ASX: EQX | 31 October 2012 | ASX RELEASE

SEPTEMBER 2012 QUARTERLY REPORT

Equatorial Resources Limited ("**Equatorial**" or the **"Company**") is pleased to present its quarterly report for the period ended 30 September 2012.

HIGHLIGHTS

Mayoko-Moussondji Iron Project

- **Drilling continued at the Mayoko-Moussondji Iron Project with a total of 39,456 metres of RC and diamond drilling completed as at 30 September 2012.**
- **Independent consultants were appointed to prepare a maiden JORC resource estimate which is expected to be completed in Q1 2013.**
- **Metallurgical testing program continued to demonstrate that the near surface hematite mineralisation at the Makengui Prospect can produce a premium high grade iron product of 64.1% Fe using standard processing techniques.**
- **The government of the Republic of Congo approved the renewal of Equatorial's 100% owned Mayoko-Moussondji exploration license.**
- **Feasibility work on rail and port infrastructure solutions continued under the supervision of Equatorial's project management team.**

Badondo Iron Project

- **Drilling continued at the Badondo Iron Project focusing on the identification of shallow high grade DSO hematite mineralisation.**
- **Exceptionally high grade near surface iron was intersected in the first two drill holes at Badondo including 40 metres at 65% Fe.**
- **The Republic of Congo government approved the renewal of Equatorial's 100% owned Badondo exploration license.**
- **Based on the encouraging exploration results, infrastructure development options are being assessed to enable access for larger track mounted drill rigs.**

Corporate

- **Strong balance sheet with no debt and $71 million in cash as at 30 September 2012.**
- **Exceptional safety performance record contined with zero LTI's.**
- **Community Relations Committee finalised the Company's community investment schedule for 2013 with a focus on skills training to grow workforce capacity.**

Figure 1: Project Location Plan

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 deep water port of Pointe-Noire.

Drilling Activity

Drilling continued during the quarter at the Makengui prospect ("Makengui" or "the Prospect"). Makengui is 12km long and lies 500m from the existing railway line that connects the Project to the port of Pointe-Noire. Makengui is one of five main prospects at Mayoko-Moussondji which total more than 46km of strike.

As of 30 September 2012 a total of 39,456m of drilling had been completed at Mayoko-Moussondji from 365 holes, with 125 drill holes completed at the Makengui prospect during the September 2012 quarter.

Drilling activity was predominantly focused on the "Makengui Hill" area of the Prospect where infill resource definition drilling has been completed over a 1.5km section. Initial step out drilling was also conducted on identified target zones of Makengui (see Figure 2).

Scout drilling on 400-800m line spacing commenced at the Lekoumou West, Mavendi and Mbinda prospects with iron formation being identified. These areas will be infill drilled at a later date.

Two RC drill rigs are currently operational on site under a contract with Wallis Drilling Pty Ltd.

	RC	Diamond	Total
Metres	11,917	1,707	13,624
Holes	111	14	125

Table 1: Drilling Production for the Three Months Ending 30 September 2012

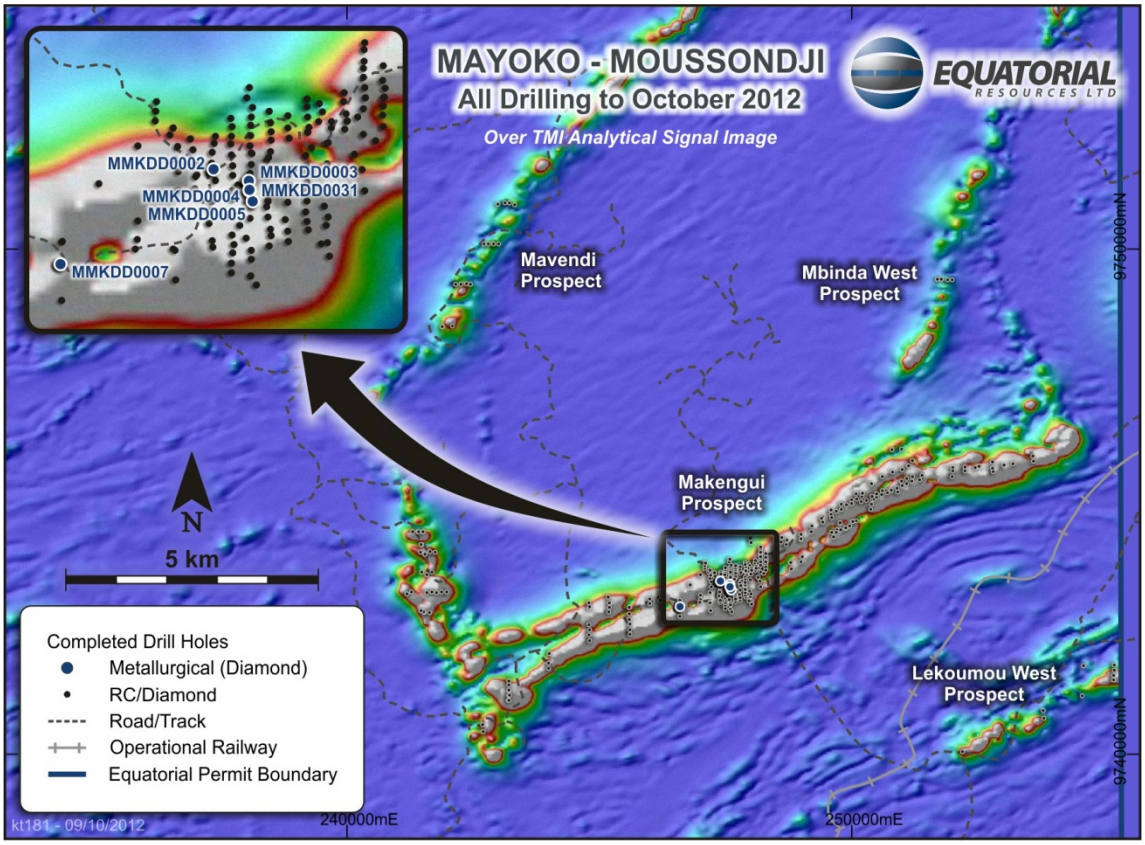

Figure 2: Mayoko Project - Drill Hole Location Plan

Geological Model

The geological model for Mayoko-Moussondji comprises enriched oxide hematite caps overlaying substantial fresh magnetite banded iron formation ("BIF").

Based on the completed drilling the following potential ore types are now recognised (refer Figure 3):

- **DSO (Zone 1)**: Shallow enriched hematite mineralisation which will produce a saleable iron product after simple crushing and screening;
- **pDSO (Zone 2)**: Enriched loose and friable hematite mineralisation with a grade of between 40% Fe and 55% Fe which has the potential for simple beneficiation to a premium product;
- **Colluvial (Zone 3)**: Erosion of the DSO and pDSO has resulted in the deposition of colluvial iron mineralisation on the flanks of hillsides and as valley fill. This material has the potential to produce premium high grade lump and fines iron products; and
- **Magnetite (Zone 4)**: Fresh magnetite BIF with a grade of between 30% Fe and 40% Fe. This material has returned concentrates with high iron grade of 69% Fe and mass recoveries of 50%.

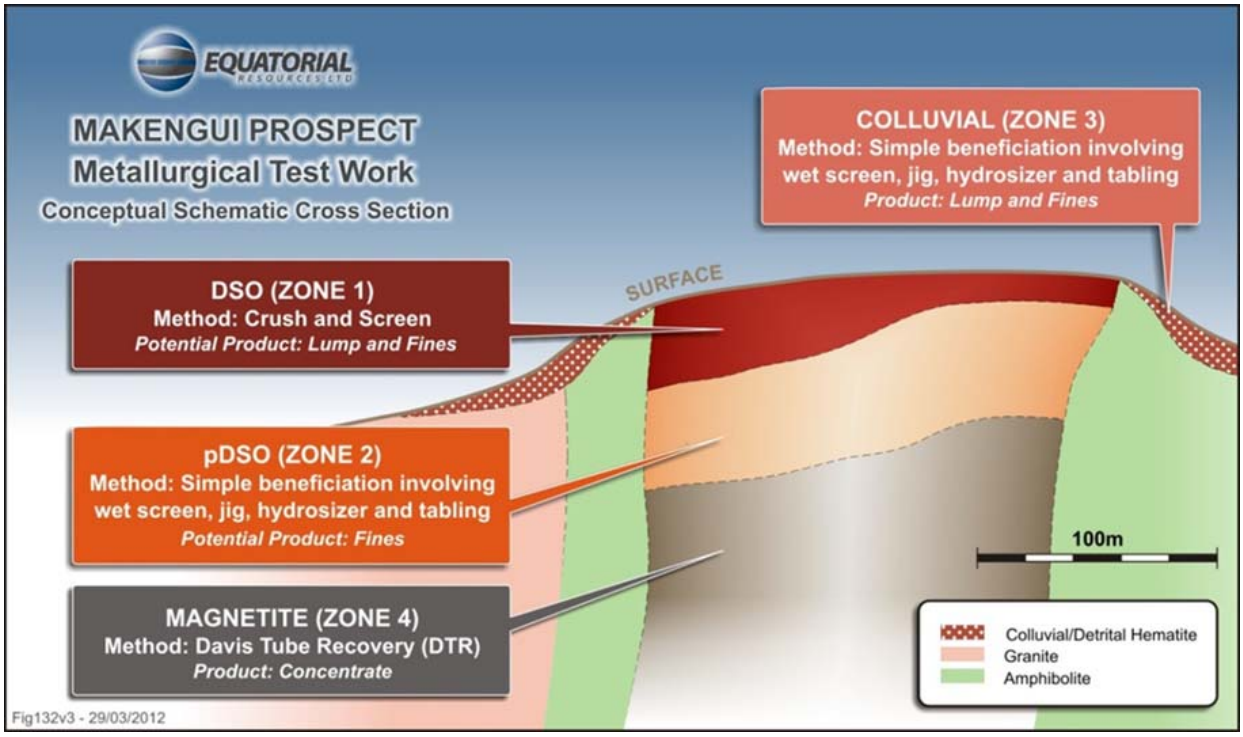

Figure 3: Conceptual Schematic Cross Section of the Makengui Prospect

Metallurgical Test Program Results

Equatorial announced excellent metallurgical testing results from work conducted on diamond drill core samples of near surface hematite mineralisation from Makengui. The results (summarised below in Table 2 and included in detail at Table 3) confirmed the potential to produce a premium fines iron product of 64.1% Fe with high mass recovery from the near surface mineralisation (Zones 1 and 2) at Makengui.

Diamond Drill Core Weighted Mean			Fines Product				
Head Fe Grade %	Mass Recovery %	Fe Recovery %	Fe %	SiO_2 %	Al_2O_3 %	P %	LOI 1000
50.5	60.7	77.0	64.1	4.1	1.8	0.080	1.9

Table 2: Summary of Diamond Drill Core Metallurgical Test Results for Zones 1 & 2

Equatorial's metallurgical testing program has been designed in distinct work programs based on the Company's geological model for the different mineralisation types found at Mayoko-Moussondji. The aim of the testing program is to demonstrate the potential to produce a range of premium iron ore products using standard processing techniques.

The encouraging results released during the quarter continue the very positive metallurgical test results that have been returned from the program to date. Davis Tube Recovery results for the magnetite BIF (Zone 4) returned concentrates of 68.9% Fe with a mass recovery of 50% (see ASX announcement dated 24 April 2012). Simple wet processing of the colluvial iron mineralisation (Zone 3) produced a lump and fines product with a combined product grade of 63.4% Fe, 3.4% silica, 3.0% alumina and 0.052% phosphorus with a mass recovery of 61.0% (see ASX announcement dated 26 April 2012).

The excellent upgradeability of the potential ore types at Mayoko-Moussondji is associated with the characteristic of the hematite and magnetite mineralisation to be well liberated and significantly denser than the clay and quartz gangue surrounding it. These properties lend the ore to effective washing and gravity separation to deliver a cleaner grade product.

DSO and pDSO Iron Mineralisation Metallurgical Test Results

Detailed metallurgical and product quality test work on bulk sample and diamond drill core samples of DSO (Zone 1) and pDSO (Zone 2) mineralisation types was completed during the quarter in Perth by SGS Lakefield Oretest Pty Ltd and by NAGROM Laboratories. The results were from twelve intervals of iron mineralisation from six diamond drill holes, each weighing approximately 10 to 55kg, collected from the central area of the Prospect. The intersections included typical examples of Zone 1 and Zone 2 hematite mineralisation as well as two samples of the transition between Zone 2 and Zone 4. Samples were crushed, screened, and wet processed using a typical Pilbara desanding circuit.

The test results are highly encouraging as they demonstrate mineralisation Zones 1 and 2 have the potential to produce a premium grade iron product using standard processing techniques. The fines product produced from this mineralisation had an iron grade of 64.1% with a mass recovery of 60.7% and Fe recovery of 77.0% with 4.1% silica, 1.8% alumina and 0.08% phosphorus, and very low levels of other contaminants. The weighted mean results of all the samples tested, including the transitional zone intercepts with those from Zones 1 & 2, showed a combined fines product mass recovery of 54.5% and Fe recovery of 72.3% and product grade of 64.1% Fe, 4.6% silica, 1.5% alumina and 0.076% phosphorus, and also had very low levels of other contaminants. The mean product calcined grade, after allowing for removal of crystal water (LOI), was 65.2% Fe. The relevance of the total weighted mean results show that transition material between Zones 2 and 4 can be upgraded using the same techniques with no effect on the resulting product iron grade and only marginal impact on mass and Fe recovery.

Larger bulk samples currently being processed will allow more extensive upgradability testing, lump conditioning, and product sinter and quality testing.

Sample Details					Calculated Head Assay					Fines Product (-8 +0.038 mm)							
Diamond Drill Hole ID	Depth		Interval Length (m)	Zone	Dry Weight					Recovery			Dry Weight				
	From (m)	To (m)			Fe %	SiO_2 %	Al_2O_3 %	P %	LOI 1000	-1mm Process	Mass %	Fe %	Fe %	SiO_2 %	Al_2O_3 %	P %	LOI 1000
MMKDD0002	13.4	18.0	4.6	1	53.3	17.6	2.7	0.064	2.48	HS-WT	55.5	65.4	62.79	5.89	1.45	0.057	1.58
MMKDD0002	18.0	21.2	3.2	2	51.2	23.9	1.1	0.071	1.42	HLS	73.2	92.7	64.83	4.34	0.94	0.085	1.56
MMKDD0003	2.7	14.7	12.0	1	56.6	13.3	2.5	0.092	2.89	HLS	71.9	82.0	64.50	2.94	1.68	0.100	2.51
MMKDD0003	14.7	47.7	33.0	2	49.6	26.1	1.2	0.077	1.17	HLS	65.8	86.8	65.49	3.40	0.92	0.093	1.13
MMKDD0004	0.0	20.2	20.2	1	51.4	18.3	4.2	0.075	3.63	HLS	54.6	65.4	61.58	4.82	3.23	0.081	3.36
MMKDD0004	20.2	50.0	29.8	Trans	41.1	39.1	0.8	0.064	0.99	HS-WT	32.4	50.7	64.25	6.37	0.53	0.060	0.78
MMKDD0005	0.0	15.6	11.6	1	54.4	13.9	4.2	0.086	3.60	HLS	71.6	82.6	62.79	2.40	3.73	0.099	3.56
MMKDD0005	15.6	39.1	19.0	2	44.2	34.5	1.0	0.051	0.96	HS-WT	46.2	67.6	64.63	5.09	1.17	0.051	0.56
MMKDD0007	1.8	14.6	12.8	1	49.1	22.6	4.1	0.060	2.41	HLS	66.6	85.1	62.78	6.48	2.01	0.064	1.19
MMKDD0031	0.0	9.3	9.3	1	58.2	11.9	2.0	0.078	2.34	HS-WT	56.9	64.7	66.18	1.72	1.50	0.072	1.87
MMKDD0031	9.3	24.0	14.7	2	46.6	28.9	2.1	0.084	2.04	HS-WT	54.6	75.5	64.50	4.42	1.22	0.083	2.00
MMKDD0031	24.0	34.6	10.6	Trans	40.1	39.7	1.3	0.053	1.40	HS-WT	35.5	56.8	64.00	5.63	0.98	0.069	1.50
Weighted Mean			**180.8**	All	**48.3**	**26.4**	**2.1**	**0.071**	**1.9**		**54.5**	**72.3**	**64.1**	**4.6**	**1.5**	**0.076**	**1.7**
			140.4	1 & 2	**50.5**	**22.7**	**2.4**	**0.074**	**2.2**		**60.7**	**77.0**	**64.1**	**4.1**	**1.8**	**0.080**	**1.9**

Table 3: Diamond Drill Core Metallurgical Test Results

Drilling Program and Resource Definition Strategy

In response to the encouraging results from the Company's metallurgical testing program, Equatorial's drilling program at Mayoko-Moussondji has been adapted to focus on the identification of near surface hematite mineralisation that is capable of producing premium iron products. This material includes quantities of DSO, pDSO and colluvial hematite mineralisation that can deliver a premium quality iron product using simple beneficiation techniques.

Independent global mining consultants, CSA Global Pty Ltd ("CSA"), have been appointed to provide resource modelling services and to prepare a maiden Mineral Resource Statement for the Project in accordance with the JORC Code. The Company's intention is to define a resource inventory at Mayoko-Moussondji that will enable the development of a start-up project based on the Project's access to existing rail and port infrastructure.

Delays in receiving assay results from completed drilling and the finalisation of drilling at Makengui has delayed the commencement of CSA's assignment. During the September 2012 quarter 2,336 drill hole samples were submitted for analysis and some 3,142 assay results were received, reflecting the clearing of the backlog from previous quarters. At the end of the period some 502 assays were outstanding.

Equatorial is targeting the publication of a maiden JORC hematite resource at Mayoko-Moussondji during the first quarter of 2013. The maiden JORC resource for Mayoko-Moussondji is expected to be updated and increased during 2013 by further drilling. Development of resource inventory at Mayoko-Moussondji will continue to be linked with the progress of the metallurgical test program. This should allow Equatorial to link the in-situ resource inventory to reliable estimates of the final product potential.

Airborne Geophysics

Fugro Airborne Surveys (Pty) Ltd were contracted to complete an Airborne Falcon Gravity Gradiometry Survey over Mayoko-Moussondji. The survey was completed during August 2012 for a combined total of 1,172 line km. The survey was completed to assist in the resource definition program at Makengui as well as the identification of future hematite drill targets at the Lekoumou West, Mbinda West and the Mavendi prospects.

A preliminary assessment of the data indicates the discovery of a number of discrete anomalies. These will be drill tested once Equatorial has completed the current resource infill drilling program as part of the planned expansion of the drilling program into new areas of the tenement.

Exploration at the Leboulou Prospect

The geological assessment of the Leboulou prospect commenced during the quarter with some seventy rock chips collected together with ground truth geological mapping. Rock chip samples underwent sample preparation at the Mayoko-Moussondji sample preparation laboratory and pulps were dispatched to SGS Laboratory in Perth, Australia for analysis by XRF. Sixteen of the rock chips collected returned assay grades in excess of 55% Fe with a high of 61% Fe.

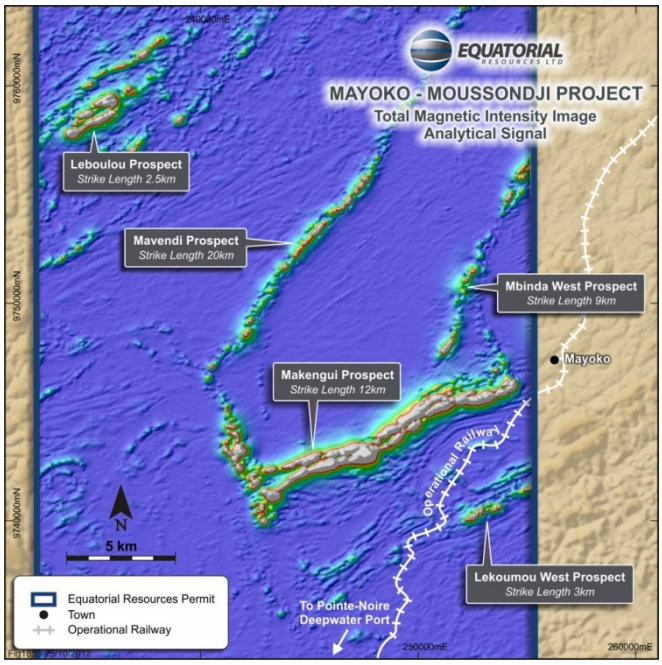

Figure 4: Mayoko Moussondji Prospects Identified by Airborne Geophysics

Location details and assay results of the highest grade samples are given in Table 4 below.

Northing	Easting	Samp ID	Fe %	SiO2%	Al2O3%	P%	LOI %	MgO%	MnO%	S ppm	TiO2%	Comment
9759093	234044	K0476	**58.2**	7.13	3.27	0.079	6.15	0.01	0.05	560	0.1	BIF
9759417	233568	K0477	**61.0**	4.81	1.94	0.327	5.38	0.01	0.02	210	0.06	BIF
9758732	235874	K0486	**58.0**	15.1	7.44	0.175	-7.137	0.26	0.09	530	0.2	BIF
9758942	235344	K0521	**59.2**	2.08	5.69	0.147	7	0.03	0.1	900	0.11	BIF
9758983	235221	K0524	**59.4**	3.08	3.73	0.264	7.24	0.02	0.03	550	0.1	BIF
9758971	235100	K0525	**58.1**	2.7	3.45	0.347	9.86	0.01	0.04	1090	0.05	BIF

Table 4: Selected High Grade Rock Sample Assay Results from the Leboulou Prospect at Mayoko-Moussondji

The rock chip sampling program and ground truth mapping at Leboulou has confirmed the presence of hematite and magnetite BIF lithologies within the prospect. This prospect will be targeted by a short RC drill program to confirm the grade and thickness of the iron formations that have been located.

Site Infrastructure Progress

During the quarter the Company continued the development of infrastructure servicing Mayoko-Moussondji as follows:

- Completed the installation of a further two 50,000 litre fuel tanks at the Mayoko campsite;
- Received approval by the ROC aviation authority ANAC for use of the recently refurbished Mayoko airstrip;
- Constructed a petrol and gas storage facility;
- Installed and commissioned an incinerator in Mayoko; and
- Completed further extensive repairs to public roads and bridges in the Mayoko district.

Figure 5: Incinerator on site at Mayoko

Figure 6: 50,000 Litre Fuel Storage Tanks at Mayoko

Transport Infrastructure

Rail

Equatorial's rail studies manager Mr John Dorotich commenced a scoping report on the phased ramp up of rail operations servicing Mayoko-Moussondji. The report will model capital and operating cost estimates for proposed ramp up scenarios based on different train configurations and train cycle times and will draw on previous rail feasibility studies conducted by R&H Railway Consultants and Engenium Pty Ltd. Mr Dorotich has considerable experience in bulk commodity railways having served previously as head of rail at Fortescue Metals Group Ltd and at African Minerals PLC. The study is expected to be completed in Q4 2012.

Equatorial continued to use the railway line linking Mayoko and Pointe-Noire throughout the quarter under the terms of the existing agreement with the Chemin de Fer Congo Ocean signed in September 2011.

Port

A number of potential port solutions at the existing port of Pointe-Noire and the proposed new bulk commodity port at Pointe-Indienne continue to be examined by Equatorial. These solutions were originally identified by Equatorial's port feasibility study completed by Murray and Roberts during 2011.

Equatorial's project management team has focused on development opportunities which would support near term production potential from Mayoko-Moussondji and enable a ramp up to larger volumes over time. Work during the quarter included:

- Review of wave study data;
- Completion of a transhipment study to assess various options of barging, onshore and offshore storage, reclaiming and ship loading;
- Drafting of proposed port layouts; and
- Assessment of port development costs.

Negotiations were also commenced with a number of potential other users of bulk commodity export facilities at, or close to, Pointe Noire. Equatorial is investigating opportunities for cooperation and collaboration on the construction and operation of the required infrastructure.

BADONDO IRON PROJECT

The Badondo Iron Project ("Badondo") 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) Mbalam project, Core Mining's Avima project and CMEC's Belinga project.

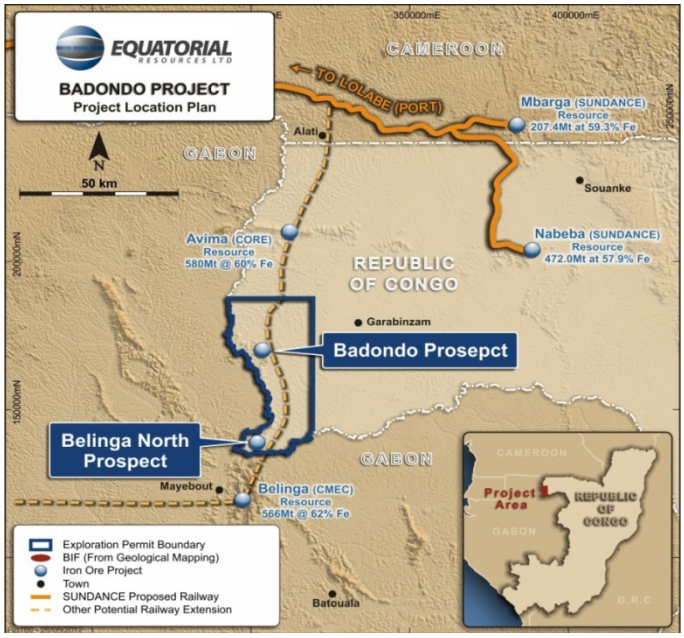

Figure 7: Badondo Project Location Plan

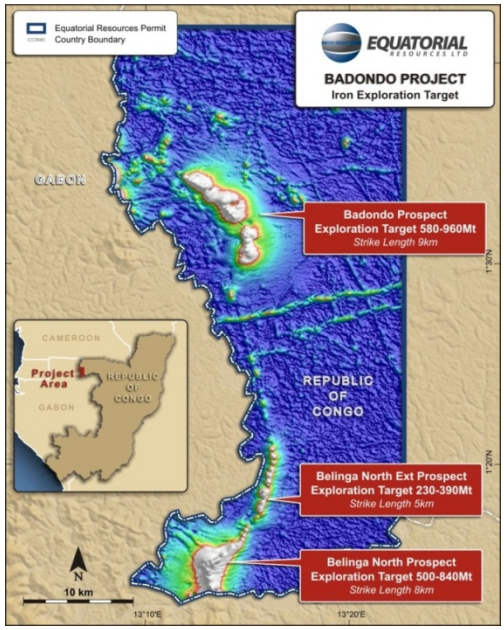

Figure 8: Key Target Prospects at Badondo

Drilling Program

Equatorial's current exploration strategy at Badondo is to use mobile helicopter transportable exploration equipment to complete an initial scout drilling program. This program has been designed to test the thickness, quality and extent of the high grade hematite mineralisation along the entire strike at the Badondo Prospect. The goal is to demonstrate the potential for the project area to host significant quantities of high grade DSO iron mineralisation similar to other world class iron projects in the region.

Equatorial announced the commencement of drilling at Badondo on 26 June 2012. Helicopter assisted NQ diamond drilling occupied much of the September 2012 quarter with 5 diamond drill holes (BADDD0002-6) being completed for a combined total of 612.7 metres.

Drill core from Badondo was transported to the Company's Sample Preparation Laboratory at Mayoko-Moussondji where samples were prepared and the pulps dispatched to SGS in Perth, Australia for XRF analysis.

Figures 9 & 10: Drilling at Badondo

Assay Results

On 12 July 2012 the Company released the results from an initial test drill hole which was drilled off the main ridge line at Badondo (refer ASX announcement 12 July 2012). This hole intersected a broad zone of high grade canga iron mineralisation which returned assay grades of 63% Fe over the first 42 metres of the hole from surface.

The second hole at Badondo was drilled on the main ridge line and targeted and intersected steeply dipping high grade in-situ enriched hematite BIF. The hole was drilled at an azimuth of 220 degrees and dip of -60 degrees and intersected two zones of high grade iron mineralisation. The zones intersected are in-situ high grade low contaminant hematite/martite mineralisation. Petrology testing of the drill core is currently being performed to confirm the presence of microplaty hematite.

Hole ID	From	To Meters	Interval	Fe %	SiO2 %	Al2O3 %	P %	S %	LOI 1,000°C
BADDD00002	1.9	10.0	**8.1**	**65.6**	2.86	1.85	0.04	0.003	1.23
	43.8	92.4	**48.6**	**64.2**	4.42	2.24	0.05	0.002	1.05
including	52.0	92.4	**40.4**	**65.6**	2.61	2.01	0.06	0.002	0.97

Table 5: Summary Assay Results from the Second Drill Hole at Badondo

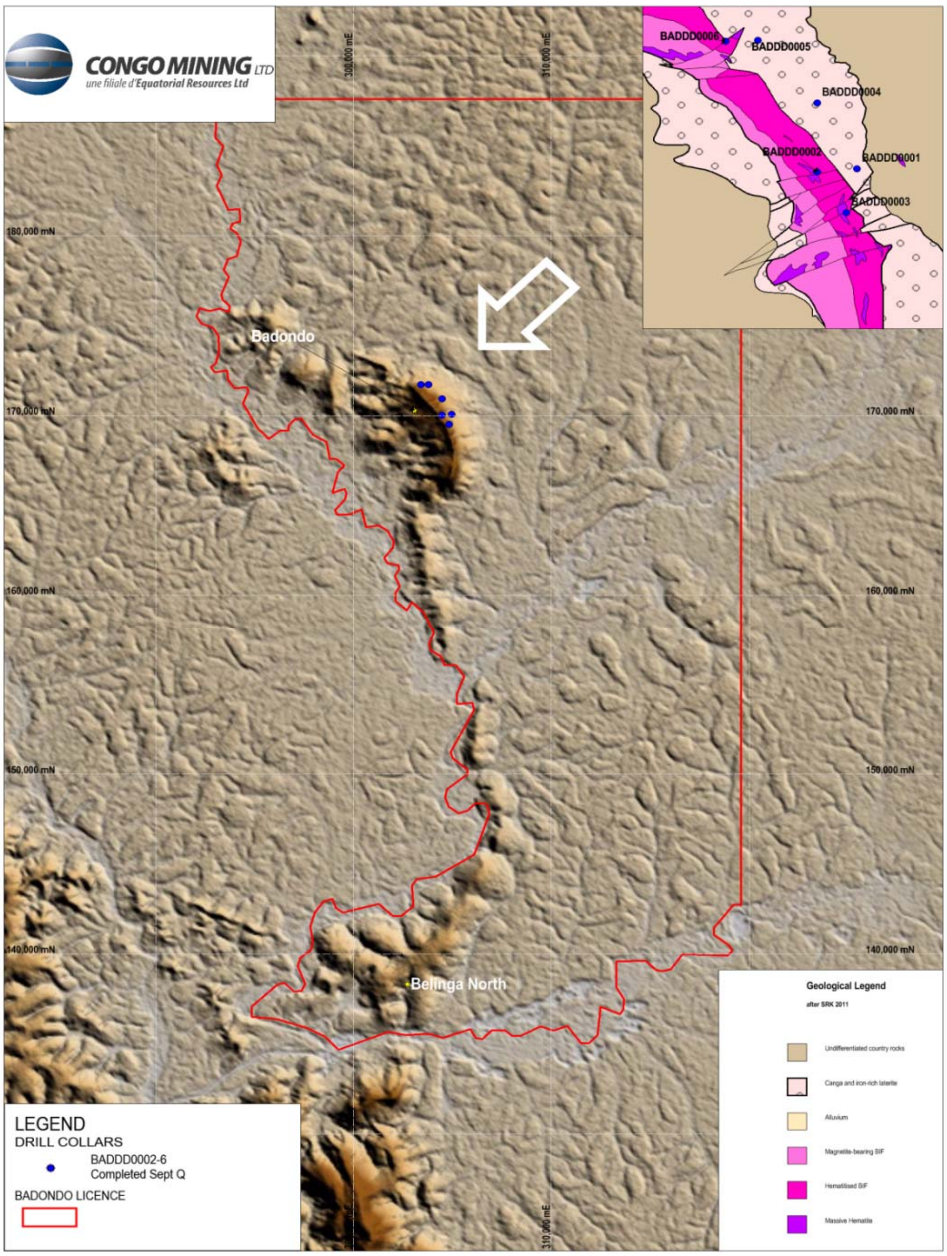

Figure 11: Badondo Project showing Completed Diamond Drill Holes to the end of September 2012 over SRTM Data and Mapped Geology

Expansion of Drilling Program

Assay results from the initial drill holes at Badondo are highly encouraging as they confirm the presence of thick high grade iron mineralisation at, and close to, surface at the Badondo Prospect. The low levels of phosphorous and other contaminants are consistent with the Company's mapping program and rock chip analysis reported previously.

As a result of the initial exploration success from drilling Equatorial is investigating infrastructure development options that would enable access for larger track mounted drill rigs to Badondo. The use of larger rigs would facilitate a move away from scout drilling toward the commencement of resource definition drilling at Badondo.

EXPLORATION LICENCES RENEWED BY PRESIDENT SASSOU N'GUESSO

During the quarter Equatorial successfully renewed the Mayoko-Moussondji and Badondo exploration licences for a further two year term as per the guidelines of the ROC Mining Code. On 20 August 2012 his Excellency Denis Sassou N'Guesso, President of the ROC, Mr Pierre Oba, Minister of Mines and Geology, and Mr Gilbert Ondongo, Minister of Finance, formally signed the renewal of both of Equatorial's 100% owned exploration licenses. This followed approval of the renewals by the Council of Ministers of the ROC. The renewal of both licences was formally published in the Official Journal of the ROC on 23 August 2012.

Under the terms of the ROC Mining Code, exploration licences are granted for an initial 3 year period and are then capable of being renewed twice for two year periods upon application. Renewal of licences typically includes a reduction in the surface area of the licence which should not exceed half of the original tenement area. Prior to the expiration of the second renewal of an exploration licence it is expected that an application for a Mining Permit will have been made. A Mining Permit in the ROC is usually valid for 25 years.

The Mayoko-Moussondji and Badondo exploration licences have been renewed for a further 2 year term to the 19th August 2014. If at the end of this period a mining licence has not been applied for, both licenses are capable of being renewed for a further period of two years. Equatorial applied for, and was granted, renewal of the entire surface area of both licences without any reduction of the tenement areas.

Equatorial is pleased to have received the official decrees and the strong endorsement of the President and government of the ROC of the work and progress being made by the Company at both Mayoko-Moussondji and Badondo.

Figure 12: Managing Director John Welborn with ROC Minister for Mines and Geology, Hon. Pierre Oba During a Visit to Equatorial's Corporate Offices in Perth as part of Africa Downunder 2012

HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY

Health and Safety

Equatorial continued its excellent record of health and safety performance at its operations. A key metric used by the Company to assess its safety performance record is the occurrence of Lost Time Injuries ("LTI"). An LTI occurs when a member of staff is injured in the execution of his/her duties and as a result of this injury is unable to perform his/her regular duties for one full shift or more on the day following the day which the injury incurred.

There were no reported LTI's at either of Equatorial's exploration projects during the September 2012 quarter.

Environment and Community

Policies

Equatorial is committed to the highest standards of social responsibility and sustainable development. The Company submitted its Sustainable Development Charter to the ROC government in 2010 and has been working closely with the ROC Ministry of Mines, the Ministry for Sustainable Development, Economic Forestry and Environment, departmental authorities in Niari and Sangha as well as local community leaders and companies to ensure stakeholders are aware and supportive of the Company's development plans and that operations are carried out with transparency and respect for the various stakeholder needs.

Equatorial has partnered with local environmental consultancy Eco-Durable to carry out environmental monitoring and management during the exploration phase, with permanent representatives now active on site at Mayoko-Moussondji and Badondo.

Environmental & Social Impact Assessment ("ESIA") for Mayoko-Moussondji

Equatorial has contracted SRK Consulting (UK) Limited ("SRK") and Genivar to conduct Baseline studies for the Environmental and Social Impact Assessment ("ESIA") for Mayoko-Moussondji. The first phase of studies, also carried out by SRK and Genivar, included the completion of scoping studies and initial community consultations.

A detailed Terms of Reference for the overall ESIA for Mayoko-Moussondji was completed and submitted to relevant ROC government ministries in early 2012.

Site visits for the following sections of Baseline work were completed during the quarter:

- SRK mission (11/09-19/09): Water sampling and analyses, of both field and laboratory parameters, in different rivers around Mayoko. Establishment of stations for regular monitoring of quality and flow;
- Fauna, Flora & Man mission (19/09-25/09): First phase of the program, recording wildlife, fauna and flora in the Mayoko region; and
- Hydrobiology mission (25/09-2/10): Identification of fish, invertebrates and aquatic vegetation species in different rivers around the Mayoko region (dry season survey).

Figure 13: Dr Opoye, Local Hydrobiology Consultant on site at Mayoko

Figure 14: Hydrobiology Team on site at Mayoko

Further specialist site visits to study biodiversity, groundwater, surface, soils, climate, noise and air quality are expected to continue for a period of 12 months. The Baseline study information will form part of the overall ESIA for Mayoko-Moussondji, the completion of which is a pre-requisite to the grant of a Mining Permit under the ROC Mining Code.

A draft Stakeholder Engagement Plan has been prepared as the basis for a detailed Stakeholder Engagement Process which will continue throughout the project life.

Congo Mining Community Relations Committee

Equatorial's Congolese subsidiary company Congo Mining Ltd SARL has established the Congo Mining Community Relations Committee ("CRC"). The CRC was established with the ambition to become an industry leader in the ROC in all areas related to community relations.

The CRC completed its review of historic community investments made by the Company to date and compiled a detailed Action Plan for activities and partnerships in 2013. The proposed investment focus is on the upgrading of water facilities throughout Mayoko, the refurbishment of local schools and the establishment of a skills training center to grow the capacity of the current and future workforce for Mayoko-Moussondji and Badondo. Where possible the Company is seeking to partner with NGOs and other mining companies in the ROC in its community investment initiatives.

Figure 15: Equatorial Employees in Sponsored Uniforms after Winning the Mayoko Football Cup

Recruitment and Training

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

- Safety training on drilling sites;
- Emergency response scenarios training;
- First aid basic life support AHA 2010;
- Fire-fighting and extinguisher identification and training;
- Driving safety; and
- Malaria (Transmission, Symptoms, Diagnosis and Treatment, Prevention).

In addition to regular on-site training of its staff, Equatorial continued its work with the University of Brazzaville to offer selected final year students the opportunity to complete work experience and research projects at Mayoko-Moussondji and Badondo. During the quarter the Company placed two university undergraduates into on-the-job training programs at Mayoko. The first is a geology student who is assisting with core logging and data management processes and the second is an engineering student who is providing support with civil engineering projects surrounding Mayoko including road and bridge works. The Company will continue the placement of students into its training programs.

Figure 16: Geology Undergraduates at Mayoko-Moussondji

Figure 17: Fire-fighting Training at Mayoko

CORPORATE

Cash Position and Shareholder Information

As at 30 September 2012 the Company had cash reserves of approximately A$70.6 million. The Company is in a strong position with no debt.

As at 30 September 2012 the Company had 1,736 shareholders and 117,235,353 ordinary fully paid shares on issue with the top 20 shareholders holding 81.08% of the total issued capital.

For further information contact:

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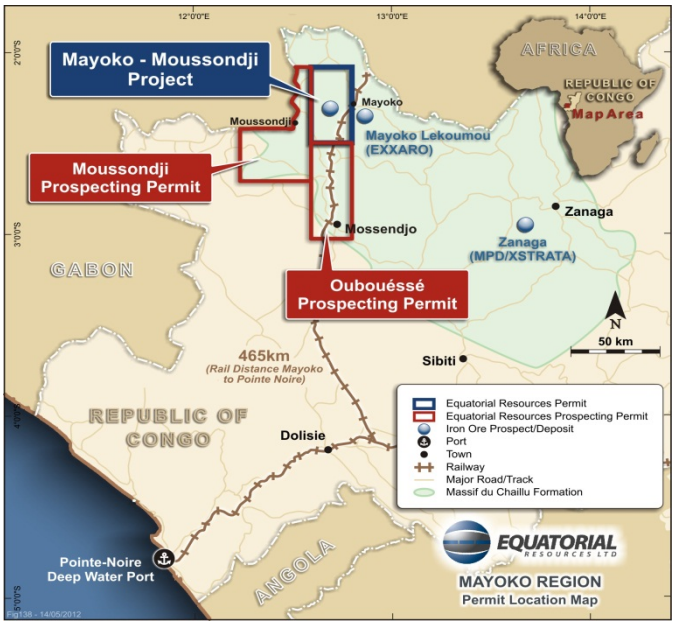
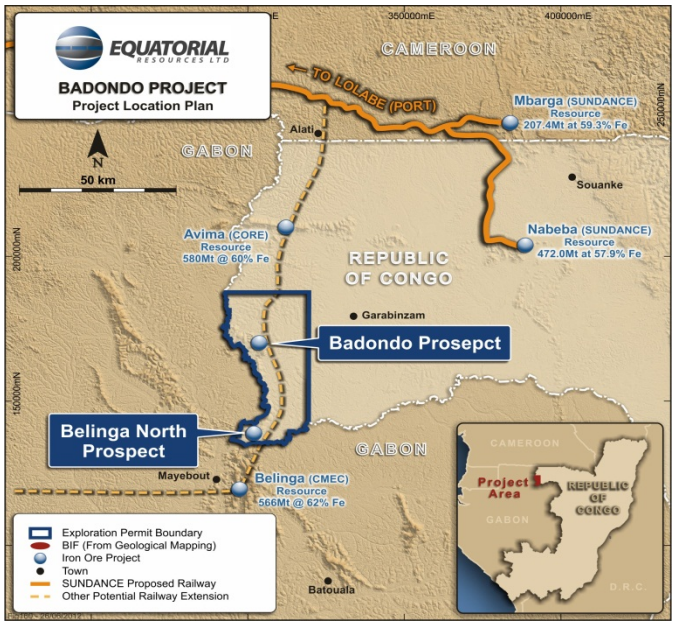
ABOUT EQUATORIAL RESOURCES

Equatorial Resources Limited (ASX:**EQX**), is focused on the exploration and development of two 100% owned 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, has an estimated global exploration target of between 2.3 and 3.9 billion tonnes[1] of iron mineralisation at a grade of 30% to 65% Fe. 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.

The **Badondo Iron Project**, in the northwest region of ROC, has an estimated global exploration target of between 1.3 and 2.2 billion tonnes[1] of iron mineralisation at a grade of 30% to 65% Fe. The project is located within a regional cluster of world-class iron ore exploration projects including Sundance Resources' Mbalam and Nabeba projects.





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1 Exploration Target: The estimates of exploration target sizes mentioned in this announcement should not be misunderstood or misconstrued as estimates of Mineral Resources. The potential quantity and grade of the exploration targets are conceptual in nature and there has been insufficient exploration to define a Mineral Resource in accordance with the JORC Code (2004) guidelines. Furthermore, it is uncertain if further exploration will result in the determination of a Mineral Resource.

The information in this report that relates to Exploration Results, other than Metallurgical Test Results and Geophysical Exploration Results, is based on information compiled by Mr Mark Glassock, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Glassock is 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Glassock consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates 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 is a consultant to Equatorial Resources Limited. 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Clout consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to Geophysical Exploration Results is based on information compiled by Mr Mathew Cooper (B.App.Sc (Geophysics) Hons.) of Resource Potentials Pty Ltd, who was engaged by Equatorial Resources Limited to provide geophysical consulting services. Mr Cooper is a member of The Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is 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 the report of the matters based on his information in the form and context in which it appears.

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

50 009 188 694

Quarter ended ("current quarter")

30 September 2012

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for:		
	(a) exploration & evaluation	(7,912)	(7,912)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(2,611)	(2,611)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1,484	1,484
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)		
	- Business development	(318)	(318)
	Net Operating Cash Flows	(9,357)	(9,357)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(21)	(21)
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	(21)	(21)
1.13	Total operating and investing cash flows (carried forward)	(9,378)	(9,378)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(9,378)	(9,378)
	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	(9,378)	(9,378)
1.20	Cash at beginning of quarter/year to date	79,964	79,964
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	70,586	70,586

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	574
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	7,621
4.2	Development	-
4.3	Production	-
4.4	Administration	2,126
	Total	**9,747**

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	1,964	1,842
5.2	Deposits at call	68,662	78,122
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	70,586	79,964

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.

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**	117,235,353	117,235,353	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** (*description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	*Options:*		*Exercise price*	*Expiry date*
		100,000	-	$2.835	31 Dec 2012
		200,000	-	$2.00	30 Jul 2013
		150,000	-	$3.00	30 Jul 2013
		100,000	-	$4.00	30 Jul 2013
		3,350,000	-	$0.40	30 Jun 2013
		3,150,000	-	$0.60	31 Dec 2013
		Rights:			
		405,000	-	$Nil	30 Jun 2013
		1,120,000	-	$Nil	30 Sep 2014
		1,955,000	-	$Nil	31 Dec 2015
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	*Rights:*		*Exercise price*	*Expiry date*
		(170,000)	-	$Nil	30 Jun 2013
		(290,000)	-	$Nil	30 Sep 2014
		(460,000)	-	$Nil	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: 31 October 2012
(~~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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