statements based on his information in the form and context in which it appears.