



ASX: EQX / 30 January 2013 / ASX RELEASE

DECEMBER 2012 QUARTERLY REPORT

Equatorial Resources Limited (“**Equatorial**” or the “**Company**”) is pleased to present its quarterly report for the period ended 31 December 2012.

HIGHLIGHTS

Mayoko-Moussondji Iron Project

- **Maiden JORC resource estimate expected to be released in early February 2013.**
- **Negotiations commenced with the Republic of Congo (“ROC”) government to define the commercial terms of Equatorial’s access to existing government owned rail and port infrastructure.**
- **Equatorial, Exxaro and Zanaga jointly presented plans to the ROC government for the development of staged, multi-user port facilities.**
- **Feasibility work continued under the supervision of Equatorial’s project management team.**

Badondo Iron Project

- **Scout drilling campaign completed with a total of 1,092 metres of diamond drilling in 14 holes.**
- **In light of the excellent initial results of the scout program the Company is assessing options to enable access for larger track mounted drill rigs for resource definition drilling.**

Corporate

- **Strong balance sheet with no debt and A\$62.4 million in cash as at 31 December 2012.**
- **Equatorial continues to investigate the potential for collaboration and cooperation with other ROC mining companies in the development and operation of transport infrastructure to service the region’s iron projects.**

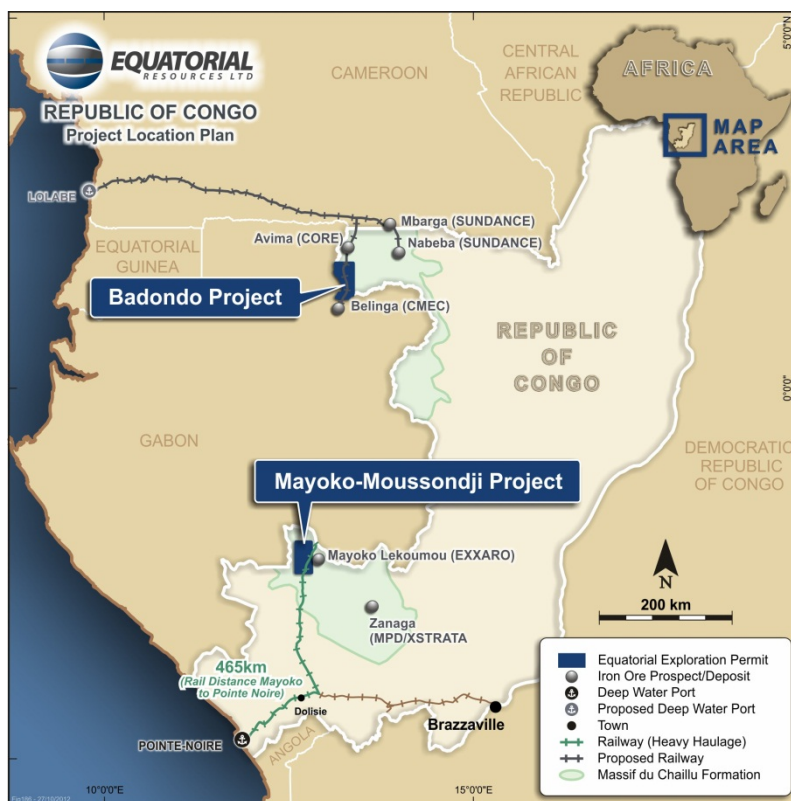


Figure 1: Project Location Plan

MAYOKO-MOUSSONDJI IRON PROJECT

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

Drilling Activity

The primary focus of activity during the quarter was to complete the drilling to be included in the maiden resource estimate for Mayoko-Moussondji. As of 31 December 2012 a total of 48,672m had been completed at the Project for 426 holes.

Drilling to date has focused on the Makengui 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 potential strike.

In addition to the ongoing drilling at Makengui, Equatorial has now conducted scout drilling at the Lekoumou West, Mavendi, Mbinda, and Leboulou prospects. During the quarter four RC holes were completed at the Leboulou prospect for 653m. This follows on from the encouraging mapping and rock chipping conducted at Leboulou. All four holes at Leboulou intercepted both hematite and magnetite BIF with 2 holes, MMKRC0294 and MMKRC0299, intercepting more than 10m of hematite mineralisation from surface. The initial geophysical survey, subsequent on-ground reconnaissance work, and the initial drilling at Lekoumou West, Mavendi, Mbinda, and Leboulou indicate the potential for significant resource inventory growth over time as further drilling is completed. Drilling to date has covered approximately 17.5km of a total 46km of identified magnetic strike.

	RC	Diamond	Total
Metres	9,216	0	9,216
Holes	60	0	60

Table 1: Drilling Production for the Three Months Ending 31 December 2012

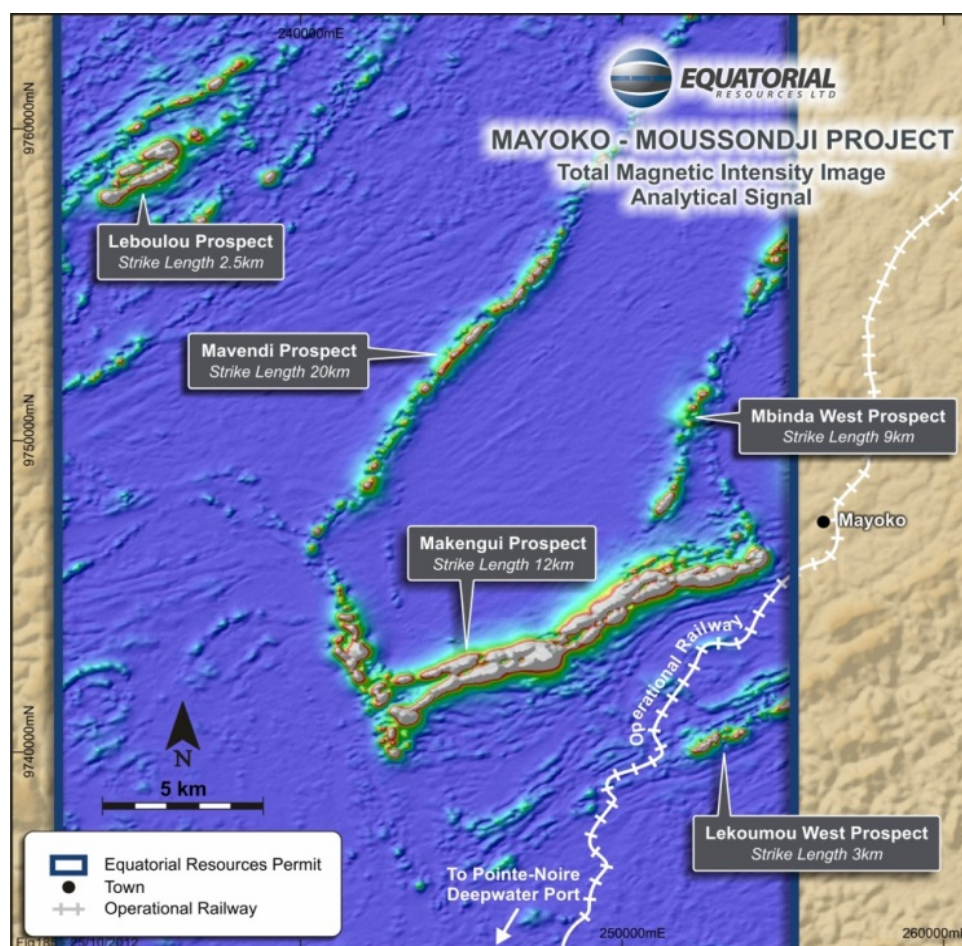


Figure 2: Mayoko-Moussondji – Prospect Location over Magnetics

Maiden Mineral Resource

Equatorial's drilling program at Mayoko-Moussondji has focused on the identification of near surface hematite mineralisation that is capable of producing premium iron products 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 estimate 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 operation based on the Project's access to existing rail and port infrastructure.

In late December Equatorial provided a complete data set of the drilling completed at Mayoko-Moussondji to CSA. CSA are expected to complete their work in the coming days and consequently publication of a maiden mineral resource at Mayoko-Moussondji will follow in early February 2013. While Equatorial's near term development scenario is based on upgradable hematite resources, the initial resource estimate is expected to include all the identified ore types at the Project including a magnetite BIF component. The hematite component is the primary focus of the Company's metallurgical testing program and will be used to support a base case project development scenario in Equatorial's on-going feasibility work.

The maiden mineral resource for Mayoko-Moussondji is expected to be updated and increased during 2013 by further drilling. Development of the resource inventory at Mayoko-Moussondji will continue to be linked with the progress of the metallurgical test program in order to allow the Company to link the in-situ resource inventory to reliable estimates of the final product potential.

Airborne Geophysics

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

Southern Geoscience (Pty) Ltd ("Southern Geoscience") were contracted in December 2012 to conduct an assessment of the Falcon airborne gravity data to determine whether the data has value in defining prospective iron ore targets. Southern Geoscience's assessment of the new geophysics data is that it did successfully identify the denser iron rich material and can be used to define a number of previously unidentified targets. These new targets include a number of areas where there are significant gravity anomalies without an accompanying magnetic anomaly. Southern Geoscience provided specific drill hole targets as part of their assessment of the data. Completion of the maiden resource drilling program will result in the expansion of the drilling program into new areas of the tenement and is expected to allow for drill testing of these new targets.

Transport Infrastructure

Commencement of formal negotiations with ROC Transport Authorities

During late October 2012, Equatorial's Managing Director & CEO, Mr John Welborn, conducted a series of meetings in Brazzaville and in Pointe-Noire with senior officials from the Ministry of Transport, from the state owned railway company Chemin de Fer Congo Ocean ("CFCO") and from the state owned port company, the Port Authority of Pointe-Noire ("PAPN").

The purpose of the meetings was to present the results of Equatorial's preliminary rail and port feasibility studies and to commence formal negotiations for commercial rail and port agreements.

The ROC Transport Ministry is responsible for the administration of the CFCO and the PAPN. Following parliamentary elections in August 2012, a new Minister for Transport was elected, Mr Rodolphe Adada, a senior politician who has held previous positions as Minister of Mines & Oil and as Minister of Foreign Affairs.

The meetings held between Equatorial and the Transport Ministry allowed the Company to introduce its plans for the phased development of Mayoko-Moussondji and to discuss the proposed commercial terms for use of the existing state owned transport infrastructure.

Mr Adada was supportive of Equatorial's plans and reaffirmed the Ministry's, and the ROC government's stance that public infrastructure will remain available to multiple users.

Commercial Contract for Railway

Mayoko-Moussondji is serviced by an existing railway line that links the Project directly to the deep water port of Pointe-Noire along 465km of rail track. The ROC railway system is under the control of the CFCO and administered by the ROC Ministry of Transport.

Equatorial has signed two previous agreements with the CFCO in relation to the usage, financing and operations of the railway line for commercial transport. Under these agreements Equatorial was granted immediate access to the railway line and undertook to work together with the CFCO to complete a study for the use of the railway line to transport iron ore from Mayoko-Moussondji to the port of Pointe-Noire. The agreements, in the form of "Protocole D'Accords" (Memorandums of Understanding or "MOU"), also specified the framework of future commercial arrangements. This framework was confirmed by the recent meetings in Brazzaville with the Minister of Transport and with the CFCO and can be summarised as follows:

- Equatorial will own, operate, and maintain its own fleet of locomotives and rolling stock;
- The CFCO will retain ownership of the "below rail" infrastructure and will therefore be ultimately responsible for maintenance and refurbishment of the railway system;

- Equatorial, and other third parties, may pre-finance required upgrades to the railway line as identified in a detailed work program;
- The CFCO agrees that the capital cost of any work approved by the CFCO and financed by Equatorial will be treated by the CFCO as a prepayment made by Equatorial against future rail transport charges; and
- The final commercial arrangements will take the form of a 25 year User Agreement which will define all the commercial terms and operating parameters of Equatorial's use of the railway including the "cost per tonne" tariff for commercial transport.

During 2011, the Company, with the assistance and cooperation of the CFCO, appointed independent engineering experts to conduct a railway engineering study. Upon completion of this study Equatorial commissioned R&H Railway Consultants (Pty) Ltd ("R&H") from South Africa to conduct a critical review of the study and to design an Operations Blueprint outlining key parameters for commercial bulk commodity transport from Mayoko to Pointe-Noire. This work has formed the base for Equatorial's Rail Studies Manager, Mr John Dorotich, to prepare a detailed Railway Feasibility Study as contemplated within the agreements signed between Equatorial and the CFCO. 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 detailed Railway Feasibility Study was completed during the December quarter and is based on the phased ramp up of rail operations servicing Mayoko-Moussondji. The study models the capital and operating cost estimates for proposed ramp up scenarios based on different train configurations and train cycle times and draws on previous rail studies conducted by R&H and Engenium Pty Ltd.

During the recent series of transport meetings in the ROC, Equatorial presented the initial findings from the study to the CFCO. These findings, and a description of Equatorial's phased development plans, allowed Equatorial and the CFCO to discuss the operating parameters of the first phase of Equatorial's planned production from Mayoko-Moussondji and commence preparation and negotiation of a commercial contract for the use of the railway line.

The CFCO have agreed to work with Equatorial on developing the commercial contract on the basis that the Company provides them with the final version of the study and all other relevant details of its transport needs.

Port

The PAPN operates the port of Pointe-Noire, one of Africa's largest deep water ports and a major transport hub for Central and West Africa. The existing port was developed and used by COMILOG, the French manganese producer who constructed the Mayoko railway system, to transport up to 3mtpa of ore between 1962 and 1991. Equatorial's current plans for initial production from Mayoko-Moussondji are to utilise the existing infrastructure in the port of Pointe-Noire for the first phase of export operations.

Several international mining companies, including Xstrata, Evergreen, Cominco and Exxaro, are working on the development of mining projects in the ROC which will require the development of additional large scale port facilities. The ROC government has identified Pointe-Indienne, an area 10km to the north of Pointe-Noire, as the preferred location for the construction of a multi user bulk commodity and minerals port. Equatorial's long term port strategy is to partner with the government and other mining companies to facilitate the development of new large scale bulk commodity port facilities at Pointe-Indienne or another suitable location.

Under an MOU between Equatorial and the PAPN signed in February 2011, the parties committed to the completion of a feasibility study for the use of the port for the export of iron ore. A team of engineers from Murray & Roberts in conjunction with materials handling specialists Demcotech Engineering, both from South Africa, completed Equatorial's Port Feasibility Study which identified a number of potential port solutions at the existing port of Pointe-Noire as well as longer term, larger scale solutions at Pointe-Indienne.

Subsequent to this study, Equatorial's internal project management team completed further studies including:

- A detailed wave study;
- A transshipment study to assess various options of barging, onshore and offshore storage, reclaiming and ship loading;

- Redrafting of proposed port layouts; and
- A detailed assessment of port development costs.

At the recent series of transport meetings in the ROC Equatorial discussed the results of the completed studies, focusing on the Company's plans to develop a small scale iron ore export facilities using mobile loading equipment at the existing port of Pointe-Noire.

The PAPN agreed that Equatorial's planned stage 1 transport operation could be possible at the existing port and agreed to work with Equatorial to identify suitable areas for development, berthing and loading capacities, and to define potential commercial terms. The PAPN has agreed to assist Equatorial in negotiations with other existing users to obtain required storage space. Equatorial remains confident the facilities at the existing port of Pointe-Noire can support the Company's plans for initial export operations.

Ministerial Infrastructure Summit

In December 2012 the ROC government held a summit in Pointe-Noire where mining companies were invited to present their development plans with a particular focus on port infrastructure requirements and the need for long term export solutions at Pointe-Indienne. Senior Ministers from the ROC government attended and were represented including the Minister for Mines, Mr Pierre Oba, and the minister for Transport, Mr Rodolphe Adada.

For the purposes of the summit Equatorial partnered with Exxaro and Xstrata to make a joint presentation to the ROC government. Xstrata is the owner of 50% plus one share in the Zanaga Iron Ore Project. Exxaro is the owner of a 92% interest in the Mayoko-Lekoumou Iron Project which is situated directly adjacent to Equatorial's Mayoko-Moussondji.

The joint presentation outlined a potential plan for Pointe-Indienne whereby a joint development would occur in a staged manner to deliver a multi-user port infrastructure solution that would service the needs of each company.

The cooperation between Equatorial, Exxaro, and Xstrata was a highlight of the summit and demonstrated the potential for collaboration on the development of new port facilities. Planning for a Pointe-Indienne port master plan remains at a conceptual stage and further progress is expected during 2013.



Figure 3: John Welborn, Managing Director & CEO, Mr Rodolphe Adada, Minister for Transport & Mr Pierre Oba, Minister of Mines & Geology, Continue Talks after the Ministerial Infrastructure Summit in Pointe-Noire, December 2012.

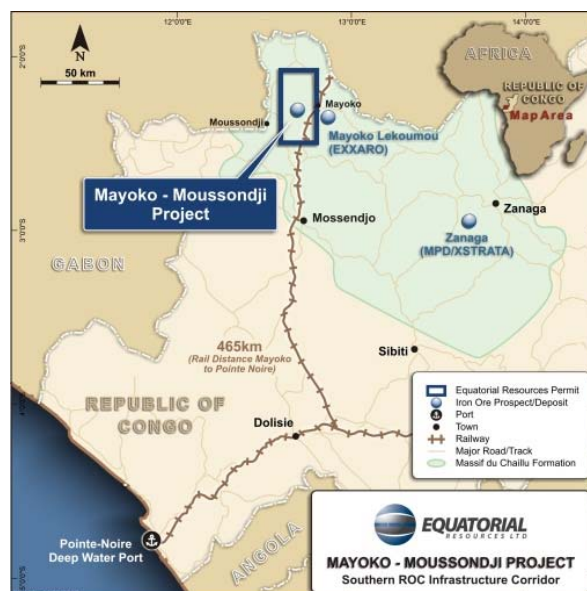


Figure 4: Project Location Map showing Mayoko-Moussondji with Neighbouring Projects Owned by Exxaro & Xstrata

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 the Belinga project in Gabon.



Figure 5: Badondo Project Location Plan

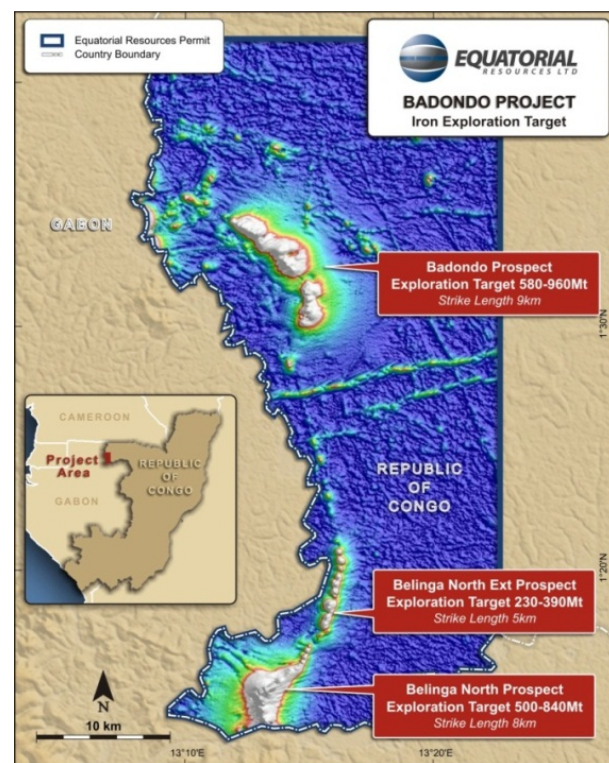


Figure 6: Key Target Prospects at Badondo

Completion of Scout Drilling Program

During the quarter Equatorial completed its scout diamond drilling program at Badondo. The scout drilling program commenced at Badondo in June 2012. The program was initially intended to consist of 20 to 30 holes for approximately 5,000 meters of diamond drilling to test the thickness, quality and extent of the high grade hematite mineralisation along the strike of the Badondo prospect. As at 31 December the Company had completed a total of 1,093m of NQ diamond drilling in 14 holes along 3km of the strike length of the Badondo prospect. Highly encouraging results from the initial holes demonstrated the potential of the Badondo prospect to host significant quantities of high grade Direct Shipping Ore (“DSO”) mineralisation. The completed drilling has provided Company geologists with an indication of the geology, quality, and scale of the local iron mineralisation. Having achieved its objectives the scout drilling campaign has been concluded. Equatorial has advanced planning for infrastructure development which will enable a more extensive drilling campaign aimed at the definition of mineral resource.

Due to the isolation of the Badondo prospect, the scout drilling program used a purpose built EVH diamond drill rig which is transportable by helicopter. Assay results from the first two holes at Badondo were highly encouraging, confirming the presence of thick high grade iron mineralisation at, and close to, surface at the Badondo prospect (refer to ASX announcements 12 July 2012 and 28 August 2012). The low levels of phosphorous and other contaminants are consistent with the Company’s mapping program and rock chip analysis reported previously.

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. The assay results of the all holes drilled to date at Badondo will be released to the market when the complete data is received, along with a full project update. It is expected that the Company's exploration target for Badondo will be revised following the assay results of the scout program.

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



Figure 7: Photos of Drilling/Core at Badondo

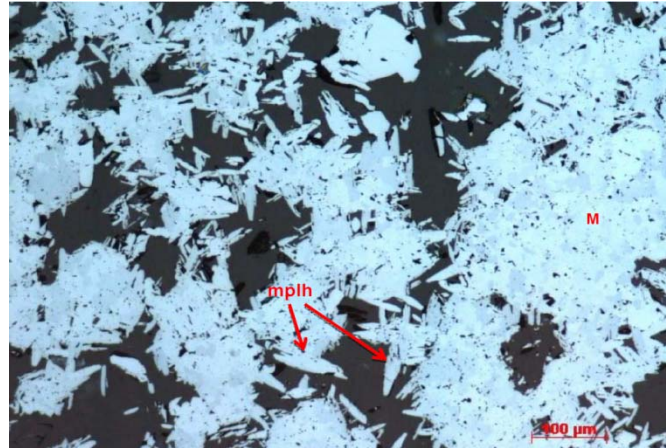


Figure 8: Microplaty hematite (mph) with hematite (M) from Badondo rock chip sample (Sample K104, reflected light image)

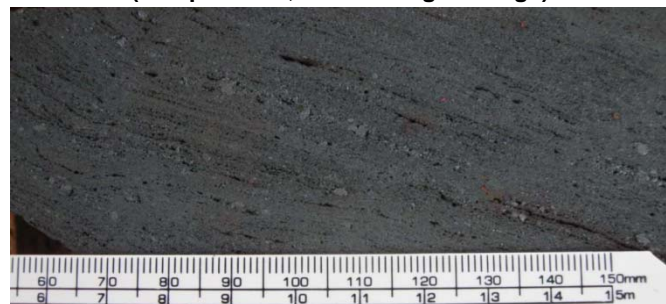


Figure 9: Massive Hematite from BADD00001

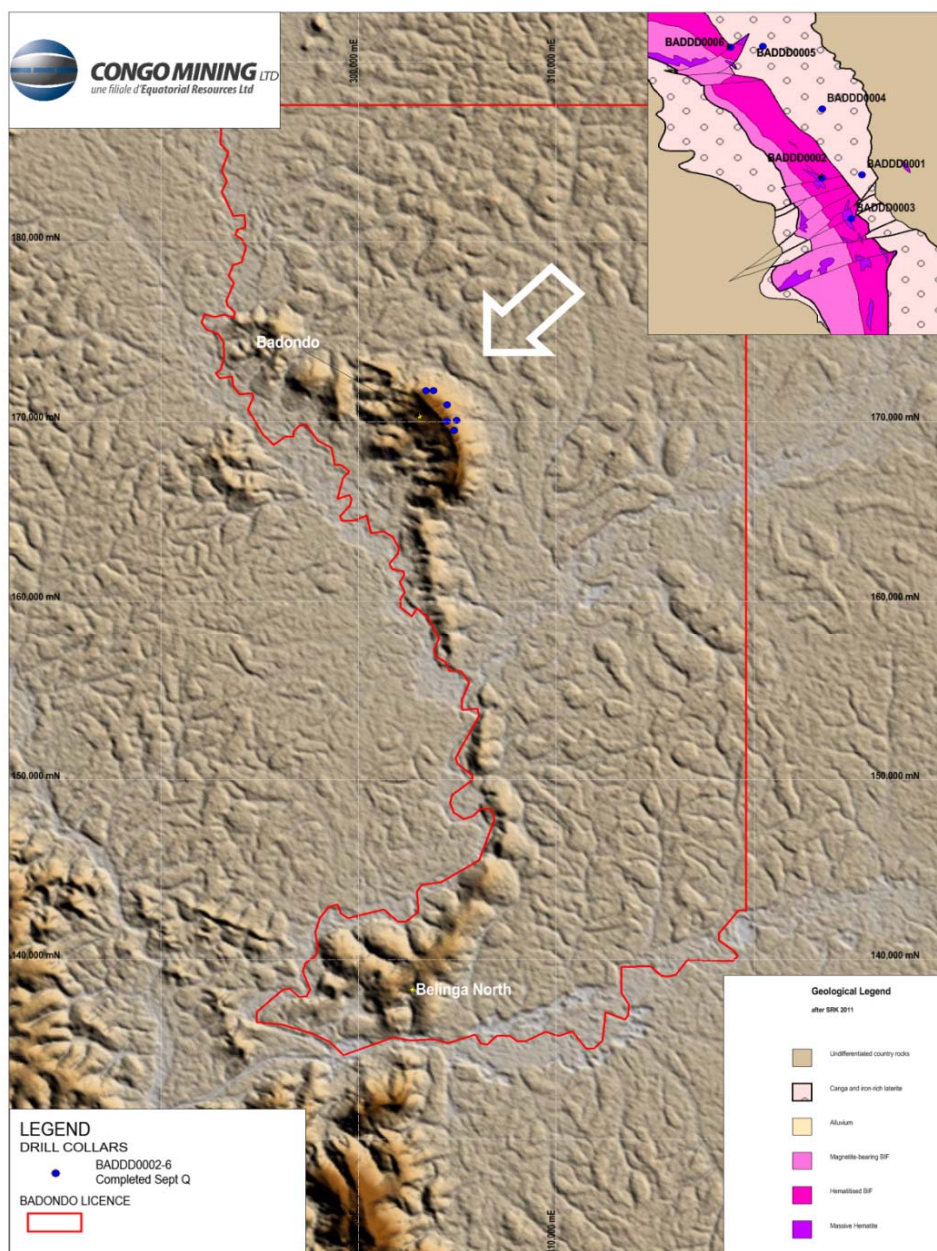


Figure 10: Badondo Project showing Completed Diamond Drill Holes to the end of December 2012 over SRTM Data and Mapped Geology

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.

One LTI was reported at Mayoko-Moussondji when a D7 operator dislocated his shoulder during the December 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 contracted a joint team from SRK Consulting (UK) Limited ("SRK") and Genivar as well as Eco Durable to prepare the Terms of Reference for an Environmental and Social Impact Assessment ("ESIA") for Mayoko-Moussondji. The Terms of Reference were formally approved by the ROC government in August 2012 and set the parameters for the baseline studies within the ESIA.

Now in partnership with Eco Durable, Equatorial's ESIA is well advanced and the study team has completed a number of missions to Mayoko-Moussondji to capture baseline study data. Work is on-going on the following areas:

- Water sampling and analysis;
- Fauna, flora and man;
- Hydrobiology, biodiversity and groundwater;
- Surface soils; and
- Climate, noise and air quality.

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

The completion and government approval of an ESIA is a pre-requisite to the grant of a Mining Permit under the ROC Mining Code.

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 community relations.

During the quarter the CRC oversaw the following community relations activities:

- Establishment of a 1000ltr fuel tank for the village generator;
- Reconnection of the water supply to part of Mayoko village by repairing damaged piping;
- Ongoing management of the water station at Mayoko;
- Electrification of the Mayoko Police station;
- Improvement of local waste disposal including use of the Company's incinerator and the donation of garbage bins to the Mayoko village;
- Distribution of soccer balls for children in Mayoko and the surrounding villages in conjunction with community leaders;

- Distribution of small gifts (i.e. candy & biscuits) to schoolchildren within and around the Mayoko village to celebrate the festive season with the community; and
- Consultation and planning for a major redevelopment of the Mayoko School involving the refurbishment of existing buildings fit-out of classrooms, and the construction of an administrative office and new toilet facilities. This project will be the focus of the coming quarter.



Figure 11: Celebrating Christmas with Mayoko School Children



Figure 12: Ceremony for the Electrification of the Mayoko Police station



Figure 13: Presenting Garbage Bins to the Local Community as part of Congo Mining's assistance with Waste Disposal Initiatives for Mayoko



Figure 14: New Ablution Facilities at the Mayoko School

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;
- Level One First Aid Training for the Topographic team
- First aid basic life support AHA 2010;
- Fire-fighting and extinguisher identification and training;
- Driving safety; and
- Malaria (Transmission, Symptoms, Diagnosis and Treatment, Prevention).

CORPORATE

Performance Rights Plan

On 25 January 2012, the Company received Shareholder approval for an Employee Performance Rights Plan and a Contractor Performance Rights Plan ("the Plans"). The Performance Rights currently issued under the Plans have expiry dates which range between 30 June 2013 and 31 December 2015. Each Performance Right will convert into one ordinary share in the Company if certain performance conditions have been met prior to relevant milestone dates. The Board has discretion to extend a milestone date where it considers that unforeseen circumstances or events have caused a delay in achieving the performance condition by the milestone date. The Board is not permitted to extend the milestone date beyond the expiry date of the Performance Rights. In accordance with the rules of the Plans, the Board has extended the milestone dates of all Performance Rights by six months in recognition of the significant external delays in receiving laboratory assay results during 2012. The expiry dates of the Performance Rights remain unchanged.

Cash Position and Shareholder Information

As at 31 December 2012 the Company had cash reserves of A\$62.4 million. The Company is in a strong financial position with no debt.

As at 31 December 2012 the Company had 1,739 shareholders and 117,235,353 ordinary fully paid shares on issue with the top 20 shareholders holding 81% of the total issued capital.

For further information contact:

John Welborn *Managing Director & CEO*

Telephone: +61 8 9466 5030

Email: info@equatorialresources.com.au

Web: www.equatorialresources.com.au

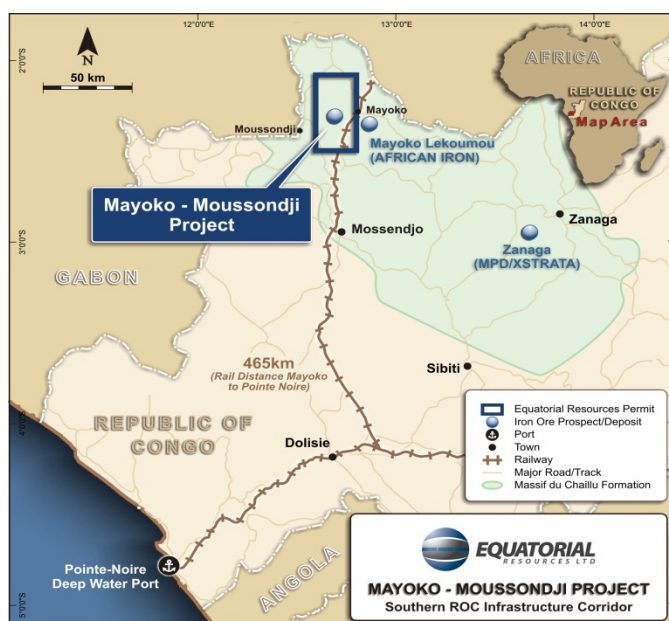
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ABOUT EQUATORIAL RESOURCES

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 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.

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’ Mbalam and Nabeba projects.



For further information contact:

John Welborn Managing Director & CEO

Telephone: +61 8 9466 5030

Email: info@equatorialresources.com.au

Web: www.equatorialresources.com.au

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 Glasscock, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Glasscock is a full time employee of Equatorial Resources Limited. Mr Glasscock 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 Glasscock 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.

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 2012

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (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	(6,222)	(14,135)
(b) development	-	-
(c) production	-	-
(d) administration	(2,507)	(5,118)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	747	2,231
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
- Business development	(171)	(488)
Net Operating Cash Flows	(8,153)	(17,510)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(44)	(65)
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	(44)	(65)
1.13 Total operating and investing cash flows (carried forward)	(8,197)	(17,575)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(8,197)	(17,575)
	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	(8,197)	(17,575)
1.20	Cash at beginning of quarter/year to date	70,586	79,964
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	62,389	62,389

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	176
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	5,475
4.2 Development	-
4.3 Production	-
4.4 Administration	2,065
Total	7,340

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	1,767	1,964
5.2 Deposits at call	60,622	68,662
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	62,389	70,586

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Not applicable			
6.2 Interests in mining tenements acquired or increased	Not applicable			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 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	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 <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>	<u>Options:</u> 200,000 150,000 100,000 3,350,000 3,150,000 <u>Rights:</u> 470,000 1,250,000 2,150,000	- - - - - - - - -	<u>Exercise price</u> \$2.00 \$3.00 \$4.00 \$0.40 \$0.60 \$Nil \$Nil \$Nil	<u>Expiry date</u> 30 Jul 2013 30 Jul 2013 30 Jul 2013 30 Jun 2013 31 Dec 2013 30 Jun 2013 30 Sep 2014 31 Dec 2015
7.8 Issued during quarter	<u>Rights:</u> 85,000 170,000 255,000		\$Nil \$Nil \$Nil	30 Jun 2013 30 Sep 2014 31 Dec 2015
7.9 Exercised during quarter				
7.10 Expired during quarter	<u>Options</u> 100,000 <u>Rights:</u> (20,000) (40,000) (60,000)	- - - -	\$2.835 \$Nil \$Nil \$Nil	31 Dec 2012 30 Jun 2013 30 Sep 2014 31 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: 30 January 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.