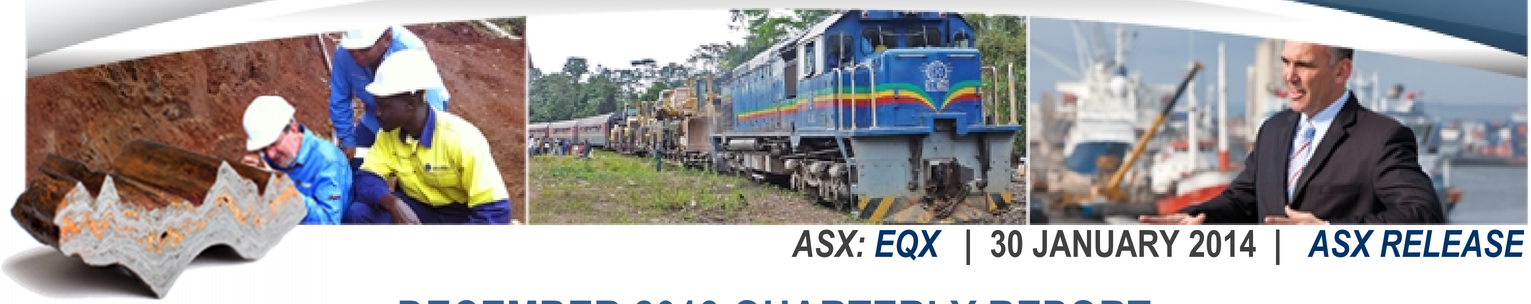

DECEMBER 2013 QUARTERLY REPORT

HIGHLIGHTS

Mayoko-Moussondji Iron Project

- **Mining Licence Application for Mayoko-Moussondji lodged with the Republic of Congo Government.**
- **The Mining Licence Application includes:**
  - **A feasibility study for Mayoko-Moussondji which has been prepared in accordance with the guidelines of the Republic of Congo Mining Code and related legislation;**
  - **Terms sheets for Equatorial's intended use of government owned rail and port facilities which have also been separately submitted to the Minister of Transport, Mr Rudolph Adada; and**
  - **An Environmental and Social Impact Assessment for Mayoko-Moussondji, previously lodged with the Ministry of the Environment.**
- **Convention Agreement signed for the Moussondji-Fer Est and the Moussondji-Fer Ouest Exploration Licences at a formal ceremony in Brazzaville.**
- **JORC Mineral Resource Estimate upgraded for Mayoko-Moussondji:**
  - **Total Hematite Resource (Indicated and Inferred) increased by 78% to 182 million tonnes at 35.7% Fe;**
  - **The Indicated Hematite Resource increased by 118% to 55 million tonnes at 39.3% Fe; and**
  - **The Total JORC Mineral Resource Estimate (Hematite and Magnetite) increased to 917 million tonnes at 31.4% Fe.**

Badondo Iron Project

- **Exploration Target for both DSO hematite and itabarite significantly increased based on completed drilling program.**
- **Equatorial is investigating infrastructure development options that would enable access for larger track mounted drill rigs to conduct a resource definition drilling program at Badondo.**
- **Regional Developments continue to advance potential infrastructure solutions which will unlock the value of the massive untapped iron region of the Congo Craton.**

Corporate

- **The Company is investigating strategic partnership and other funding opportunities to fast track progress of the Mayoko-Moussondji Iron Project into production.**
- **Equatorial remains in a strong financial position with significant cash reserves and no debt. As at 31 December 2013 the Company held A$45.4 million in cash.**

Equatorial Resources Limited ("Equatorial" or the "Company") is pleased to present its quarterly report for the period ended 31 December 2013.

MAYOKO-MOUSSONDJI IRON PROJECT

The Mayoko-Moussondji Iron Project ("Mayoko-Moussondji" or "the Project") is located in the southwest region of the Republic of Congo ("ROC") and has access to an existing railway line running directly to the existing deep water port of Pointe-Noire (refer Figure 1).

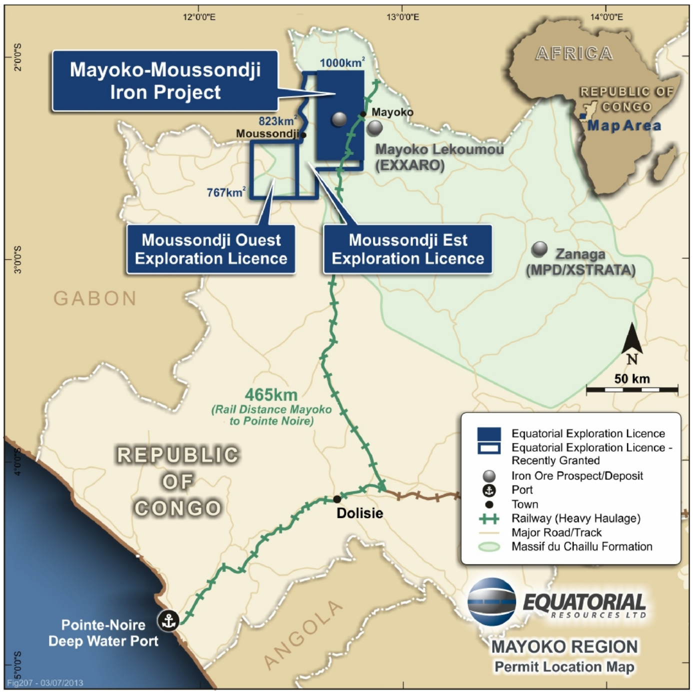

Figure 1: Mayoko Permit Location Map

Lodgement of Mining Licence Application

On 10 December 2013 Equatorial lodged a Mining Licence Application ("MLA") for Mayoko-Moussondji with the ROC Ministry of Mines and Geology in Brazzaville.

The MLA is the result of Equatorial's highly successful exploration activities at Mayoko-Moussondji which have identified a large deposit of iron ore. The MLA is based on a feasibility study and an Environmental and Social Impact Assessment ("ESIA") study which Equatorial has completed for the Project. The feasibility study and the ESIA have been prepared in accordance with the guidelines contained within the ROC Mining Code and other applicable local legislation. These studies have not been prepared in accordance with the 2012 Edition of the JORC Code. Within the MLA, Equatorial has outlined a technical mine plan and outlined the Company's needs with respect to national port and rail infrastructure.

Under the ROC Mining Code of 2005, the holder of an Exploration Licence has the exclusive right to apply for a Mining Licence by submitting a feasibility study for the project and an ESIA that has been approved by the ROC Government. A Mining Licence for iron ore in the ROC is valid for 25 years and grants the holder the exclusive right to mine within the boundaries of the licence area.

Upon the grant of a Mining Licence the Mining Code stipulates that a Convention Agreement is to be signed between the holder and the ROC Government. The Convention Agreement defines the fiscal rights and responsibilities of both the Government and the holder with respect to the operation of the Mining Licence.

The Mining Code has a number of favourable terms for miners. The Government is entitled to a 3% royalty on revenues and a 10% free carried interest in the project. The corporate tax rate for mining companies in the ROC is currently 30% and mining companies have been able to negotiate tax holidays of up to five years from first production and a range of other investment incentives. Equatorial is greatly encouraged by the ROC Government's strong commitment to the establishment of a mining industry in the country and its support of the Company's development activities.

The Mining Code stipulates and Equatorial has included the following documents as required to be lodged with the MLA:

- The geographical coordinates of the zone requested;
- A report on the results of the exploration work programme which proves the existence of a potentially mineable deposit;
- A feasibility study;
- A technical and economic mining plan;
- An environmental and social impact assessment;
- Rail use Terms Sheet;
- Port use Terms Sheet; and
- A draft Mining Convention agreement.

Equatorial's MLA details preferred mining and processing plans, scale, throughput rate, project life, and infrastructure requirements to support the intended production and logistics profile of the Project. Equatorial has given diligent consideration to the social and environmental impacts of the Project. The advantages of the Project's access to existing infrastructure and favourable mineralisation allow for the potential for a long mine life with competitive operating costs based on relatively low capital investment.

Equatorial will work closely with the relevant ROC Government departments to progress approval of the Mayoko-Moussondji Mining Licence, Mining Convention agreement and all related transport infrastructure agreements.

Studies

Following publication of the maiden Mineral Resource Estimate ("MRE") for Mayoko-Moussondji in February 2013, Equatorial submitted a Development Plan to the ROC Government based on studies completed on Equatorial's proposed use of the existing railway and on possible port solutions. The Development Plan identified the potential for a fast track to production with an initial low volume of product being transported on the available rail and port infrastructure and recognised that production could be ramped up in stages as the transport infrastructure was upgraded and capacity expanded.

Equatorial's Scoping Study for Mayoko-Moussondji delivered excellent results demonstrating low capital intensity and an initial mine life of 23 years, production of 2Mtpa of "Mayoko Premium Fines", a 64.1% Fe product, with operating costs expected to average $41 per tonne FOB and total capital expenditure of $231m (ASX Announcement 16 July 2013).

The Company advises that the Scoping Study results and Production Targets reflected in this announcement are preliminary in nature as conclusions are drawn partly from Indicated Resources (being 25% of the total hematite resource that the Scoping Study results and Production Targets were based on) and Inferred Resources (being 75% of the total hematite resource that the Scoping Study results and Production Targets were based on). The Scoping Study referred to in this announcement is based on lower-level technical and economic assessments, and are insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised. The Company has concluded it has a reasonable basis for providing the forward looking statements included in this announcement in relation to the Scoping Study results and Production Targets. The detailed reasons for that conclusion were outlined in detail in the section headed "Forward Looking and Cautionary Statements" of the Company's ASX announcement of 16 July 2013.

Equatorial’s project management team, directed by the Company’s Technical Studies Manager Paul Henharen, and using consultants from WorleyParsons have completed further work since publication of the Scoping Study for Mayoko-Moussondji and this has been incorporated into Equatorial’s feasibility study for the purposes of the MLA.

The focus of this additional study work was on further optimising the overland transport solutions and on delivering a port solution within the Port of Pointe-Noire that would enable the loading of Panamax size vessels. Since July 2013 WorleyParsons completed an inspection along the little used section of rail track between Mayoko and Dolisie (the rail track between Dolisie and Pointe-Noire is in constant operation as a goods and passenger line) and conducted numerous port visits and engaged with the state owned port authority of Pointe-Noire (“PAPN”) to discuss potential export solutions using Panamax vessels within the existing port of Pointe-Noire.

As a result of this work Equatorial’s port plans, drawings, and basis of design have all been updated to reflect new load out options. Rail interface has been adjusted to reflect these changes. The selection of the port landside solution detailed in Equatorial’s feasibility study was made from a high level screening of options which meet the imperative to support the unloading of product delivered by rail to the port at 2Mtpa. In this assessment the consideration of design ship size and shipping costs formed a key consideration as did the constraints and opportunities which are presented within current port planning and expansion works at the port of Pointe-Noire.

A government funded expansion program is currently underway at the port of Pointe-Noire which involves significant dredging, creation of new breakwaters, and a reclamation program. This reclamation program has created the opportunity for the creation of a new multi-user deep water wharf. Equatorial’s discussions with the Transport Ministry have confirmed the potential for the new port expansion and reclamation project to the east of the port basin to allow for the creation of new wharf space that may accommodate larger Panamax size vessels. This provides a potential optimal solution for Equatorial’s port requirements enabling the use of 80,000 dry weight tonne (DWT) Panamax vessels which is Equatorial’s preferred shipping solution.

Equatorial’s discussions with the ROC Government on the new wharf zone have been incorporated into the feasibility study and are represented in both the rail use and port use terms sheets. The use of Panamax sized vessels is expected to result in a significant reduction in shipping cost. The new multi-user wharf area will also result in larger volume transshipment solutions becoming a viable alternative.

Equatorial published a resource upgrade on 4 December 2013 and it is expected this updated resource and the Panamax port solution described above will be incorporated into the Company’s future mine plan and economic assessments.

Rail and Port Terms Sheets

Equatorial's MLA included detailed Terms Sheets for rail and for port that are intended to form the basis for commercial agreements in relation to the export of iron ore from Mayoko-Moussondji. The Terms Sheets were drafted in accordance with the principles of the Company’s previously signed MOUs with the rail and port authorities and reflect the ROC Government’s prior confirmation of Equatorial’s transport requirements for the initial 2Mtpa project (ASX announcement 17 October 2013).

The Rail Terms Sheet for the purposes of the MLA was in relation to access and use of CFCO's rail infrastructure; CFCO’s responsibilities and obligations regarding the operation and maintenance of the respective transport infrastructure and the upgrading of rail operating and communication systems required for the safe and expeditious passage of traffic. The Rail Terms Sheet included an undertaking by the CFCO to grant Equatorial sufficient rail capacity to transport 2Mtpa from the Project site at Mayoko to Pointe-Noire and set out a proposed per tonne tariff payable by Equatorial to CFCO for the rail services provided by CFCO.

The Port Terms Sheet envisages the lease of a suitable area of land at the existing port of Pointe-Noire for Equatorial's export facilities for Panamax size vessels; Equatorial's access to common user port facilities and the maintenance regime for Equatorial's rail and material handling infrastructure; the construction of Equatorial's rail and material handling infrastructure; and the provision of services in the areas of ship-handling, towage, vessel mooring, and maintenance and operations to be provided by PAPN in the day-to-day operations of the port. The Port Terms Sheet included a commitment by the PAPN to develop a new wharf within the port of Pointe-Noire with a berth length of approximately 370 metres with fenders and bollards to accommodate the safe mooring and warping of fully laden Panamax size vessels. The Port Terms Sheet also stipulated that the parties would enter into a port fees and tariffs agreement that would set out the tariff payable by Equatorial to PAPN for access and port services to be provided by PAPN.

The permitting of rail and port transport solutions has been designed to occur in parallel with the granting of the Mining Licence for Mayoko-Moussondji and the completion of the Mining Convention agreement, as has been the case with other iron ore companies operating in the Republic of Congo.

Environmental & Social Impact Assessment

Equatorial has completed its ESIA for Mayoko-Moussondji. The ESIA was completed by local environmental consultancy Eco Durable based on the baseline work conducted by the Company's environmental consultants SRK and Genivar. The ESIA is an extensive study that includes the results of more than 12 months of environmental monitoring programs, field surveys to understand flora and fauna of the Project, ecosystem sensitivity assessments, a detailed community engagement plan, socio-economic surveys, and a review of the livelihood restoration requirements for communities directly affected by the Project. The study was prepared within the framework of the Terms of Reference that was drafted by a joint team of scientists from SRK, Genivar and Eco Durable and formally approved by the Government during 2012.

Numerous stakeholder meetings and workshops were undertaken as part of the ESIA, at local, regional and national levels, in line with Equatorial's strong corporate focus on the environmental and social aspects of the Project. The results of this stakeholder engagement process were extremely positive, highlighting the strong levels of community and government support for the Project.

The ESIA for Mayoko-Moussondji has been completed and lodged with the Ministry of Environment in the ROC and the Company is working with a commission from the Ministry on securing its approval.

Signing of Convention

The submission of the MLA documentation occurred on the same day as a ceremony in which the Minister for Mines and Geology, Mr Pierre Oba formally signed Equatorial's Exploration Convention Agreement for Equatorial's two 100% owned Exploration Licences: Moussondji-Fer Est and Moussondji-Fer Ouest. The Convention Agreement defines the fiscal rights and responsibilities of both the Government and the holder with respect to the operation of the Exploration Licences.

The licences were granted to Equatorial in June 2013 (ASX Announcement 28 June 2013) and are 100% owned by Equatorial. They are continuous with Mayoko-Moussondji and in close proximity to the Mayoko-Lekoumo Iron Project owned by Exxaro Resources. The new licences boost Equatorial's land coverage at Mayoko to more than 2,680km2 across three 100% owned exploration licences and mean the Company controls the largest footprint for iron in the Mayoko region. The new Exploration Licences lie within the Chaillu Massif and initial exploration has demonstrated the licence areas are highly prospective for iron mineralisation similar to that delineated at Mayoko-Moussondji and Mayoko-Lekoumo.

The signing of the Convention Agreement demonstrates Equatorial's positive relationship with the ROC Government and confirms management's ability to progress negotiations and secure required approvals on a timely basis.

JORC Mineral Resource Estimate Upgrade

On 4 December 2013 Equatorial announced a substantial upgrade to the Mineral Resource Estimate ("MRE") at Mayoko-Moussondji.

The Indicated and Inferred Hematite Resource has increased by 78% from 102 million tonnes to 182 million tonnes at 35.7% Fe ("Hematite Resource").

The Indicated portion of the Hematite Resource has more than doubled from 25 million tonnes to 55 million tonnes at 39.3% Fe.

The Indicated and Inferred Magnetite Resource has increased from 665 million tonnes to 735 million tonnes of fresh Magnetite banded iron formation ("BIF") at 30.4% Fe ("Magnetite Resource").

The Hematite Resource and Magnetite Resource collectively make up the total MRE of the Project which has increased from 767 million tonnes to 917 million tonnes at 31.4% Fe.

The upgraded MRE for Mayoko-Moussondji (ASX Announcement 4 December 2013) is as follows:

Mayoko-Moussondji Iron Project Mineral Resource Estimate Upgrade - December 2013								
Resource Class	**Material Type**	**Tonnage (Mton)**	**Fe grade (%)**	**SiO_2 grade (%)**	**Al_2O_3 grade (%)**	**P grade (%)**	**LOI grade (%)**	**S grade (%)**
Indicated	Colluvial Hematite	41	39.1	23.0	12.0	0.061	7.8	0.06
	Friable Hematite	8	41.3	34.0	3.8	0.063	2.5	0.02
	Hard Hematite	7	38.1	41.0	1.9	0.061	1.0	0.01
	Magnetite BIF	2	36.0	43.2	1.9	0.064	-0.4	0.04
	Sub-Total	57	39.2	27.3	9.3	0.061	6.0	0.05
Inferred	Colluvial Hematite	62	33.9	22.7	16.3	0.062	10.9	0.09
	Friable Hematite	48	34.6	37.1	7.4	0.065	4.9	0.05
	Hard Hematite	17	33.7	43.2	4.2	0.064	2.3	0.07
	Magnetite BIF	733	30.4	46.8	3.5	0.055	-0.2	0.14
	Sub-Total	859	30.9	44.4	4.6	0.057	0.9	0.13
Total Indicated + Inferred	Colluvial Hematite	103	36.0	22.8	14.5	0.061	9.7	0.08
	Friable Hematite	56	35.5	36.7	6.9	0.065	4.6	0.04
	Hard Hematite	23	34.9	42.6	3.5	0.063	1.9	0.05
	Hematite Sub-Total	182	35.7	29.6	10.8	0.063	7.1	0.06
	Magnetite BIF	735	30.4	46.8	3.5	0.056	-0.2	0.14
Total Indicated and Inferred		**917**	**31.4**	**43.4**	**4.9**	**0.057**	**1.3**	**0.12**
**Note: Totals may not add up due to rounding. All material is reported at a 20% Fe cut-off grade.*								

Table 1: Total Mineral Resource Estimate Table

The updated MRE has been reported in accordance with the current JORC Code 2012 Edition and the current ASX Listing Rules and was compiled by Mr Mark Glassock, who at the time of the announcement was Equatorial's General Manager of Geology, and who is a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. The MRE was compiled from 55,404 metres of drilling from 475 drill holes at the Makengui and Mbinda Prospects. This represents data from an additional 11,631 meters of drilling from 92 holes completed since the calculation of the maiden MRE (ASX Announcement 4 February 2013).

In addition to these drill results, the Company has conducted an extensive trenching and pitting program as part of the resource upgrade program. The trenching and pitting program was designed to verify the surface mineralisation and increase confidence in resource classification. Trenching was conducted within the Makengui part of the deposit to specifically target the Hematite Colluvium and upper zones of Friable Hematite over a strike length of some 3.5km. Trenching was carried out on nominal 100 metre spacing lines with trenches at 30-50 metre spacings for a total of 254 trenches. Trenches were logged and sampled and treated on site at the Mayoko sample preparation laboratory. Pulps from trench samples and drill core were assayed at SGS Laboratory, Perth for full XRF analysis. The trenching program was carried out adjacent to and provided infill information between previously released drill holes, the results of which predominately increased resource confidence which has been incorporated into the upgraded MRE.

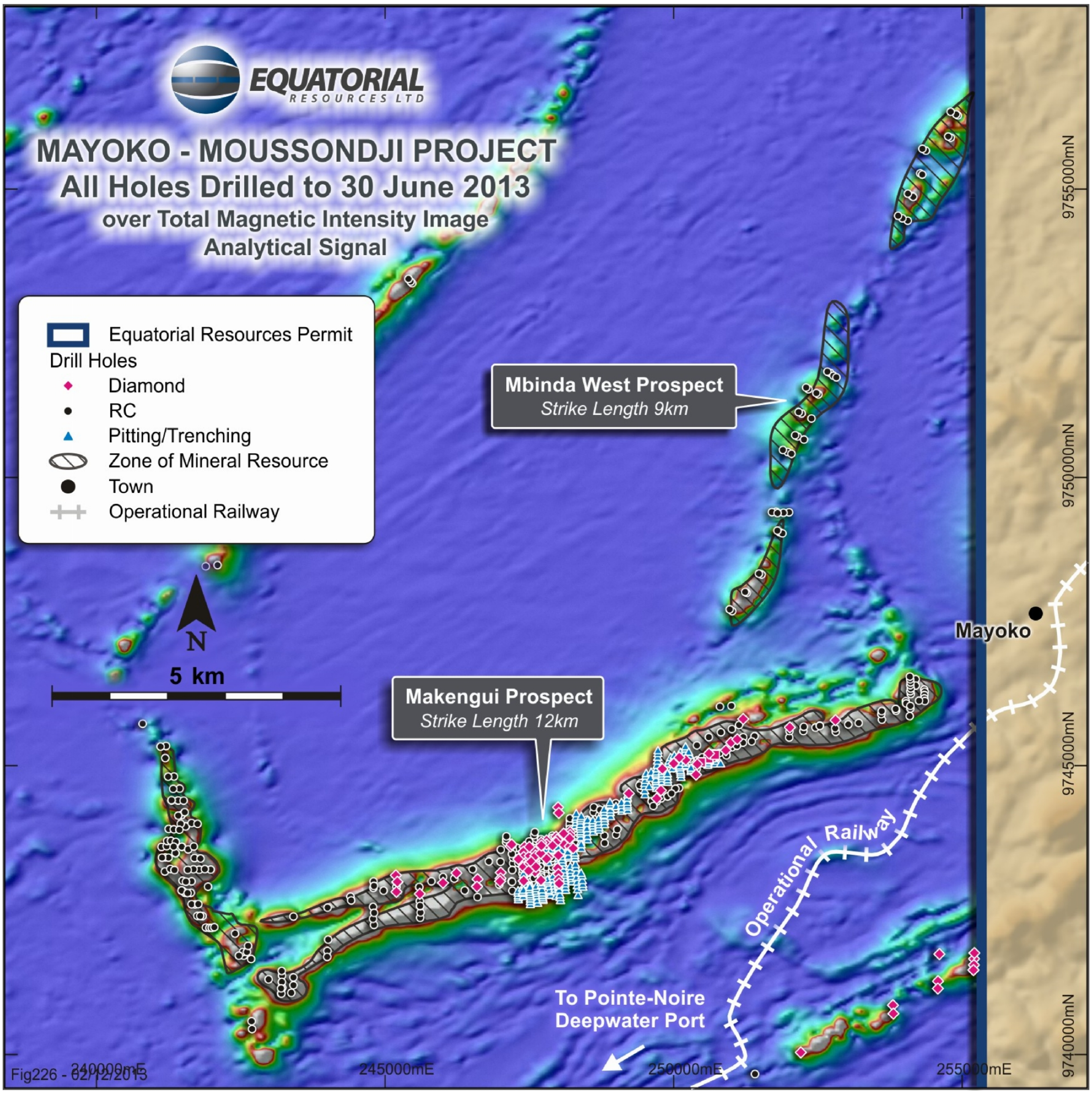

Figure 2: Mayoko-Moussondji Project Total Magnetic Analytical Signal showing resource area with drill collars

Based on the metallurgical test work completed to date under the direction of Equatorial's consultant Dr John Clout, the hematite material is expected to produce Mayoko Premium Fines, a premium fines iron product with low impurities, through simple processing techniques with high overall mass recovery. The updated Hematite Resource will be incorporated into Equatorial's mine plan and used in future feasibility studies. The target product specifications for Mayoko Premium Fine are presented below in Table 2 below.

Mayoko-Moussondji Iron Project Mayoko Premium Fines Target Product Specifications						
Fe %	SiO_2 %	Al_2O_3 %	P %	S %	TiO_2 %	LOI_{1000}
64.1	4.5	2.3	0.077	0.015	<0.07	2.2

Table 2: Mayoko Premium Fines Target Product Specifications

Potential for Further Resource Growth

The updated MRE is comprised from drilling and trenching carried out at the Makengui and Mbinda Prospects at Mayoko-Moussondji. Equatorial has conducted very limited test drilling at the other target prospects at the Project; Lekoumou West, Mvendi and Leboulou. The initial geophysical survey, subsequent on-ground reconnaissance work, and the limited test drilling at these prospects indicates the potential for significant resource inventory growth over time as further drilling is completed. Drilling to date has only covered only 45% or approximately 21 km of a total 46km of identified magnetic strike.

Accordingly, the updated reported MRE has the potential to expand significantly in all resource categories and classifications in line with Equatorial's exploration target for the Project.

BADONDO IRON PROJECT

Figure 3: Badondo Project Location Map

The Badondo Iron Project ("Badondo" or the "Project") is located in the northwest region of the ROC within an emerging cluster of world class iron projects including Sundance Resources Ltd's (ASX:SDL) ("Sundance") Mbalam-Nabeba project, Core Mining's Avima project and Gabon's Belinga project (refer Figure 3).

Increased Exploration Target

On 30 October 2013 Equatorial announced an increase in the size and grade of an Exploration Target at the Company's 100% owned Badondo Project. The updated Exploration Target has been independently estimated by Core Geophysics based on remodelling following recent on-ground work including results from the completed initial drilling program.

The total Exploration Target for the Project is made up of individually modelled Exploration Targets for three identified prospect areas: Badondo Prospect, the Belinga North Prospect, and the Belinga North Extension Prospect. At each prospect a target estimate has been calculated for potential primary magnetite material ("Primary Itabirite") and also for potential enriched hematite material ("Enriched Hematite"). The results from the initial drilling program, when combined with the geological mapping program conducted by SRK Consulting (Perth) Limited ("SRK"), have allowed for more accurate magnetic modelling to be conducted of the Badondo Prospect. No changes have been made to the size of the targets for the Belinga North Prospect, and the Belinga North Extension Prospect. Given the impact the drilling results and geological mapping has had on the Exploration Target over the Badondo prospect, it is conceivable that additional upgrades to the global Exploration Target could be achieved by completing similar programs at the Belinga North and Belinga North Extension prospects within the Badondo Project.

Updated Badondo Exploration Targets			
Project	**Enriched Hematite Target (58 to 67% Fe)**	**Primary Itabirite Target (35 to 54% Fe)**	**Total Exploration Target (35 to 67% Fe)**
Badondo	270 – 450 Mt	1,770 – 2,950 Mt	2,040 – 3,400
Belinga North	40 – 70 Mt	460 – 770 Mt	500 – 840
Belinga North Ext	60 – 100 Mt	170 – 290 Mt	230 – 390
Total	**370 - 620 Mt**	**2,370 – 3,950 Mt**	**2,770 – 4,630 Mt**

Table 3: Updated Exploration Targets for Badondo

The Exploration Target estimates are based on a number of assumptions and limitations. The potential quantities and grades are conceptual in nature and should be considered broadly indicative at best. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

The remodelling of the Badondo Prospect has resulted in a 370% upgrade to the Exploration Target for primary magnetite and hematite banded iron formation ("BIF") at that prospect. The Exploration Target for Enriched Hematite has been upgraded to between 270 and 450 million tonnes and the grade range has been increased to between 58% and 67% Fe. This represents a significant target of potentially high grade Direct Shipping Ore ("DSO") material. The Exploration Target for Primary Itabirite has been upgraded to between 2,370 and 3,950 million tonnes at a grade of 35% to 54% Fe.

This combined with the previous Exploration Target at the Belinga North and Belinga North Extension Prospects (see ASX announcement dated 28 March 2011) provides an updated total Exploration Target for the project which has increased by more than 100% and is now 2,770 to 4,630 million tonnes at a grade range of 35% to 67% Fe. The total Exploration Target for enriched hematite is now between 370 and 620 million tonnes at a grade range of between 58% and 67% Fe.

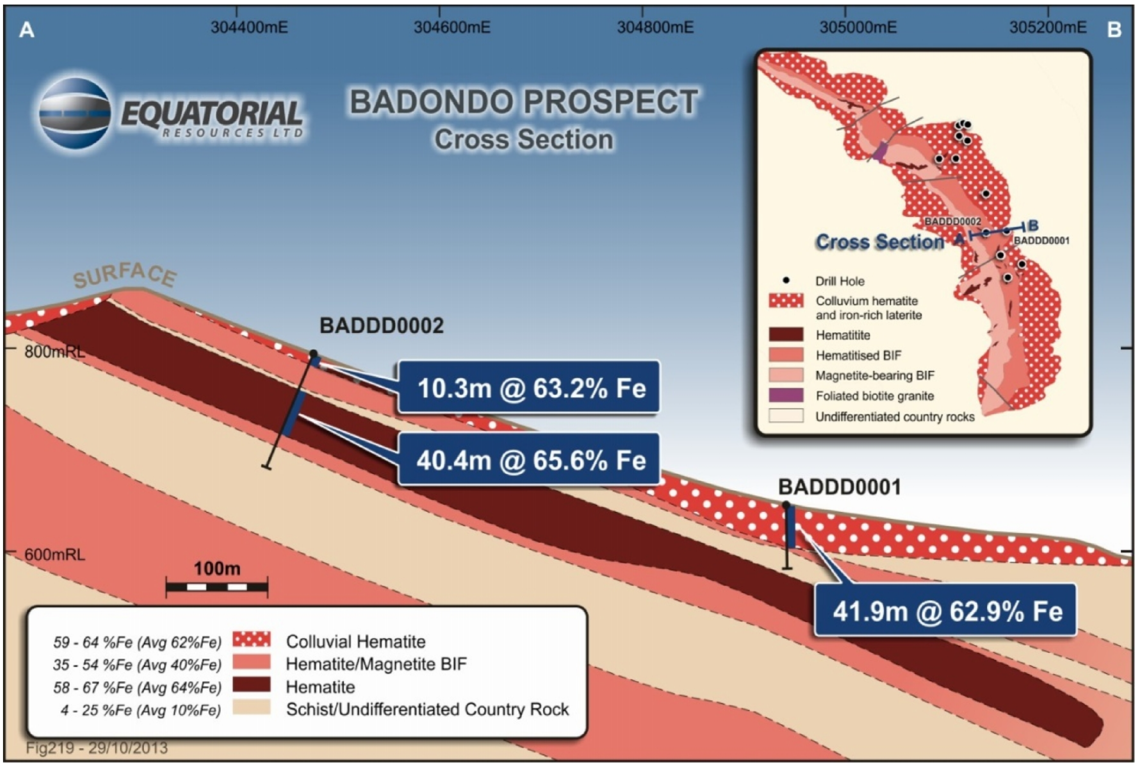

Figure 4: Cross section of drilling at Badondo for holes BADD0001 & BADD0002

Future Exploration Plans

Following the success of the initial drilling campaign Equatorial is investigating infrastructure development options that would enable access for larger track mounted drill rigs. The use of larger rigs will require road access, local infrastructure support and the development of a permanent camp. A drilling program with larger equipment will be focused on resource definition drilling.

Regional Developments

A number of significant developments have occurred during or subsequent to the quarter which continue to demonstrate the strong appetite by large global players for the development of this massive untapped iron region:

- On 19 December 2013 Sundance Resources announced it had received a strong response to its rail and port tender process to finance and build the Mbalam-Nabeba Iron Ore Project. Sundance will now conduct detailed negotiations with each of the tender groups with a view to finalising an exclusivity agreement with one of them by the second quarter of 2014. It also announced that it was in negotiations with several groups concerning the sale of equity and take-or-pay iron ore offtake agreements and that it had issued tender documents for mine plants and associated mine site infrastructure.
- The Government of Gabon announced that it had cancelled a contract with China Machinery Engineering Corp (Comibel) to develop the Belinga iron ore mine and said it would seek a new partner for the project. The Gabonese Government have appointed SRK Consulting to conducting exploration and feasibility work at Belinga and expressed interest in the potential for combining this work program with Equatorial.
- On 19 December 2013, Afferro Mining Inc. announced the completion of the acquisition of Afferro by International Mining & Infrastructure Corporation plc ("IMIC") by the way of a court approved plan of arrangement. Afferro's Nkout Iron Project is located in Cameroon relatively close to Sundance's proposed rail corridor extending from the iron projects of Republic of Congo (Mbalam-Nabeba, Avima and Badondo). IMIC's focus on infrastructure development is seen as a positive by Equatorial and the Company is continuing discussions with IMIC over potential cooperation and infrastructure sharing opportunities.

- In October 2013 Core Mining Limited announced a transport solution for its Avima project with a two phased approach starting with a 3mtpa trucking operation by 2015. The second phase includes a new rail and port system via Gabon which is intended to also serve regional iron ore projects such as Badondo and Belinga. Annual capacity of the new rail system will be approximately 100Mtpa.

HEALTH, SAFETY AND COMMUITY

Health and Safety

Equatorial is committed to achieving the highest performance in occupational health and safety to create and maintain a safe and healthy environment at company sites and workplaces for all personnel and contractors. The Company has adopted detailed Health, Safety, Environment and Security policies.

The Company suffered no loss time injury during the December 2013 quarter.

Community Development Projects

During the quarter Equatorial worked on the following community development projects in Mayoko and surrounding villages:

- Distribution of small gifts (i.e. candy & biscuits) to schoolchildren within and around the Mayoko village to celebrate the festive season with the community;
- Ongoing education programs at the Mayoko Primary School;
- Ongoing road and bridge works around Mayoko, Bandzoko and Tsinguidi;
- The refurbishment of the Leyou Bridge in conjunction with Exxaro;
- Grading of the road from Mayoko to Bondzoko;
- Ongoing works and community consultation for the Mayoko water and electricity plant; and
- Detailed cleaning program for the Water Treatment Plant pumping station and pickup point.

Figure 5: Deviation completed by Congo Mining for Leyou Bridge Refurbishment

Figure 6: Maintenance on the Water Treatment Plant

Recruitment and Training

Equatorial is committed to skills training and the hiring of Congolese staff. The following training programs were conducted during the quarter:

- Wet weather driving;
- Preventive actions in lightening and electrical storms;
- Advanced life support including resuscitation, team chest compressions and oxygen and self-inflating bag techniques;
- Preventive measures for electrical hazards;
- Extrication training following accidents;
- First aid training; and

Tenement Interests

As at 31 December 2013, the Company has an interest in the following tenements:

Project Name	Location	Permit/Lease Number	Percentage Interest	Status
Mayoko-Moussondji Iron Project	Republic of Congo	Decree No. 2012-931	100%	Granted
Badondo Iron Project	Republic of Congo	Decree No. 2012-937	100%	Granted
Moussondji-fer Ouest Exploration Licence	Republic of Congo	Decree No. 2013-284	100%	Granted
Moussondji-fer Est Exploration Licence	Republic of Congo	Decree No. 2013-288	100%	Granted

CORPORATE

Funding & Partnership Opportunities to Fast-track Development

Mayoko-Moussondji's positive project fundamentals as demonstrated by the completed Scoping Study and the recent lodgement of the Mining Licence Application, provide a solid platform for Equatorial to advance discussions and negotiations with potential strategic partners and financiers. Equatorial continues to explore opportunities for collaboration and partnership with significant mining houses and potential funders in order to fast track the financing and development of Mayoko-Moussondji.

The Company is exploring a number of opportunities for project funding including product off-take arrangements and strategic partnership. Currently, no binding agreements have been concluded with any party nor has any opportunity sufficiently progressed to be announced to the market. There is no guarantee that any agreement or transaction will eventuate from the Company's current discussions.

Cash Position and Shareholder Information

As at 31 December 2013 the Company had 1,760 shareholders and 122,185,353 ordinary fully paid shares on issue with the top 20 shareholders holding 77.2% of the total issued capital.

Equatorial is in a strong financial position with significant cash reserves and no debt. As at 31 December 2013 the Company held A$45.4 million in cash.

For further information contact:

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COMPETENT PERSONS STATEMENT

The information in this announcement that relates to Exploration Results and to Mineral Resources for Mayoko-Moussondji was extracted from Equatorial's ASX Announcement dated 4 December 2013 entitled "Resource Upgrade at Mayoko-Moussondji" which is available to view on the Company's website at www.equatorialresources.com.au. The information in the original ASX announcement that relates to Minerals Resources and Exploration Results was based on, and fairly represents, information compiled by Mr Mark Glassock, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Glassock was a full time employee of Equatorial, and is a shareholder of Equatorial (25,000 shares), and rights-holder of Equatorial (100,000 rights exercisable for nil consideration upon satisfying various performance milestones). Mr Glassock 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Equatorial confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcement. Equatorial confirms that the form and context in which the Competent Person's findings are presented in this announcement have not been materially modified from the original ASX announcement.

The information in this announcement that relates to Exploration Results for Badondo was extracted from Equatorial's ASX Announcement dated 30 October 2013 entitled "Badondo Drilling Results Increase Size and Grade of Exploration Target" which are available to view on the Company's website at www.equatorialresources.com.au. This information 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 the original ASX announcement that relates to Minerals Resources and Exploration Results was based on, and fairly represents, information compiled by Mr Mark Glassock, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Glassock was a full time employee of Equatorial, and is a shareholder of Equatorial (25,000 shares), and rights-holder of Equatorial (100,000 rights exercisable for nil consideration upon satisfying various performance milestones). Mr Glassock 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'. Equatorial confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcement. Mr Glassock consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to Metallurgical Test Results was extracted from Equatorial's ASX announcement dated 16 July 2013 entitled 'Scoping Study For Mayoko-Moussondji' which is available to view on the Company's website at www.equatorialresources.com.au. This information 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 the original ASX announcement that related to Metallurgical Test Results is based on information compiled by Dr John Clout who is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Clout was a consultant to Equatorial Resources Limited during the Scoping Study. Dr Clout 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 JORC Code. Dr Clout consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to the technical details and capital and operating cost estimates for the mineral processing, rail and port infrastructure "pit to port" elements of the Mayoko-Moussondji Project Scoping Study was extracted from Equatorial's ASX announcement dated 16 July 2013 entitled 'Scoping Study For Mayoko-Moussondji' which is available to view on the Company's website at www.equatorialresources.com.au. This information 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 the original ASX announcement that related to the technical details and capital and operating cost estimates for the mineral processing, rail and port infrastructure "pit to port" elements of the Mayoko-Moussondji Project Scoping Study was based on information compiled by Mr Paul Henharen, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Henharen is employed by Worley Parsons. Mr Henharen has sufficient experience that is relevant to the style of mineralization 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'. Equatorial confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcement. Mr Henharen consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to mining schedule and estimated mine operating costs was extracted from Equatorial's ASX announcement dated 16 July 2013 entitled 'Scoping Study For Mayoko-Moussondji' which is available to view on the Company's website at www.equatorialresources.com.au. This information 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 the original ASX announcement that related to mining schedule and estimated mine operating costs was based on information compiled Mr Steve Craig, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Craig is employed by Orelogy. Mr Craig has sufficient experience that is relevant to the style of mineralization 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'. Equatorial confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcement. Mr Craig consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

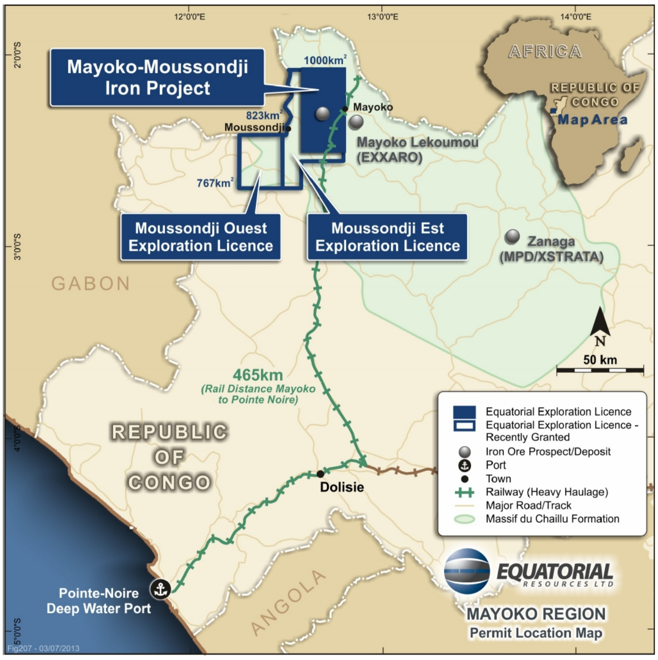
The information in this announcement that relates to Exploration Targets was extracted from Equatorial's ASX Announcement dated 30 October 2013 entitled "Badondo Drilling Results Increase Size and Grade of Exploration Target" and from Equatorial's ASX announcement dated 16 July 2013 entitled 'Scoping Study For Mayoko-Moussondji' which are available to view on the Company's website at www.equatorialresources.com.au. This information 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 the original ASX announcements that relate to Exploration Targets was based, and fairly represents, on 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 Equatorial Resources Limited to provide geophysical consulting services. Mr Cooper has sufficient experience that is relevant to the style of mineralization 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'. Equatorial confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcement. Mr Cooper consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

ABOUT EQUATORIAL RESOURCES

Equatorial Resources Limited (ASX:**EQX**), is focused on the exploration and development of two 100% owned potentially 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, currently has total Indicated and Inferred Resources of 917 million tonnes at 31.4% Fe which includes a Hematite Resource of 182 million tonnes at 35.7% Fe. A Scoping Study[1] completed for the project has delivered excellent results demonstrating low capital intensity and an initial mine life of 23 years for production of 2Mtpa of "Mayoko Premium Fines", a 64.1% Fe product, with operating costs expected to average $41 per tonne FOB[1]. 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. Equatorial has applied for a Mining License and is working to secure project funding, or the support of a suitable strategic partner, to enable the development of the Company's preferred production scenario for Mayoko-Moussondji.

The **Badondo Iron Project**, in the northwest region of ROC, has a DSO Hematite Exploration target of between 370 million tonnes and 620 million tonnes at an expected grade of between 58% and 67% Fe which forms part of the Total Exploration Target for the project 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' Mbalam-Nabeba project.



[1] The Company has concluded it has a reasonable basis for providing the forward looking statements above. The detailed reasons were in the section headed "Forward Looking and Cautionary Statements" of the Company's ASX announcement of 16 July 2013. The Scoping Study results and Production Targets above are preliminary in nature as conclusions are drawn partly from Indicated Resources (25%) and Inferred Resources (75%). The Scoping Study is based on lower-level technical and economic assessments that are insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

Rule 5.3

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	Quarter ended ("current quarter")
50 009 188 694	**31 December 2013**

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (6 months) $A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for:		
	(a) exploration & evaluation	(2,939)	(5,842)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(880)	(1,611)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	516	986
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)		
	- Business development	(131)	(146)
	Net Operating Cash Flows	(3,434)	(6,613)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(2)	(17)
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)	-	-
	Net investing cash flows	(2)	(17)
1.13	Total operating and investing cash flows (carried forward)	(3,436)	(6,630)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(3,436)	(6,630)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	180	180
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	180	180
	Net increase (decrease) in cash held	(3,256)	(6,450)
1.20	Cash at beginning of quarter/year	48,687	51,878
1.21	Exchange rate adjustments to item 1.20	5	8
1.22	**Cash at end of quarter**	45,436	45,436

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	145
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

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	2,900
4.2	Development	-
4.3	Production	-
4.4	Administration	800
	Total	**3,700**

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	1,314	565
5.2	Deposits at call	44,122	48,122
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	45,436	48,687

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			

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** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	122,185,353	122,185,353	N/A	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	300,000	300,000	$0.60 each	$0.60 each
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	*Rights:* 1,150,000 2,145,000	 - -	*Exercise price* $Nil $Nil	*Expiry date* 30 Sep 2014 31 Dec 2015
7.8	Issued during quarter				
7.9	Exercised/vested during quarter	*Options:* 300,000		$0.60	31 Dec 2013
7.10	Expired during quarter	*Options:* 2,850,000 *Rights:* 30,000		$0.60 $Nil	31 Dec 2013 31 Dec 2015
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(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 January 2014
(~~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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