



ASX: **EQX** | 29 APRIL 2015 | **ASX RELEASE**

## MARCH 2015 QUARTERLY REPORT

### Mayoko-Moussondji

- Equatorial has secured long term tenure of Mayoko-Moussondji with the granting of a 25 year Mining Licence and signing of the Mining Convention following completion of a positive Pre-Feasibility Study.
- All key government mining and environmental permits and agreements have been negotiated and secured.
- Equatorial is in a strong position to react to market conditions and position the project for future value creation.

### Badondo

- Equatorial commenced the preparation of a Mining Licence Application for Badondo, to be submitted during the second quarter of 2015, with the intention of securing long term tenure.
- Equatorial continues to investigate regional opportunities for partnership and amalgamation.

### Corporate

- Reacting to the sustained fall in iron ore prices, and the resulting adverse market environment for iron ore development projects, Equatorial has reduced activity and costs with the intention of continuing to focus on creating value from the Company's existing iron ore assets, as well as pursuing new opportunities in the resources sector.
- Equatorial is in a strong financial position with significant cash reserves and no debt. As at 31 March 2015 the Company held A\$38.0 million in cash and net trade liabilities were approximately A\$1.5 million.

Equatorial Resources Limited ("Equatorial" or the "Company") is pleased to present its quarterly report for the period ending 31 March 2015.

### IRON ORE MARKET CONDITIONS

The significant growth in supply of iron ore from the world's biggest miners, combined with slowing of demand growth for steel in China, has resulted in a market in oversupply, leading to a sustained fall in the price of iron ore. Spot prices for iron ore have declined from highs above US\$150 per tonne in early 2013 to below \$50 per tonne in April 2015, the lowest in almost a decade.

The decline in iron ore pricing has placed enormous pressure on iron ore projects with the global cost curve likely to be restructured as a result. Only projects with low capital intensity, a competitive operating cost, and strong stakeholder support will attract funding and justify development in the current economic outlook.

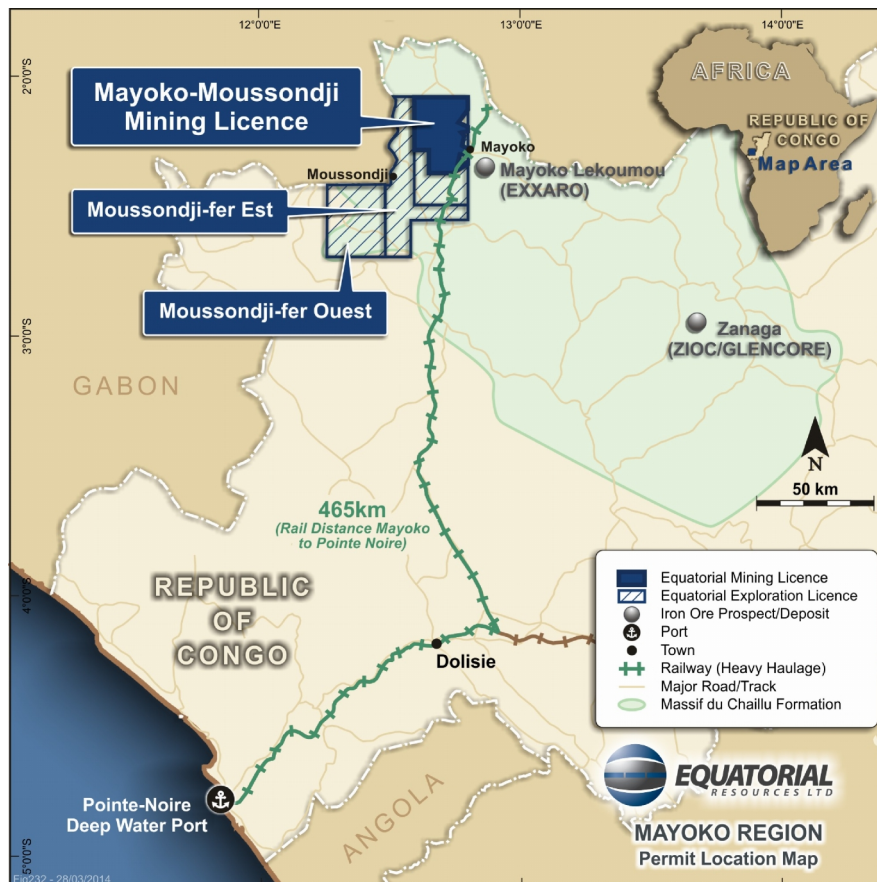
## MAYOKO-MOUSSONDJI IRON PROJECT

Equatorial's Mayoko-Moussondji Iron Project ("Mayoko-Moussondji") has the exceptional advantages of access to existing transport infrastructure and the potential to produce a premium iron product. These advantages create the opportunity for production to commence at Mayoko-Moussondji at a fraction of the capital cost of almost all other African based iron ore developers and producers.

Mayoko-Moussondji is located in the southwest region of the Republic of Congo ("ROC") and has access to an existing railway line running directly to the deep water port of Pointe-Noire.

Following completion of a positive Pre-Feasibility Study in November 2014, the ROC Government and Equatorial concluded a Mining Convention Agreement ("Mining Convention") in December 2014 (refer ASX announcement dated 10 December 2014). Earlier in 2014 Equatorial was awarded a 25 year Mining Licence for Mayoko-Moussondji (refer ASX announcement dated 31 March 2014). The Mining Convention defines the fiscal rights and responsibilities of both the government and the Company with respect to the operation of the project. The Mining Licence is valid for an initial period of 25 years and is renewable, upon application by Equatorial, for further periods of 15 years. The Mining Convention provides Equatorial with guaranteed access to the state owned railway and port facilities and included the signing of a separate Rail Agreement with the state-owned Chemin de fer Congo-Ocean and a separate Port Agreement with the Port Autonome de Pointe-Noire.

Mayoko-Moussondji has total Indicated and Inferred Resources of 917 million tonnes ("Mt") at 31.4% Fe which includes a Hematite Resource of 182Mt at 35.7% Fe. The near surface Hematite Resource mineralisation has been shown to readily upgrade, using simple processing techniques, to "Mayoko Premium Fines", a 64.1% Fe product.



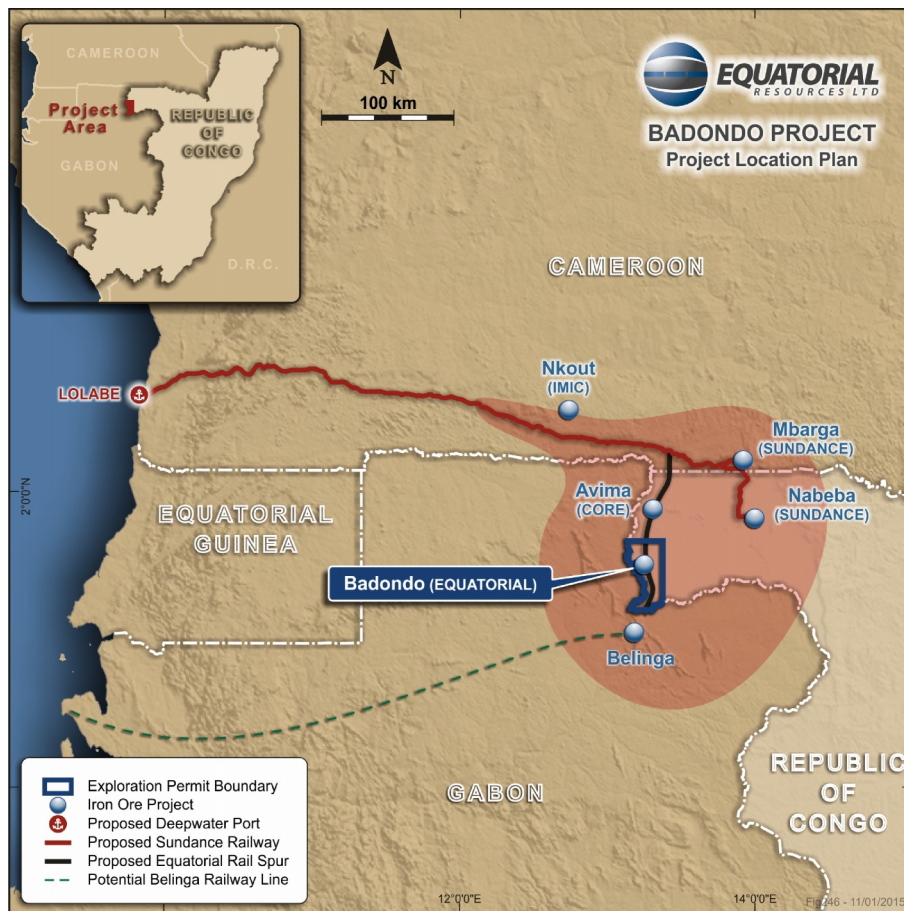
**Figure 1: Equatorial's permit locations in the Mayoko region including the Mayoko-Moussondji Mining Licence**

Having successfully secured a 25 year Mining Licence, negotiated and signed the related Mining Convention, completed the Pre-Feasibility Study and secured all key government permits, Equatorial has secured long term tenure of Mayoko-Moussondji. The Company is in a strong position to react to market conditions to position Mayoko-Moussondji for future value creation.

Following the completion of the Company's technical study program and having secured long term tenure, Equatorial has scaled back activity and reduced the cost footprint of the Company's operation at Mayoko-Moussondji. The Company continues to investigate funding opportunities, including collaboration and partnership with strategic investors, in order to maximise the value of Mayoko-Moussondji for shareholders.

## BADONDO IRON PROJECT

The Badondo Iron Project ("Badondo") is located in the northwest region of the ROC within an emerging cluster of high quality iron projects including Sundance Resources Ltd's Mbalam-Nabeba project, Core Mining Limited's Avima project and Gabon's Belinga project (refer Figure 2).



**Figure 2: Badondo project location map**

Badondo has an estimated direct shipping ore ("DSO") Hematite Exploration Target of between 370 and 620Mt at a grade of between 58% and 67% Fe as part of a Total Exploration Target of 2.8 to 4.6 billion tonnes at a grade of between 35% and 67% Fe. It should be noted that the potential quantity and grade of the Exploration Target is conceptual in nature, that there has been insufficient exploration to estimate a Mineral Resource, and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.

## Mining Licence Application

During the quarter Equatorial commenced the preparation of a Mining Licence Application ("MLA") for Badondo. Equatorial has previously applied for the renewal of the Badondo Exploration Licence and is now undertaking the process for the upgrading of the Company's tenure to a 25 year Mining Licence. According to the ROC 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.

Since securing Badondo in 2010 the Company has conducted a series of exploration campaigns at the project and believes sufficient work has been done to comply with the requirements of the ROC Mining Code for the granting of a Mining Licence. Equatorial intends to lodge the MLA for Badondo based on completed exploration and feasibility work in order to position the Company with a 25 year right to mine at the project.

Equatorial intends to lodge this MLA during the second quarter of 2015.

## CORPORATE

### Market Conditions and Opportunities

Reacting to the continued adverse market environment for iron ore development projects Equatorial has secured a strong long term ownership position of Mayoko-Moussondji and taken action to reduce the Company's cost footprint.

The Company will maintain a focus on leveraging existing and new resource sector opportunities to build shareholder value.

### Cash Position and Shareholder Information

As at 31 March 2015 the Company had 1,723 shareholders and 124,445,353 ordinary fully paid shares on issue with the top 20 shareholders holding 62.5% of the total issued capital.

Equatorial is in a strong financial position with significant cash reserves and no debt. As at 31 March 2015 the Company held A\$38.0 million in cash. Net trade liabilities as at 31 March 2015 were approximately A\$1.5 million, the majority of which related to income tax liabilities generated by the large taxable gain made on African Iron Limited shares in 2012.

*For further information contact:*

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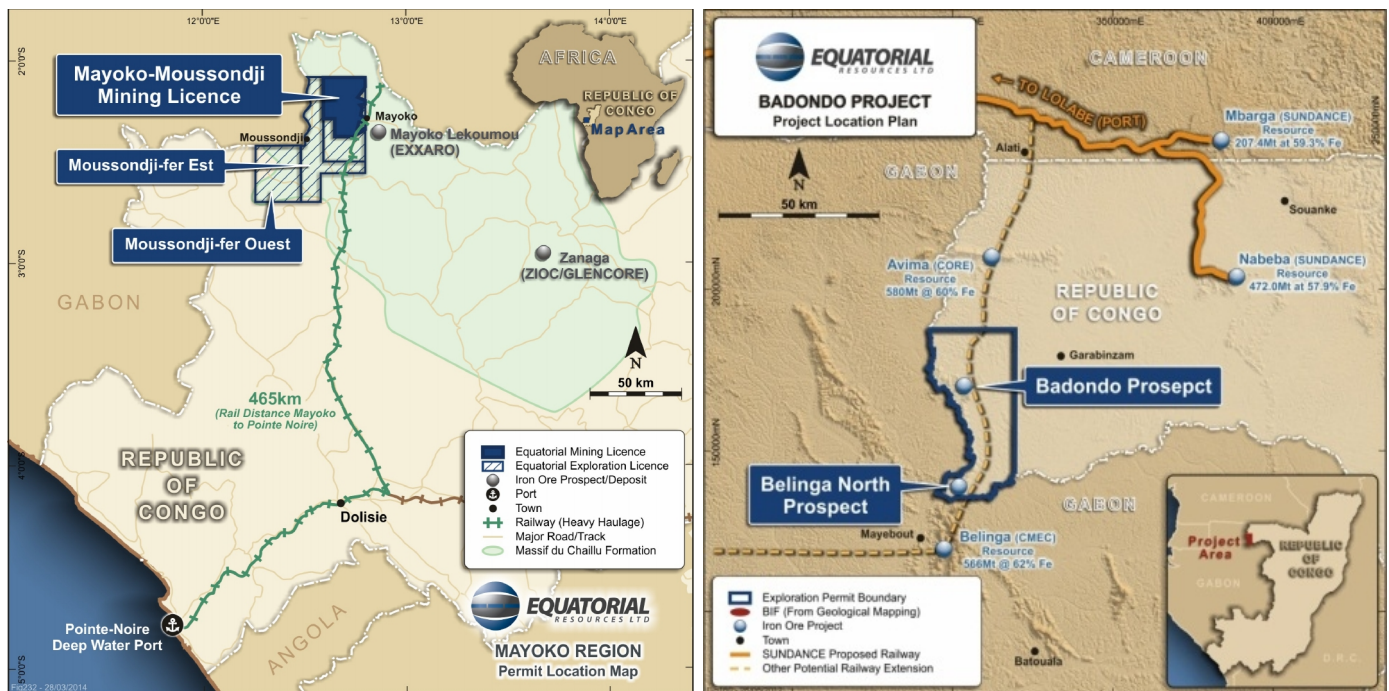


## ABOUT EQUATORIAL RESOURCES

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 ("ROC") 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 total Indicated and Inferred Resources of 917 million tonnes ("Mt") at 31.4% Fe which includes a Hematite Mineral Resource of 182Mt at 35.7% Fe. The resource contains Indicated and Inferred resource classifications as follows: Indicated Hematite 55Mt, Inferred Hematite 127Mt, Indicated Magnetite 2Mt, Inferred Magnetite 733Mt (for full details of the Mineral Resource Estimate please refer to ASX announcement dated 4 December 2013). The project has access to a rail line running directly to the deep-water port of Pointe-Noire, where the Company's administrative office is located. Following completion of a Pre-Feasibility Study on the project, Equatorial has now secured long term tenure of Mayoko-Moussondji with the granting of a 25 year Mining Licence and signing of a Mining Convention.

The **Badondo Iron Project**, in the northwest region of ROC, has an estimated global Exploration Target of between 2.8 and 4.6 billion tonnes of iron mineralisation at a grade of 35% to 67% Fe. It should be noted that the potential quantity and grade of the Exploration Target is conceptual in nature, that there has been insufficient exploration to estimate a Mineral Resource, and that it is uncertain if further exploration will result in the estimation of a Mineral Resource. The project is located within a regional cluster of world-class iron ore exploration projects including Sundance Resources Limited's Mbalam-Nabeba project.



For further information contact:

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**Competent Persons Statements**

The information in this report that relates to Exploration Results and Mineral Resources for Mayoko-Moussondji was extracted from the Company's ASX announcement dated 4 December 2013 entitled "Resource Upgrade at Mayoko-Moussondji" and is available to view on the Company's website at [www.equatorialresources.com.au](http://www.equatorialresources.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original ASX announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented in this presentation have not been materially modified from the original ASX announcement. The information in the original ASX announcement that relates to Exploration Results and Mineral Resources for the Mayoko-Moussondji Iron Project was based on, and fairly represents, information compiled by Mr Mark Glassock, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Glassock was a full time employee of Equatorial Resources Limited. Mr Glassock 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this report that relates to Exploration Results and Exploration Targets for Badondo was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The information in this announcement that relates to Exploration Results and Exploration Targets for Badondo is based on, and fairly represents, information compiled by Mr Mathew Cooper, a Competent Person who is a Member of The Australian Institute of Geoscientists. Mr Cooper is employed by Core Geophysics Pty Ltd who was engaged by the Company to provide geophysical consulting services. Mr Cooper has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being 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 this presentation of the statements based on his information in the form and context in which it appears.

# 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 2015**

### Consolidated statement of cash flows

|   |  | Current quarter | Year to date          |
|---|--|-----------------|-----------------------|
|   |  | \$A'000         | (9 months)<br>\$A'000 |
| <b>Cash flows related to operating activities</b> |  |                 |                       |
| 1.1   | Receipts from product sales and related debtors            |                 |                       |
| 1.2   | Payments for:  |                 |                       |
|   | (a) exploration & evaluation                               | (504)           | (2,994)               |
|   | (b) development  | -               | -                     |
|   | (c) production   | -               | -                     |
|   | (d) administration   | (556)           | (1,576)               |
| 1.3   | Dividends received   | -               | -                     |
| 1.4   | Interest and other items of a similar nature received      | 340             | 1,077                 |
| 1.5   | Interest and other costs of finance paid                   | -               | -                     |
| 1.6   | Income tax deposit refunded                                | -               | 1,178                 |
| 1.7   | Other (provide details if material)                        |                 |                       |
|   | - Business development                                     | -               | (181)                 |
| <b>Net Operating Cash Flows</b>                   |  | <b>(720)</b>    | <b>(2,496)</b>        |
| <b>Cash flows related to investing activities</b> |  |                 |                       |
| 1.8   | Payment for purchases of:                                  |                 |                       |
|   | (a) prospects  | -               | -                     |
|   | (b) equity investments                                     | -               | -                     |
|   | (c) other fixed assets                                     | -               | (16)                  |
| 1.9   | Proceeds from sale of:                                     |                 |                       |
|   | (a) prospects  | -               | -                     |
|   | (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)                        | -               | -                     |
| <b>Net investing cash flows</b>                   |  | <b>-</b>        | <b>(16)</b>           |
| 1.13  | Total operating and investing cash flows (carried forward) | <b>(720)</b>    | <b>(2,512)</b>        |

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

|      |  |        |         |
|------|--|--------|---------|
| 1.13 | Total operating and investing cash flows (brought forward)         | (720)  | (2,512) |
|      | <b>Cash flows related to financing activities</b>                  |        |         |
| 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):<br>- Capital raising expenses | -      | -       |
|      | <b>Net financing cash flows</b>                                    | -      | -       |
|      | <b>Net increase (decrease) in cash held</b>                        | (720)  | (2,512) |
| 1.20 | Cash at beginning of quarter/year                                  | 38,671 | 40,463  |
| 1.21 | Exchange rate adjustments to item 1.20                             | 1      | 1       |
| 1.22 | <b>Cash at end of quarter</b>                                      | 37,952 | 37,952  |

**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<br>\$A'000 |
|---|----------------------------|
| 1.23 Aggregate amount of payments to the parties included in item 1.2 | 151                        |
| 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, company secretarial services and provision of office services.

**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<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | -                           | -                      |
| 3.2 Credit standby arrangements | -                           | -                      |

### Estimated cash outflows for next quarter

|                                | \$A'000    |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 350        |
| 4.2 Development                | -          |
| 4.3 Production                 | -          |
| 4.4 Administration             | 400        |
| <b>Total</b>                   | <b>750</b> |

### 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<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 329                        | 299                         |
| 5.2 Deposits at call                             | 37,622                     | 38,372                      |
| 5.3 Bank overdraft                               | -                          | -                           |
| 5.4 Other (provide details)                      | -                          | -                           |
| <b>Total: cash at end of quarter (item 1.22)</b> | <b>37,951</b>              | <b>38,671</b>               |

### Changes in interests in mining tenements

|   | Tenement reference | Nature of interest<br>(note (2)) | Interest at<br>beginning<br>of quarter | Interest at<br>end of<br>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<br>(see note 3) | Amount paid up per security<br>(see note 3) |
|------|--|------------------------------|---------------|--|---|
| 7.1  | <b>Preference <sup>+</sup>securities</b><br><i>(description)</i>   |                              |               |  |   |
| 7.2  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |                              |               |  |   |
| 7.3  | <b>*Ordinary securities</b>  | 124,445,353                  | 124,445,353   | N/A                                      | N/A   |
| 7.4  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              |                              |               |  |   |
| 7.5  | <b>*Convertible debt securities</b> <i>(description)</i>   |                              |               |  |   |
| 7.6  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              |                              |               |  |   |
| 7.7  | <b>Options</b> <i>(description and conversion factor)</i>  | <i>Options:</i><br>2,000,000 | -             | <i>Exercise price</i><br>\$0.46          | <i>Expiry date</i><br>16 Dec 2015           |
|      |  | <i>Rights:</i><br>2,305,000  | -             | \$Nil                                    | 31 Dec 2016                                 |
| 7.8  | Issued during quarter  |                              |               |  |   |
| 7.9  | Exercised/vested during quarter  |                              |               |  |   |
| 7.10 | Expired during quarter   |                              |               |  |   |
| 7.11 | <b>Debentures</b><br><i>(totals only)</i>  |                              |               |  |   |
| 7.12 | <b>Unsecured notes</b><br><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: 29 April 2015  
(~~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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+ See chapter 19 for defined terms.