

ASX: EQX | 16 July 2013 | ASX RELEASE

SCOPING STUDY FOR MAYOKO-MOUSSONDJI

PREMIUM HEMATITE PRODUCT AT LOW CAPITAL INTENSITY

HIGHLIGHTS

- Mayoko-Moussondji Scoping Study delivers excellent results and demonstrates robust project fundamentals.
- Equatorial has a three stage development plan for Mayoko-Moussondji and the Scoping Study has focused on optimising project feasibility for an initial 2 million tonne per annum hematite based operation (Stage 1 and Stage 2).
- Key Scoping Study results* for Stage 1 and Stage 2 as signed off by WorleyParsons:
 - Initial Mine Life 23 years
 - Production Target Profile (steady state Stage 2) 2 million tonnes per annum
 - Capital Cost to Initial Production US\$114 million
 - Total Capital cost (mine, rail, and port) US\$231 million
 - Operating Costs (LOM ave. Cash Costs FOB) US\$41 per tonne
 - Product Quality 64% Fe “Mayoko Premium Fines”
 - Timeline to initial production 15 months from Final Investment Decision
- Opportunities identified to reduce upfront capital and operating costs through equipment lease financing, product off takes, further operational refinements and partnerships.
- Potential identified for Stage 3 operation to increase the scale of the Mayoko-Moussondji project.
- Equatorial will continue exploring funding opportunities, obtaining environmental approvals, the resource upgrade and the preparation of a mining license application with the intention of fast tracking the Final Investment Decision once financing has been secured.

*The Company has concluded it has a reasonable basis for providing the forward looking statements included in this announcement. The detailed reasons for that conclusion are outlined throughout this announcement and in particular in the section headed “Forward Looking and Cautionary Statements”.

*This announcement has been prepared in compliance with the current JORC Code 2004 Edition and the current ASX Listing Rules. However, the Company has determined to include the following cautionary statements as prescribed by the proposed new JORC Code 2012 Edition and the proposed new ASX Listing Rules. The Company advises the Scoping Study results and Production Targets reflected in this announcement are preliminary in nature as conclusions are drawn partly from Indicated Resources (being 25% of the total hematite resource) and Inferred Resources (being 75% of the total hematite resource). The Scoping Study referred to in this announcement is based on lower-level technical and economic assessments, and are insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

Equatorial is pleased to announce that the completed Scoping Study for its 100% owned Mayoko-Moussondji Iron Project ("Mayoko-Moussondji" or "the Project") in the south-west of the Republic of Congo ("ROC") has delivered excellent results.

Equatorial's Managing Director and CEO, Mr John Welborn, said: "The Scoping Study has identified an immediate pathway to a 2 million tonne per annum hematite mining operation producing a premium product transported by the existing railway and port facilities. The study demonstrates that our Project has a number of advantages: 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 a stand-out development opportunity."

The Scoping Study was completed by Equatorial's Project Management Team under the direction of Rainer Dreier of Camco Dreico Industrial Services Pty Ltd ("CDIS"). The Scoping Study was based on the initial Mineral Resource Estimate ("MRE") for Mayoko-Moussondji which included an Indicated and Inferred Hematite Resource of 102 million tonnes at 40.6% Fe as part of an initial Indicated and Inferred Resource (Magnetite and Hematite) of 767 million tonnes at 31.9% Fe (refer ASX announcement 4 February 2013). The Scoping Study investigated Equatorial's three stage development plan for Mayoko-Moussondji incorporating both the hematite and magnetite components of the maiden resource. Equatorial engaged WorleyParsons Services Pty Limited ("WorleyParsons") to complete an independent review, optimisation and gap analysis of the first two development stages which envisage the development of a 2 million tonne per annum ("2Mtpa") operation based on the initial Indicated and Inferred Hematite Resource. This announcement contains only the Scoping Study results for these two stages (1 and 2). Orelogy Pty Ltd ("Orelogy") has provided the revised mining schedule and estimated mine operating costs with WorleyParsons providing sign off for the Class 1 capital cost estimate (excluding owners costs) and for operating costs including process, rail, port, and general and administrative expenses ("G&A").


The Company plans to produce a "Mayoko Premium Fines" iron product grading 64.1% Fe from the Project, commencing at 500Ktpa during Stage 1 and ramping up within 18 months to 2Mtpa during Stage 2. Based on the initial Hematite Resource the operating life of mine is estimated at 23 years. The first 6 years of mining are based on indicated mineral resource (representing 25% of the total mineral resource inventory), with the remainder being inferred material. Operating cash costs are expected to average US\$41 per tonne FOB Pointe-Noire over the life of the mine.


The initial capital expenditure required for first production has been estimated at US\$114 million. The total capital cost required to achieve 2Mtpa is estimated at US\$231 million. The total capital cost could be reduced through leasing arrangements on rolling stock, improvements in tailings management and through partnership opportunities with neighboring company Exxaro Resources Limited ("Exxaro").



Key operating parameters for Stage 1 and Stage 2 include:

Production Profile	
Stage 1:	500Ktpa
Stage 2:	2Mtpa
Life of Mine (LOM):	23 years including 21 years of steady state operation at 2Mtpa
Strip Ratio:	0.36:1 (waste to ore) average LOM
Final product grade:	64.1% Fe Mayoko Premium Fines

MAYOKO-MOUSSONDI IRON PROJECT 	
Operating cash costs – FOB Pointe-Noire, average over Life of Mine (US\$)	
Mining	\$16.11/t
Processing	\$6.39/t
Rail	\$13.70/t
Port	\$3.82/t
G&A	\$1.41/t
TOTAL OPEX	\$41.43/t

MAYOKO-MOUSSONDI IRON PROJECT 	
Capital Costs (US\$)	
Initial costs to production (Stage 1):	\$114 million
Total capital costs (Stage 1 & Stage 2):	\$231 million
Capital Intensity:	\$115/t
Mine & Processing	\$41 million
Rail (ex-Rolling Stock)	\$29 million
Rail Rolling Stock	\$82 million
Port	\$27 million
Support infrastructure	\$6 million
Total Direct Costs	\$185 million
EPCM	\$16 million
Contingency	\$30 million
TOTAL CAPEX	\$231 million

The completed Scoping Study will form the basis of Equatorial's application for a Mining Licence for Mayoko-Moussondji. The Company intends to immediately commence preparation of a Mining Licence Application and will also use the Scoping Study to continue discussions with potential strategic partners and financiers in order to fast track the development of the Project.

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INTRODUCTION

Following publication of an initial Mineral Resources Estimate for the Project in February 2013 Equatorial submitted a Development Plan to the ROC Government based on feasibility studies completed on Equatorial's proposed use of the existing railway and on possible port solutions. The Development Plan envisaged a staged production ramp up commencing with 300,000 tonnes per annum in Stage 1, 2 million tonnes per annum in Stage 2, and the potential identified for Stage 3 operation to increase the scale of the Mayoko-Moussondji project. The approach identified the potential for a fast track to initial low volume production utilising the available rail and port infrastructure and recognised that production could be ramped up in stages as the transport infrastructure was upgraded and capacity expanded.

Following consultation with the ROC Government Equatorial's Project Development Team incorporated the Development Plan, Rail Feasibility Study, Port Solution, Metallurgical Testing Program, and the Company's Environmental Study work into a Scoping Study for the Project. The Scoping Study incorporated both the hematite and magnetite resources and investigated all three stages of development.

The Project Management Team focused on the opportunity to accelerate initial production timelines and minimise initial capital expenditure. Consequently work focused on Stage 1 and Stage 2 of the Development Plan and on production based on the near surface Hematite Resource. Further work is required on the potential for Stage 3 production which includes magnetite resources. Work completed to date on Stage 3 is conceptual in nature and at this early stage provides support for the potential for a future large scale magnetite based operation. Work completed as part of the Scoping Study assessment of Stage 1 and Stage 2 included:

- Resource modelling by CSA Global Pty Ltd;
- Mine plan study by Orelogy;
- Tailing Storage Feasibility Study by Golder Associates Pty Ltd ("Golders");
- Metallurgical testing and Processing Plant design by John Clout & Associates;
- Rail Feasibility Studies under the supervision of Equatorial's rail studies manager Mr. John Dorotich; and
- Port stockpiling and loading plan by CDIS.

Upon completion of the Scoping Study, Equatorial appointed WorleyParsons to perform an independent review and gap analysis of Stage 1 and Stage 2 of the study. WorleyParsons also provided significant optimisation input into the Scoping Study and gave independent sign-off on the final capital cost and operating cost estimates.

All production, capital and operating cost estimates presented in this announcement relate to the WorleyParsons review for Stage 1 and 2 (hematite only) of the Scoping Study and do not include any assessment of Stage 3 (magnetite). All reference to results of the Scoping Study in this announcement relate to the optimised study that has been signed-off by WorleyParsons.

The report provided by WorleyParsons on Equatorial's Scoping Study includes:

- Final optimisation, mining schedule and mining costs provided by Orelogy;
- Run of Mine ("ROM") and Product Stockpiling;
- Tailings storage management preliminary design and costs provided by Golders;
- Preferred beneficiation plant, equipment and flow sheet;
- Load out arrangements for rail;
- Planned use of the existing rail transport system and staged rail enhancement program; and
- Development plan for a vessel loading arrangement at the port of Pointe-Noire.

The key considerations in the Scoping Study 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.

PRODUCTION TIMELINE

The optimised Scoping Study has remodelled the staged development plan based on the production of a high quality hematite fines product and production is now planned as follows:

- **Stage 1:** Initial production of 500Ktpa during a period of 12 months using the existing railway and with export facilities at the existing port of Pointe-Noire; and
- **Stage 2:** Ramp up of production to 2Mtpa over a further period of 12 months through expansion of processing plant, the addition of rolling stock, and an increase in rail efficiency.

The optimised Scoping Study now models a much faster ramp up to 2Mtpa. This has been achieved by the modular approach to the construction of the Project's processing facilities, the use of containerised product transport, and greater anticipated rail efficiency due to potential cooperation with Exxaro on refurbishment and implementation of communication and rail management systems.

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

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 or magnetite banded iron formations.

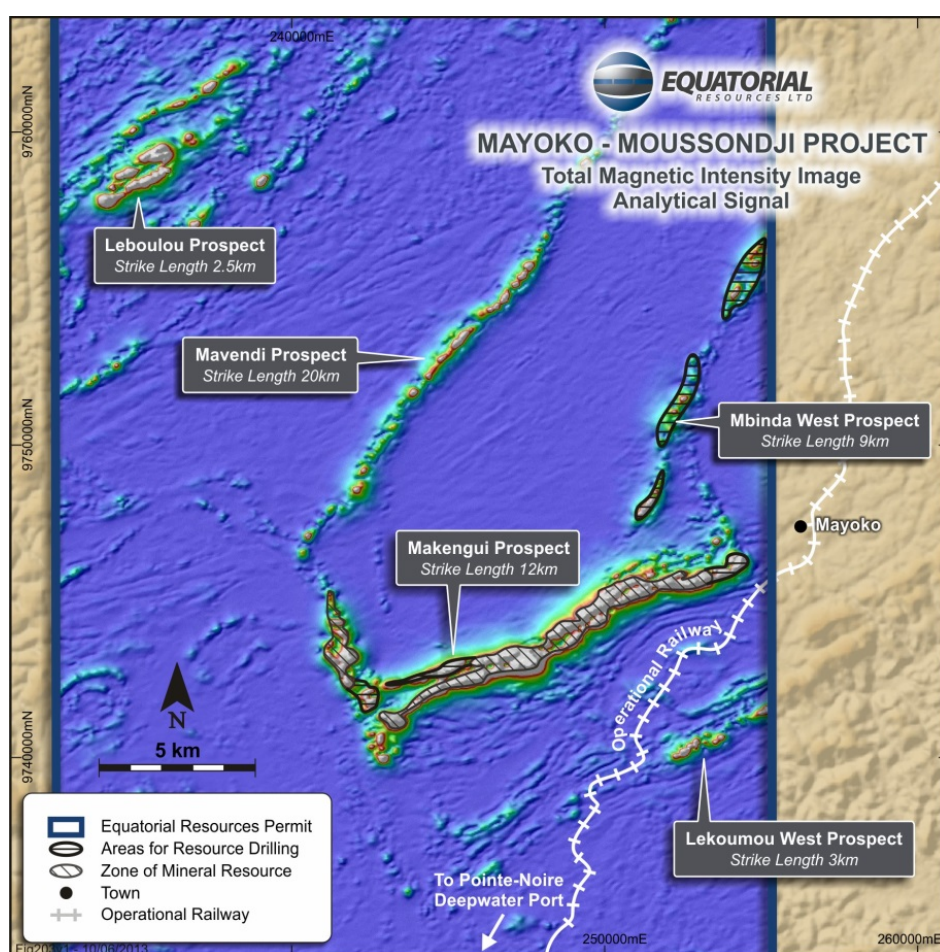


Figure 1: Mayoko-Moussondji Drilling Areas

Exploration carried out at Mayoko-Moussondji has included:

- Geophysical surveys, including Aeromagnetic, IP and Falcon Gravity survey;
- Regional Mapping by SRK;
- Drill planning, including trenching, pitting and detailed mapping;
- Drilling both diamond and reverse circulation ("RC"), in total 58,760m of drilling in 505 holes; 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.

The Scoping Study is based on the MRE completed for the Mayoko-Moussondji and released to the ASX on 4 February 2013. Results were as follows:

Mayoko-Moussondji Iron Project									
Mineral Resource Estimate - February 2013									
Resource Class	Material Type	Tonnage (Mton)	Fe grade (%)	P grade (%)	SiO ₂ grade (%)	Al ₂ O ₃ grade (%)	LOI grade (%)	S grade (%)	In-Situ Dry Bulk Density
Indicated	Colluvial Hematite	12.2	48.3	0.066	15.8	8.2	6.0	0.04	2.65
	Friable Hematite	7.3	42.7	0.067	33.5	2.7	2.1	0.02	2.80
	Hard Hematite	5.7	38.5	0.060	40.9	1.7	1.1	0.01	2.97
	Magnetite BIF	1.4	35.1	0.063	44.2	2.2	-0.7	0.06	3.20
	Sub-Total	26.6	44.0	0.065	27.5	5.0	3.5	0.03	2.78
Inferred	Colluvial Hematite	32.0	42.3	0.070	20.3	10.1	8.1	0.08	2.65
	Friable Hematite	32.9	37.7	0.066	35.2	5.9	4.4	0.05	2.80
	Hard Hematite	11.6	35.8	0.064	42.8	3.1	1.9	0.08	2.97
	Magnetite BIF	663.6	30.6	0.056	47.4	3.1	-0.3	0.15	3.20
	Sub-Total	740.2	31.5	0.057	45.6	3.6	0.3	0.14	3.15
Total Indicated + Inferred	Colluvial Hematite	44.2	43.9	0.069	19.0	9.6	7.5	0.07	2.65
	Friable Hematite	40.2	38.6	0.066	34.9	5.3	4.0	0.04	2.80
	Hard Hematite	17.4	36.7	0.063	42.2	2.6	1.6	0.06	2.97
	Hematite Sub-Total	101.8	40.6	0.067	29.2	6.7	5.1	0.06	2.76
	Magnetite BIF	665.0	30.6	0.056	47.4	3.1	-0.3	0.15	3.20
Total Indicated and Inferred		766.8	31.9	0.057	45.0	3.6	0.4	0.14	3.13
* Note: Totals may not add up due to rounding. Hematite material is reported at a 32% Fe cut-off grade and Magnetite bearing BIF reported at a 15% Fe cut-off grade									

Table 1: Summary of Maiden Mineral Resource Estimate – Indicated and Inferred

The MRE was prepared for Mayoko-Moussondji by independent consultants CSA Global Pty Ltd ("CSA") and reported in accordance with the JORC Code (2004). The MRE is based on data from 43,743 metres of drilling from 383 drill holes, conducted during the period May 2011 to December 2012. Approximately 28% of the total drilling metres are diamond core. The average hole depth was 114 metres with the deepest hole being 388 metres.

A volume block model was constructed in Datamine, using the material type wireframes defining colluvium, hematite, BIF and pegmatite, together with the digital terrain model ("DTM") surfaces representing the topography and weathering profiles. Grade estimation of Fe, P, SiO₂, Al₂O₃, LOI_1000, S, TiO₂, K₂O, Na₂O and MgO was completed using Ordinary

Kriging (“OK”) based on variography derived for Fe and P. Resource classifications were determined by a combination of estimation confidence (determined from the regression slope value), sample search pass number combined with geological confidence and drill hole spacing.

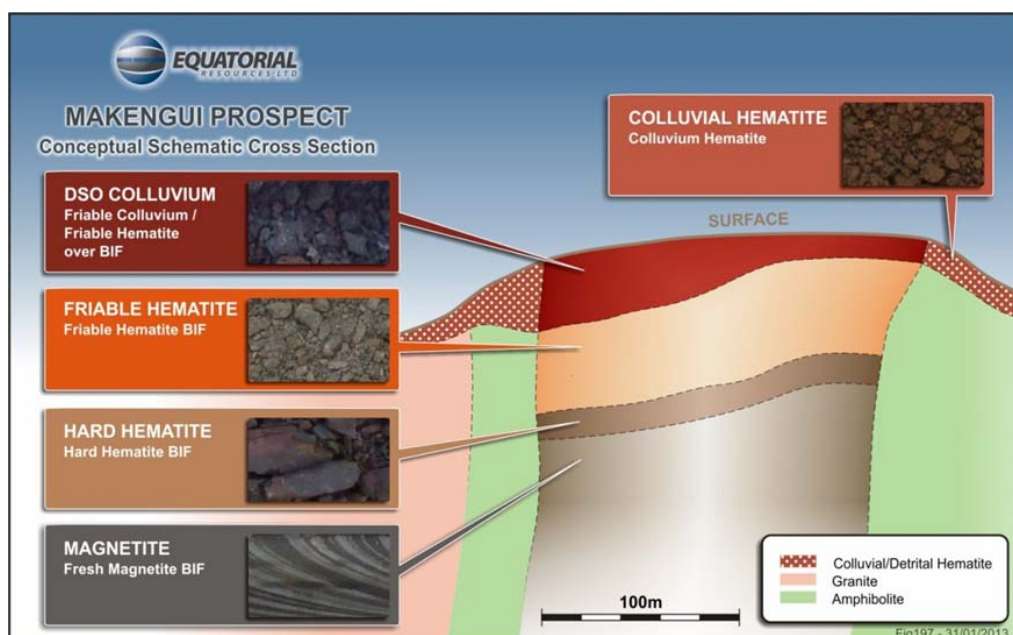


Figure 2: Conceptual Schematic Section

MINING AND SCHEDULING

As part of the Scoping Study a series of optimisations were completed on the MRE to demonstrate a viable hematite only mining operation could be established to produce 2Mtpa of product. Given the friable nature of the hematite resource, minimal blasting will be required in the mining operations which will commence using small 40 tonne articulated dump trucks and excavators focusing first on the colluvial zones within the resource.

Figure 3 highlights the shells used for both life-of-mine scheduling and also for design purposes. The smaller red shell highlights the ROM within the Indicated category only (used for design purposes) and the larger blue shell highlights all material being used for scheduling purposes.

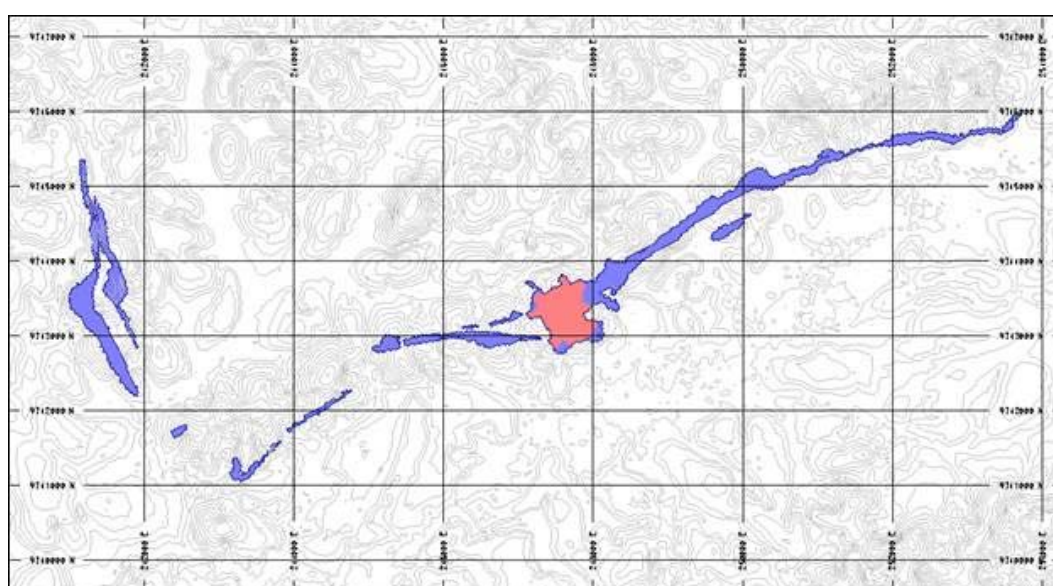


Figure 3: Hematite Only – Scenario 1/Shell 27 – ALL material (blue), Indicated only (red)

The selected shell was split into eight stages for scheduling purposes. The main objectives in the schedule were:

1. Utilise the ROM inventory as the basis for the mining schedule.
2. Produce 500Ktpa of hematite product in the first year, based on the installation of the first module of the processing facility being in operation.
3. Ramp up in Year 2, with the second module of the processing facility being installed and operational mid-year.
4. Produce 2Mtpa for the remainder of the mine life.
5. Focus on Colluvium hematite only for the first four years to defer some initial capital costs.
6. Mine production based on fleets of Volvo EC700B excavators and Volvo A40F articulated dump trucks (i.e. 40 tonne capacity).

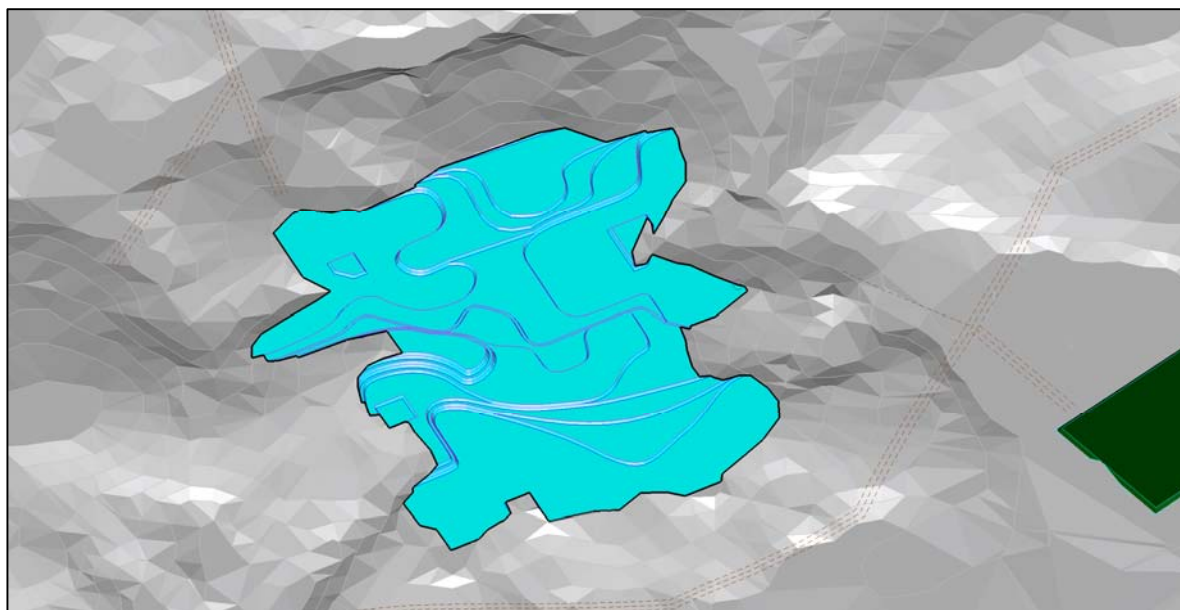


Figure 4: Pit Design of Starter pit based on Indicated Resource only

The results of the optimisation analysis were as follows:

- The hematite 2Mtpa product schedule highlights a ROM inventory of 104.7Mt (at a cut-off grade of 20.8% Fe) to produce 43.9Mt of product. Whilst the hematite MRE is currently reported at a 32% Fe cut-off grade, at a 20% Fe cut-off grade, which approximates the mining cut-off grade derived from the pit optimisations undertaken in the Scoping Study, the Indicated and Inferred Hematite Resource estimate totals 123.5 million tonnes at 38.4 Fe.
- The Life of Mine strip ratio is 0.36:1 with a mine life of 23 years. The first four years of operations see the strip ratio at approximately 0.1:1, whilst achieving >44% Fe feed grade. After Year 5, the average strip ratio increases to an average 0.40:1 with the average Fe feed grade decreasing to 38.3%.
- The mining schedule includes a mill ramp up profile of 0.5Mt (Year 1), 1.5Mt (Year 2) then 2.0Mtpa from Year 3 onwards.

Overall, mining costs average US\$4.98/t mined and are based on a contracted mining fleet and on new equipment and include all fixed and variable components.

PROCESSING PLANT

The flowsheet for Equatorial's proposed Processing Plant for Mayoko-Moussondji is designed to treat the hematite mineralisation types and employs a typical iron ore processing circuit comprising scrubbing, wet screening, magnetic and gravity separation (refer to previous ASX announcements).

The excellent upgradeability of the potential mineralisation types at Mayoko-Moussondji is associated with the characteristic of the hematite and magnetite mineralisation to be well liberated and significantly denser than the clay

and quartz gangue surrounding it. These properties lend the mineral resource to effective washing 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, 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 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 Scoping Study 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.

TAILINGS STORAGE FACILITY

A Tailings Feasibility Study for the conceptual design for the management of the tailings was undertaken by Golders as part of the Scoping Study. A conventional tailings storage facility using the natural topography and starter embankments has been proposed and costed for the early years. Subsequent lifts are included as sustaining capital expenditure. Given the low strip ratio, high rainfall and uncertainty regarding the availability of suitable construction material a thickened tailings stream was recommended with sub aerial deposition. Given the high rainfall, facilities to pump supernatant back to the process water pond and potentially catchment settling ponds are included. The option of in-pit tailings deposition has not been included in the Scoping Study, but will be investigated as a preferred solution, where the mining schedule permits. Significant scope exists to reduce capital and operating costs relating to tailings management through further refinement of the proposed solution.

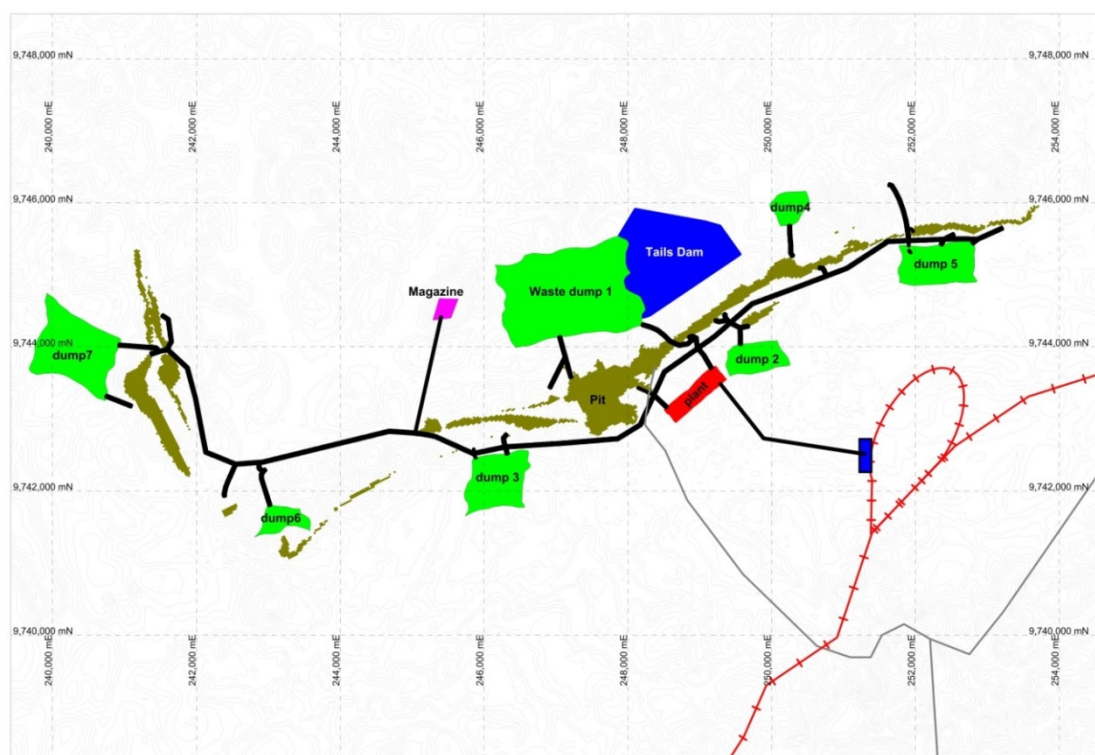


Figure 5: Proposed Site Layout

PRODUCT QUALITY AND MARKETING

A number of individual and bulk composite samples from the Mayoko deposit have been subjected to metallurgical testwork and the results have demonstrated the ability to produce a premium high grade fines product of 64.1% Fe ("Mayoko Premium Fines").

Indicative target product chemical specifications for Mayoko Premium Fines are as follows:

Chemical	Fines %
Fe (calcined)	65.5
Fe (natural)	64.1
SiO ₂	4.5
Al ₂ O ₃	2.3
P	0.077
S	0.015
Mn	0.1
LOI	2.2
H ₂ O (free moisture)	9.0

Table 2: Product Target Chemical Specifications for Mayoko Premium Fines Products

(Chemical specifications based on dry weight percentage)

Fines Size (mm)	Cumulative Weight % Passing
6.3	95
4	76
2	60
1	55
0.5	45
0.15	20

Table 3: Product Target Sizing Specifications for Mayoko Premium Fines

(Typical sizing specifications at loading port based on dry weight percentage)

Detailed mine planning and product upgrade calculations suggest that the same target product fines calcined Fe and calcined SiO₂+ Al₂O₃ grade can be maintained over the life of mine for the hematite resource. Further smoothing of annual variability in natural grade will be possible with short term ROM stockpiles and pit and process optimisation.

As part of the Scoping Study, 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 product target's excellent chemical and physical properties should help it compete strongly with Australian products, while achieving at least 100% index prices on a dry metric tonne unit ("DMTU") basis.

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 1000°C) that is better than the highest calcined Fe grade ore from Australia and only 1% lower than premium Brazilian products.

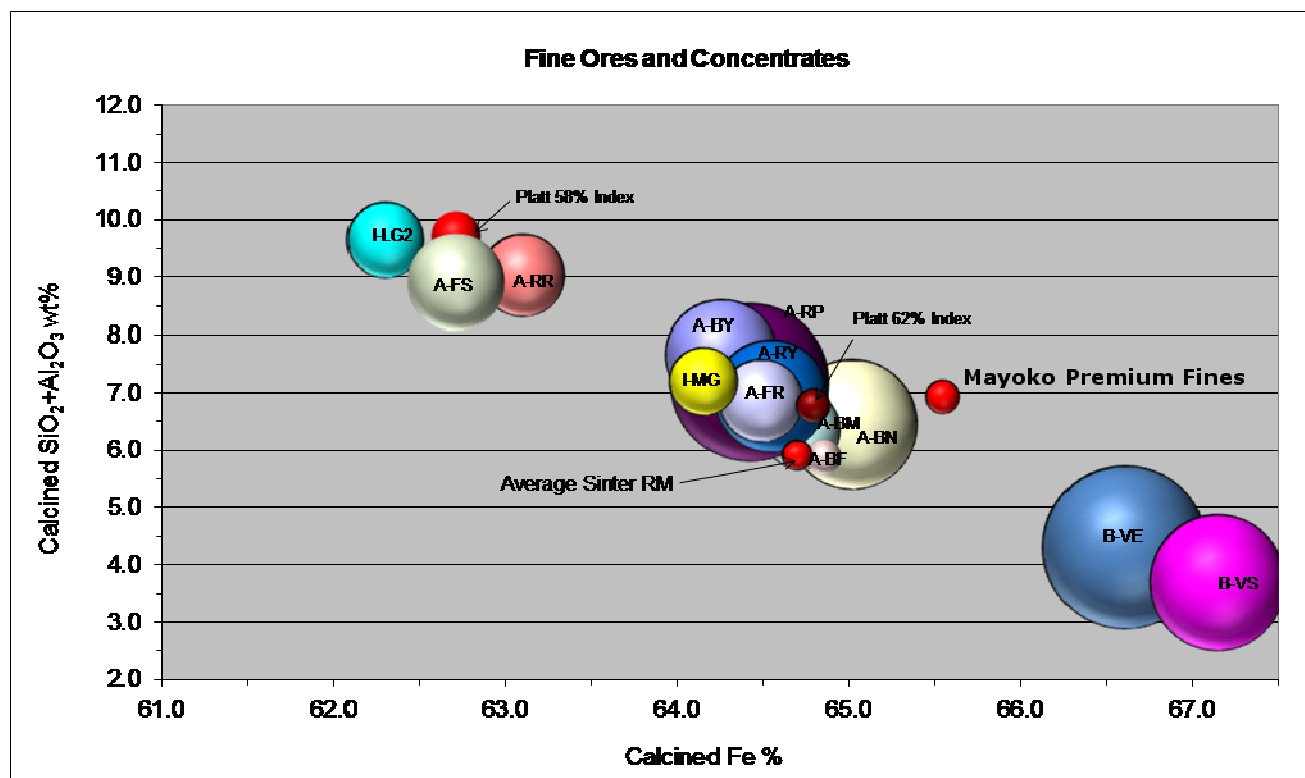


Figure 6: Comparative Chemical Specifications of Major Fine Iron Ore Products

Mayoko Premium Fines has a favourably coarse size, with moderate levels $>4\text{mm}$ and is very low in undesirable $<0.150\text{mm}$ particles. The percentage of $>1\text{mm}$ 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 ($<0.1\text{mm}$) concentrates as well as imported concentrates.

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. Equatorial's conservative assumption on pricing for Mayoko Premium Fines is that the Company will receive market reference prices equal to the Pilbara premium products (Pilbara Blend) on a Fe DMTU basis.

MINING INFRASTRUCTURE

The power needs of the Project are modest and onsite diesel generation is proposed. Diesel fuel is currently delivered to site at Mayoko at US\$0.90 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 runs 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

The principal transport task is to convey up to 2Mtpa (dry) of product from the mine via rail to vessel loading facilities at the existing port of Pointe-Noire.

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 Scoping Study 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.

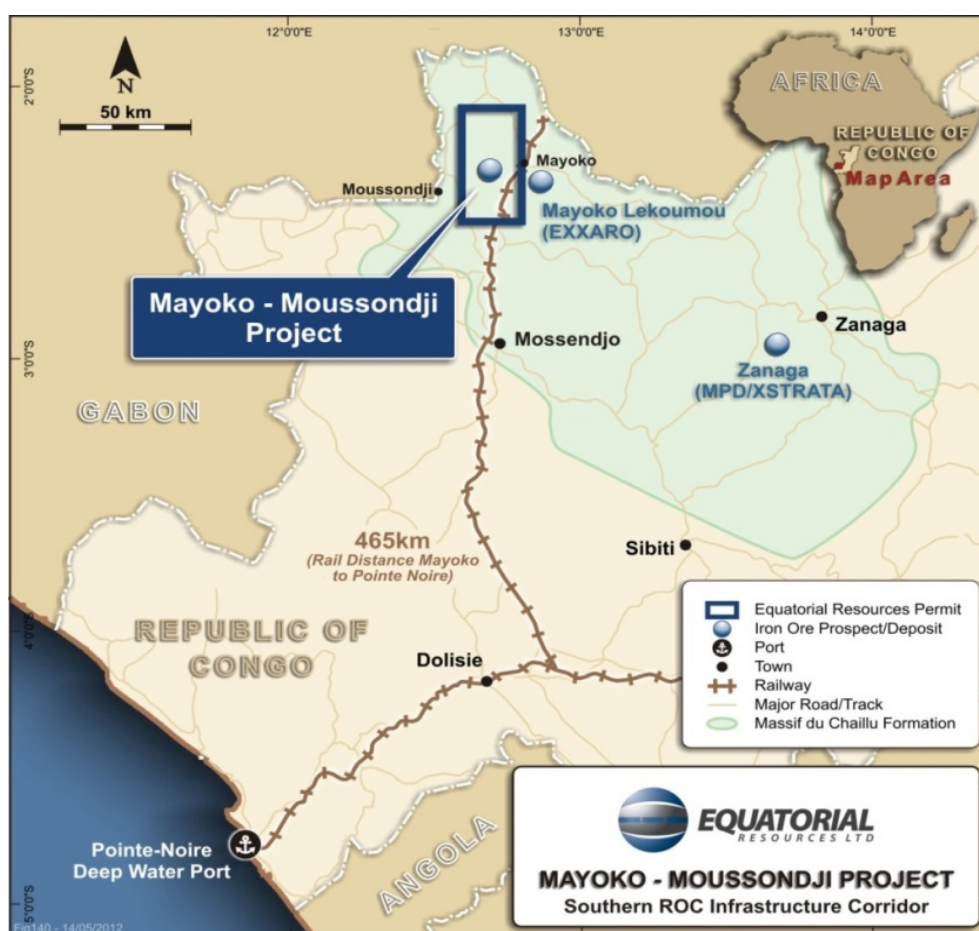


Figure 7: Mayoko-Moussondji Project and Rail Location Map

COOPERATION WITH EXXARO

Equatorial's Mayoko-Moussondji project sits alongside the Mayoko-Lekoumou project that is being developed by Exxaro. Exxaro acquired the Mayoko-Lekoumou project in early 2012 through the US\$348 million takeover of African Iron Limited. It is anticipated that Exxaro will commence with a comprehensive rail upgrade program during the second half of 2013 and, according to public statements by the company, production is scheduled to commence from Mayoko-Lekoumou before the end of 2013.

Given that Exxaro and Equatorial plan to utilise the same railway system for the transport of iron ore from their respective projects, Equatorial enlisted WorleyParsons to consider ways to optimise overland transport solutions for the Mayoko-

Moussondji project so as to integrate with Exxaro's systems and thereby position both companies to benefit from future operating synergies. This work was carried out as part of the WorleyParsons optimisation of Equatorial's Scoping Study and has driven refinements in the proposed rail and port handling solutions originally envisaged by Equatorial. In particular, WorleyParsons has proposed the use of half-height containers loaded onto flatbed wagons for the transport of ore by rail between the mine and the port of Pointe-Noire. The use of containers is suited to the CFCO railway system and is the solution that Exxaro intends to employ. If implemented by Equatorial, the use of containers instead of traditional rail wagons creates opportunities for pooling of resources between Equatorial and Exxaro both on and off the rail track.

Equatorial intends to use alternative port off-loading solutions to those being considered by Exxaro. Exxaro plans to transport loaded containers directly to the container terminal at Pointe-Noire where rotating container spreaders will lift the containers and tip the ore into the open holds of Panamax carriers docked at the wharf. Equatorial plans to use rotating container spreaders to unload the containers off the rail wagons, but then stack the ore onto a traditional stockpile located near the Wharf 7 and 8 where the ore will be reclaimed and loaded into vessels. WorleyParsons believe that the use of a stockpile will promote greater loading speeds of 3,000 tonnes per hour which will reduce demurrage costs at the port. This solution will also significantly reduce the number of containers required by Equatorial as well as simplify the Company's rolling stock requirements.



Figure 8: CFCO locomotive on Mayoko – Pointe-Noire rail line



Figure 9: Exxaro containers at 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 "MOUs"), also specified the framework of future commercial arrangements. This framework has been confirmed by recent meetings in Brazzaville with the Minister of Transport and with the CFCO and can be summarised as follows:

- Equatorial will own, operate, and maintain its own fleet of locomotives and rolling stock;
- The CFCO will retain ownership of the "below rail" and will be ultimately responsible for maintenance and refurbishment of the railway system;
- Equatorial may pre-finance required upgrades to the railway line as identified in a detailed work program;
- The CFCO agrees that the capital cost of any work approved by the CFCO and financed by Equatorial will be treated by the CFCO as a prepayment made by Equatorial against future rail transport charges; and
- The final commercial arrangements will take the form of a 25 year User Agreement.

During 2011, the Company, with the assistance and cooperation of the CFCO, appointed independent engineering experts to conduct a railway engineering study. Upon completion of this study Equatorial commissioned R&H Railway Consultants (Pty) Ltd ("R&H") from South Africa to conduct a critical review of the study and to design an Operations Blueprint outlining key parameters for commercial bulk commodity transport from Mayoko to Pointe-Noire. This work has formed the base for Equatorial's Rail Studies Manager, Mr John Dorotich, to prepare a detailed Railway Feasibility Study as contemplated within the agreements signed between Equatorial and the CFCO. Mr Dorotich has considerable experience in bulk commodity railways having served previously as head of rail at Fortescue Metals Group Ltd and at African Minerals PLC. This study was presented to the CFCO during 2012 and incorporated into the Company's Development Plan. WorleyParsons has reviewed all available information on the railway as part of their independent review and have provided optimisation advice.

The Scoping Study has identified that the refurbishment and upgrading of the rail line required to increase capacity is best achieved by a staged approach involving incremental development. This approach is in line with Equatorial's own staged approach to production from Mayoko-Moussondji and greatly reduces the requirement for initial capital expenditure.

Rail Route

The longitudinal profile of the line from mine to port is as shown below in Figure 10:

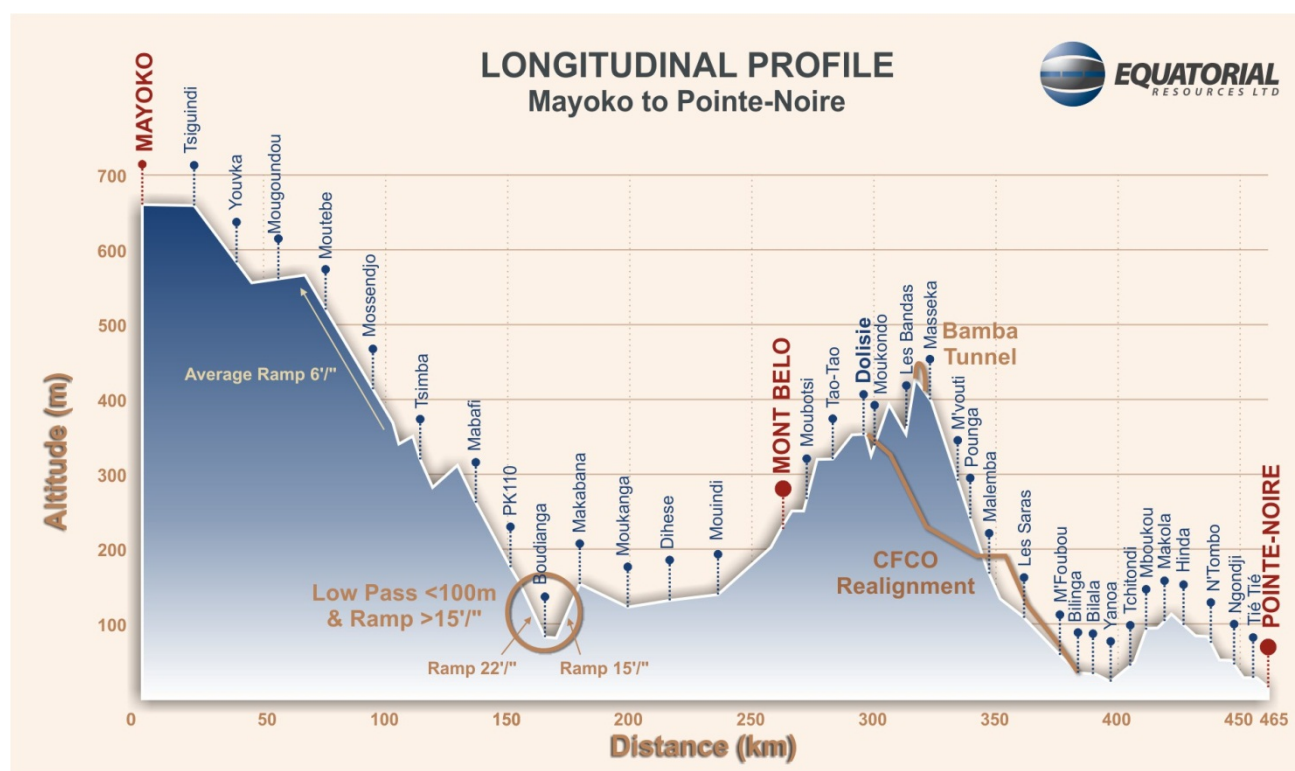


Figure 10: Mayoko-Moussondji Project and Rail Location Map

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%	Numerous curves R200m to R300m	30	Steel
Makabana to 110km	Up to 2.2%	R<100m	30	Steel
110km to Mayoko	Up to 1.67%	Numerous curves R200m to R300m	30	Steel

Table 4: 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 265kms
- 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 200kms

The Scoping Study envisages the construction of a rail loop at Mayoko. Once loaded, the trains will depart the mine and head south towards Mont Belo. A crew changeover point will be positioned at Makabana and from Makabana the loaded trains will continue south joining the east-west mainline at Mont Belo for ongoing transit to Tié-Tié. At Tié-Tié the loaded train will pass onto a newly constructed marshalling area off the mainline that will allow the loaded consist to be split into 3 sets of 12 wagons for shunting into the port, approximately 8km away. A smaller shunting locomotive will be used to move the wagons into the port from Tié-Tié. During the time the wagons are being unloaded the mainline locomotives will be serviced and refuelled in readiness for their next cycle. The empty train will make the same journey in the reverse direction and will also make a crew change at Makabana. It is proposed that crew changes would occur at Mayoko, Makabana and Tié-Tié.

Upgrade Program

Both the North-South and East-West sections of the ROC railway system are currently limited to an axle load of 15 tonnes with 17 tonnes permitted for locomotives.

The section from Mayoko to Mont Belo is infrequently used at the current time. The line and facilities are in need of refurbishment or at least reinstatement to accommodate the proposed traffic. The current rail traffic between Mont-Belo and M'Binda, 20km north of Mayoko, consists of one passenger and one freight train per week. The section from Mont Belo to Pointe-Noire is currently operational and capacity can be increased by adding and re-opening passing loops, some upgrading of the line and the introduction of a more robust and efficient train safe working system.

In order to commence commercial rail operations for the Project, Equatorial has assumed it will need to complete the following upgrade work on the railway system:

- Installation of a rail loop at Mayoko;
- Re-opening of 5 passing lanes;
- Creation of a new siding at Tié-Tié;
- Establishment of a refuelling station and crew changeover point at Makabana; and
- Upgrading of signalling and communication infrastructure.

Equatorial understands that Exxaro will carry out an equivalent upgrade program to the railway system and that both companies will benefit from the combined upgrades. According to Exxaro estimates the ultimate maximum capacity of the railway line is approximately 15Mtpa.

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 Scoping Study assumes all rolling stock is purchased outright by Equatorial, although significant scope exists for the Company to lease rolling stock from providers and thereby reduce upfront capital costs.

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

A standard train is proposed to consist of 36 containers carried singly on flat bed wagons (~ 1,440t product) hauled by 2 locomotives. The product is assumed to have 10% moisture content and therefore transport planning uses a total target figure of 2.2Mtpa of wet product.

The locomotives will be chosen to accommodate the specific requirements of the task, the standard of the existing rail and the limited maximum axle load. They will be based on similar existing models and provide AC traction power in the range of 2100 to 2300HP on six wheeled bogies.

Simulation work was carried out as part of the Scoping Study and demonstrated that with reasonable efficiencies the required Stage 2 tonnage can be handled utilising 7 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 2 train sets.

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 and therefore significantly reducing capital and operating costs.

The containers will hold a 40t payload allowing a single loaded container on a flat- bed wagon to remain below the 15t 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.

The containers are proposed to be half height 20 foot containers with a solid removable lid which can be locked into position for transportation and storage.

It is proposed that the product is loaded into the containers at the mine site using front end loaders (FEL).

PORT

The port of Pointe-Noire is one of Africa's largest 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 railway system, to transport up to 3Mtpa of ore between 1962 and 1991.

Several international mining companies, including Xstrata, Evergreen, Cominco and Exxaro, are working with the ROC government on plans for the development of new port facilities at Pointe-Indienne, an area 10km to the north of Pointe-Noire where the government is supporting the construction of a multi user bulk commodity and minerals port.

Equatorial's long term port strategy is to partner with the 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 for the Stage 1 and Stage 2 operations.

Under an MOU between Equatorial and the PAPN signed in February 2011, the parties committed to the completion of a feasibility study for the use of the port for the export of iron ore. A team of engineers from Murray & Roberts in conjunction with materials handling specialists Demcotech Engineering, both from South Africa, completed Equatorial's Port Feasibility Study which identified a number of potential port solutions at the existing port of Pointe-Noire. Equatorial's preferred solution was incorporated by CDIS into the Company's Development Plan and has been further refined by WorleyParsons. The PAPN has confirmed that the Stage 1 and 2 transport operations presented in Equatorial's Development Plan are acceptable solutions and are now assisting Equatorial in negotiations to obtain access to the port space required.

The selection of the Port landside solution for the Scoping Study 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 2.0Mtpa.

The delivery of ore by rail car rakes is a steady process operating 24 hours per day 7 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 1 to 2 days total time in port and which does not lead to excessive demurrage between ship loading events. The ship loading system is planned to achieve a design loading rate of 3,000 tonnes per hour. The stockyard size and configuration will accommodate the likely variability in the arrivals of trains and ships to allow the system to remain efficient within expected system performance.

The Port landside function 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 chain of out load conveyors and sampling to twin ship loaders at the wharf.

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



Figure 11: Aerial view of the Port of Pointe-Noire



Figure 12: Pointe-Noire Berths 7 & 8

CAPITAL EXPENDITURE

The initial capital expenditure required for first production of Stage 1 (500Ktpa) has been estimated at US\$114 million. The total capital cost required to achieve 2Mtpa is estimated at US\$231 million. These capital cost estimates include a 25% contingency on all items except rolling stock. The total capital cost could be reduced through leasing arrangements on rolling stock, improvements in tailings management and through partnership opportunities with neighboring company Exxaro.

A summary of major capital costs is shown in Table 5 below:


MAYOKO-MOUSSONDI IRON PROJECT 		
Area	Stage 1 (US\$ M)	Stage 2 (US\$ M)
Mine Development	\$2.84	\$2.84
Process Plant	\$10.51	\$14.93
Tailings Storage Facility	\$2.38	\$10.12
Stockyard & Loadout	\$1.12	\$7.12
Non Process Infrastructure	\$4.36	\$6.46
Rail	\$17.45	\$28.45
Rail Rolling Stock	\$18.66	\$82.38
Port	\$26.47	\$26.93
Construction Equipment and Tools	\$1.91	\$3.89
Project Accommodation	\$2.10	\$2.10
TOTAL DIRECTS	\$87.80	\$185.22
EPCM (8.5%)	\$7.47	\$15.74
CONTINGENCY (25% ex Rolling Stock)	\$19.15	\$29.65
TOTAL INDIRECTS	\$26.61	45.39
TOTAL ESTIMATED COST	\$114.41	\$230.61

Table 5: Capital Cost Summary

The capital cost estimates are presented in US dollars with a base date of 2nd Quarter 2013 and carry an expected accuracy range of <+/-50% which is a typical WorleyParsons 'Class 1' order of magnitude estimate.

Table 6 is an estimate of the anticipated capital expenditure per annum over the first 4 years post Final Investment Decision.


MAYOKO-MOUSSONDI IRON PROJECT 	
Year	Spend (US\$ M)
-1	\$ 11.44
0	\$ 74.37
1	\$ 71.13
2	\$ 73.67
TOTAL	\$ 230.61

Table 6: Estimated Capex Expenditure over the first 4 years of the Project

Sustaining capital was estimated at US\$121.93M over the LOM and excludes any escalation. The following items were included in the sustaining capital estimate:

- Additional beneficiation module \$3.76M, Year 5;
- Additional 1MW genset for plant increase \$1.00M, Year 5;
- Replacement of all containers during the LOM. 1/3 of the Containers each year \$1.02Mpa, Years 9-11;
- Replace original gensets over 4 years \$0.95Mpa, Years 12-15; and
- Tailings Storage Facility \$5.50M per annum annually over LOM from Year 3 onward, totalling \$110M based on Golders estimate.

OPERATING EXPENDITURE

The operational life of the mine is 23 years with a total hematite production schedule of 43.9Mtpa at an average LOM operational cost of US\$41.43/t.


MAYOKO-MOISSONDJI IRON PROJECT 	
Operating costs – FOB Pointe-Noire, average over Life of Mine (US\$)	
Mining	\$16.11/t
Processing	\$6.39/t
Rail	\$13.70/t
Port	\$3.82/t
G&A	\$1.41/t
TOTAL OPEX	\$41.43/t

Table 7: Operating Cost Summary

UPSIDE POTENTIAL

Equatorial considers the Scoping Study as a base case development scenario and has identified areas for potential economic improvement as follows:

- **Potential for Resource Growth:** One of the advantages of Mayoko-Moussondji is the possibility for future expansion to create a globally significant iron ore region. Mayoko-Moussondji has an estimated global exploration target of between 2.3 and 3.9 billion tonnes¹ of iron mineralisation at a grade of 30% to 65% Fe. The Scoping Study is based on the initial MRE for the Project which is currently an Indicated and Inferred Resource of 767 million tonnes at 31.9% Fe including a Hematite Resource of 102 million tonnes at 40.6% Fe. The MRE was estimated from 43,743 m of drilling from 383 drill holes, conducted during the period May 2011 to December 2012. As at the current date 58,760m of drilling in 505 holes has been completed at the Project. Approximately 15,000m of drilling has been completed since the maiden resource was estimated and is expected to be included in a revised resource estimate by the end of the 2013 calendar year. 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. Accordingly, the reported maiden MRE is considered an initial resource and potential exists to substantially increase the resource base with on-going drilling. An increased resource base has the potential to increase Project mine life or annual life of mine production and thereby enhance overall Project economics. The recent addition of two further regional Exploration Licenses adds further potential to substantially increase Equatorial's exploration target and resource inventory in the Mayoko region.

¹ *Exploration Target: The estimates of exploration target sizes mentioned in this announcement should not be misunderstood or misconstrued as estimates of Mineral Resources. The potential quantity and grade of the exploration targets are conceptual in nature and there has been insufficient exploration to define a Mineral Resource in accordance with the JORC Code (2004) guidelines. Furthermore, it is uncertain if further exploration will result in the determination of a Mineral Resource.*

- **Potential for Capital Cost Reduction:** Equatorial has identified three main areas for further capital cost optimisation:
 - Infrastructure sharing with Exxaro: Significant potential cost synergies exist between Equatorial's operations at Mayoko-Moussondji and Exxaro's operations at the neighbouring Mayoko-Lekoumou project particularly in areas where high fixed costs are incurred such as rail and port activities. Equatorial has designed its overland transport solutions to integrate with those of Exxaro and the Company intends to explore opportunities for mutual cost saving with Exxaro;
 - Leasing of Rolling Stock: The Scoping Study assumes all rolling stock is purchased outright with a total capital cost of \$82M. Scope exists to arrange lease financing of rolling stock which would result in a significant reduction in the required capital.
 - Improved tailings management: A sustaining capital cost of \$110M is assumed for ongoing tailings management at the Project (\$5.5M per annum from Year 3 onwards). Scope exists to reduce this amount by the backfilling of process tailings into the pit. If feasible, this will reduce embankment volumes and sustaining capital costs. In addition, potential exists to further minimise the embankment volumes by optimising the tailings storage facility placement once improved topographic data of the area is available.
- **Potential for Operating Cost Reduction:** There is the potential to incorporate larger mining equipment in the future studies. If practical, this will potentially reduce the mining operating cost. In addition to this a detailed holistic mine production schedule will be developed during future studies to:
 - Maximise utilisation of the resource;
 - Minimise stockpile rehandle costs;
 - Optimise placement and height of the waste rock dumps;
 - Optimise tailings storage facility placement and development to minimise embankment volumes and haulage, and
 - Maximise backfilling and tails storage capability.

ENVIRONMENTAL & SOCIAL IMPACT ASSESSMENT

Equatorial has completed its Environmental and Social Impact Assessment Study ("ESIA") for Mayoko-Moussondji. The ESIA was completed by local environmental consultancy Eco Durable based on the baseline work conducted by the Company's environmental consultants SRK 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 corporate 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 of the ESIA represents the successful achievement of a major development milestone for the Project. The ESIA has now been lodged with the ROC government for approval. The approval of the Project's ESIA is a pre-requisite to the granting of a Mining Licence under the ROC Mining Code.

PERMITTING AND FISCAL REGIME

Under the terms of the ROC Mining Code (“the Code”), exploration licences are granted for an initial three year period and are then capable of being renewed twice for two further two year periods upon application. The holder of an exploration license has the exclusive right to apply for a Mining Licence by submitting a feasibility study for the project and an Environmental and Social Impact Assessment (“ESIA”) that has been approved by the ROC government. A Mining License for iron ore in the ROC is valid for 25 years and grants the holder the exclusive right to mine within the boundaries of the licence area.

Upon the grant of a Mining Licence the Code stipulates that a Convention Agreement is signed between the holder and the ROC government. The Convention Agreement defines the fiscal rights and responsibilities of both the government and the holder with respect to the operation of the Mining Licence. The Code has a number of favourable terms for miners. The Government is entitled to a 3% royalty on revenues and a 10% free carried interest in the project. The corporate tax rate in the ROC is currently 34% and mining companies have been able to negotiate tax holidays of up to five years from first production and a range of other investment incentives. Equatorial is greatly encouraged by the ROC government’s strong commitment to the establishment of a mining industry in the ROC and the support received for the Company’s Development Plan.

The Mayoko-Moussondji Exploration License was renewed in 2012 for the first 2 year extension and is currently valid until the 19th August 2014. Equatorial intends to lodge an application for a Mining Licence for the Project before the end of 2013.

NEXT STEPS

The Scoping Study 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 Scoping Study 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 a long mine life with 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. Equatorial continues to explore opportunities for collaboration and partnership with significant mining houses and potential funders in order to fast track the financing and 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. The Company is exploring a number of opportunities for on and off-balance sheet funding (including the leasing of rolling stock with a total capital cost of \$82M if purchased outright), product off-take arrangements and strategic partnership. Currently, no binding agreements have been concluded with any party nor has any opportunity sufficiently progressed to be announced to the market. There is no guarantee that any agreement or transaction will eventuate from the Company’s current discussions.

Equatorial will immediately commence preparation of an application for a Mining License for the Project which it intends to lodge with the ROC government during the second half of 2013.

COMPETENT PERSONS STATEMENTS

The information in this announcement that relates to in-situ Mineral Resources is based on information compiled by Mr Malcolm Titley of CSA Global UK Ltd. Mr Titley is a Member of the Australasian Institute of Geoscientists ('AIG') and the Australasian Institute of Mining and Metallurgy ('AusIMM') and has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration, and to the activity he is 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' (JORC Code). Mr Titley 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 Metallurgical Test Results is based on information compiled by Dr John Clout who is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Clout was a consultant to Equatorial Resources Limited during the Scoping Study. Dr Clout 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 JORC Code. Dr Clout 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 is based on 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 JORC Code. 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.

The information in this announcement that relates to Exploration Results, other than Metallurgical Test Results and Geophysical Exploration Results, is based on information compiled by Mr Mark Glassock, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Glassock is 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 JORC Code. 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 the technical details and capital and operating cost estimates for the mineral processing, rail and port infrastructure "pit to port" elements of the Mayoko-Moussondji Project Scoping Study is based on information compiled by Mr Paul Henharen of Worley Parsons. He 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 JORC Code. 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 the mining schedule and estimated mine operating costs for the Mayoko-Moussondji Project Scoping Study is based on information compiled by Mr Steve Craig of Orelogy. He 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 JORC Code. Mr Craig consents to the inclusion of such information in this Report in the form and context in which it appears.

FORWARD LOOKING AND CAUTIONARY STATEMENTS

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 2004 Edition and the current ASX Listing Rules. However, the Company has taken into account the proposed cautionary statements as prescribed by the proposed new JORC Code 2012 Edition and the proposed new ASX Listing Rules, and has included them herein.

The Company notes that an Inferred Resource has a lower level of confidence than an Indicated Resource and that the JORC Code (2004 Edition) advises that to be an Inferred Resource it is reasonable to expect that the majority of the Inferred Resource would be upgraded to an Indicated Resource with continued exploration. Based on advice from relevant Component Persons including Mark Glasscock the Company has a high degree of confidence that the Inferred Resources for the Mayoko-Moussondji Project will upgrade to Indicated Resources with further exploration work. The previous exploration work that targeted an indicated resource was successful in identifying the current Indicated Resources. The Project's geology and mineralisation are relatively simple, consistent and well understood from detailed mapping, trenching and 58,750 metres of RC and diamond drilling in 505 holes. The banded iron formation units and associated mineralisation is well defined from the geophysical surveys that have been conducted over the project area, including magnetics, radiometrics, induced polarisation and gravity.

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

- (i) The Company's Scoping Study was completed by Equatorial's Project Management Team under the direction of Rainer Dreier of CDIS. In addition, Equatorial engaged WorleyParsons to complete an independent review, optimisation and gap analysis of the first two development stages which envisage the development of a 2Mtpa operation based on the initial Indicated and Inferred Hematite Resource. Oreology has provided the mining schedule and estimated mine operating costs with WorleyParsons providing sign off for the Class 1 capital cost estimate (excluding owners costs) and for operating costs including process, rail, port, and G&A;
- (ii) 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 have a resource regardless of its classification. 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 rolling stock with a total capital cost of \$82M if purchased outright). It should also be noted that the Company has more than A\$50M in the bank as at 30 June 2013 and these funds are available to progress development;
- (iii) The Company expects to finalise access arrangements to use the underutilised existing 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. Under these MOU's Equatorial has been granted access to the railway line and, together with the CFCO, has completed a study for the use of the railway line to transport iron ore from Mayoko-Moussondji to the port of Pointe-Noire. These MOU's also specify the framework of future commercial arrangements for the rail.

Further, the Company and the PAPN have signed an MOU in relation to the port at Point Noire. The Company, together with Murray Roberts and Demcotech, has completed a feasibility study for the use of the port for the export of iron ore which identified a number of potential port solutions at the existing port of Pointe-Noire. Equatorial's preferred solution was incorporated into the Company's Port Development Plan and has been further

refined by WorleyParsons. The PAPN has confirmed that the Stage 1 and 2 transport operations presented in Equatorial's Development Plan are acceptable solutions;

- (iv) The Scoping Study referred to in this announcement contains substantially the necessary information required to formally apply for a Mining Licence from the ROC Government, which process will now be initiated;
- (v) The Company has a Mineral Resource Estimate for the hematite mineral resource of 101.8 million tonnes at 40.6% Fe (at a 32%Fe Cut-off grade) of which 25%, being 25.2 million tonnes at 44.5% Fe, is classified in the Indicated Mineral Resource category under the 2004 JORC code. This level of Indicated Resource is a material amount as a percentage of the entire Project Resources;
- (vi) Dr John Clout has carried out Metallurgical test work on the mineralisation the results of which have demonstrated the ability for the deposit to produce a premium high grade fines product of 64.1% Fe;
- (vii) Mr Steve Craig, a mining engineer at Orelogy has used the Mineral Resource Estimate for the hematite mineralisation type prepared by CSA Global and the Metallurgical test work carried out by Dr Clout and has calculated a ROM inventory as the basis for the proposed mining schedule. Based on both the Indicated and Inferred hematite mineralisation in the Mineral Resource Estimate the ROM inventory of 104.7Mt at a cut-off grade of 20.8% Fe will produce 43.9Mt of product. Orelogy has then used EVORELUTION, an open cut scheduling software system, to determine a production profile based on a production target of 2Mtpa at 64.1% Fe and has assessed the mining operation cost per tonne. The Orelogy mine plan indicates that the first 6 years (or 24%) of the mineralisation inventory is based on Indicated Resources;
- (viii) The Company believes that the investigations and studies carried out on the process flow sheet and the mine planning for this Scoping Study exceeds what would normally be expected at a Scoping Study level;
- (ix) Mr Paul Henharen of WorleyParsons has taken the Mineral Resource Estimate for the hematite mineralisation type prepared by CSA Global, the Metallurgical test work carried out by Dr Clout and the production schedule and operating cost estimates for mining from Orelogy and have prepared capital and operating cost estimates for the mineral processing and have determined that there is an optimal transport methodology to convey up to 2 Mtpa (dry) of product from the mine in an incremental, staged development utilising existing rail and port infrastructure; and
- (x) Equatorial's aspiration to be an iron producer is also based upon extensive 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.

Cautionary Statements

This announcement has been prepared in compliance with the current JORC Code 2004 Edition and the current ASX Listing Rules. However, the Company has determined to include the following cautionary statements as prescribed by the proposed new JORC Code 2012 Edition and the proposed ASX Listing Rules:

The Company advises the Scoping Study results and Production Targets reflected in this announcement are preliminary in nature as conclusions are drawn partly from Indicated Resources (being 25% of the total hematite resource) and Inferred Resources (being 75% of the total hematite resource).

The Scoping Study referred to in this announcement is based on lower-level technical and economic assessments and are insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.

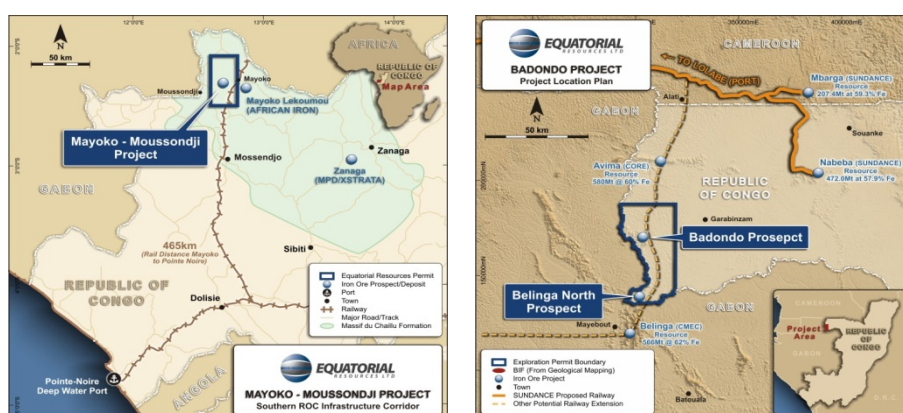
There is a low level of geological confidence associated with mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

ABOUT EQUATORIAL RESOURCES

Equatorial Resources Limited (ASX:EQX), is focused on the exploration and development of two 100% owned potentially 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, currently has a Hematite Resource of 102 million tonnes at 40.6% Fe as part of initial total Indicated and Inferred Resources of 767 million tonnes at 31.9% Fe. Overall the project has an estimated global exploration target of between 2.3 and 3.9 billion tonnes¹ of iron mineralisation at a grade of 30% to 65% 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.

The **Badondo Iron Project**, in the northwest region of ROC, has an estimated global exploration target of between 1.3 and 2.2 billion tonnes¹ of iron mineralisation at a grade of 30% to 65% Fe. The project is located within a regional cluster of world-class iron ore exploration projects including Sundance Resources' Mbalam and Nabeba projects.



¹ Exploration Target: The estimates of exploration target sizes mentioned in this announcement should not be misunderstood or misconstrued as estimates of Mineral Resources. The potential quantity and grade of the exploration targets are conceptual in nature and there has been insufficient exploration to define a Mineral Resource in accordance with the JORC Code (2004) guidelines. Furthermore, it is uncertain if further exploration will result in the determination of a Mineral Resource.