

DECEMBER 2023 QUARTERLY REPORT

Equatorial Resources Limited (Equatorial or Company) presents its quarterly report for the quarter ended 31 December 2023. Highlights during and since the quarter include:

Statement of Claim for Compensation Against Republic of Congo of up to US\$1.1 Billion

- In September 2023, the Company filed a preliminary objection to certain counterclaims brought by the Republic of Congo (**Congo**) against the Company's wholly owned subsidiary, EEPL Holdings (**EEPL**), in EEPL's ongoing arbitration against Congo at the International Centre for Settlement of Investment Disputes (**ICSID**) in Washington, D.C. in relation to the Company's investments in iron ore projects in Congo. Equatorial argued that the Congo's counterclaims fell outside the tribunal's jurisdiction and should therefore be dismissed.
- Subsequent to the end of the quarter, the ICSID tribunal dismissed Congo's counterclaims in their entirety. This represents a positive result for Equatorial as the Company progresses its claim for compensation for an amount equal to the fair market value of its investments in Congo.
- Equatorial, through EEPL, filed its Statement of Claim in the ICSID arbitration on 14 March 2023, claiming compensation from Congo in an amount ranging from US\$394 million to US\$1,134 million, based on several independent expert reports addressing issues including the valuation of EEPL's investments and related technical matters.
- While Equatorial remains open to a negotiated outcome, the Company is resolute in its commitment to seek compensation for the unlawful measures taken by Congo.

Field Activities at Nimba Iron Ore Alliance Project

- Field work completed during the quarter identified extensive detrital material with significant direct shipping ore (**DSO**) potential.
- The Company continues to focus on the five significant high priority, near surface iron ore targets, with a total strike potential of approximately 55km, comprising friable itabirite, compact magnetite, and detrital "canga" mineralisation.

Corporate

- During the quarter, Mr John Welborn stepped down as Managing Director and Chief Executive Officer of the Company. Mr Welborn will continue his role as a Non-Executive Director and has been engaged as a consultant to support the Claim for Compensation against Congo.
- Equatorial remains in a strong financial position with significant cash reserves available to progress exploration and development activities as well as to pursue the ICSID arbitration and additional business opportunities in the resources sector.
- At 31 December 2023, the Company had approximately A\$15.7 million in cash with 131.4 million shares on issue.

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Statement of Claim for Compensation against Congo of up to US\$1.1 Billion

From 2010 onwards, Equatorial made significant investments in the Badondo Iron Project (**Badondo**) and the Mayoko-Moussondji Iron Project (**Mayoko-Moussondji**) in Congo.

Badondo is a potentially large-scale iron project in the northwest of Congo, situated within a cluster of world-class iron ore exploration projects. Equatorial invested in exploration and project development feasibility assessment at Badondo and, following significant exploration success, applied for a Mining Licence in 2016 under the Congolese Mining Code and in compliance with local laws.

Mayoko-Moussondji is located in the southwest region of the Congo and has access to an existing railway line running to the deep-water port of Pointe-Noire. Equatorial invested in exploration and development of Mayoko-Moussondji and was granted a 25-year Mining Licence in 2014. Equatorial sold Mayoko-Moussondji in 2015 and retained a 2% royalty on all future production from the project.

Equatorial's investments in Badondo and Mayoko-Moussondji have been expropriated and subjected to other unlawful measures by Congo as part of a wider campaign to dispossess foreign mining companies of their iron ore interests in Congo. Various mining assets in Congo, including Badondo, Nabeba (previously held by Sundance Resources Limited), and Avima (previously held by Core Mining) have been granted to a Chinese-linked company named Sangha Mining Development SASU with no apparent due process or legal validity.

Equatorial, through its subsidiary, EEPL, has referred its investment dispute with the Congo to arbitration at ICSID in Washington, DC under Article 7 of the Agreement between the Government of Congo and the Government of the Republic of Mauritius for the Promotion and Reciprocal Protection of Investments (**Congo-Mauritius BIT**), under which EEPL's investments in Congo are protected by virtue of EEPL being a Mauritian company. Congo's measures against EEPL's investments in Congo violate multiple provisions of the Congo-Mauritius BIT, including (among others) the prohibition against unlawful expropriation and the fair and equitable treatment standard.

The arbitral tribunal that is hearing EEPL's claims was constituted in April 2022. EEPL appointed a prominent American arbitrator who has significant experience in cases of this nature. Congo appointed a second member of the arbitral tribunal, and the parties jointly appointed the President. In accordance with the procedural calendar for the arbitration, EEPL presented its full case against Congo in March 2023 in the form of a written Statement of Claim supported by documentary, witness and expert evidence.

EEPL's Statement of Claim included:

- Factual background to EEPL's investments in Congo and the dispute;
- A detailed statement of the legal basis for each claim brought against Congo;
- A number of witness statements; and
- Reports from several independent experts covering the technical aspects and valuation of EEPL's investments in Congo Projects, demonstrating damages ranging from US\$394 million to US\$1,134 million, depending on the valuation methodology adopted (and excluding interest and costs, which are also claimed from Congo).

In August 2023, Congo filed a Counter-Memorial, which set out Congo's defence to EEPL's claims and included three counterclaims against EEPL. Congo's counterclaims were based on allegations that EEPL (i) was liable for the payment of certain surface fees in relation to Badondo, (ii) was liable for certain environmental remediation works at the Badondo site, and (iii) had abusively commenced the ICSID arbitration. On the basis of these counterclaims, Congo claimed that it was entitled to be compensated by EEPL.

In September 2023, EEPL filed a Preliminary Objection to Congo's counterclaims, arguing that the counterclaims fell outside the tribunal's jurisdiction because the Congo-Mauritius BIT does not allow States to bring counterclaims, and that Congo's counterclaims should therefore be dismissed. In November 2023, Congo filed a response to EEPL's Preliminary Objection, and in December 2023, EEPL filed a reply to Congo's response on the preliminary objection.

In January 2024, the ICSID tribunal confirmed that it has no jurisdiction to hear Congo's counterclaims, which have therefore been dismissed in their entirety. The tribunal will provide a fully reasoned decision in due course.

Equatorial's next substantive pleading (its Reply Memorial) is due to be filed in April 2024. The Reply Memorial will contain the Company's response to the entirety of Congo's defence, as set out in its Counter-Memorial. Equatorial expects a final hearing to take place at ICSID in March 2025, and the final award in to be rendered around six to 12 months thereafter.

Congo's measures against EEPL's investments in Congo violate multiple provisions of the Congo-Mauritius BIT, including (among others) the prohibition against unlawful expropriation and the fair and equitable treatment standard. EEPL is seeking compensation from Congo for these and other treaty violations.

Nimba Alliance Iron Ore Project



Figure 1 - Nimba Alliance Iron Ore Project Location



Figure 2 – Liberian Transport Corridor

During the September 2023 quarter, the Company completed its previously announced acquisition of the Nimba Alliance Iron Ore Project, a highly prospective and potentially large-scale iron ore project located in Guinea, West Africa.

The Nimba Project covers a large landholding in Guinea's prolific Nimba Iron Ore Corridor and comprises majority ownership of two permits: 100% of the Nimba West permit covering ~198km²; and 56% of the Nimba North permit covering ~107km².

The Nimba Project is located within a cluster of major iron ore projects where the development of large scale transport infrastructure to enable efficient economic production is ongoing.

Five significant high priority (see Figure 1 above), near surface iron ore targets identified, with a total strike potential of approximately 55km, comprising friable itabirite, compact magnetite, and detrital "canga" mineralisation.

Historical wide spaced diamond drilling by Societe des Mines de Guinea (**SMFG**), a former alliance between BHP, Areva and Newmont, returned significant drill intercepts over in Nimba North T5 prospect (13km target) including 14m @ 60.7% Fe (NN0003D) and 12m @ 55.8% Fe (NN0004D).

During the quarter, an initial exploration field program commenced to understand the T5 and Detrital targets illustrated in Figure 1; which yielded the following positive results:

- Extensive detrital material within the Detrital Target was identified over a 30km area, akin to Robert Friedland’s High Power Exploration (HPX) Nimba iron ore project; and
- The potential for direct shipping ore (DSO) was confirmed at the T5 target (see Figure 1).

A total of 196 grab samples were taken across both the Detrital Target and the T5 Target, which have all been sent to Burea Veritas lab in Guinee for processing.

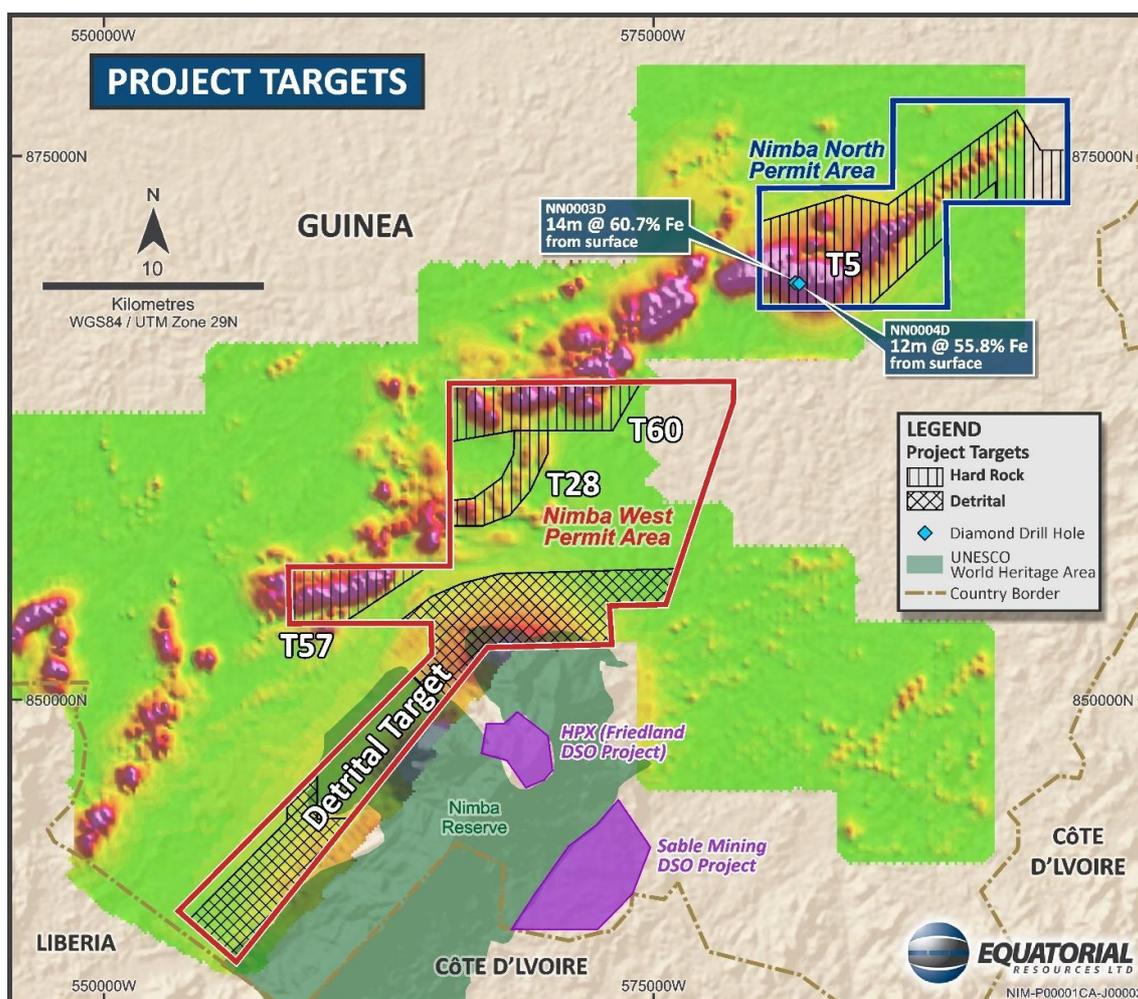


Figure 3 – Priority Targets Defined Across the Project

Corporate

During the quarter, Mr John Welborn stepped down as Managing Director and Chief Executive Officer of the Company. Mr Welborn will continue his role as a Non-Executive Director of the Company and has been appointed as a consultant to support the Board of Directors in progressing Equatorial’s ongoing efforts to seek compensation from Congo. In recognition of the further work that Mr Welborn will be required to do in the arbitration, the Company is currently finalising an arrangement whereby, subject to the necessary approvals, Mr Welborn will be paid 5% of net proceeds received by the Company related to or arising out of the claims.

Equatorial remains in a strong financial position with approximately A\$15.7 million in cash and 131,445,353 shares on issue as at 31 December 2023. The Company is in a strong financial position to progress exploration and development activities as well as pursue the dispute resolution process and additional business opportunities in the resources sector.

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	Percentage Interest	Status
Nimba West permit, Republic of Guinea	Exploration permit	A/2019/149/DIGM/CPDM	100%	Granted
Nimba North permit, Republic of Guinea	Exploration permit	A/2020/135/DIGM/CPDM	56%	Granted
Badondo permit, Republic of Congo	Exploration permit	Decree No. 2015-984	100%	In dispute (refer to discussion above)

Mining Exploration Expenditures

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

Mining exploration activity	A\$000
Geological consultants	86
Title management and other consultants	31
Total	117

Related Party Payments

During the quarter, the Company made payments of approximately A\$163,000 to related parties and their associates. These payments relate to director's fees, superannuation and company secretarial services and provision of a fully serviced office.

Competent Person's Statement

The information in this report that relates to Exploration Results for the Nimba Iron Ore Alliance Project is extracted from the Company's ASX announcements dated 12 October 2023, 31 July 2023, and 21 April 2023 ("Original ASX Announcements"). These announcements are available to view at the Company's website at www.equatorialresources.com.au. The Company confirms that: a) it is not aware of any new information or data that materially affects the information included in the Original ASX Announcements; b) all material assumptions included in the Original ASX Announcements continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this report have not been materially changed from the Original ASX Announcements.

This announcement has been authorised for release by the Company Secretary.

Appendix 5B

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

Name of entity

Equatorial Resources Limited

ABN

50 009 188 694

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(117)	(131)
(b) development	-	-
(c) production	-	-
(d) staff costs	(84)	(187)
(e) administration and corporate costs	(177)	(336)
1.3 Dividends received (see note 3)		
1.4 Interest received	188	380
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	(98)	(160)
(b) Congo arbitration	(525)	(525)
1.9 Net cash from / (used in) operating activities	(813)	(959)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	(40)
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	-	(40)
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	-	(1)
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	-	(1)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	16,475	16,662
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(813)	(959)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(40)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(1)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	15,662	15,662

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	15,662	16,475
5.2	Call deposits	-	-
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)	15,662	16,475

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	(163)
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

7.	Financing facilities <i>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.</i>	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)	(813)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(813)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	15,662
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	15,662
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	19

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: 31 January 2024

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.