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SEPTEMBER 2020 QUARTERLY REPORT

*Equatorial Resources Limited ("**Equatorial**" or "**Company**") presents its quarterly report for the period ending 30 September 2020. Highlights during and subsequent to the quarter include:*

- *Continued to progress the Mining Licence application for the Company's potentially large-scale Badondo Iron Project ("**Badondo**") located in the northwest region of the Republic of Congo.*
- *Badondo has a large direct shipping ore hematite exploration target and assay results received to-date have confirmed the presence of thick high-grade iron mineralisation at, and close to, surface.*
- *Upon receipt of the Badondo Mining Licence, Equatorial will finalise plans for further exploration programs and technical studies at Badondo.*
- *Equatorial also retains a 2% royalty on all future production from the Mayoko-Moussondji Iron Project, located in the southwest region of the Republic of Congo.*
- *Acquired 34.2 million shares in Salt Lake Potash Limited (ASX:SO4) ("**SO4**") at an average issue price of $0.47 per share.*
- *Equatorial views its investment in SO4 as an opportunistic use of available treasury funds while the Company continues to progress the Badondo Mining Licence application.*
- *In addition to maximising the value of existing assets, the Company continues to identify and evaluate resource projects which have the potential to build shareholder value.*
- *Equatorial remains in a strong financial position with significant cash reserves available to progress exploration and development activities at Badondo as well as pursue additional business opportunities in the resources sector.*
- *At 30 September 2020, the Company had A$41.2 million in cash and listed investments, with 124.4 million shares on issue.*

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Badondo Iron Project

Equatorial is the 80% owner of the Badondo Iron Project, which is held by the Company' 80% owned subsidiary Congo Mining Exploration Ltd SARL ("CME"). Badondo is a potentially large-scale iron project in the northwest region of the Republic of Congo ("ROC"), within a regional cluster of world-class iron ore exploration projects including Sundance Resources Limited's ("Sundance") Mbalam-Nabeba project.

Badondo has a large direct shipping ore ("DSO") hematite exploration target and assay results received to-date have confirmed the presence of thick high-grade iron mineralisation at, and close to, surface.

During the quarter the Company continued to engage with the ROC Government seeking a formal response to the Mining License application ("MLA") for Badondo which was lodged in November 2016. Formal approval and grant of a Mining License for Badondo will provide the Company with a 25 year right to mine at the project. Pending confirmation of the license status, no substantive mining exploration activities were undertaken at Badondo during the quarter. The Company's strategic and equity partner in CME, Rock Mining, remains confident that CME will ultimately be successful in securing a valid Mining License for the project.

Upon receipt of the Badondo Mining Licence the Company will re-evaluate plans for further exploration programs and technical/economic studies at Badondo on the basis that current iron ore prices, and recent regional infrastructure developments, justify new development activities at Badondo. The receipt of the Badondo Mining License will also allow the Company to progress opportunities for regional collaboration and partnership in order to maximize the value of Badondo for shareholders.



Figure 1: Badondo Project Location

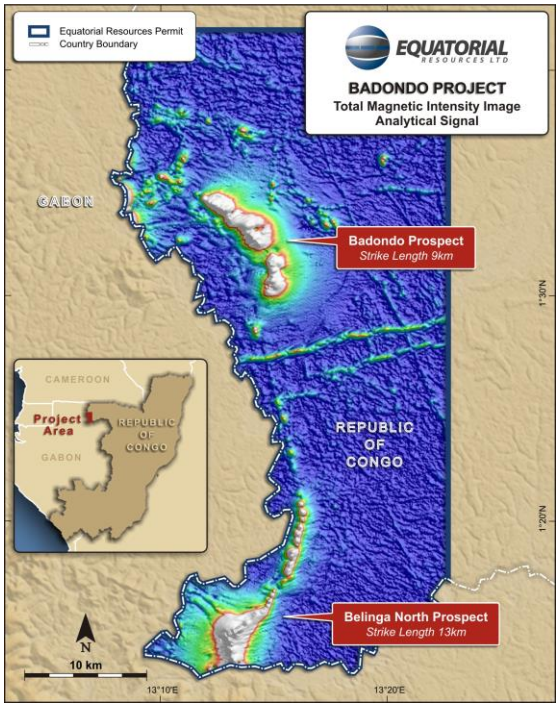


Figure 2: Badondo Exploration Targets

Mayoko-Moussondji Iron Project

Equatorial retains a 2% royalty on all future production from the Mayoko-Moussondji iron ore project, calculated on the value of all sales of ore extracted, produced, sold or otherwise disposed of from the project.

Progress on Mayoko-Moussondji is being closely monitored by Equatorial with reference to the production from the neighbouring Mayoko-Lekoumou iron ore mine reported above and the planned upgrades to relevant port and rail infrastructure.

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Corporate

During the quarter, Equatorial subscribed for convertible notes and ordinary shares in Salt Lake Potash Limited (ASX:SO4). In July 2020, Equatorial subscribed for $10.0 million of convertible notes in SO4, which subsequently converted into 22,222,223 ordinary shares in SO4 at a conversion price of $0.45 per share. In August 2020, Equatorial subscribed for a further 12,000,000 ordinary shares in SO4 at an issue price of A$0.50 per share for total consideration of $6.0 million.

During the quarter, SO4 completed its funding package to support the development of its exciting Lake Way SOP project in the Goldfields region of Western Australia. SO4 plans to produce premium, organic SOP from salt lakes in the Goldfields region of Western Australia. SOP is the premium source of potassium favoured by high value, chloride intolerant crops. Construction of SO4's Lake Way project commenced in Q1 2019 and the project is now substantially progressed with plant practical completion and first revenues expected in Q1 2021.

Following the investment, Equatorial remains in a strong financial position with significant cash reserves available to progress exploration and development activities at Badondo as well as pursue additional business opportunities in the resources sector.

At 30 September 2020, Equatorial had 124,445,353 shares on issue and no other securities outstanding. Equatorial is in a strong financial position with $24.1 million in cash and $17.1 million in listed investments at 30 September 2020.

ASX Additional Information

Mining Exploration Tenements

At the end of the quarter, the Company has an interest in the following mining exploration tenements:

Project Name	Tenement Type	Tenement Number	% Interest	Status
Badondo Iron Project	Exploration Licence	Decree No. 2015-984	80%	Granted*

* Equatorial has applied for a Mining Licence for Badondo. According to the ROC Mining Code, if an Exploration Licence expires before a decision is made by the mining administration in regards to a Mining Licence application, then the validity of the Exploration Licence is automatically extended.

No mining tenements were acquired or disposed of during the quarter.

Mining Exploration Expenditures

During the quarter, the Company made the following payments in relation to mining exploration activities:

Activity	A$000
ROC consultants	(58)
ROC field supplies, vehicles, travel, and other	(46)
Total as reported in Appendix 5B	(104)

Related Party Payments

During the quarter, the Company made payments of approximately $79,000 to related parties and their associates. These payments relate to director's fees, superannuation, company secretarial services and provision of a fully serviced office.

This announcement has been authorised for release by the Company's Company Secretary, Mr. Greg Swan.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Equatorial Resources Limited

ABN	Quarter ended ("current quarter")
50 009 188 694	30 September 2020

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(104)	(104)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(19)	(19)
	(e) administration and corporate costs	(91)	(91)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	104	104
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material):		
	(a) business development	(75)	(75)
1.9	**Net cash from / (used in) operating activities**	(185)	(185)

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	-	-
	(e) investments	(16,000)	(16,000)
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	(16,000)	(16,000)

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	-	-

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	40,301	40,301
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(185)	(185)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(16,000)	(16,000)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	24,116	24,116

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	24,116	2,876
5.2	Call deposits	-	37,425
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	24,116	40,301

6.	**Payments to related parties of the entity and their associates**	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(79)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

Not applicable

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(185)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(185)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	24,116
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	24,116
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	130

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Not applicable

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Not applicable

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Not applicable

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 23 October 2020

Authorised by: Company Secretary
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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