EQUATORIAL RESOURCES LTD

ASX : EQX

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EQUATORIAL AND SUNDANCE SIGN MOU TO SHARE IRON ORE INFRASTRUCTURE

Highlights

- **Equatorial Resources Limited has signed a Memorandum of Understanding ("MOU") with Sundance Resources Limited concerning the provision and use of future infrastructure facilities which could service Equatorial's 100% owned Badondo Iron Project.**

- **Both companies have agreed to use all reasonable endeavors to jointly develop and/or share the expansion of Sundance's proposed rail and port infrastructure required to service Equatorial's Badondo Iron Project.**

- **The MOU considers participation in the development of the transport infrastructure by way of direct investment or alternatively by a haulage services agreement between Equatorial and Sundance.**

- **Equatorial and Sundance have also agreed to investigate the opportunity for a unified approach to environmental impact management, local training initiatives, work force development strategies and government liaison.**

Equatorial Resources Limited ("Equatorial" or "Company") is pleased to advise that is has signed a Memorandum of Understanding (MOU) with Sundance Resources Limited ("Sundance") (ASX: SDL) concerning the provision and use of future rail and port infrastructure which could service Equatorial's 100% owned Badondo Iron Project ("Badondo" or "Project") in the Republic of Congo ("ROC").

Equatorial's Managing Director and CEO, Mr John Welborn, said: "The development of transport infrastructure is the key to unlocking the massive value of the iron ore projects in the Congo Basin region. Sundance's well documented progress on the development of their Mbalam Iron Ore Project and the proposed construction of associated integrated rail and port facilities provide Equatorial, and potentially other iron projects in the region, with a valuable opportunity. Equatorial's agreement with Sundance has mutual benefits for both companies in providing further development scenarios and potentially a broader base for the funding and operation of new transport infrastructure. It makes a lot of sense for Equatorial to work together with Sundance and we are looking forward to this agreement assisting the progress of our development plans for Badondo."

Figure 1: Transport corridor linking Equatorial's Badondo Project to Sundance's Mbalam/Nabeba Project

WORLD CLASS IRON ORE REGION

Badondo is located in the northwest region of the ROC within a regional cluster of world-class iron ore projects including Sundance's Mbalam Iron Ore Project ("Mbalam"). Mbalam consists of the Mbarga Project in Cameroun and the Nabeba Project in the ROC. Badondo is located approximately 90 km south-west of Nabeba and approximately 90 km south from Sundance's proposed rail infrastructure. Core Mining's Avima project is located immediately north of Badondo and CMEC's Belinga is immediately south in Gabon.

Sundance currently has a JORC Mineral Resource totalling 521.7 million tonnes ("Mt") of high-grade hematite at 60.7% Fe divided over four deposits. Of the 521.7 Mt, 94% is classified as 'Indicated' as defined by the JORC Code.

Equatorial has previously announced an estimated global exploration target for Badondo of between 1.3 and 2.2 billion tonnes[1] of iron mineralisation at a grade of 30% to 65% Fe (refer ASX announcement 28 March 2011).

Sundance currently plans to transport ore from Mbalam via a dedicated rail line to a custom-built iron ore export terminal at the Port of Lolabe in Cameroon.

[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.*

Figure 2: Equatorial Resources Project Location Plan

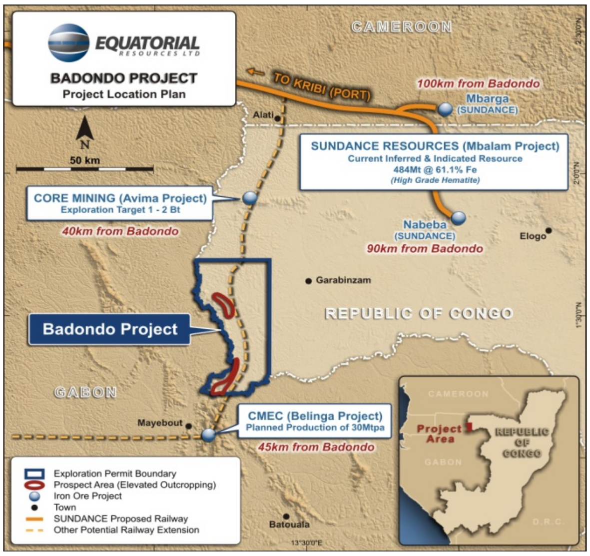

Figure3: Badondo Iron Project location

MEMORANDUM OF UNDERSTANDING

Given the proximity of Equatorial's Badondo project and Sundance's Mbalam the companies have been discussing how they may cooperate in the development of required iron ore transport infrastructure. Sundance is progressing the development of the Mbalam and is proposing the construction of a dedicated railway track which will connect Mbalam to a new bulk materials port at Lolabe. By signing the MOU Equatorial and Sundance have agreed to use all reasonable endeavors to cooperate on the development of an expansion of Sundance's proposed railway and port which would enable Badondo to have access to these facilities. The development and access is envisaged by way of direct investment by the companies or alternatively by a haulage services agreement. Sundance and Equatorial will also advance discussions concerning other possible infrastructure solutions.

COOPERATION AND SHARING OF EXPLORATION RESOURCES

In addition to cooperation over the development of transport infrastructure, Equatorial and Sundance have also committed to negotiate and attempt to seek agreement in relation to:

(i) Opportunities for operational cooperation in relation to exploration and project development;

(ii) A unified approach to environmental impact management, compliance and reporting as well as a unified liaison program with relevant environmental agencies;

(iii) Cooperation on risk management, health and safety practices and reporting methods, and emergency response procedures;

(iv) Collaboration of training initiatives and work force development strategies; and

(v) Mutual assistance with government relations and community liaison.

The purpose of the proposed operational cooperation is for Equatorial and Sundance to realise cost savings, improve community and government relations and the safety and training of their respective staff, and to accelerate the development of the respective iron projects.

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ABOUT SUNDANCE'S MBALAM IRON ORE PROJECT

The Mbalam Iron Ore Project is based around a group of large-scale iron ore deposits spanning the border between the Republic of Cameroon and the neighbouring Republic of Congo in central West Africa. The Mbalam Iron Ore Project is an integrated mine, rail and port Project that will unlock the potential of a new world-class iron ore region in central West Africa.

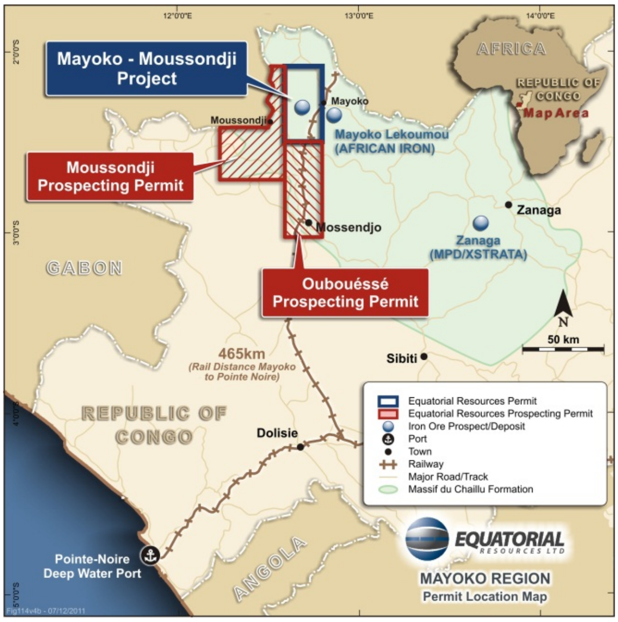
The first stage of the project is designed to develop mines to produce 35Mtpa of DSO-quality hematite for 10 years as well as the construction of a heavy haul railway for the transport of iron ore and building of a dedicated deep water port. Stage two will then develop and produce at 35Mtpa Sundance's Itabirite deposits for a further fifteen years. The Definitive Feasibility Study ("DFS") for Stage One was completed in March 2011. The DFS now forms the basis for capital appropriation and will provide the budget input to move towards final investment decision pending securing project financing and Government approvals in Cameroon and Congo.

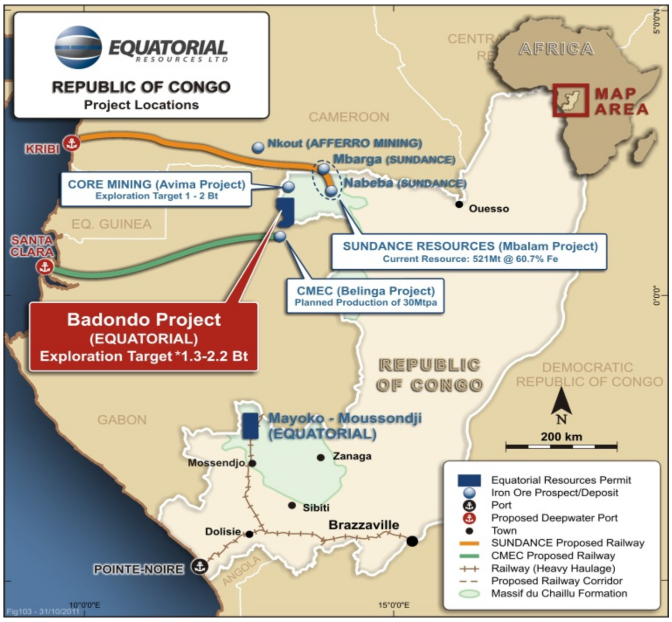
ABOUT EQUATORIAL RESOURCES

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

The **Mayoko-Moussondji Iron Project**, located in the southwest region of the ROC, has an estimated global exploration target of between 2.3 and 3.9 billion tonnes[1] 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 operational 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 tonnes[1] 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.





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The information in this announcement that relates to Geophysical Exploration Results is based on information compiled by Mr Mathew Cooper (B.App.Sc (Geophysics) Hons.) of Resource Potentials 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 mineralization and type of deposit under consideration and to the activity which 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. 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 report that relates to Exploration Results, other than Geophysical Exploration Results, is based on information compiled by Mr Sean Halpin, who is a member of the Australian Institute of Geoscientists. Mr Halpin is a full time employee of Equatorial Resources Limited. Mr Halpin 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Halpin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.