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## EXXARO ANNOUNCEMENT

**Equatorial Resources Limited** ("Equatorial" or the "Company") notes the announcement made by Exxaro Resources Limited ("Exxaro") on the 24<sup>th</sup> June 2014 advising that there will be an impairment of Exxaro's investment in their Mayoko-Lekoumou Iron Project ("Mayoko-Lekoumou"). Mayoko-Lekoumou is immediately adjacent to Equatorial's 100% owned Mayoko-Moussondji Iron Project ("Mayoko-Moussondji" or "the Project") in the Republic of Congo ("ROC") (see Figure 1).

Exxaro acquired Mayoko-Lekoumou in March 2012 and completed a Concept Study for a revised 12 million tonne project in June 2014. Exxaro have advised that as a result of higher project development costs delivered in the 12 million tonne Concept Study and the failure to conclude definitive rail and port agreements, there will be a write-down in their accounts of the original acquisition costs and other project costs capitalized to date, which will be an amount of up to 5,362 million Rand (A\$539 million).

Equatorial is developing a stand-alone project at Mayoko-Moussondji. The Project's pathway to production does not rely in any way on Exxaro's project proceeding. Equatorial has no requirement to, and will not be making, any write-down or impairment of the Company's investment in Mayoko-Moussondji.

In March 2014 Equatorial was granted a Mining Licence for Mayoko-Moussondji and the Company is in the process of finalizing the associated fiscal and legal terms in the form of a Mining Convention. The negotiation of a Mining Convention is carried out on an individual basis between the ROC Government and each mining company and is guided by the terms of the ROC Mining Code and other local legislation. Equatorial strongly supports the ROC Government's commitment to open access multi-user transport infrastructure and remains confident in the Company's ability to finalize the Mining Convention and associated agreements covering the proposed use of the government owned rail and port facilities.

As previously announced, Equatorial is currently preparing a JORC compliant Pre-Feasibility Study ("PFS") for Mayoko-Moussondji which will incorporate a revised mine plan based on the upgraded resource of near surface hematite material, rail and port advancements, and other Project refinements. The PFS work is also investigating the opportunity to reduce the Project's capital requirements through the use of leasing and owner-operated contracting solutions. As a result of the Exxaro announcement, Equatorial will also investigate the opportunity that may result from the availability of Exxaro owned locomotives, rolling stock, plant, rotating spreader, cranes, ore containers and other equipment which is already in the ROC and may now be available for sale or lease.

The Company expects the finalization of the Mining Convention and the completion of a positive PFS to provide a solid platform to advance discussions and negotiations with potential strategic partners and financiers. Equatorial continues to investigate opportunities for collaboration and partnership with significant mining houses and potential funders in order to fast track the financing and development of Mayoko-Moussondji.

Equatorial recognises the current difficult market conditions for iron ore explorers and developers and the recent fall in iron ore prices. As a result, the Company continues to reduce its cost foot print in the ROC. Equatorial remains in a strong financial position with cash reserves of more than \$40 million and no debt.

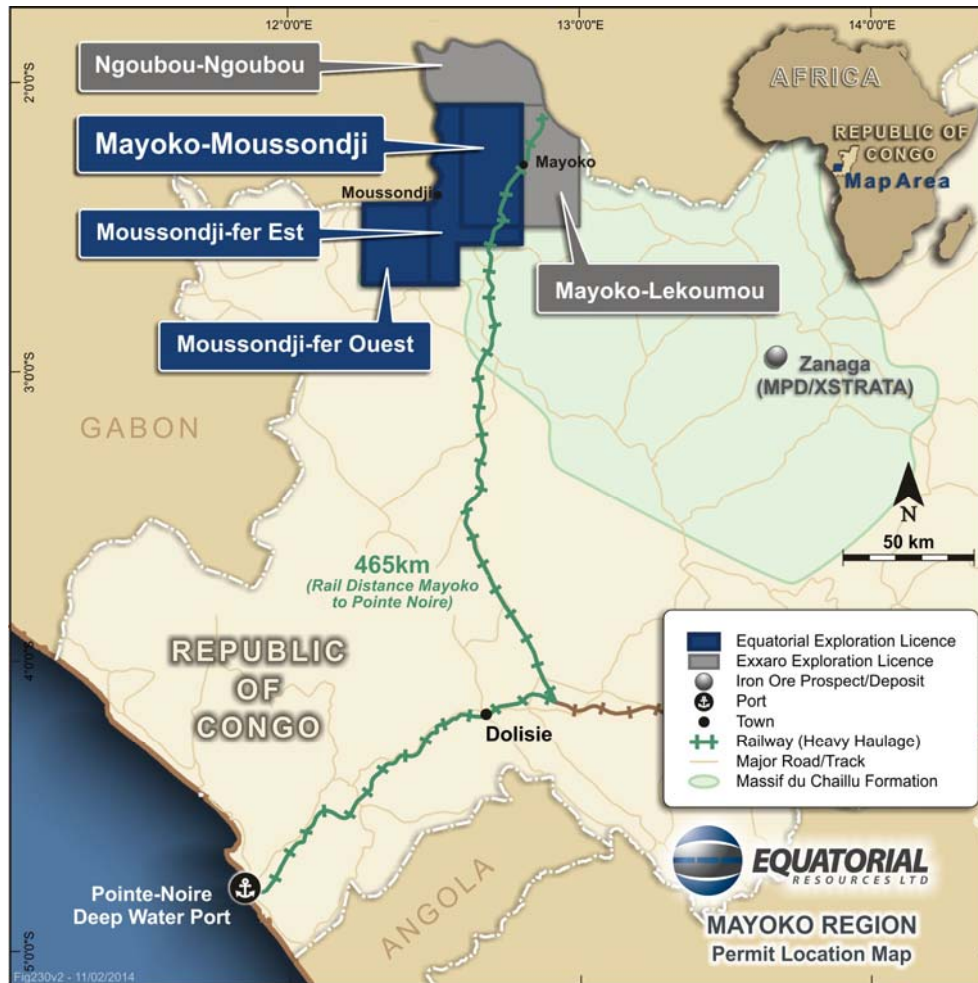


Figure 1: Equatorial's and Exxaro's iron projects in the Mayoko region

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