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DECEMBER 2015 QUARTERLY REPORT

Equatorial Resources Limited ("**Equatorial**" or "**Company**") is pleased to present its quarterly report for the period ending 31 December 2015. Highlights during, and subsequent to, the quarter include:

MAYOKO-MOUSSONDDJI IRON PROJECT

- Completed the sale of the Company's Mayoko-Moussondji Iron Project to Midus Global Limited, for net proceeds of A\$4.7 million.
- Equatorial also retains a 2% royalty on all future production from Mayoko-Moussondji, calculated on the value of all sales of ore extracted, produced, sold or otherwise disposed of from the project.
- Midus Global previously advised that it intends to rapidly advance development of Mayoko-Moussondji with the ambition of commencing small scale production in 2016.

BADONDO IRON PROJECT

- Equatorial retains 100% ownership of the potentially large-scale Badondo Iron Project in the northwest region of the Republic of Congo.
- Badondo is located within a regional cluster of world-class iron ore exploration projects including Sundance Resources Limited's Mbalam-Nabeba project, Core Mining's Avima project, and the Belinga project in Gabon.
- Badondo has a large direct shipping ore hematite Exploration Target and assay results received to-date have confirmed the presence of thick high grade iron mineralisation at, and close to, surface.
- Plans for further exploration and development activity at Badondo, which may include a follow-up drilling program, is being considered by Equatorial in the context of the current iron ore price and the progress of regional infrastructure developments.

CORPORATE

- Equatorial is in a strong financial position with significant cash reserves and no debt. Following the sale of Mayoko-Moussondji, at 31 December 2015 the Company had over A\$40 million in cash.
- Mr Peter Woodman resigned as Non-Executive Director of the Company, effective from 22 January 2016.
- Equatorial is focussed on creating value from Badondo in addition to identifying and evaluating new opportunities in the resources sector which have the potential to build shareholder value.

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Mayoko-Moussondji Iron Project

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

The sale was completed following the satisfaction and/or waiver of the relevant conditions precedent and receipt of the net consideration of A\$4.7m, as the sale agreement allowed for settlement of CML's outstanding creditors via Midus Global retaining a sum of A\$267,426. Equatorial has retained a 2% royalty to be paid by CML on all production from Mayoko-Moussondji, calculated on the value of all sales of ore extracted, produced, sold or otherwise disposed of from the Mayoko-Moussondji over the full life of any future mining operations.

Mayoko-Moussondji is an advanced iron ore development opportunity located in the southwest region of the Republic of Congo. Midus Global have advised that they intend to rapidly advance development with the ambition of commencing small scale production in 2016.

Badondo Iron Project

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

Badondo 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.

During the quarter, the Company worked to finalise a Mining Licence Application ("**MLA**") for Badondo. In accordance with the ROC Mining Code, 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. Equatorial intends to lodge the MLA for Badondo based on completed exploration work in order to position the Company with a 25 year right to mine at the project.

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

Corporate

Equatorial is in a strong financial position with significant cash reserves and no debt. Following completion of the sale of Mayoko-Moussondji, at 31 December 2015 the Company had over A\$40 million in cash.

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

Tenement Information

As at 31 December 2015, the Company has an interest in the following mining and exploration tenements:

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

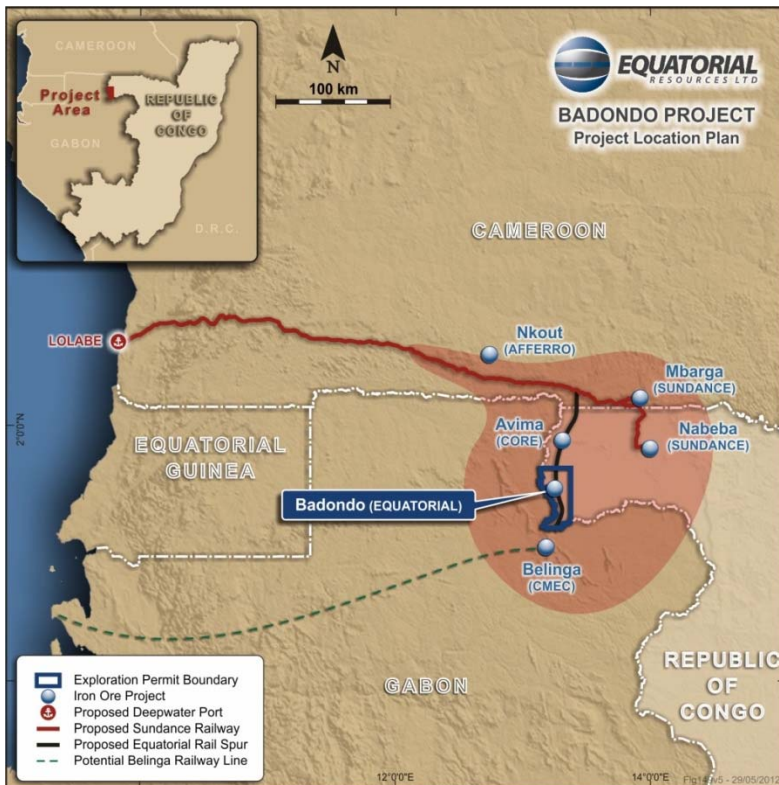


Figure 1: Badondo Project Location

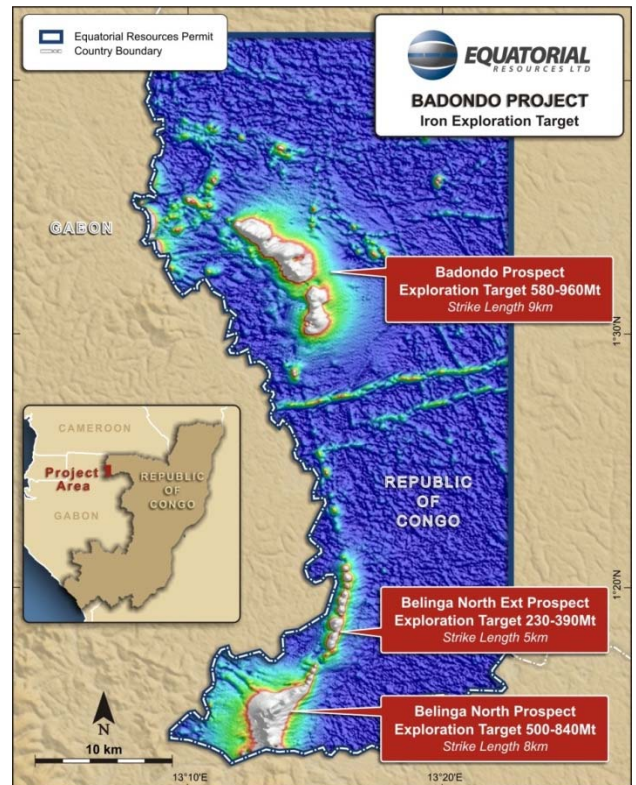


Figure 2: Badondo Exploration Targets

Competent Persons Statement

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 December 2015

Consolidated statement of cash flows

		Current quarter	Year to date
		\$A'000	(6 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for:		
	(a) exploration & evaluation	(38)	(200)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(301)	(651)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	274	563
1.5	Interest and other costs of finance paid	-	(29)
1.6	Income taxes paid (net of R&D grants)	-	(332)
1.7	Other (provide details if material):		
	(a) business development	(259)	(1,283)
Net Operating Cash Flows		(324)	(1,932)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	4,733	4,733
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		4,733	4,733
1.13	Total operating and investing cash flows (carried forward)	4,409	2,801

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	4,409	2,801
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material): - Capital raising expenses	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	4,409	2,801
1.20	Cash at beginning of quarter/year	35,716	37,324
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	40,125	40,125

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	138
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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

Non-cash financing and investing activities

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

Not applicable

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

Not applicable

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

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

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,725	366
5.2 Deposits at call	38,400	35,350
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	40,125	35,716

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	• Mayoko-Moussondji ML • Mayoko-Moussondji EL • Moussondji-fer Ouest EL • Moussondji-fer Est EL	Direct Direct Direct Direct	100% 100% 100% 100%	- - - -
6.2 Interests in mining tenements acquired or increased	Not applicable			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

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

		Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1	Preference ⁺securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	*Ordinary securities	124,445,353	124,445,353	N/A	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	*Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	<i>Options</i> 100,000 <i>Rights</i> 2,305,000	- -	<i>Exercise price</i> \$0.24 Nil	<i>Expiry date</i> 30 Jun 2017 31 Dec 2016
7.8	Issued during quarter				
7.9	Exercised/vested during quarter				
7.10	Expired during quarter	<i>Options</i> (2,000,000)	-	<i>Exercise price</i> \$0.46	<i>Expiry date</i> 16 Dec 2015
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

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

Sign here:..... Date: 28 January 2016
(~~Director~~/Company secretary)

Print name: Greg Swan

Notes

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

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