

ASX: *EQX* / 31 July 2013 / *ASX RELEASE*

JUNE 2013 QUARTERLY REPORT

HIGHLIGHTS

Mayoko-Moussondji Iron Project

- Scoping Study completed for Mayoko-Moussondji with excellent results.
- Drilling Program completed with resource upgrade expected by calendar year end.
- Metallurgical test work and process flowsheet design completed with results defining target product: "Mayoko Premium Fines".
- Environmental and Social Impact Assessment ("ESIA") completed.
- Two additional Exploration Licences secured adjacent to Mayoko-Moussondji.
- Application for Mining Licence and associated infrastructure agreements now being prepared.

Badondo Iron Project

- WorleyParsons engaged to review development scenarios for Badondo and the Cameroon, Congo, Gabon iron province.
- Work continues on remodelling the Exploration Target for Badondo and the design and implementation of a resource definition drilling campaign.

Corporate

- Restructured management and operation teams designed to focus on value creation, increased efficiency and cost savings.
- 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 30 June 2013 the Company held \$51.9 million in cash.

For further information contact:

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Equatorial Resources Limited ("Equatorial" or the "Company") is pleased to present its quarterly report for the period ended 30 June 2013.

MAYOKO-MOSSONDJI 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 Fig. 3).

Scoping Study Results

On 16 July 2013 Equatorial announced the results of its Scoping Study* for Mayoko-Moussondji to the market (refer ASX announcement 16 July 2013). The Scoping Study was completed by the Company's project management team under the direction of Camco Dreico Industrial Services Pty Ltd and was based on the initial Mineral Resource Estimate ("MRE") for Mayoko-Moussondji which included an Indicated and Inferred Hematite Resource of 102 million tonnes at 40.6% Fe as part of an initial Indicated and Inferred Resource (Magnetite and Hematite) of 767 million tonnes at 31.9% Fe (refer ASX announcement 4 February 2013).

The Scoping Study* investigated Equatorial's three stage development plan for Mayoko-Moussondji incorporating both the hematite and magnetite components of the maiden resource. Equatorial engaged WorleyParsons Services Pty Limited ("WorleyParsons") to complete an independent review, optimisation and gap analysis of the first two development stages which envisage the development of a 2 million tonne per annum ("2Mtpa") operation based on the initial Indicated and Inferred Hematite Resource. The ASX announcement of 16 July 2013 contained only the Scoping Study results for the first two stages (1 and 2). Oreology Pty Ltd provided the revised mining schedule and estimated mine operating costs, with WorleyParsons providing sign off for the Class 1 capital cost estimate (excluding owners costs) and for operating costs including process, rail, port, and general and administrative expenses ("G&A").

The Company plans to produce a "Mayoko Premium Fines" iron product grading 64.1% Fe from the Project, commencing at 500Ktpa during Stage 1 and ramping up within 18 months to 2Mtpa during Stage 2. Based on the initial Hematite Resource the operating life of mine is estimated at 23 years. The first 6 years of mining are based on indicated mineral resource (representing 25% of the total mineral resource inventory), with the remainder being inferred material.

The optimised Scoping Study* now models a much faster ramp up to 2Mtpa. This has been achieved by the modular approach to the construction of the Project's processing facilities, the use of containerised product transport, and greater anticipated rail efficiency due to potential cooperation with Exxaro Resources Limited ("Exxaro") on refurbishment and implementation of communication and rail management systems.

*The Company has concluded it has a reasonable basis for providing the forward looking statements included in this announcement. The detailed reasons for that conclusion are outlined in this announcement and were outlined in detail in the section headed "Forward Looking and Cautionary Statements" of the Company's ASX announcement of 16 July 2013.

*This announcement has been prepared in compliance with the current JORC Code 2004 Edition and the current ASX Listing Rules. However, the Company has determined to include the following cautionary statements as prescribed by the proposed new JORC Code 2012 Edition and the proposed new ASX Listing Rules. The Company advises 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) and Inferred Resources (being 75% of the total hematite resource). 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.

Production Profile	
Stage 1:	500Ktpa
Stage 2:	2Mtpa
Life of Mine (LOM):	23 years including 21 years of steady state operation at 2Mtpa
Strip Ratio:	0.36:1 (waste to ore) average LOM
Final product grade:	64.1% Fe Mayoko Premium Fines

MAYOKO-MOSSONDJI IRON PROJECT		 WorleyParsons resources & energy
Capital Costs (US\$)		
<i>Initial costs to production (Stage 1):</i>		\$114 million
<i>Total capital costs (Stage 1 & Stage 2):</i>		\$231 million
<i>Capital Intensity:</i>		\$115/t
Operating Costs (US\$)		
Mining		\$16.11/t
Processing		\$6.39/t
Rail		\$13.70/t
Port		\$3.82/t
G&A		\$1.41/t
TOTAL OPEX		\$41.43/t

Table 1: Summary of Scoping Study results and cost estimates

Sustaining capital was estimated at US\$121.93M over the life of mine and excludes any escalation. The total capital cost could be reduced through leasing arrangements on rolling stock, improvements in tailings management and through partnership opportunities with neighboring company Exxaro.

Drilling Program Completed

Equatorial has completed the current drilling campaign at Mayoko-Moussondji having successfully achieved the objectives of the program. The drilling program included the completion of a total of 58,761 metres of drilling in 505 holes at the project comprising 96 Diamond holes for 13,644 metres and 409 Reverse Circulation holes for 45,117 metres. Drilling was carried out under a contract with Wallis Drilling of Australia. A total of 4,386 metres from 35 drill holes was completed at Mayoko-Moussondji in the June 2013 quarter.

The drilling campaign has been highly successful and supported the delineation the Company's maiden JORC resource for Mayoko-Moussondji (refer ASX announcement 4 February 2013). The maiden Mineral Resource Estimate ("MRE") of 767 million tonnes at 31.9% Fe includes a hematite component of 102 million tonnes at 40.6% Fe. The initial resource was based on data from 43,743 metres of drilling from 383 drill holes and extended over a strike length of 16km.

The MRE results were as detailed in Table 2 below:

Mayoko-Moussondji Iron Project									
Mineral Resource Estimate - February 2013									
Resource Class	Material Type	Tonnage (Mton)	Fe grade (%)	P grade (%)	SiO ₂ grade (%)	Al ₂ O ₃ grade (%)	LOI grade (%)	S grade (%)	In-Situ Dry Bulk Density
Indicated	Colluvial Hematite	12.2	48.3	0.066	15.8	8.2	6.0	0.04	2.65
	Friable Hematite	7.3	42.7	0.067	33.5	2.7	2.1	0.02	2.80
	Hard Hematite	5.7	38.5	0.060	40.9	1.7	1.1	0.01	2.97
	Magnetite BIF	1.4	35.1	0.063	44.2	2.2	-0.7	0.06	3.20
	Sub-Total	26.6	44.0	0.065	27.5	5.0	3.5	0.03	2.78
Inferred	Colluvial Hematite	32.0	42.3	0.070	20.3	10.1	8.1	0.08	2.65
	Friable Hematite	32.9	37.7	0.066	35.2	5.9	4.4	0.05	2.80
	Hard Hematite	11.6	35.8	0.064	42.8	3.1	1.9	0.08	2.97
	Magnetite BIF	663.6	30.6	0.056	47.4	3.1	-0.3	0.15	3.20
	Sub-Total	740.2	31.5	0.057	45.6	3.6	0.3	0.14	3.15
Total Indicated + Inferred	Colluvial Hematite	44.2	43.9	0.069	19.0	9.6	7.5	0.07	2.65
	Friable Hematite	40.2	38.6	0.066	34.9	5.3	4.0	0.04	2.80
	Hard Hematite	17.4	36.7	0.063	42.2	2.6	1.6	0.06	2.97
	Hematite Sub-Total	101.8	40.6	0.067	29.2	6.7	5.1	0.06	2.76
	Magnetite BIF	665.0	30.6	0.056	47.4	3.1	-0.3	0.15	3.20
Total Indicated and Inferred		766.8	31.9	0.057	45.0	3.6	0.4	0.14	3.13

* Note: Totals may not add up due to rounding. Hematite material is reported at a 32% Fe cut-off grade and Magnetite bearing BIF reported at a 15% Fe cut-off grade

Table 2: Summary of Maiden Mineral Resource Estimate – Indicated and Inferred

The MRE detailed above formed the basis of the Scoping Study for Mayoko-Moussondji and is expected to underpin the Project. As a result of the completion of the current drilling campaign the Company expects a significant reduction in exploration expenditure.

The drilling completed since the estimation of the maiden resource in February 2013 has delineated further mineralisation along strike at the Makengui Prospect and also along the previously untested Mbinda West Prospect. Assays remain pending for recently completed drilling and once received will be used to prepare an updated resource estimate. The approximate 15,000 metres of drilling completed since the maiden resource is expected to increase the Hematite and Magnetite Resource. Potential exists to continue to increase the resource base at Mayoko-Moussondji in future if required. Drilling has been completed over only 21km of more than 46km of identified magnetic strike at the Project.

A revised resource estimate is expected to be announced by the end of the 2013 calendar year.

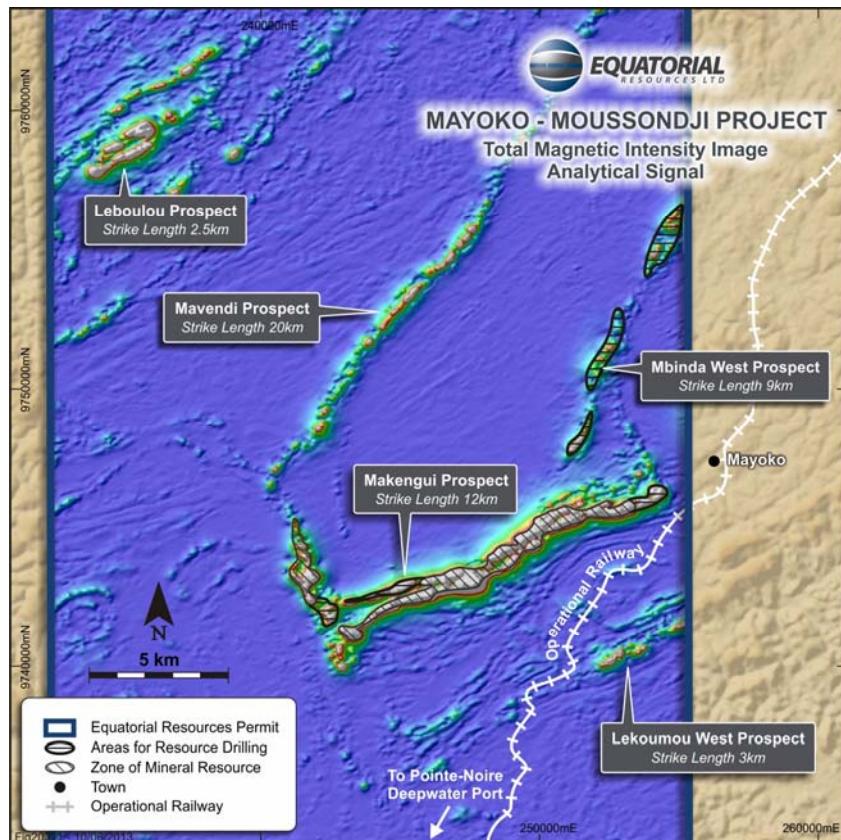


Figure 1: Drilling Areas

Metallurgical Testing Program and Product Quality

Equatorial's metallurgical testing program was conducted under the supervision of the Company's Chief Metallurgical Consultant and highly experienced iron ore metallurgist Dr John Clout at the metallurgical testing laboratories of Nagrom near Perth, Australia. Detailed metallurgical test work in support of the resource definition work has been previously reported to the ASX for each of the Colluvial Hematite, Friable Hematite and Hard Hematite material types (refer ASX announcement 4 February 2013, 26 April 2012 and 16 October 2012 for details) as well as Davis Tube Recovery results for the Magnetite material (refer ASX announcement 24 April 2012 for details).

The flowsheet for Equatorial's proposed processing plant for Mayoko-Moussondji is designed to treat the hematite mineralisation types and employs a typical Pilbara de-sanding circuit comprising scrubbing, wet screening and gravity separation. Previous test work has demonstrated the ability to produce a premium high grade fines product of 64% Fe ("Mayoko Premium Fines") with low levels of impurities and with high mass recovery.

Final stages of the metallurgical testing program focused on potential design changes to the proposed process flowsheet to improve efficiency and to maximise product quality and mass recovery. Recent metallurgical test work demonstrated that material with an average head grade of 45.7% Fe upgraded to a premium 66.7% Fe high grade fines product at a 48% mass recovery. These recent results suggest a higher mass recovery and product grade will be achieved than previously estimated.

Indicative target product chemical specifications for Mayoko Premium Fines are as follows:

Chemical	Fines %
Fe (calcined)	65.5
Fe (natural)	64.1
SiO ₂	4.5
Al ₂ O ₃	2.3
P	0.077
S	0.015
Mn	0.1
LOI	2.2
H ₂ O (free moisture)	9.0

Table 3: Product Target Chemical Specifications for Mayoko Premium Fines Products

(Chemical specifications based on dry weight percentage)

Fines Size (mm)	Cumulative Weight % Passing
6.3	95
4	76
2	60
1	55
0.5	45
0.15	20

Table 4: Product Target Sizing Specifications for Mayoko Premium Fines

Detailed mine planning and product upgrade calculations suggest that the same target product fines calcined Fe and calcined SiO₂+ Al₂O₃ grade can be maintained over the life of mine for the hematite resource. Further smoothing of annual variability in natural grade will be possible with short term ROM stockpiles and pit and process optimisation.

As part of the Scoping Study, target chemical specifications for Mayoko Premium Fines were compared with other well established products from the Pilbara region of Western Australia. The analysis demonstrated that the product target's excellent chemical and physical properties should help it compete strongly with Australian products, while achieving at least 100% index prices on a DMTU basis.

The chemical quality of Mayoko Premium Fines has:

- Higher Fe compared with the Australian fine iron ore products;
- Higher Fe than 95% of the volume of fine iron products currently exported from Australia;
- Lower phosphorous comparable with a number of the Australian fine iron ores;
- Similar Al₂O₃, SiO₂ and phosphorous compared with the major Australian seaborne trade fine ores;
- Better quality than the sinter blend average minimum of 4 to 4.5% SiO₂ currently desired for low cost sintering technology practice in Asia; and
- Calcined Fe grade (after crystal water is removed at 1000°C) that is better than the highest calcined Fe grade ore from Australia and only 1% lower than premium Brazilian products.

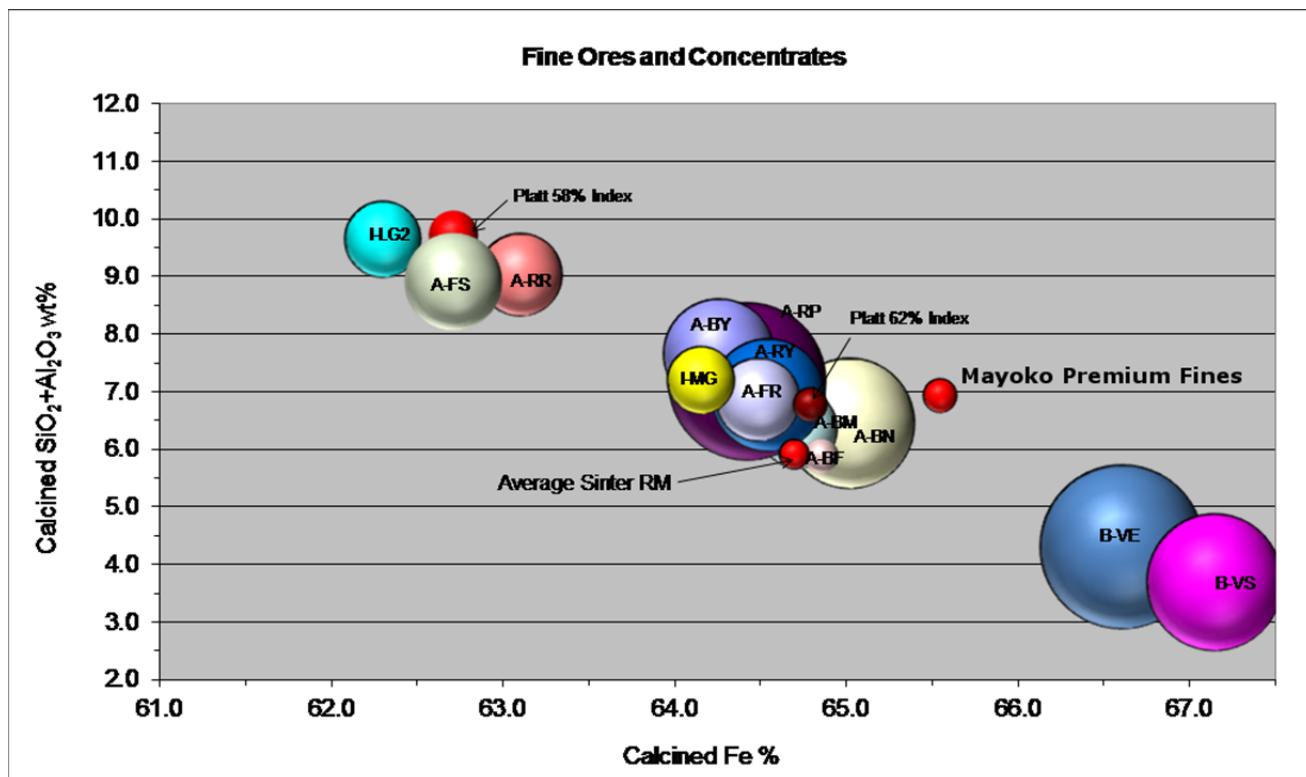


Figure 2: Comparative Chemical Specifications of Major Fine Iron Ore Products

Mayoko Premium Fines has a favourably coarse size, with moderate levels >4mm and is very low in undesirable <0.150 mm particles. The percentage of >1mm indicates Mayoko Premium Fines will be classified as a medium to coarse fines, which is in high demand in China to compensate for their own very fine (<0.1mm) concentrates as well as imported concentrates.

Equatorial will focus on the Asian markets for the sale of Mayoko Premium Fines, taking advantage of Asia's increasing need for iron ore raw material. Equatorial's conservative assumption on pricing for Mayoko Premium Fines is that the Company will receive market reference prices equal to the Pilbara premium products (Pilbara Blend) on a Fe DMTU basis.

Completion of Environmental & Social Impact Assessment

Equatorial has completed its Environmental and Social Impact Assessment Study ("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 Consulting (UK) Ltd ("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 for the ESIA that was drafted by a joint team of scientists from SRK, Genivar and Eco Durable and were formally approved by 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 governmental support for the Project.

The completion of the ESIA represents the successful achievement of a major development milestone for the Project. The ESIA has now been lodged with the ROC government for approval. The approval of the Project's ESIA is a pre-requisite to the granting of a Mining Licence under the ROC Mining Code ("Mining Code").

Equatorial Granted Two New Exploration Licences in Mayoko Region

On 28 June 2013 Equatorial announced that it had been granted two new Exploration Licences for iron in the Niari region of the ROC. The Moussondji-fer Ouest Exploration Licence ("Moussondji Ouest") and the Moussondji-fer Est Exploration Licence ("Moussondji Est") are in close proximity to Mayoko-Moussondji and the neighbouring Mayoko-Lekoumou Iron Project ("Mayoko-Lekoumou") owned by Exxaro. The new Exploration Licences confirm Equatorial's position as the dominant land holder in the Mayoko region. Equatorial's three Mayoko licences, Mayoko-Moussondji, Moussondji Est, and Moussondji Ouest are all 100% owned by Equatorial's wholly owned Congolese subsidiary, Congo Mining Ltd SARL ("CML").

The new licences were granted to Equatorial following applications made by the Company to convert areas within the Company's two Prospecting Authorisations for iron ore ("Prospecting Permits") into Exploration Licences (refer ASX announcements of 8 December 2011 and 14 June 2013). The applications were made following successful on-ground exploration activity on the Prospecting Permits that identified the potential for iron mineralisation similar to that delineated at Mayoko-Moussondji and Mayoko-Lekoumou.

Moussondji Est and Moussondji Ouest both lie within the Chaillu Massif, a region within the ROC consisting of Archaean granite/gneiss and greenstone belts hosting a number of significant Banded Iron Formation ("BIF") deposits. These deposits are generally characterised by extensive enriched hematite caps overlying primary magnetite BIF mineralisation. Initial reconnaissance work and mapping on the Moussondji Ouest and Moussondji Est tenements has identified areas of outcropping hematite mineralisation at surface with numerous +50% and +60% Fe rock chips samples collected.

Equatorial plans to continue the prospecting campaign on both new Exploration Licences and will conduct an airborne magnetic and radiometric survey program over both Moussondji Est and Moussondji Ouest in due course. The results of the geophysics programs as well as previous mapping and sampling programs will allow the Company to generate targets for future drilling campaigns and develop a revised global exploration target for iron ore across its projects in the Mayoko region.



Figure 3: Mayoko Permit Location Map

Mining Licence Application

Under the Mining Code, 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 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 in the ROC is currently 34% 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 ROC and its support of the Company's Development Plan.

The Company intends to now commence with the preparation of a Mining Licence Application for Mayoko-Moussondji using the completed Scoping Study as the basis of the application.

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) ("Sundance") Mbalam project, Core Mining's Avima project and CMEC's Belinga project (refer Fig. 4).

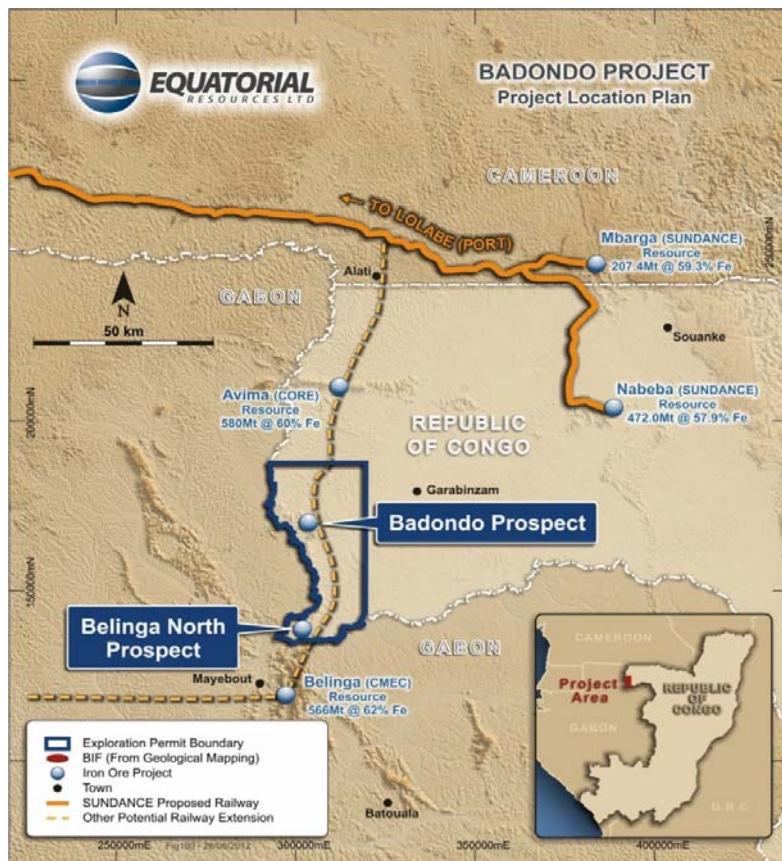


Figure 4: Badondo Project Location Map

Regional Development Feasibility Studies

Equatorial has engaged WorleyParsons to conduct a concept study to assess different development scenarios for Badondo and the Cameroon, Congo, Gabon iron ore craton. The projects located within this cluster are currently stranded from transport infrastructure and the investment of multiple billions of dollars in new rail and port is required to unlock this massive region of untapped, direct shipping ore ("DSO") grade iron ore.

The WorleyParsons concept study has been independently commissioned by Equatorial and is aimed to produce a shortlist of preferred infrastructure development scenarios that would lead to the optimum value creation path for any potential infrastructure financier seeking to unlock the region's iron ore. A key output from the concept study will be high level estimates of the capital required for each rail and port development scenario, assuming corridors through Gabon and Cameroon to the coast as well as a review of blending opportunities and other resource sharing between the iron ore companies in the region.

Regional Developments

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

- Equatorial notes the recent takeover offer for Afferro Mining ("Afferro") by London based International Mining Infrastructure Corporation Plc ("IMIC"). Afferro's Nkout Iron Project is located in Cameroon relatively close to the Sundance Resources Ltd's ("Sundance") proposed rail corridor extending from the iron projects of Republic of Congo (Mbalam, Avima and Badondo). IMIC's focus on infrastructure development is seen as a positive by Equatorial and the Company intends to initiate discussions with IMIC over cooperation and infrastructure sharing opportunities should its takeover of Afferro prove successful.
- Sundance has announced a new development strategy for its Mbalam project in ROC and Cameroon. Sundance has proposed three development scenarios: a Joint Venture Process to attract an investment at the project level with a large scale miner or steel mill; an Infrastructure Process whereby rail and port would be developed by a separate provider and Sundance would provide financing only for the mine development; and an Early Start Option looking at the viability of a small scale DSO operation. Equatorial has an existing co-operation agreement with Sundance and is in discussions to update this agreement based on recent developments.
- The Government of Gabon is continuing to review the available geological information at the Belinga iron ore project that is contiguous with Equatorial's Badondo project across the border in Gabon. At the Mining Indaba Conference in Cape Town in February 2013, the Gabon Mines Ministry announced that SRK Consulting will be conducting a 24 month feasibility study on Belinga.

Revised Exploration Target Modelling

Equatorial has completed an initial scout diamond drilling program at Badondo using a custom built helicopter portable drill rig. The scout drilling program was designed to test the thickness, quality and extent of the high grade hematite mineralisation along the strike of the Badondo prospect. The program consisted of a total of 1,093 metres of NQ diamond drilling in 14 holes along 3km of the strike length of the Badondo prospect.

Work continues on re-modelling the Exploration Target for Badondo and the design and implementation of a resource definition drilling campaign.

HEALTH, SAFETY AND COMMUNITY

Health and Safety

HSE Policies

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 two loss time injuries during the June 2013 quarter at Mayoko-Moussondji. Both injuries were minor and both employees have since returned to work on full duties.

Community Development Projects

During the quarter Equatorial worked on the following community development projects:

- Completion of water systems upgrade program to provide fresh water to the town of Mayoko;
- Investment in local power facilities that service the town of Mayoko;
- Completion of extensive upgrades to the Vouka Bridge near the town of Mayoko;
- Installing a water tank to recover rainwater at the Tsinguidi medical center; and
- Upgrades to the road network servicing the Mayoko region.



Figure 5: Mayoko Water Station

Recruitment and Training

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

- MapInfo training for new geologists;
- First aid training and management;
- Chainsaw training;
- Snake bite first aid training for topograph field teams;
- Driver training; and
- Presentation of a safety award at Mayoko.



Figure 6: First Aid Training at Mayoko Camp



Figure 7: John Welborn, Managing Director with senior management and a group of local Congolese workers at Mayoko Camp

CORPORATE

Appointment of New CFO

During the quarter Equatorial appointed Mr Brad Farrington as the Company's Chief Financial Officer to oversee the finance, administration and commercial teams for the Group.

Mr Farrington is a Chartered Accountant with nearly 30 years' experience in developing and implementing strategic solutions for organisations including being responsible for all commercial, financial and business services requirements of the business. Prior to joining Equatorial, Mr Farrington was Chief Financial Officer at Sinosteel Midwest Corporation ("SMC") for over five years. In this role Mr Farrington was an integral member of the small team that successfully defended the hostile all scrip takeover offer from Murchison Metals and facilitated the eventual takeover of Midwest Corporation by Sinosteel. Prior to SMC, Mr Farrington was Chief Financial Officer of the Australia gas pipeline business Epic Energy Group, which owned three pipeline businesses including Australia's largest - the Dampier to Bunbury Natural Gas Pipeline.

Mr Farrington is a strong commercial negotiator and was responsible for significant agreements for SMC with local Indigenous groups and Chinese offtake customers; all SMC acquisitions, farm-in arrangements and joint ventures; and major input into contract negotiations with key suppliers and project partners including contract mining, haulage, port access and services, contractor and camp services. Mr Farrington was also an integral member of the studies team for the PFS and BFS of the SMC Weld Range iron ore project.

Funding & Partnership Opportunities to Fast-track Development

Mayoko-Moussondji's positive project fundamentals as demonstrated by the completed Scoping Study, provides 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.

Given current market conditions Equatorial intends to secure the support of a suitable strategic partner (at either a corporate or project level), or project funding, to enable the development of the preferred production scenario for 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 30 June 2013 the Company had 1,736 shareholders and 121,885,353 ordinary fully paid shares on issue with the top 20 shareholders holding 79.1% of the total issued capital.

Equatorial is in a strong financial position with significant cash reserves and no debt. As at 30 June 2013 the Company held A\$51.9 million in cash.

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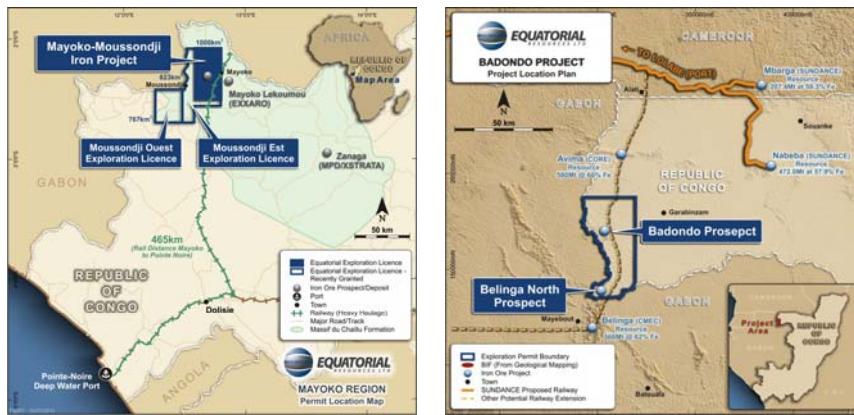
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ABOUT EQUATORIAL RESOURCES

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, currently has total Indicated and Inferred Resources of 767 million tonnes at 31.9% Fe which includes a Hematite Resource of 102 million tonnes at 40.6% Fe. Overall the project has an estimated global exploration target of between 2.3 and 3.9 billion tonnes¹ 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. A Scoping Study 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 FOB². Equatorial intends to apply for a Mining License and 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 an estimated global exploration target of between 1.3 and 2.2 billion tonnes¹ 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 Ltd's Mbalam and Nabeba projects. Equatorial has completed an initial scout diamond drilling program at Badondo using a custom built helicopter portable drill rig which confirmed the presence of high grade hematite and the potential for significant quantities of direct shipping ore ("DSO").



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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.*

² *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

50 009 188 694

Quarter ended (“current quarter”)

30 June 2013

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 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	(4,093)	(25,670)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(972)	(5,188)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	655	3,738
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	(1,191)	(1,191)
1.7	Other (provide details if material)		
	- Business development	(7)	(504)
Net Operating Cash Flows		(5,608)	(28,815)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(9)	(129)
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		(9)	(129)
1.13	Total operating and investing cash flows (carried forward)	(5,617)	(28,944)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(5,617)	(28,944)
1.14	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	820	860
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
	Other (provide details if material):		
	- Capital raising expenses	-	-
	Net financing cash flows	820	860
	Net increase (decrease) in cash held	(4,797)	(28,084)
1.20	Cash at beginning of quarter/year	56,675	79,964
1.21	Exchange rate adjustments to item 1.20	1	(1)
1.22	Cash at end of quarter	51,879	51,879

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
	200
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	2,829
4.2 Development	-
4.3 Production	-
4.4 Administration	1,160
Total	3,983

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	1,757	3,553
5.2 Deposits at call	50,122	53,122
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	51,879	56,675

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	1. Moussondji-fer Est 2. Moussondji-fer Quest	Exploration licence Exploration licence	0% 0%	100% 100%

+ 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 (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	121,885,353	121,885,353	N/A	N/A
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,050,000	2,050,000	\$0.40 each	\$0.40 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)	<u>Options:</u> 200,000 150,000 100,000 3,150,000 <u>Rights:</u> 1,190,000 2,235,000	-	<u>Exercise price</u> \$2.00 \$3.00 \$4.00 \$0.60 \$Nil \$Nil	<u>Expiry date</u> 30 Jul 2013 30 Jul 2013 30 Jul 2013 31 Dec 2013 30 Sep 2014 31 Dec 2015
7.8	Issued during quarter	<u>Rights:</u> 200,000 500,000		\$Nil \$Nil	30 Sep 2014 31 Dec 2015
7.9	Exercised/vested during quarter	<u>Options:</u> 2,050,000		\$0.40	30 Jun 2013
7.10	Expired during quarter	<u>Options:</u> 1,200,000 <u>Rights:</u> 110,000 165,000		\$0.40	30 Jun 2013
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 July 2013
(**Director/Company secretary**)

Print name: Greg Swan

Notes

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

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+ See chapter 19 for defined terms.