

MARCH 2023 QUARTERLY REPORT

Equatorial Resources Limited (“Equatorial” or “Company”) presents its quarterly report for the period ending 31 March 2023. Relevant activities and events during and subsequent to the quarter include:

Agreement to acquire Nimba Alliance Iron Ore Project in Guinea

- Subsequent to the end of the quarter, the Company entered into a conditional agreement to acquire the Nimba Alliance Iron Ore Project (“Nimba”) in Guinea, West Africa.
- Nimba has one of the largest landholdings in Guinea’s prolific Nimba Iron Ore Corridor and comprises majority ownership of two permits: 100% of the Nimba West permit covering ~300km²; and 56% of the Nimba North permit covering ~183km².
- Nimba was previously owned by an international consortium of major mining companies, including BHP Group Limited (“BHP”).

Statement of Claim for Compensation Against Congo

- During the quarter, the Company filed a Memorial of Claim at the International Centre for Settlement of Investment Disputes (“ICSID”) in Washington, D.C. in the Company’s ongoing international arbitration proceedings against the Republic of Congo (“Congo”).
- Equatorial is seeking compensation following unlawful measures taken by Congo against Equatorial’s investments in two iron ore projects: the Badondo Iron Ore Project and the Mayoko-Moussoundji Iron Ore Project located in Congo (together, the “Congo Projects”).
- The Memorial of Claim included reports from several independent experts covering the technical aspects and value of the Congo Projects and demonstrating damages ranging from US\$394 million to US\$1,134 million.

Strong Financial Position

- Equatorial remains in a strong financial position with significant cash reserves available to progress exploration and development activities as well as pursue the dispute resolution process and additional business opportunities in the resources sector.
- The Company currently has approximately A\$17.3 million in cash, with 125.9 million shares on issue.

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Nimba Alliance Iron Ore Project

Subsequent to the end of the quarter, Equatorial announced the acquisition of Nimba Alliance Iron Ore Project, a highly prospective and potentially large-scale iron ore project located in Guinea, West Africa.

Nimba has one of the largest landholdings in Guinea's prolific Nimba Iron Ore Corridor and comprises majority ownership of two permits: 100% of the Nimba West permit covering ~300km² ; and 56% of the Nimba North permit covering ~183km² .

Nimba was previously owned by an international consortium of major mining companies, including BHP Group Limited ("BHP").

Extensive historical work has been completed at Nimba between 2003 to 2015, including geophysics (magnetic and gravity), detailed mapping, drilling, mineralogy and beneficiation studies, mine engineering, transport studies, and associated exploration work.

Excellent transport solutions are in place for Nimba with the Nimba West permit and the Nimba North permit located within 30km and 60km, respectively, from the Lamco bulk commodity railway in Liberia.

The acquisition is subject to due diligence, and consideration for the acquisition comprises 5,000,000 shares in Equatorial upon settlement and a further 5,000,000 deferred shares in Equatorial upon the renewal or extension of the Nimba West permit to the reasonable satisfaction of the Company.



Figure 1 - Nimba Alliance Iron Ore Project Location

Badondo and Mayoko-Moussondji Iron Projects

The Badondo Iron Project (“Badondo”) is a potentially large-scale iron project in the northwest of the Republic of Congo, situated within a cluster of world-class iron ore exploration projects. Equatorial invested in exploration and project development feasibility assessment at Badondo commencing in 2010 and, following significant exploration success, applied for a Mining Licence in 2016 under the framework of the relevant Mining Code and in compliance with local laws.

The Mayoko-Moussondji Iron Project (“Mayoko-Moussondji”) is located in the southwest region of the Congo and has access to an existing railway line running to the deep-water port of Pointe-Noire. Equatorial invested in exploration and development of Mayoko-Moussondji from 2010 and was granted a 25-year Mining Licence in 2014. Equatorial sold Mayoko-Moussondji in 2015 and retained a 2% royalty on all future production from the project.

Equatorial’s investments in Badondo and Mayoko-Moussondji have been expropriated and subjected to other unlawful measures by the Congo government as part of a wider campaign to dispossess foreign mining companies of their iron ore interests in Congo. Various mining assets in the Congo, including Badondo, Nabeba, previously held by Sundance Resources Limited, and Avima, previously held by Core Mining, have been granted to a Chinese-linked company named Sangha Mining Development SASU with no apparent due process or legal validity.

Equatorial, through its subsidiary, EEPL, has referred its investment dispute with the Congo to arbitration at the ICSID in Washington, DC. EEPL is referring its investment dispute with the Congo to arbitration at ICSID in accordance with Article 7 of the Agreement between the Government of Congo and the Government of the Republic of Mauritius for the Promotion and Reciprocal Protection of Investments (“Congo-Mauritius BIT”), under which EEPL’s investments in Congo are protected by virtue of EEPL being a Mauritian company. The Congo Government’s measures against EEPL’s investments in the Congo Projects violate multiple provisions of the Congo-Mauritius BIT, including (among others) the prohibition against unlawful expropriation and the fair and equitable treatment standard.

The arbitral tribunal that will consider EEPL’s claims was constituted on 26 April 2022. EEPL appointed a prominent United States arbitrator who has significant experience in cases of this nature. Congo appointed a second member of the arbitral tribunal, and the parties jointly appointed the President. In accordance with the procedural calendar for the arbitration, EEPL will present its full case against Congo in the form of a written Statement of Claim supported by evidence.

During the quarter, Equatorial filed a Memorial of Claim at the ICSID in Washington, D.C.

The Memorial of Claim included:

- Factual background to the Congo Projects and the dispute;
- A detailed statement of the legal basis for each claim brought against Congo;
- A number of witness statements; and
- Reports from several independent experts covering the technical aspects and value of the Congo Projects and demonstrating damages ranging from US\$394 million to US\$1,134 million, depending on the valuation methodology adopted (and not including interest and costs, which are also claimed from Congo).

Congo has until August 2023 to respond to the Memorial of Claim (or until November 2023, if the ICSID tribunal orders that issues of jurisdiction be heard and determined before issues of liability and damages).

Congo’s measures against the Congo Projects violate multiple provisions of the Congo-Mauritius BIT, including (among others) the prohibition against unlawful expropriation and the fair and equitable treatment standard. EEPL is seeking compensation from Congo for these and other treaty violations.

Corporate

Equatorial remains in a strong financial position with approximately A\$17.3 million in cash as at 31 March 2023. The Company has 125,945,353 shares on issue and is in a strong financial position to progress exploration and development activities as well as pursue additional business opportunities in the resources sector.

ASX Additional Information

Mining Exploration Tenements

At the end of the quarter, the Company has an interest in the following mining exploration tenements:

Project Name	Tenement Type	Tenement Number	Interest/Status
Badondo Iron Project	Exploration Licence	Decree No. 2015-984	In dispute (refer to discussion above)

No mining tenements were acquired or disposed of during the quarter.

Mining Exploration Expenditures

During the quarter, the Company made no payments in relation to mining exploration activities.

Related Party Payments

During the quarter, the Company made payments of approximately A\$183,000 to related parties and their associates. These payments relate to director's fees, superannuation and company secretarial services and provision of a fully serviced office.

This announcement has been authorised for release by the Company's Managing Director & CEO, Mr. John Welborn.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Equatorial Resources Limited

ABN

50 009 188 694

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(25)	(35)
(b) development	-	-
(c) production	-	-
(d) staff costs	(110)	(300)
(e) administration and corporate costs	(108)	(488)
1.3 Dividends received (see note 3)		-
1.4 Interest received	158	378
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material):		
(a) business development	(160)	(477)
(b) Congo arbitration	-	(236)
1.9 Net cash from / (used in) operating activities	(245)	(1,158)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(3)	(3)
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(3)	(3)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	17,538	18,451
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(245)	(1,158)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	17,290	17,290

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	17,290	17,538
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	17,290	17,538

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(183)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Not applicable			

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(245)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(245)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	17,290
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	17,290
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	70.6

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Not applicable

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Not applicable

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Not applicable

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 April 2023

Authorised by: Company Secretary
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.