

ASX Release

EQX signs Conditional Agreement to Acquire South Kalimantan Minerals Permit

24 December 2007, Perth: The Board of Directors of EQiTX Limited (ASX: EQX) is pleased to announce it has signed another binding Term Sheet with PT Mega Coal Indo Mine (**Mega Coal**) that will enable EQX to take a 51% interest in the net profits from production of coal from a number of Indonesian minerals permits. This Term Sheet is in addition to the Term Sheet signed and announced on 29 October 2007 meaning that this acquisition would add to the companies previously announced acquisition of a 70% interest in the net profit of coal in three other Indonesian mineral permits, details of which are fully outlined in the 29 October 2007 announcement. As previously advised, and subject to shareholder approval, the Company will in due course change its name, Board and Management to reflect this new line of business.

Background on Permits

The project area of approximately 200Ha in South Kalimantan has previously been developed and mined, but the licences have expired and are currently in the process of being reissued to Mega Coal. It is estimated that a significant deposit exists within the project area, which is in close proximity to suitable barge port areas and to the open sea. Logistically, the project area is well situated to allow straightforward trans-shipment operations with a very short haul by barge.

Details of the Terms Sheet

The material terms of the binding Terms Sheet are as follows:

- EQX will acquire the rights to 51% of the net profits generated from the production of coal from the Indonesian mining permits.
- EQX will pay a deposit of \$US2 million to Mega Coal within the next one week of the confirmation that the Exploration Licence in relation to the Asset has been officially issued to a properly constituted Indonesian PT Company ("**PT Company**") owned and controlled by Mega Coal. This deposit will be fully refundable if:
 - EQX is not able to prove up reserves of at least 50 million tonnes of coal at a strip ratio of less than 5:1 within the asset area and with a minimum calorific value (CV) of 5300 gross air dried (GAD), within eight months of the signing of the Term Sheet during which the Company will carry out its due diligence; or
 - if Mega Coal is found not to be the owner of the Exploration & Mining Licences; or

- EQX is not satisfied with the outcome of a legal due diligence process designed to ascertain the legal standing of the Exploration & Mining Licences and the clearance of any legal issues or legal action to which those licences or the PT Company might be a party

Suitable security arrangements for the recovery of the deposit have been put in place by EQX.

In addition:

- EQX will pay \$US5 million fully refundable amount for the issue of the Exploitation Permit to the PT Company. This amount will remain in escrow until the earlier satisfaction of all conditions precedent or commencement of mining operations by EQX.
- A further \$US18 million paid on completion on the three above conditions.
- EQX will carry out detailed legal and technical due diligence on these permits (at a cost of up to \$US100,000) to verify the information provided to the Company regarding the prospectivity and ownership of the mining permits.
- Capital Investment Partners (CIP) will work with EQX to raise an initial \$A14.5 million which will be used to fund the initial deposit on the permits and the due diligence costs. These funds will be raised at the equivalent of \$0.20 per share by a converting loan. The converting loan will be converted to EQX shares assuming the conversion of the loan to shares is approved by shareholders at an upcoming General Meeting which will be held on or around 31 January 2008.

Subject to completion of the due diligence, shareholder approval, the entry into a formal agreement, the successful completion of an appropriate capital raising and ASX providing conditional approval to the re-admission of EQX to the Official List as a resource company, the Company will change activities and focus on the development of both of these new coal opportunities. As a result of the proposed change of the Company's activities to focus on the resources sector, EQX will be required to satisfy the requirements in Chapters 1 and 2 of the ASX Listing Rules as if the Company were applying for admission to the official list. Re-compliance with Chapters 1 and 2 of the ASX Listing Rules requires the issue of a prospectus, raising capital at a minimum of 20 cents and evidence of 400 EQX shareholders with parcels of shares worth at least \$2,000 each.

As discussed above, EQX intends to raise the appropriate amount of funds as part of this re-compliance process. The funds raised will be used for the proposed exploration programme on the three previous announced mining permits along with the new permits and to meet ongoing working capital requirements.

Corporate Resources Consultants Pty Ltd (“CRC”) and CIP Directors or their related parties are or will be the shareholders of Krypton Resources Pte Ltd (“Krypton”), a Singaporean private company, which is entitled to receive from EQX an introductory fee being a royalty of US\$0.75 per tonne produced from these new permits. This royalty will only be payable if the permits makes more than US\$10 per tonne net operating cash surplus (“NOCS”). NOCS is the sale price per tonne (in US\$) less the operating cost per tonne (in US\$) that relates to the proposed mining operations in the Kintap area of South Kalimantan. Operating cost are defined as all cost relating to the proposed mining operations once mining has commenced excluding depreciation, mine/infrastructure establishment, interest, tax and capital expenditure.

In addition, Krypton will be eligible to receive 2 million shares upon EQX being satisfied with the following three conditions;

- i. identification to the satisfaction of EQX of a 50 million tonne coal reserve at a strip ratio less than 5:1 within the asset area;
- ii. the proper issue of the exploitation licence; and
- iii. the clearance of any legal issues or legal action to which the PT Company is a party, or in respect of the permits, to the satisfaction of EQX.

Anticipated Timetable

The anticipated timetable for completion of both this transaction and the previously announced transaction and the balance of the matters referred to above is set out below:

Sign binding Terms Sheet with Vendors	19 December 2007
Raising of \$A14.5m via a converting loan that will convert to EQX shares via the issue of 72.5m EQX shares with a deemed value of \$0.20 per share after shareholder approval	28 December 2007
Pay initial \$US2 million refundable deposit on permits to the owners of the permit	28 December 2007
Pay \$US5 million refundable deposit of the issue of the Exploitation Permit to the PT Company	21 January 2008
Carrying out of Due Diligence by EQX on the permits including confirming a proven reserve of at least 50 million tonnes of coal	December 2007 to February 2008
Despatch Notice of Meeting to shareholders to approve the conversion of the \$A14.5m converting loan	28 December 2007
General Meeting to approve converting loans and allotment of 72.5m EQX shares at \$0.20 per share to raise \$A14.5m	31 January 2008
Confirmation that successful Due Diligence has been	3 March 2008

completed and that the transaction is recommended to shareholders	
Despatch Notice of Meeting to shareholders to consider and approve resolutions relating to the proposed transaction	17 March 2008
Suspension of EQX's securities from trading on ASX at the opening of trading	1 May 2008
General Meeting to approve the change of activities of the Company and other relevant resolutions	2 May 2008
Issue of Prospectus to raise funds to complete readmission to the ASX and fund the project	2 May 2008
Record Date for In specie distribution of biotechnology assets	9 May 2008
Closure of Prospectus	16 June 2008
Relisting of EQX on the ASX	30 June 2008

PLEASE NOTE: THE ABOVE DATES ARE SUBJECT TO CHANGE

Summary

The EQX Board believes that these new permits along with the three permits previously announced have the potential to quickly develop EQX into a significant coal exploration and production company and thereby provide significant upside to EQX shareholders. The Board looks forward to the support of shareholders in finalising this transaction.

All inquiries regarding this announcement should be directed to EQX, through the Chairman Geoff Gander, who can be reached on 0417 914 137.

Annexure 1

BALANCE SHEET

Set out below, for the purpose of illustration only, is an unaudited pro forma consolidated balance sheet of the Company as at 30 June 2007 taking into account the effect of the Offer made pursuant to Term Sheet and assuming completion has occurred. The pro forma consolidated balance sheet illustrates the effect of the Offer as if the issue of securities occurred on 30 June 2007 (based on the assumptions below).

The financial information is presented in abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

	Audited Consolidated June 07 \$	Pro- forma Consolidated June 07 \$
Current Assets		
Cash and cash equivalents	645,028	7,249,675
Trade and other receivables	31,328	31,328
Current tax assets	153,048	153,048
Prepayments	4,664	4,664
Total Current Assets	833,978	7,438,715
Non Current Assets		
Plant and equipment	7,963	7,963
Exploration expenditure	-	36,685,263
Available-for-sale financial assets	10,801	10,801
Investment accounted for using the equity method	1,121,056	1,121,056
Total Non Current Assets	1,139,820	37,825,083
Total Assets	1,973,798	45,263,798
Current Liabilities		
Trade Payables	49,799	49,799
Interest bearing loans	591,667	591,667
Total Current Liabilities	641,466	641,466
Total Liabilities	641,466	641,466
Net Assets	1,332,332	44,622,332
Equity		
Contributed equity	51,631,975	94,921,975
Accumulated losses	(50,842,044)	(50,842,044)
Other reserves	542,401	542,401
Total Equity	1,332,332	44,622,332

The pro forma consolidated balance sheet assumes:

- (a) the issue and allotment by the Company of 40,000,000 shares at an issue price of 10 cents to raise a total of \$4,000,000 before costs.
- (b) the issue and allotment by the Company of 20,000,000 shares at an issue price of 10 cents as consideration to the vendors for the assets.*
- (c) the issue and allotment by the Company of 125,000,000 shares at an issue price of 20 cents to raise a total of \$25,000,000 before costs.^
- (d) the issue and allotment by the Company of 72,500,000 shares at an issue price of 20 cents to raise a total of \$14,500,000 before costs.
- (d) the payment of \$2,610,000 for fundraising costs for all issues of shares.

* This is assumed to be the minimum issue price, however the market at the time will determine the actual issue price.

^ The final size and pricing of this capital raising has not yet been determined.



Annexure 2

CAPITAL STRUCTURE

	No. of shares	\$
Opening balance	46,464,170	51,631,975
Issue of 20 million shares @ 10 cents	20,000,000	2,000,000
Issue of 40 million shares @ 10 cents	40,000,000	4,000,000
Issue of 72.5 million shares @ 20 cents	72,500,000	14,500,000
Issue of 2 million shares @ 20 cents	2,000,000	400,000
Issue of 125 million shares @ 20 cents	125,000,000	25,000,000
Associated costs		(2,610,000)
Total Equity	305,964,170	94,921,975

In addition to the above equity, EQX also has the following securities that are not quoted on the ASX:

Convertible Notes, 8% p.a., redemption date 31 Dec 2008	5,800,000
Employee Options, exercise price \$0.20, expiry date 08 May 2008	200,000
Unlisted Options, exercise price \$0.20, expiry date 31 Dec 2010	750,000
Unlisted Options, exercise price \$0.25, expiry date 04 Aug 2011	1,000,000

ENDS