



ASX: EQX | 30 July 2015 | ASX RELEASE

## JUNE 2015 QUARTERLY REPORT

Equatorial Resources Limited ("Equatorial" or the "Company") is pleased to present its quarterly report for the period ending 30 June 2015.

### MAYOKO-MOUSSONDI IRON PROJECT

- The Mining Licence and Mining Convention for Mayoko-Moussondji remain in force and Equatorial continues to review development plans subject to the prevailing iron ore price.
- Equatorial is in a strong position to react to the market and position the project for future value creation.

### BADONDO IRON PROJECT

- A Mining Licence Application for Badondo has been completed and will be submitted in the current quarter.
- A key regional development during the quarter was the announcement dated 30 June 2015 from Sundance Resources Limited ("Sundance") (ASX:SDL) that an agreement had been signed with the Cameroon Government recognising that the government will own and control the planned Cameroon rail and port infrastructure expected to enable production from Sundance's Mbalam-Nabeba Iron Ore Project. It is expected that Sundance, and other potential regional producers such as Core Mining and Equatorial, will pay a commercial tariff to use the government owned infrastructure once constructed.
- The Cameroon Government is seeking Chinese funding for the planned infrastructure with the ambition of creating an internationally relevant hub of low cost, high quality iron ore producers.
- Sundance's Nabeba project is located in the Republic of Congo ("ROC") only 90km from Badondo. Equatorial has commenced discussions with the ROC Government on the potential advantages of the Cameroonian infrastructure hub and the ROC Government's support to extend the planned infrastructure within ROC.

### CORPORATE

- The Company maintains a focus on positioning existing assets for value creation while searching for new opportunities in the resources sector which have the potential to build shareholder value.
- During the quarter Mr John Welborn announced he would step down from the full time role as Chief Executive Officer on 30 June 2015. Mr Welborn remains a Director of the Company.
- Equatorial is in a strong financial position with significant cash reserves and no debt. As at 30 June 2015 the Company held A\$37.3 million in cash with net trade liabilities of approximately A\$0.9 million.

For further information contact:

**John Welborn** *Director*  
Telephone: +61 8 9261 6100

**Mark Pearce** *Director*  
Telephone: +61 8 9322 6322

## Mayoko-Moussondji Iron Project

The Mayoko-Moussondji Iron Project, located in the southwest region of the Republic of Congo ("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.

In November 2014, the Company announced the results of a Pre-Feasibility Study ("PFS") for the Mayoko-Moussondji Iron Project together with a maiden Ore Reserve estimate. One of the material assumptions underpinning the results of the PFS and the maiden Ore Reserve estimate was a long term index iron ore price of US\$100 per tonne. Since this time, the sustained and continued fall in iron ore prices has created an uncertain environment for new projects and had a negative impact on project economics and valuations. The Company has completed its annual review of Mineral Resources and Ore Reserves (as required under the ASX listing rules) and advises there has been no change to the Mineral Resources reported for the Mayoko-Moussondji Iron Project (as reported on 4 December 2013). As a result of the review, and the reduction in iron ore prices discussed above, the Company hereby withdraws the Ore Reserves reported for the Mayoko-Moussondji Iron Project (as reported on 25 November 2014). The Company is currently assessing the impact of the withdrawal of the Ore Reserve (if any) on the Company's annual financial statements due to be released to the ASX during the current quarter.

## Badondo Iron Project

The Badondo Iron Project, in the northwest region of ROC, has an estimated high grade direct shipping ore ("DSO") Exploration Target of between 370 and 620 million tonnes of iron mineralisation at a grade of 58% to 67% Fe as part of a 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-Nabebe project.



## Tenement Information

As at 30 June 2015, the Company has an interest in the following mining and exploration tenements:

Project Name	Tenement Type	Tenement Number	Percentage Interest	Status
Mayoko-Moussondji Iron Project	Mining Licence	Decree No. 2014-165	100%	Granted
Mayoko-Moussondji Iron Project <sup>1</sup>	Exploration Licence	Decree No. 2012-931	100%	Awaiting renewal
Badondo Iron Project	Exploration Licence	Decree No. 2012-937	100%	Awaiting renewal
Moussondji-fer Ouest	Exploration Licence	Decree No. 2013-284	100%	Granted
Moussondji-fer Est	Exploration Licence	Decree No. 2013-288	100%	Granted

**Note:**

<sup>1</sup> The Mayoko-Moussondji Exploration Licence covers the tenement area of the original exploration licence that is outside of the area covered by the Mayoko-Moussondji Mining Licence.

## Competent Persons Statement

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 undertaken 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.

For further information contact:

**John Welborn** *Director*  
Telephone: +61 8 9261 6100

**Mark Pearce** *Director*  
Telephone: +61 8 9322 6322

# 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")

**30 June 2015**

### Consolidated statement of cash flows

		Current quarter	Year to date (12 months)
		\$A'000	\$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	(308)	(3,302)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(670)	(2,246)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	349	1,426
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>(629)</b>	<b>(3,125)</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>(629)</b>	<b>(3,141)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(629)	(3,141)
	<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): - Capital raising expenses	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(629)	(3,141)
1.20	Cash at beginning of quarter/year	37,952	40,463
1.21	Exchange rate adjustments to item 1.20	-	1
1.22	<b>Cash at end of quarter</b>	37,323	37,323

**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	227
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 \$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	200
4.2 Development	-
4.3 Production	-
4.4 Administration	300
<b>Total</b>	<b>500</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 \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	451	329
5.2 Deposits at call	36,872	37,622
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>37,323</b>	<b>37,951</b>

### 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	<b>Preference <sup>+</sup>securities</b> (description)				
7.2	Changes during quarter (a) Increases through issues (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 (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	<b>*Convertible debt securities</b> (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)	<u>Options:</u> 2,000,000 100,000  <u>Rights:</u> 2,305,000	- -  -	<i>Exercise price</i> \$0.46 \$0.24  \$Nil	<i>Expiry date</i> 16 Dec 2015 30 Jun 2017  31 Dec 2016
7.8	Issued during quarter	<u>Options:</u> 100,000	-	<i>Exercise price</i> \$0.24	<i>Expiry date</i> 30 Jun 2017
7.9	Exercised/vested during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

+ 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: 30 July 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.