

ASX: EQX | 11 August 2020 | ASX RELEASE

EQUATORIAL UPDATE

Equatorial Resources Limited (**Equatorial**) is pleased to announce that it has subscribed for a further 12,000,000 ordinary shares in Salt Lake Potash Limited's (ASX:SO4) (**SO4**) recent entitlement offer at an issue price of A\$0.50 per share for total consideration of A\$6 million. This follows Equatorial's original purchase of A\$10 million of unsecured convertible notes in SO4 on 2 July 2020.

Equatorial's subscription for shares in SO4 is an opportunistic use of available treasury funds, given the SO4 issue price of A\$0.50 represents a 18% discount to the last SO4 closing price, while the Company continues to progress its Mining Licence application lodged for the potentially large-scale Badondo Iron Project (**Badondo**) located in the northwest region of the Republic of Congo.

Equatorial believes that its shareholdings in SO4 will provide shareholders with higher returns than its cash reserves can generate. This capital management decision was progressed by the independent directors of Equatorial (Mr John Welborn and Mr Robert Behets) who believe the investment in SO4 is in the best interests of shareholders.

Equatorial remains in a strong financial position with significant cash reserves available to progress exploration and development activities at the Company's existing iron ore project as well as pursue additional business opportunities in the resources sector.

About Equatorial

Equatorial is an ASX-listed company focused on advancing its existing mineral resource assets in Africa as well as searching for new opportunities in the resources sector which have the potential to build shareholder wealth. Equatorial is the owner of the potentially large scale Badondo Iron Ore Project and also holds a 2% royalty on all future production from the Mayoko-Moussondji Iron Project. Both Badondo and Mayoko-Moussondji are located in the Republic of Congo. As at 30 June 2020 Equatorial had cash reserves of over A\$40 million (prior to Equatorial's subscription for ordinary shares and convertible notes in SO4).

About SO4

SO4 has announced details of a US\$138 million (A\$203 million) debt financing package and a fully underwritten equity placement and accelerated non-renounceable entitlement offer for A\$98.5 million at an issue price of A\$0.50 per share, which completes the funding required for the development of SO4's Lake Way sulphate-of-potash (**SOP**) project in the Goldfields region of Western Australia.

SO4 plans to produce premium, organic SOP from salt lakes in the Goldfields region of Western Australia. SOP is the premium source of potassium favoured by high value, chloride intolerant crops. SO4 is currently constructing its Lake Way project, an operation that could produce 245kt of SOP per annum with operating costs of A\$302 per tonne, placing it in the first quartile of global SOP operations. Construction of Lake Way commenced in Q1 2019 and the project is now substantially progressed with plant practical completion and first revenues expected in Q1 2021.

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This announcement has been authorised for release by the Company's Board of Directors.