

ASX: EQX | 21 April 2016 | ASX RELEASE

MARCH 2016 QUARTERLY REPORT

Equatorial Resources Limited ("**Equatorial**" or "**Company**") is pleased to present its quarterly report for the period ending 31 March 2016. Highlights during the quarter include:

- *Equatorial retains 100% ownership of the potentially large-scale Badondo Iron Project ("**Badondo**") in the northwest region of the Republic of Congo.*
- *Badondo is located within a regional cluster of world-class iron ore exploration projects including Sundance Resources Ltd's Mbalam-Nabeba project, Core Mining's Avima project, and the Belinga project in Gabon.*
- *Badondo has a large direct shipping ore hematite exploration target and assay results received to-date have confirmed the presence of thick high grade iron mineralisation at, and close to, surface.*
- *Application for a mining licence is currently progressing and plans for further exploration and development activity at Badondo are being considered by Equatorial in the context of the current iron ore price and the progress of regional infrastructure developments.*
- *In addition, Equatorial is continuing to investigate regional opportunities for partnership and co-operation with strategic investors at a project level, in order to maximise the value of Badondo for shareholders.*
- *Equatorial also retains a 2% royalty on all future production from the Mayoko-Moussondji Iron Project ("**Mayoko-Moussondji**"), located in the southwest region of the Republic of Congo, following its sale to Midus Global Limited.*
- *Mr Robert Behets was appointed as Non-Executive Director of the Company and Mr Peter Woodman resigned as Non-Executive Director of the Company.*
- *Equatorial is in a strong financial position with significant cash reserves and no debt. At 31 March 2016 the Company had cash reserves of \$40.4 million.*
- *Equatorial is focused on creating value from Badondo in addition to identifying and evaluating new opportunities in the resources sector which have the potential to build shareholder value.*

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Badondo Iron Project

Equatorial is the 100% owner of the Badondo Iron Project, which is held by Equatorial's 100% owned subsidiary Congo Mining Exploration Ltd SARL ("**CME**"). Badondo is a potentially large-scale iron project in the northwest region of the Republic of Congo, within a regional cluster of world-class iron ore exploration projects including Sundance Resources Limited's Mbalam-Nabeba project.

Badondo has a large direct shipping ore ("**DSO**") hematite exploration target and assay results received to-date have confirmed the presence of thick high grade iron mineralisation at, and close to, surface.

During the quarter, the Company worked to finalise a Mining Licence Application ("**MLA**") for Badondo. In accordance with the Republic of Congo Mining Code, Equatorial has previously applied for the renewal of the Badondo Exploration Licence and is now undertaking the process to upgrade the Company's tenure to a 25 year Mining Licence. According to the Republic of Congo Mining Code, an MLA requires the submission of a feasibility study, an environmental and social impact assessment, community development plans, and the completion of technical reviews by relevant government agencies. Equatorial intends to lodge the MLA for Badondo based on completed exploration work in order to position the Company with a 25 year right to mine at the project.

Equatorial has plans for further exploration work at Badondo, which may include a follow-up drilling program. Further exploration and development programs at Badondo will be considered by the Company in the context of the current iron ore price and the progress of regional infrastructure developments.

In addition, Equatorial is continuing to investigate regional opportunities for partnership and cooperation with strategic investors at a project level, in order to maximise the value of Badondo for shareholders.

Mayoko-Moussondji Iron Project

During the December 2015 quarter, the Company completed the sale of its Mayoko-Moussondji Iron Project ("**Mayoko-Moussondji**"), located in the southwest region of the Republic of Congo, to Midus Global Limited, for net proceeds of A\$4.7 million. The sale occurred by Midus Global Limited acquiring 100% of Equatorial's wholly-owned subsidiary Congo Mining Ltd SARL ("**CML**"), which is the legal and beneficial owner of Mayoko-Moussondji.

Equatorial retains a 2% royalty on all future production from Mayoko-Moussondji, calculated on the value of all sales of ore extracted, produced, sold or otherwise disposed of from the project.

Corporate

Equatorial is in a strong financial position with significant cash reserves and no debt. At 31 March 2016 the Company had cash reserves of A\$40.4 million.

During the quarter, Mr Robert Behets was appointed as Non-Executive Director of the Company and Mr Peter Woodman resigned as Non-Executive Director of the Company.

In addition to maximising the value of existing assets, the Company continues to identify and evaluate resource projects which have the potential to build shareholder value. During the quarter, Equatorial assessed a number of new business opportunities and will make announcements to the market as appropriate should an acquisition occur.

Tenement Information

As at 31 March 2016, the Company has an interest in the following mining and exploration tenements:

Project Name	Tenement Type	Tenement Number	% Interest	Status
Badondo Iron Project	Exploration Licence	Decree No. 2012-937	100%	Awaiting renewal



Figure 1: Badondo Project Location

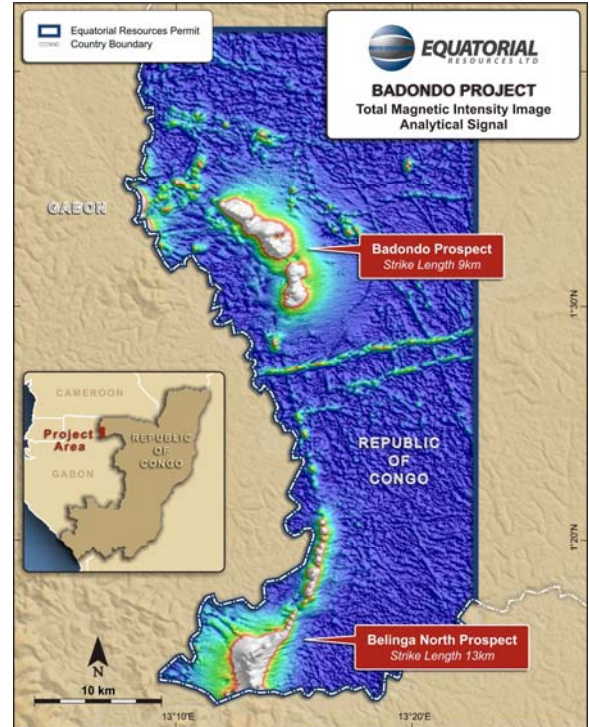


Figure 2: Badondo Exploration Targets

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Equatorial Resources Limited

ABN

50 009 188 694

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for:		
(a) exploration & evaluation	(36)	(235)
(b) development	-	-
(c) production	-	-
(d) administration	44	(608)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	320	883
1.5 Interest and other costs of finance paid	-	(29)
1.6 Income taxes paid (net of R&D grants)	-	(332)
1.7 Other (provide details if material):		
(a) business development	(26)	(1,309)
Net Operating Cash Flows	302	(1,630)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	4,733
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	4,733
1.13 Total operating and investing cash flows (carried forward)	302	3,103

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	302	3,103
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material):		
	- Capital raising expenses	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	302	3,103
1.20	Cash at beginning of quarter/year	40,125	37,324
1.21	Exchange rate adjustments to item 1.20	2	2
1.22	Cash at end of quarter	40,429	40,429

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	211
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments include directors' fees, superannuation, executive remuneration, company secretarial services and provision of a fully serviced office.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not applicable

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not applicable

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	-
4.3 Production	-
4.4 Administration	100
Total	200

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,029	1,725
5.2 Deposits at call	39,400	38,400
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	40,429	40,125

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Not applicable			
6.2 Interests in mining tenements acquired or increased	Not applicable			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	124,445,353	124,445,353	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	<i>Options</i> 100,000 <i>Rights</i> 2,305,000	- -	<i>Exercise price</i> \$0.24 Nil	<i>Expiry date</i> 30 Jun 2017 31 Dec 2016
7.8 Issued during quarter				
7.9 Exercised/vested during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:..... Date: 21 April 2016
(~~Director~~/Company secretary)

Print name: Greg Swan

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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