EQUATORIAL RESOURCES LTD

ABN 50 009 188 694

ANNUAL REPORT 2017

CORPORATE DIRECTORY

DIRECTORS
Ian Middlemas – Chairman
Robert Behets – Director
Mark Pearce – Director
John Welborn – Director

COMPANY SECRETARY
Mr Greg Swan

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ASX CODE
EQX – Fully paid Ordinary Shares

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Australia and New Zealand Banking Group Limited

SOLICITORS
DLA Piper

AUDITORS
Ernst & Young

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The Directors of Equatorial Resources Limited present their report on the Consolidated Entity consisting of Equatorial Resources Limited ("**Company**" or "**Equatorial**") and the entities it controlled at the end of, or during, the year ended 30 June 2017 ("**Consolidated Entity**" or "**Group**").

DIRECTORS

The names and details of the Company's Directors in office at any time during the financial year or since the end of the financial year are:

Mr Ian Middlemas – Chairman
Mr Robert Behets – Non-Executive Director
Mr Mark Pearce – Non-Executive Director
Mr John Welborn – Non-Executive Director

Unless otherwise stated, all Directors held their office from 1 July 2016 until the date of this report.

CURRENT DIRECTORS AND OFFICERS

Mr Ian Middlemas *B.Com, CA*
Chairman (Non-Executive)

Mr Middlemas is a Chartered Accountant, a member of the Financial Services Institute of Australasia and holds a Bachelor of Commerce degree. He worked for a large international Chartered Accounting firm before joining the Normandy Mining Group where he was a senior group executive for approximately 10 years. He has had extensive corporate and management experience, and is currently a director with a number of publicly listed companies in the resources sector.

Mr Middlemas was appointed a Director of the Company on 5 November 2009. During the three year period to the end of the financial year, Mr Middlemas has held directorships in Apollo Minerals Limited (July 2016 – present), Cradle Resources Limited (May 2016 – present), Paringa Resources Limited (October 2013 – present), Berkeley Energia Limited (April 2012 – present), Prairie Mining Limited (August 2011 – present), Salt Lake Potash Limited (January 2010 – present), Piedmont Lithium Limited (September 2009 – present), Sovereign Metals Limited (July 2006 – present), Odyssey Energy Limited (September 2005 – present), Syntonic Limited (April 2010 – June 2017) and Papillon Resources Limited (May 2011 – October 2014).

Mr Robert Behets *B.Sc.(Hons), FAusIMM, MAIG*
Director (Non-Executive)

Mr Behets is a geologist with over 25 years' experience in the mineral exploration and mining industry in Australia and internationally. He was instrumental in the founding, growth and development of Mantra Resources Limited, an African focused uranium company, through to its acquisition by ARMZ for approximately A$1 billion in 2011. Prior to Mantra, Mr Behets held various senior management positions during a long career with WMC Resources Limited.

Mr Behets has a strong combination of technical, commercial and managerial skills and extensive experience in exploration, mineral resource and ore reserve estimation, feasibility studies and operations across a range of commodities, including uranium, gold and base metals. He is a Fellow of The Australasian Institute of Mining and Metallurgy, a Member of the Australian Institute of Geoscientists and was also previously a member of the Australasian Joint Ore Reserve Committee ('JORC').

Mr Behets was appointed a Director of the Company on 25 February 2016. During the three-year period to the end of the financial year, Mr Behets has held directorships in Berkeley Energia Limited (April 2012 – present), Piedmont Lithium Limited (February 2016 – present), Apollo Minerals Limited (October 2016 – present), Cradle Resources Limited (May 2016 – July 2017) and Papillon Resources Limited (May 2012 – October 2014).

Mr Mark Pearce *B.Bus, CA, FCIS, FFin*
Director (Non-Executive)

Mr Pearce is a Chartered Accountant and is currently a director of several listed companies that operate in the resources sector. He has considerable experience in the formation and development of listed resource companies and has worked for several large international Chartered Accounting firms. Mr Pearce is also a Fellow of the Institute of Chartered Secretaries and a Fellow of the Financial Services Institute of Australasia.

Mr Pearce was appointed a Director of the Company on 5 November 2009. During the three-year period to the end of the financial year, Mr Pearce has held directorships in Apollo Minerals Limited (July 2016 – present), Prairie Mining Limited (August 2011 – present), Piedmont Lithium Limited (September 2009 – present), Sovereign Metals Limited (July 2006 – present), Odyssey Energy Limited (September 2005 – present), Salt Lake Potash Limited (August 2014 – present) and Syntonic Limited (April 2010 – October 2016).

CURRENT DIRECTORS AND OFFICERS (Continued)

Mr John Welborn *B.Com, FCA, FAIM, SA Fin, MAICD, MAusIMM, JP*
Director (Non-Executive)

Mr Welborn is a Chartered Accountant with a Bachelor of Commerce degree from the University of Western Australia and is a Fellow of the Institute of Chartered Accountants in Australia, a Fellow of the Australian Institute of Management and is a member of the Australian Institute of Mining and Metallurgy, the Financial Services Institute of Australasia, and the Australian Institute of Company Directors.

Mr Welborn has extensive experience in the resources sector as a senior executive and in corporate management, finance and investment banking. Mr Welborn is currently the Managing Director of Resolute Mining Limited and was previously the Head of Specialised Lending in Western Australia for Investec Bank (Australia) Ltd.

Mr Welborn was appointed a Director of the Company on 6 August 2010. During the three-year period to the end of the financial year, Mr Welborn has held directorships in Resolute Mining Limited (February 2015 – present), Orbital Corporation Limited (June 2014 – present) and Prairie Mining Limited (February 2009 – September 2015).

Mr Greg Swan *B.Com, CA, ACIS, AFin*
Company Secretary

Mr Swan is a Chartered Accountant and Chartered Secretary and is currently Company Secretary and Chief Financial Officer for several listed companies that operate in the resources sector. He commenced his career at a large international Chartered Accounting firm and has since been involved with a number of exploration and development companies, including Mantra Resources Limited, Papillon Resources Limited, and Paringa Resources Limited.

Mr Swan was appointed Company Secretary of the Company on 26 May 2010.

PRINCIPAL ACTIVITIES

The principal activities of Equatorial during the financial year consisted of mineral exploration. No significant change in the nature of Equatorial's activities occurred during the year.

OPERATING AND FINANCIAL REVIEW

During the year, Equatorial continued to advance its existing mineral resource assets in Africa as well as searching for new opportunities in the resources sector which have the potential to build shareholder wealth.

Badondo Iron Project

Equatorial is the 100% owner of the Badondo Iron Project ("Badondo"), which is held by Equatorial's 100% owned subsidiary Congo Mining Exploration Ltd SARL. Badondo is a potentially large-scale iron project in the northwest region of the Republic of Congo, within a regional cluster of world-class iron ore exploration projects including Sundance Resources Limited's Mbalam-Nabeba project.

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.

During the year, the Company lodged a Mining Licence Application ("MLA") for Badondo. Under the terms of the Republic of Congo Mining Code, exploration licences are granted for an initial 3-year period and are then capable of being renewed, upon application, for two further periods of two years. The Badondo Exploration Licence was renewed for the second time by Government Decree dated 7 December 2015. Equatorial is now undertaking the process to upgrade the Company's tenure to a 25-year Mining Licence. According to the Republic of Congo Mining Code, an MLA requires the submission of a feasibility study, an environmental and social impact assessment, community development plans, and the completion of technical reviews by relevant government agencies. On 22 November 2016, Equatorial lodged the MLA for Badondo based on completed exploration work in order to position the Company with a 25 year right to mine at the project. Equatorial will continue to work with the Government with the aim of securing the Badondo Mining Licence during the 2017 calendar year.

Equatorial has plans for further exploration work at Badondo, which may include a follow-up drilling program. Further exploration and development programs at Badondo will be considered by the Company in the context of the current iron ore price and the progress of regional infrastructure developments.

In addition, Equatorial is continuing to investigate regional opportunities for partnership and cooperation with strategic investors at a project level, in order to maximise the value of Badondo for shareholders.

OPERATING AND FINANCIAL REVIEW (Continued)

Other Projects

Equatorial retains a 2% royalty on all future production from the Mayoko-Moussondji Iron Project ("Mayoko-Moussondji"), located in the southwest region of the Republic of Congo, calculated on the value of all sales of ore extracted, produced, sold or otherwise disposed of from the project.

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. During the year, Equatorial assessed a number of new business opportunities and will make announcements to the market as appropriate should an acquisition occur.

Operating Results

The net loss of the Consolidated Entity for the year ended 30 June 2017 was $1,044,960 (2016: $828,043). Significant items contributing to the current year result include:

(i) Interest income of $1,120,093 (2016: $1,170,522);

(ii) Exploration and evaluation expenses of $173,673 (2016: $428,540), which is attributable to the Group's accounting policy of expensing exploration and evaluation expenditure incurred by the Group subsequent to the acquisition of the rights to explore and up to the successful completion of definitive feasibility studies for each separate area of interest; and

(iii) Business development expenses of $1,473,679 (2016: $1,285,962) relating to the Group's business development activities conducted during the year, including costs relating to travel, site visits, due diligence, technical reviews, legal fees and overhead expenses from its assessment during the year of various new business opportunities in the resources sector.

Financial Position

At 30 June 2017, the Group had cash reserves of $39.9 million (2016: $40.4 million) and no debt, placing the Group in a strong financial position to conduct its current activities and to pursue new business development opportunities.

At 30 June 2017, the Group had net assets of $42.2 million (2016: $43.3 million), a decrease of 2.3% compared with the previous year. This is consistent with and largely attributable to, the current year's net loss after tax (as discussed above).

Business Strategies and Prospects for Future Financial Years

Equatorial's continued strategy is to explore and develop the Group's existing assets in the Republic of Congo and to assess new business opportunities in the resources sector which may add shareholder value.

The Consolidated Entity will continue to focus on maximising the value of its projects. In the coming year Equatorial intends to:

- Secure a Mining Licence for its Badondo Project;
- Continue exploration activity at the Badondo Project including planning for a resource-definition drilling program;
- Work with regional iron ore companies to create partnerships and cooperation initiatives and to attract development financing for the Congo/Gabon/Cameroon iron ore cluster where the Badondo Project is located;
- Review new business opportunities in the resources sector which leverage off the Group's skills, expertise, and existing assets; and
- Maintain the Group's strong balance sheet and ensure all expenditure is aligned with the creation of shareholder value.

All of these activities present inherent risk and therefore the Board is unable to provide certainty that any or all of these activities will be able to be achieved. The material business risks faced by the Group that are likely to have an effect on the Group's future prospects, and how the Group manages these risks, include:

- The Company's exploration properties may never be brought into production – The exploration for, and development of, mineral deposits involves a high degree of risk. Few properties which are explored are ultimately developed into producing mines. To mitigate this risk, the Company will undertake systematic and staged exploration and testing programs on its mineral properties and, subject to the results of these exploration programs, the Company will then progressively undertake a number of technical and economic studies with respect to its projects prior to making a decision to mine. However there can be no guarantee that the studies will confirm the technical and economic viability of the Company's mineral properties or that the properties will be successfully brought into production;
- Fluctuations in commodity prices – The price of iron ore fluctuates widely and is affected by numerous factors beyond the control of the Company. Future production, if any, from the Company's mineral resource and other mineral properties will be dependent upon the price of iron ore being adequate to make these properties economic. The Company currently does not engage in any hedging or derivative transactions to manage commodity price risk. As the Company's operations change, this policy will be reviewed periodically going forward;

OPERATING AND FINANCIAL REVIEW (Continued)

Business Strategies and Prospects for Future Financial Years (Continued)

- The Company's activities will require further capital – the ability to finance a mining project is dependent on the Company's existing financial position, the availability and cost of project and other debt markets, the availability and cost of leasing and similar finance packages for project infrastructure and mobile equipment, the availability of mezzanine and offtake financing and the ability to access equity markets to raise new capital. There can be no guarantees that when the Company seeks to implement financing strategies to pursue the development of its projects that suitable financing alternatives will be available and at a cost acceptable to the Company;
- Sovereign risk – The Company's operations in the Republic of Congo are exposed to various levels of political, economic and other risks and uncertainties. The Republic of Congo is a developing economy which does not have an established mining industry. The Company continues to work closely with the various levels of Government but there can be no assurances that the future political developments in Republic of Congo will not directly impact the Company's operations or its ability to attract funding for its operations;
- Regulations – The Company's exploration and any future mining activities are dependent upon the maintenance and renewal from time to time of the appropriate title interests, licences, concessions, leases, claims, permits, environmental decisions, planning consents and other regulatory consents which may be withdrawn or made subject to new limitations. The maintaining or obtaining of renewals or attainment and grant of title interests often depends on the Company being successful in obtaining and maintaining required statutory approvals for its proposed activities. The Company closely monitors the status of its mining permits and licences and works closely with the relevant Government departments in the Republic of Congo to ensure the various licences are maintained and renewed when required. However, there is no assurance that such title interests, licenses, concessions, leases, claims, permits, decisions or consents will not be revoked, significantly altered or not renewed to the detriment of the Company or that the renewals and new applications will be successful; and
- The Company may not successfully acquire new projects – the Company continues to actively pursue and assess other new business opportunities in the resources sector. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, or direct equity participation. The Company's success in its acquisition activities depends on its ability to identify suitable projects, acquire them on acceptable terms, and integrate the projects successfully, which the Company's Board is experienced in doing. However, there can be no guarantee that any proposed acquisition will be completed or be successful. If a proposed acquisition is completed the usual risks associated with a new project and/or business activities will remain.

DIVIDENDS PAID OR RECOMMENDED

No recommendation for payment of dividends has been made for the year ended 30 June 2017 (2016: Nil).

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve.

The Directors are not aware of any non-compliance with environmental laws by the Consolidated Entity.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

(i) On 1 September 2017, the Company issued 500,000 unlisted options (exercisable at $0.35 each and expiring on 30 June 2020) to key consultants and advisors of the Group.

Other than as outlined above, at the date of this report there are no matters or circumstances which have arisen since 30 June 2017 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2017, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2017, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2017, of the Consolidated Entity.

DIRECTORS' MEETINGS

The number of meetings of Directors held during the year and the number of meetings attended by each director were as follows:

	Board Meetings	
	Number eligible to attend	Number attended
Mr Ian Middlemas	2	2
Mr Robert Behets	2	2
Mr Mark Pearce	2	2
Mr John Welborn	2	2

There were no Board committees during the financial year.

DIRECTORS' INTERESTS

As at the date of this report, the Directors' interests in the securities of the Company are as follows:

	Interest in securities at the date of the report
	Shares [1]
Mr Ian Middlemas	6,210,000
Mr Robert Behets	230,000
Mr Mark Pearce	1,050,000
Mr John Welborn	6,000,000

Notes:
[1] "Shares" means fully paid ordinary shares in the capital of the Company.

SHARE OPTIONS

At the date of this report, the Company had 500,000 unlisted options (exercisable at $0.35 each and expiring on 30 June 2020) on issue over unissued Ordinary Shares of the Company.

During the year ended 30 June 2017, no Ordinary Shares were issued as a result of the exercise of Incentive Options or conversion of Performance Rights.

During the year ended 30 June 2017, 100,000 Incentive Options lapsed upon expiry and 2,305,000 Performance Rights were forfeited due to the relevant performance condition not being satisfied by the relevant expiry date.

Subsequent to year end and up until the date of this report, no Ordinary Shares have been issued as a result of the exercise of Incentive Options or the conversion of Performance Rights.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Constitution of the Company requires the Company, to the extent permitted by law, to indemnify any person who is or has been a director or officer of the Company or Group for any liability caused as such a director or officer and any legal costs incurred by a director or officer in defending an action for any liability caused as such a director or officer.

During or since the end of the financial year, no amounts have been paid by the Company or Group in relation to the above indemnities. During the financial year, the Company paid an annualised insurance premium of $17,625 (2016: $14,208) to provide adequate insurance cover for directors and officers against any potential liability and the associated legal costs of a proceeding.

INDEMNIFICATION AND INSURANCE OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

REMUNERATION REPORT (AUDITED)

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel ("KMP") of the Group.

Details of Key Management Personnel

Details of the KMP of the Group during or since the end of the financial year are set out below:

Directors

Mr Ian Middlemas	Chairman
Mr Mark Pearce	Non-Executive Director
Mr John Welborn	Non-Executive Director
Mr Robert Behets	Non-Executive Director

Other KMP

Mr Greg Swan	Company Secretary

Unless otherwise disclosed, the KMP held their position from 1 July 2016 until the date of this report.

Remuneration Policy

The Group's remuneration policy for its KMP has been developed by the Board taking into account the size of the Group, the size of the management team for the Group, the nature and stage of development of the Group's current operations, and market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

In addition to considering the above general factors, the Board has also placed emphasis on the following specific issues in determining the remuneration policy for KMP:

(a) the Group is currently focused on undertaking exploration, appraisal and development activities and on identifying and acquiring suitable resource projects;

(b) risks associated with small cap resource companies whilst exploring and developing projects; and

(c) other than profit which may be generated from asset sales, the Company does not expect to be undertaking profitable operations until sometime after the commencement of commercial production on any of its projects.

Executive Remuneration

The Group's remuneration policy is to provide a fixed remuneration component and a performance based component (short term incentive and long term incentive). The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning executives' objectives with shareholder and business objectives.

Fixed Remuneration

Fixed remuneration consists of base salaries, as well as employer contributions to superannuation funds and other non-cash benefits. Non-cash benefits may include provision of car parking and travel benefits.

Fixed remuneration is reviewed annually by the Board. The process consists of a review of company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices.

Performance Based Remuneration – Short Term Incentive ("STI")

Some executives are entitled to an annual cash bonus upon achieving various key performance indicators ("KPI's"), as set by the Board. Having regard to the current size, nature and opportunities of the Company, the Board has determined that these KPI's will include measures such as:

(a) successful exploration activities (e.g. completion of exploration programs within budgeted timeframes and costs);

(b) successful development activities (e.g. completion of technical studies);

(c) successful corporate activities (e.g. recruitment and management of key personnel and investor relations activities); and

(d) successful business development activities (e.g. corporate transactions and capital raisings).

These measures were chosen as the Board believes these represent the key drivers in the short and medium term success of the Company's development. On an annual basis, subsequent to year end, the Board assesses performance against each individual executive's KPI criteria, and considers the position of the Company to be able to award STI cash bonuses.

During the 2017 financial year, no STI cash bonuses were awarded to executive KMP (2016: nil).

REMUNERATION REPORT (Continued)

Executive Remuneration (Continued)

Performance Based Remuneration – Long Term Incentive

The Group has adopted a long-term incentive plan ("LTIP") comprising the "Equatorial Resources Limited Performance Rights Plan" (the "Plan") to reward KMP and key staff (including employees and contractors) for long-term performance. Shareholders approved the renewal of the Plan in June 2014.

The Plan provides for the issuance of unlisted performance share rights ("Performance Rights") which, upon satisfaction of the relevant performance conditions attached to the rights, will result in the issue of an Ordinary Share for each Performance Right. Performance Rights are issued for no consideration and no amount is payable upon conversion thereof.

To achieve its corporate objectives the Company needs to attract and retain its key staff, whether employees or contractors. Grants made to eligible participants under the Plans will assist with the Company's employment strategy and will;

(a) enable the Company to recruit, incentivise and retain KMP and other eligible employees and contractors needed to achieve the Company's strategic objectives;

(b) link the reward of eligible participants with the achievements of strategic goals and the long term performance of the Company;

(c) align the financial interests of eligible participants of the Plan with those of Shareholders; and

(d) provide incentives to eligible participants of the Plan to focus on superior performance that creates Shareholder value.

Performance Rights granted under the Plan to eligible participants will be linked to the achievement by the Company of certain performance conditions as determined by the Board from time to time. If a performance condition is not achieved by the expiry date then the Performance Right will lapse.

During the 2017 financial year, no Performance Rights were granted to executive KMP. At 30 June 2017, no Performance Rights were held by executive KMP.

In addition, the Group has chosen to provide unlisted incentive options ("Incentive Options") to some KMP as part of their remuneration and incentive arrangements in order to attract and retain their services and to provide an incentive linked to the performance of the Group. The Board's policy is to grant Incentive Options to KMP with exercise prices at or above market share price (at the time of agreement). As such, the Incentive Options granted to KMP are generally only of benefit if the KMP performs to the level whereby the value of the Group increases sufficiently to warrant exercising the Incentive Options granted.

During the 2017 financial year, no Incentive Options were granted to executive KMP. At 30 June 2017, no Incentive Options were held by executive KMP.

The Company prohibits executives entering into arrangements to limit their exposure to Incentive Options or Performance Rights granted as part of their remuneration package.

Non-Executive Director Remuneration

The Board's policy is for fees to Non-Executive Directors to be no greater than market rates for comparable companies for time, commitment and responsibilities. Given the size, nature and risks of the Company, Incentive Options and Performance Rights may also be used to attract and retain Non-Executive Directors. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. Director's fees paid to Non-Executive Directors accrue on a daily basis. Fees for Non-Executive Directors are not directly linked to the performance of the economic entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company. Given the size, nature and opportunities of the Company, Non-Executive Directors may receive Incentive Options or Performance Rights in order to secure and retain their services.

Fees for the Chairman were set at $55,000 per annum (2016: $55,000) (excluding post-employment benefits), however the Chairman, Mr Ian Middlemas, elected to only receive fees of $50,000 for the 2017 financial year.

Fees for Non-Executive Directors' were set at $20,000 to $30,000 per annum (2016: $20,000 to $30,000) (excluding post-employment benefits). These fees cover main board activities only. Non-Executive Directors may receive additional remuneration for other services provided to the Company, including but not limited to, membership of committees.

During the 2017 financial year, no Incentive Options or Performance Rights were granted to Non-Executive Directors.

The Company prohibits Non-Executive Directors entering into arrangements to limit their exposure to Incentive Options granted as part of their remuneration package.

REMUNERATION REPORT (Continued)

Relationship between Remuneration of KMP and Shareholder Wealth

During the Company's exploration and development phases of its business, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the exploration and development of its resource projects. Accordingly the Company does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore there was no relationship between the Board's policy for determining, or in relation to, the nature and amount of remuneration of KMP and dividends paid and returns of capital by the Company during the current and previous four financial years.

The Board did not determine, and in relation to, the nature and amount of remuneration of the KMP by reference to changes in the price at which shares in the Company traded between the beginning and end of the current and the previous four financial years.

Discretionary annual cash bonuses are based upon achieving various non-financial key performance indicators as detailed under "Performance Based Remuneration – Short Term Incentive" and are not based on share price or earnings. However, as noted above, certain KMP have received Incentive Options and Performance Rights which will be of greater value to KMP if the value of the Company's shares increases.

Relationship between Remuneration of KMP and Earnings

As discussed above, the Company is currently undertaking exploration and development activities, and does not expect to be undertaking profitable operations (other than by way of potential material asset sales) until sometime after the successful commercialisation, production and sales of commodities from one or more of its projects. Accordingly the Board does not consider earnings during the current and previous four financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

Remuneration of Directors and Other Key Management Personnel

Details of the remuneration of each Director and KMP of the Group are as follows:

	Short-term benefits			Post-employment benefits	Share-based payments	Total	Percentage performance related
2017	Salary & fees $	Cash Bonus $	Other $	$	$	$	%
Directors							
Mr Ian Middlemas [1]	50,000	-	-	4,750	-	54,750	-
Mr Robert Behets	30,000	-	-	2,850	-	32,850	-
Mr Mark Pearce	20,000	-	-	1,900	-	21,900	-
Mr John Welborn	20,000	-	-	1,900	-	21,900	-
Other KMP							
Mr Greg Swan [2]	-	-	-	-	-	-	-
	120,000	-	-	11,400	-	131,400	-

Notes:

1 Mr Middlemas elected to only receive fees of $50,000 for the 2017 financial year, given recent market conditions and the status of the Company's operations,

2 Mr Swan provides services as the Company Secretary through a services agreement with Apollo Group Pty Ltd ('Apollo'). During the year, Apollo was paid or is payable $240,000 (2016: $240,000) for the provision of administration and company secretarial services to the Group.

	Short-term benefits			Post-employment benefits	Share-based payments	Total	Percentage performance related
2016	Salary & fees $	Cash Bonus $	Other $	$	$	$	%
Directors							
Mr Ian Middlemas [1]	50,000	-	-	4,750	-	54,750	-
Mr Mark Pearce	20,000	-	-	1,900	-	21,900	-
Mr John Welborn [2]	65,000	150,000	-	1,900	-	216,900	69%
Mr Peter Woodman [3]	11,333	-	-	1,077	-	12,410	-
Mr Robert Behets [4]	10,431	-	-	991	-	11,422	-
Other KMP							
Mr Greg Swan [5]	-	-	-	-	-	-	-
Total	156,764	150,000	-	10,618	-	317,382	47%

Notes:

1 Mr Middlemas elected to only receive fees of $50,000 for the 2016 financial year, given market conditions and the status of the Company's operations.

2 During the 2016 financial year, Mr Welborn was paid, or was payable, $20,000 for directors' fees, $45,000 for additional consulting services provided in respect of business development activities, and a cash bonus of $150,000.

3 Mr Woodman resigned effective from 22 January 2016.

4 Mr Behets was appointed on 25 February 2016.

5 Mr Swan provides services as the Company Secretary through a services agreement with Apollo. During the year, Apollo was paid or is payable $240,000 for the provision of administration and company secretarial services to the Group.

REMUNERATION REPORT (Continued)

Incentive Options and Performance Rights Granted to Key Management Personnel

No Incentive Options were granted to KMP of the Group by the Company during the financial year and no Incentive Options previously granted to KMP were exercised or lapsed during the financial year.

During the year ended 30 June 2017, 1,090,000 Performance Rights previously granted to KMP of the Group were forfeited due to the relevant performance condition not being satisfied by the relevant expiry date.

Option and Right Holdings of Key Management Personnel

	Held at 1 July 2016	Forfeited	Held at 30 June 2017	Vested and exercisable at 30 June 2017
Directors				
Mr Ian Middlemas	-	-	-	-
Mr Robert Behets	-	-	-	-
Mr Mark Pearce	-	-	-	-
Mr John Welborn	1,000,000	(1,000,000)	-	-
Other KMP				
Mr Greg Swan	90,000	(90,000)	-	-

Shareholdings of Key Management Personnel

	Held at 1 July 2016	Purchases	Sales	Held at 30 June 2017
Directors				
Mr Ian Middlemas	6,210,000	-	-	6,210,000
Mr Robert Behets	230,000	-	-	230,000
Mr Mark Pearce	1,050,000	-	-	1,050,000
Mr John Welborn	6,000,000	-	-	6,000,000
Other KMP				
Mr Greg Swan	350,000	-	-	350,000

Loans involving Key Management Personnel

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2017 (2016: Nil).

Other Transactions

Apollo Group Pty Ltd, a company of which Mr Mark Pearce is a director and beneficial shareholder, was paid or is payable $240,000 (2016: $240,000) for the provision of administration services during the year. The amount is based on a monthly retainer due and payable in advance, with no fixed term, and is able to be terminated by either party with one month's notice.

Employment Contracts with Directors and KMP

As at the date of this report, the Group has no employment contracts in place with any Directors or Key Management Personnel. As disclosed above, Directors of the Company are entitled to fees of $20,000 to $30,000 per annum with the Chairman entitled to fees of $55,000 per annum (excluding post-employment benefits). Mr Welborn, a Non-Executive Director, has agreed to provide additional consulting services to the Company with remuneration terms to be determined by the Board.

End of Remuneration Report.

NON-AUDIT SERVICES

During the year, Ernst & Young (Australia), the Company's auditor, received $5,474 (2016: $49,637) for the provision of non-audit services consisting of tax advisory services provided to the Company.

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of the non-audit services provided (tax compliance and advisory services) means that auditor independence was not compromised.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 11 of the Directors' Report.

Signed in accordance with a resolution of the Directors.

MARK PEARCE
Director

7 September 2017

EY
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Auditor's Independence Declaration to the Directors of Equatorial Resources Limited

As lead auditor for the audit of Equatorial Resources Limited for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Equatorial Resources Limited and the entities it controlled during the financial year.

Ernst & Young

G H Meyerowitz
Partner
7 September 2017

GHM:JT:EQUATORIAL:008

	Notes	2017 $	2016 $
Operations			
Revenue	2	**1,120,093**	1,170,522
Other income	2	**-**	472,502
Exploration and evaluation expenses		**(173,673)**	(428,540)
Corporate and administrative expenses		**(504,134)**	(746,551)
Business development expenses		**(1,473,679)**	(1,285,962)
Other expenses	3	**(13,567)**	(10,014)
Loss before income tax		**(1,044,960)**	(828,043)
Income tax expense	4	**-**	-
Loss for the period		**(1,044,960)**	(828,043)
Loss attributable to members of Equatorial Resources Limited		**(1,044,960)**	(828,043)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences arising on translation of foreign operations		**2,503**	58,683
Exchange differences transferred to profit or loss on sale of controlled entity	15	**-**	(512,121)
Other comprehensive income/(loss) for the period, net of tax		**2,503**	(453,438)
Total comprehensive loss for the period		**(1,042,457)**	(1,281,481)
Total comprehensive loss attributable to members of Equatorial Resources Limited		**(1,042,457)**	(1,281,481)
Earnings per share			
Basic and diluted loss per share (cents per share)	16	**(0.84)**	(0.67)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

	Notes	30 June 2017 $	30 June 2016 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	**39,918,044**	40,447,686
Trade and other receivables	7	**392,751**	877,434
Total Current Assets		**40,310,795**	41,325,120
Non-current Assets			
Property, plant and equipment	8	**-**	-
Exploration and evaluation assets	9	**2,146,421**	2,146,452
Total Non-current Assets		**2,146,421**	2,146,452
TOTAL ASSETS		**42,457,216**	43,471,572
LIABILITIES			
Current Liabilities			
Trade and other payables	10	**212,793**	184,692
Total Current Liabilities		**212,793**	184,692
TOTAL LIABILITIES		**212,793**	184,692
NET ASSETS		**42,244,423**	43,286,880
EQUITY			
Contributed equity	11	**177,682,852**	177,682,852
Reserves	12	**289,711**	295,308
Accumulated losses	13	**(135,728,140)**	(134,691,280)
TOTAL EQUITY		**42,244,423**	43,286,880

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

	Ordinary Shares	Share Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	$	$	$	$	$
Balance at 1 July 2016	**177,682,852**	**8,100**	**287,208**	**(134,691,280)**	**43,286,880**
Net loss for the year	**-**	**-**	**-**	**(1,044,960)**	**(1,044,960)**
Other comprehensive income:					
Exchange differences on translation of foreign operations	**-**	**-**	**2,503**	**-**	**2,503**
Total comprehensive income/(loss) for the period	**-**	**-**	**2,503**	**(1,044,960)**	**(1,042,457)**
Transactions with owners recorded directly in equity:					
Expiry of options transferred to accumulated losses	**-**	**(8,100)**	**-**	**8,100**	**-**
Balance at 30 June 2017	**177,682,852**	**-**	**289,711**	**(135,728,140)**	**42,244,423**
Balance at 1 July 2015	177,682,852	115,814	740,646	(133,970,951)	44,568,361
Net loss for the year	-	-	-	(828,043)	(828,043)
Other comprehensive income:					
Exchange differences on translation of foreign operations	-	-	58,683	-	58,683
Exchange differences transferred to profit or loss on sale of controlled entity	-	-	(512,121)	-	(512,121)
Total comprehensive loss for the period	-	-	(453,438)	(828,043)	(1,281,481)
Transactions with owners recorded directly in equity:					
Expiry of options transferred to accumulated losses	-	(107,714)	-	107,714	-
Balance at 30 June 2016	177,682,852	8,100	287,208	(134,691,280)	43,286,880

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

		2017 $	2016 $
Cash flows used in operating activities			
Payments to suppliers, employees and others		**(2,122,076)**	(2,365,376)
R&D grant income received		**330,913**	-
Income tax paid		**-**	(133,526)
Interest received		**1,261,521**	1,073,613
Net cash used in operating activities	14(a)	**(529,642)**	(1,425,289)
Cash flows used in investing activities			
Proceeds from sale of controlled entity, net of cash disposed and transaction costs	15(b)	**-**	4,548,817
Net cash generated from investing activities		**-**	4,548,817
Net increase/(decrease) in cash and cash equivalents		**(529,642)**	3,123,528
Cash and cash equivalents at beginning of period		**40,447,686**	37,324,158
Cash and cash equivalents at end of period	6	**39,918,044**	40,447,686

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparing the financial report of Equatorial Resources Limited ("Equatorial" or "Company") and its consolidated entities ("Consolidated Entity" or "Group") for the year ended 30 June 2017 are stated to assist in a general understanding of the financial report.

Equatorial is a for profit company limited by shares and is incorporated and domiciled in Australia. Equatorial's shares are publicly traded on the Australian Securities Exchange ("ASX").

The financial report of the Group for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 6 September 2017.

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards ("AASBs") and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

The financial report has been prepared on a historical cost basis, and the financial report is presented in Australian dollars, unless otherwise stated.

The consolidated financial statements have been prepared on a going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

New and revised standards and amendments thereof and interpretations effective for the current reporting period that are relevant to the Group include:

- AASB 2014-4 *Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation* which clarify the principle in AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset;
- AASB 2015-1 *Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012–2014 Cycle* which clarify certain requirements in AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB 7 Financial Instruments: Disclosures, AASB 119 Employee Benefits, and AASB 134 Interim Financial Reporting; and
- AASB 2015-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101* which amends AASB 101 Presentation of Financial Statements to clarify existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying the Standard in determining what information to disclose, where and in what order information is presented in their financial statements

The adoption of these new and revised standards has not resulted in any significant changes to the Group's accounting policies or to the amounts reported for the current or prior periods. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2017. Those which may be relevant to the Group are set out in the table below. The adoption of these standards is not expected to have any significant impact on the Group's financial statements.

Standard/Interpretation	Application date of standard	Application date for Group
AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107*	1 January 2017	1 July 2017
AASB 9 *Financial Instruments*, and relevant amending standards	1 January 2018	1 July 2018
AASB 15 *Revenue from Contracts with Customers*, and relevant amending standards	1 January 2018	1 July 2018
AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*	1 January 2018	1 July 2018
AASB Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018	1 July 2018
AASB 16 *Leases*	1 January 2019	1 July 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(d) Foreign Currencies

Functional and presentation currency

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Exchange differences arising on the translation of monetary items are recognised in statement of profit or loss and other comprehensive income.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call, term deposits held with banks and other short-term highly liquid investments with original maturities of 3 months or less.

(f) Investments and Other Financial Assets

Classification

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through statement of profit or loss and other comprehensive income, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially they are measured at fair value, plus, in the case of investments not at fair value through statement of profit or loss and other comprehensive income, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than twelve months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

Loans and receivables are carried at amortised cost using the effective interest rate method.

Impairment

Collectability of trade and other receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment allowance is recognised when there is objective evidence that the Consolidated Entity will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(g) Property, Plant and Equipment

Cost

All classes of property, plant and equipment are measured at historical cost.

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the statement of profit or loss and other comprehensive income as incurred.

Depreciation and Amortisation

Depreciation is provided on a straight line basis on all property, plant and equipment.

	2017	2016
Major depreciation and amortisation periods are:		
Plant and equipment:	2 -10 years	2 -10 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(h) Intangible Assets

Intangible Assets acquired by the Group have a finite useful life and are recorded at cost less accumulated amortisation and less any accumulated impairment loss. Amortisation is charged over the useful life of the finite asset according to consumption benefits.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Exploration and Development Expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method.

Exploration and evaluation expenditure encompasses expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

For each area of interest, expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition and are recorded as an asset if:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation expenditure incurred by the Group subsequent to the acquisition of the rights to explore is expensed as incurred, up until the technical feasibility and commercial viability of the project has been demonstrated with a bankable feasibility study.

Capitalised exploration costs are reviewed at each reporting date to establish whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(j) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within 60 days. Payables are carried at amortised cost.

(k) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(l) Revenue Recognition

Revenues are recognised at the fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(m) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Income Tax (Continued)

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation

Equatorial Resources Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the Company. The current tax liability of each group entity is then subsequently assumed by the Company. The tax consolidated group has entered into a tax sharing agreement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(n) Employee Entitlements

A Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 12 months have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 12 months have been measured using the projected unit credit valuation method.

(o) Earnings per Share

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members of the Company for the reporting period, after excluding any costs of servicing equity, by the weighted average number of Ordinary Shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the net profit attributable to members of the company, adjusted by the after tax effect of financing costs associated with dilutive potential Ordinary Shares and the effect on revenues and expenses of conversion to Ordinary Shares associated with dilutive potential Ordinary Shares, by the weighted average number of Ordinary Shares and dilutive Ordinary Shares adjusted for any bonus issue.

(p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Business Combinations

Acquisitions of subsidiaries that are regarded as carrying on a business are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the statement of profit or loss and other comprehensive income as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in the statement of profit or loss and other comprehensive income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the statement of profit or loss and other comprehensive income, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 (2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share based payment awards are measured in accordance with AASB 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-Current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Business Combinations (Continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

(r) Acquisition of Assets

A group of assets may be acquired in a transaction which is not a business combination. In such cases the cost of the group is allocated to the individual identifiable assets (including intangible assets that meet the definition of and recognition criteria for intangible assets in AASB 138) acquired and liabilities assumed on the basis of their relative fair values at the date of purchase.

(s) Impairment of Non-Current Assets

The Group assesses at each reporting date whether there is an indication that a non-current asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(t) Issued and Unissued Capital

Ordinary Shares and Performance Shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Share-Based Payments

Equity-settled share-based payments are provided to officers, employees, consultants and other advisors. These share-based payments are measured at the fair value of the equity instrument at the grant date. Fair value is determined using the Binomial option pricing model. Further details on how the fair value of equity-settled share based payments has been determined can be found in Note 19.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of profit or loss and other comprehensive income over the remaining vesting period, with a corresponding adjustment to the share based payments reserve.

Equity-settled share-based payments may also be provided as consideration for the acquisition of assets. Where Ordinary Shares are issued, the transaction is recorded at fair value based on the quoted price of the Ordinary Shares at the date of issue. The acquisition is then recorded as an asset or expensed in accordance with accounting standards.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Use and Revision of Accounting Estimates, Judgements and Assumptions

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Impairment of assets - Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or comparable market transactions less incremental costs for disposing of the asset. Given the nature of the assets held by the group, value in use is not considered appropriate in determining recoverable amount; and

- Share-based payments - The Group initially measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 19.

2. REVENUE AND OTHER INCOME

	Note	2017 $	2016 $
Revenue			
Interest income		**1,120,093**	1,170,522
Other Income			
Net gain on sale of exploration and evaluation assets	15	**-**	141,589
Research and development grant income		**-**	330,913
		-	472,502

3. EXPENSES

	Note	2017 $	2016 $
Depreciation, amortisation and impairment included in statement of comprehensive income			
Depreciation of plant and equipment	8	**-**	258,716
Impairment of plant and equipment	8	**-**	72,363
Amortisation of intangible assets		**-**	14,405
		-	345,484
Employee benefits expense (including KMP)			
Wages and salaries		**228,696**	447,063
Superannuation costs		**14,495**	10,618
Other employee benefits		**-**	64,301
		243,191	521,982
Other expenses			
Net realised and unrealised foreign exchange losses		**13,567**	10,014
		13,567	10,014

4. INCOME TAX

	2017 $	2016 $
Recognised in the statement of comprehensive income		
Current income tax		
Current income tax expense in respect of the current year	**-**	-
Deferred income tax		
Relating to origination and reversal of temporary differences	**-**	-
Income tax reported in the statement of profit or loss and other comprehensive income	**-**	-

(a) Reconciliation between tax expense and accounting profit/(loss) before income tax

	2017 $	2016 $
Accounting loss before income tax	**(1,044,960)**	(828,043)
At the domestic income tax rate of 27.5% (2016: 30%)	**(287,364)**	(248,413)
Effect of decrease in Australian income tax rate	**1,748,422**	-
Effect of different tax rates in foreign jurisdictions	**(3,368)**	(12,757)
Expenditure not allowable for income tax purposes	**413,278**	491,729
Exchange differences on translation of foreign operations	**17,330**	-
Income not assessable for income tax purposes	**-**	(141,751)
Sale of controlled entity	**-**	(1,038,246)
Adjustments in respect of deferred income tax of previous years	**(116,992)**	(118,453)
Movement in deferred tax assets not brought to account	**(1,771,306)**	1,067,891
Income tax expense attributable to profit/(loss)	**-**	-

(b) Deferred Tax Assets and Liabilities

Deferred income tax at balance date relates to the following:

	2017 $	2016 $
Deferred Tax Assets		
Accrued expenditure	**12,100**	10,200
Capital allowances	**2,711,726**	2,645,663
Tax losses	**1,530,745**	1,817,255
Capital losses	**17,603,898**	19,204,253
DTA used to offset DTL	**(56,841)**	(104,437)
Deferred tax assets not brought to account	**(21,801,628)**	(23,572,934)
	-	-
Deferred Tax Liabilities		
Accrued interest	**56,841**	104,437
DTA used to offset DTL	**(56,841)**	(104,437)
	-	-

The benefit of deferred tax assets not brought to account will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Group in realising the benefit.

(c) Tax Consolidation

The Company and its wholly-owned Australian resident entities have formed a tax consolidated group and are therefore taxed as a single entity. The head entity within the tax consolidated group is Equatorial Resources Limited.

5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends have been paid or proposed for the year ended 30 June 2017 (2016: Nil).

	2017 $	2016 $
Franking Credit Balance		
Franking credits available to shareholders of Equatorial Resources Limited for subsequent financial years	**-**	-

6. CASH AND CASH EQUIVALENTS

	2017 $	2016 $
Cash on hand	**268,044**	547,686
Deposits at call	**39,650,000**	39,900,000
	39,918,044	40,447,686

7. TRADE AND OTHER RECEIVABLES

	2017 $	2016 $
Refundable deposits	**82,729**	87,996
Accrued interest	**206,696**	348,124
R&D grant income receivable	**-**	330,913
GST/VAT receivable	**72,900**	65,420
Sundry debtors	**30,426**	44,981
Trade and other receivables	**392,751**	877,434

8. PROPERTY, PLANT AND EQUIPMENT

	2017 $	2016 $
Buildings		
Gross carrying amount - at cost	**111,611**	112,353
Accumulated depreciation and impairment	**(111,611)**	(112,353)
Net carrying amount	**-**	-
Plant and Equipment		
Gross carrying amount - at cost	**801,837**	805,471
Accumulated depreciation and impairment	**(801,837)**	(805,471)
Net carrying amount	**-**	-
Total Property, Plant and Equipment	**-**	-

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Reconciliation of Property, Plant and Equipment:

	Buildings $	Plant & Equipment $	Total $
2017			
Carrying amount at 1 July 2016	**-**	**-**	**-**
Depreciation	**-**	**-**	**-**
Carrying amount at 30 June 2017	**-**	**-**	**-**
2016			
Carrying amount at 1 July 2015	179,266	964,877	1,210,272
Relinquished on sale of controlled entity	(115,016)	(765,540)	(950,736)
Depreciation	(51,747)	(206,969)	(258,716)
Impairment	(23,200)	(49,163)	(72,363)
Foreign exchange movement [1]	10,697	56,795	71,543
Carrying amount at 30 June 2016	-	-	-

Notes:

[1] Foreign exchange movement results from translation from functional currency to presentation currency at reporting date.

9. EXPLORATION AND EVALUATION ASSETS

	2017 $	2016 $
Areas of Interest		
Badondo Iron Project	**2,146,421**	2,146,452
Carrying amount at end of year	**2,146,421**	2,146,452

(a) Reconciliation of movements in carrying amount:

	Note	2017 $	2016 $
Carrying amount at beginning		**2,146,452**	6,261,072
Relinquished on sale of controlled entity	15	**-**	(4,115,044)
Foreign exchange movement [2]		**(31)**	424
Carrying amount at end of year [1]		**2,146,421**	2,146,452

Notes:

[1] The ultimate recoupment of costs carried for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. The carrying values above are based upon the Group's assumption that the exploration licenses will be renewed when required, subject to the company meeting its agreed budgets and work programs.

[2] Foreign exchange movement results from translation from functional currency to presentation currency at reporting date.

10. TRADE AND OTHER PAYABLES

	2017 $	2016 $
Trade creditors	**168,793**	146,845
Accrued expenses	**44,000**	37,847
	212,793	184,692

11. CONTRIBUTED EQUITY

	2017 $	2016 $
Issued capital		
Fully paid ordinary shares: 124,445,353 (2016: 124,445,353)	**177,682,852**	177,682,852

(a) Movements in Ordinary Shares During the Past Two Years

There were no movements in ordinary shares during the 2017 or 2016 financial years.

(b) Rights Attaching to Ordinary Shares

The rights attaching to fully paid Ordinary Shares ("**Ordinary Shares**") arise from a combination of the Company's Constitution, statute and general law. The clauses of the Constitution contain the internal rules of the Company and define matters such as the rights, duties and powers of its shareholders and directors, including provisions to the following effect (when read in conjunction with the Corporations Act 2001 or Listing Rules).

Shares
The issue of shares in the capital of the Company and options over unissued shares by the Company is under the control of the Directors, subject to the Corporations Act 2001, ASX Listing Rules and any rights attached to any special class of shares.

Meetings of Members
Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by the Corporations Act 2001. The Constitution contains provisions prescribing the content requirements of notices of meetings of members and all members are entitled to a notice of meeting. A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of members is 2 shareholders. The Company holds annual general meetings in accordance with the Corporations Act 2001 and the Listing Rules.

Voting
Subject to any rights or restrictions at the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents. On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

Changes to the Constitution
The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

Listing Rules
Provided the Company remains admitted to the Official List, then despite anything in its Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. The Company's Constitution will be deemed to comply with the Listing Rules as amended from time to time.

12. RESERVES

	Note	2017 $	2016 $
Share based payments reserve	12(b)	**-**	8,100
Foreign currency translation reserve	12(e)	**289,711**	287,208
		289,711	295,308

(a) Nature and Purpose of Reserves

Foreign currency translation reserve
Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 1(d). The reserve is transferred to statement of profit or loss and other comprehensive income when the net investment is disposed of.

Share based payments reserve
The share based payments reserve is used to record the fair value of options and performance rights issued by the Group.

(b) Movements in share based payments reserve during the past two years were as follows:

Date	Details	Number of Incentive Options	Number of Performance Rights	$
2017				
1-Jul-16	Opening Balance	**100,000**	**2,305,000**	**8,100**
31-Dec-16	Expiry of Performance Rights	**-**	**(2,305,000)**	**-**
30-Jun-17	Expiry of Incentive Options	**(100,000)**	**-**	**(8,100)**
30-Jun-17	**Closing Balance**	**-**	**-**	**-**
2016				
1-Jul-15	Opening Balance	2,100,000	2,305,000	115,814
16-Dec-15	Expiry of Incentive Options	(2,000,000)	-	(107,714)
30-Jun-16	**Closing Balance**	100,000	2,305,000	8,100

(c) Terms and Conditions of Incentive Options

As at 30 June 2017, there were no Incentive Options on issue (2016: 100,000). During the year, 100,000 Incentive Options (exercisable at $0.24 each on or before 30 June 2017) lapsed upon expiry.

Subsequent to 30 June 2017, the Company issued 500,000 unlisted options (exercisable at $0.35 each and expiring on 30 June 2020) to key consultants and advisors of the Group.

(d) Terms and Conditions of Performance Rights

As at 30 June 2017, there are no Performance Rights on issue (2016: 2,305,000). During the year, 2,305,000 Performance Rights (subject to satisfaction of the Production milestone on or before 31 December 2016) were forfeited due to the relevant performance condition not being satisfied by the relevant expiry date.

(e) Movements in Foreign Currency Translation Reserve During the Past Two Years Were as Follows:

	2017 $	2016 $
Foreign Currency Translation Reserve		
Balance at 1 July	**287,208**	740,646
Exchange differences on translation of foreign operations	**2,503**	58,683
Exchange differences transferred to profit or loss on disposal of subsidiary	**-**	(512,121)
Balance at 30 June	**289,711**	287,208

13. ACCUMULATED LOSSES

	2017 $	2016 $
Balance at 1 July	**(134,691,280)**	(133,970,951)
Net loss for the year	**(1,044,960)**	(828,043)
Expiry of Incentive Options transferred to Accumulated Losses	**8,100**	107,714
Balance at 30 June	**(135,728,140)**	(134,691,280)

14. CASH FLOW STATEMENT

(a) Reconciliation of the Net Loss after Tax to the Net Cash Flows from Operations

	2017 $	2016 $
Loss for the year attributable to members of the parent	**(1,044,960)**	(828,043)
Adjustment for non-cash income and expense items		
Depreciation and amortisation	**-**	273,121
Net gain on sale of exploration and evaluation assets	**-**	(141,589)
Impairment of plant and equipment	**-**	72,363
Net foreign exchange loss	**2,369**	8,207
Change in operating assets and liabilities		
Decrease/(increase) in trade and other receivables	**484,683**	(246,933)
Increase/(decrease) in trade and other payables	**28,266**	(562,415)
Net cash outflow from operating activities	**(529,642)**	(1,425,289)
Reconciliation of Cash		
Cash and cash equivalents	**39,918,044**	40,447,686
	39,918,044	40,447,686

15. SALE OF EXPLORATION AND EVALUATION ASSETS

2016

On 3 November 2015, the Group sold its Mayoko-Moussondji Iron Project to Midus Global Limited. The sale occurred by Midus Global Limited acquiring 100% of Equatorial's wholly-owned subsidiary Congo Mining Ltd SARL ("CML"), which is the legal and beneficial owner of the Mayoko-Moussondji Iron Project.

The total consideration paid by Midus Global Limited to the Group to acquire 100% of CML was A$5,000,000 in cash and a mineral royalty equal to 2% of the receipts from sales of all iron ore extracted, produced, or sold from any mining operations at Mayoko-Moussondji. In addition, a retention sum of A$267,426 was withheld from the purchase price at completion and retained by Midus Global Limited to cover any outstanding liabilities of CML, with any excess to be returned to Equatorial once all liabilities have been settled.

(a) Gain on sale of exploration and evaluation assets

	2016 $
Consideration received	
Cash consideration received, net of retention sum	4,732,574
2% mineral royalty [1]	-
Total value of consideration received on sale	4,732,574
Less: Net assets relinquished	
Exploration and evaluation assets	(4,115,044)
Trade and other receivables	(40,322)
Property, plant and equipment	(950,736)
Intangible assets	(31,306)
Bank overdraft	10,213
Trade and other payables	211,000
Provisions	7,059
Foreign currency translation reserve transferred to profit or loss on sale	512,121
Net assets relinquished on sale	(4,397,015)
Less: Transaction costs	(193,970)
Consolidated gain on sale of exploration and evaluation assets	141,589

Notes:

1 No value was attributed to the royalty based on a probability weighted discounted cash flow model (level 3 in the fair value hierarchy). The Directors were unable, based on the available information, to say that it was probable that any amount would be received.

(b) Net cash inflow on sale of exploration and evaluation assets

	2016 $
Cash consideration received, net of retention sum	4,732,574
Bank overdraft relinquished on sale	10,213
Less: Transaction costs	(193,970)
Net cash inflow on sale of exploration and evaluation assets	4,548,817

16. EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share;

	2017 $	2016 $
Basic Earnings:		
Net (loss) used in calculating basic and diluted earnings per share:	**(1,044,960)**	(828,043)

	Number of Ordinary Shares 2017	Number of Ordinary Shares 2016
Weighted average number of Ordinary Shares	**124,445,353**	124,445,353

(a) Non-Dilutive Securities

As at balance date, the Company had no Incentive Options or Performance Rights on issue.

(b) Conversions, Calls, Subscriptions or Issues after 30 June 2017

Since 30 June 2017, the Company has issued 500,000 unlisted options (exercisable at $0.35 each and expiring on 30 June 2020) to key consultants and advisors of the Group.

Other than as outlined above, there have been no conversions to, calls of, or subscriptions for Ordinary Shares or issues of potential Ordinary Shares since the reporting date and before the completion of this financial report.

17. RELATED PARTIES

(a) Subsidiaries

		% Equity Interest	
Name	Country of Incorporation	2017 %	2016 %
Equatorial Exploration Pty Ltd	Australia	**100**	100
Equatorial (ROC) Pty Ltd	Australia	**100**	100
EEPL Holdings	Mauritius	**100**	100
Congo Mining Exploration Ltd SARL	Republic of Congo	**100**	100
Equatorial (Africa) Pty Ltd *	Australia	**100**	100
Equatorial Resources Pte. Ltd *	Singapore	**100**	100
Titan Resources Pte. Ltd *	Singapore	**100**	100
PT Krypton Mining *	Indonesia	**51**	51
PT Mustang Mining *	Indonesia	**70**	70
Equatorial (Gabon) Limited *	Gabon	**100**	100

* Dormant subsidiary

(b) Ultimate Parent

Equatorial Resources Limited is the ultimate parent of the Group.

17. RELATED PARTIES (Continued)

(c) Key Management Personnel

	2017 $	2016 $
Short-term employee benefits	**120,000**	306,764
Post-employment benefits	**11,400**	10,618
	131,400	317,382

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2017 (2016: Nil).

Apollo Group Pty Ltd, a company of which Mr Mark Pearce is a director and beneficial shareholder, was paid or is payable $240,000 (2016: $240,000) for the provision of serviced office facilities and administrative, accounting and company secretarial services during the year. The amount is based on a monthly retainer due and payable in advance, with no fixed term, and the agreement may be terminated by either party with one month's notice.

Further details relating to Key Management Personnel, including remuneration details and equity holdings are included in the Remuneration Report.

(d) Transactions with Related Parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

18. PARENT ENTITY DISCLOSURES

	2017 $	2016 $
Financial Position		
Assets		
Current Assets	**40,310,710**	41,325,117
Non-Current Assets	**2,145,993**	2,121,645
Total Assets	**42,456,703**	43,446,762
Liabilities		
Current Liabilities	**212,280**	159,882
Total Liabilities	**212,280**	159,882
Equity		
Contributed equity	**177,682,852**	177,682,852
Accumulated losses	**(135,438,429)**	(134,404,072)
Share based payments reserve	**-**	8,100
Total Equity	**42,244,423**	43,286,880
Financial Performance		
Loss for the year	**(1,042,457)**	(1,173,767)
Other comprehensive income	-	-
Total comprehensive loss	**(1,042,457)**	(1,173,767)

(a) Other information

The Company has not entered into any guarantees in relation to its subsidiaries. Refer to Note 23 for details of contingent assets and liabilities.

19. SHARE-BASED PAYMENTS

(a) Recognised Share-based Payment Expense

From time to time, the Group provides Incentive Options or Performance Rights to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options or rights granted, and the terms of the options or rights granted are determined by the Board. Shareholder approval is sought where required.

During the past two years, no share-based payments have been recognised.

(b) Summary of Incentive Options and Performance Rights granted as Share-Based Payments

No Incentive Options or Performance Rights were granted as share-based payments during the 2017 or 2016 financial year.

The following table illustrates the number and weighted average exercise prices (WAEP) of Incentive Options and Performance Rights granted as share-based payments at the beginning and end of the financial year:

	2017 Number	2017 WAEP	2016 Number	2016 WAEP
Outstanding at beginning of year	**2,405,000**	**$0.01**	4,405,000	$0.21
Forfeited/lapsed/expired during the year	**(2,405,000)**	**$0.01**	(2,000,000)	$0.46
Outstanding at end of year	**-**	**-**	2,405,000	$0.01

(c) Weighted Average Remaining Contractual Life

At 30 June 2017, the Company had no Incentive Options or Performance Rights on issue.

At 30 June 2016, the weighted average remaining contractual life of Incentive Options and Performance Rights on issue that had been granted as share-based payments was 0.52 years.

(d) Range of Exercise Prices

At 30 June 2017, the Company had no Incentive Options or Performance Rights on issue.

At 30 June 2016, the range of exercise prices of Incentive Options and Performance Rights on issue that had been granted as share-based payments was nil to $0.24.

(e) Weighted Average Fair Value

No Incentive Options or Performance Rights were granted as share-based payments by the Group during the 2017 or 2016 financial years.

(f) Option and Rights Pricing Model

The fair values of the equity-settled Incentive Options and Performance Rights granted are estimated as at the date of grant using the Binomial option valuation model taking into account the terms and conditions upon which the options and rights were granted.

No Incentive Options or Performance Rights were granted as share-based payments during the 2017 or 2016 financial years.

20. AUDITORS' REMUNERATION

The auditor of Equatorial Resources Limited is Ernst & Young.

	2017 $	2016 $
Amounts received or due and receivable by Ernst & Young (Australia) for:		
• an audit or review of the financial report of the Company and any other entity in the consolidated group	**27,810**	27,000
• taxation and advisory services provided to the Company and any other entity in the consolidated group	**5,474**	49,637
	33,284	76,637

21. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity operates in one segment, being mineral exploration. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

(a) Reconciliation of non-current assets by geographical location

	2017 $	2016 $
Australia	**-**	-
Republic of Congo	**2,146,421**	2,146,452
	2,146,421	2,146,452

Non-Current Assets for this purpose consist of exploration and evaluation assets.

(b) Reconciliation of revenues by geographical location

	2017 $	2016 $
Australia	**1,120,093**	1,170,522
Republic of Congo	**-**	-
	1,120,093	1,170,522

Revenues for this purpose consist of interest income.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Overview

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure to or management of these risks.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. Key risks are monitored and reviewed as circumstances change (e.g. acquisition of a new project) and policies are revised as required. The overall objective of the Group's financial risk management policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the Group does not enter into derivative transactions to mitigate the financial risks. In addition, the Group's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the Group's operations change, the Directors will review this policy periodically going forward.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing the Group's financial risks as summarised below.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents and trade and other receivables.

The carrying amount of the Group's financial assets represents the maximum credit risk exposure, as represented below:

	2017 $	2016 $
Cash and cash equivalents	**39,918,044**	40,447,686
Trade and other receivables	**392,751**	877,434
	40,310,795	41,325,120

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit Risk (Continued)

With respect to credit risk arising from cash and cash equivalents and trade and other receivables, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Where possible, the Group invests its cash and cash equivalents with banks that are rated the equivalent of investment grade and above. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant customers and accordingly does not have any significant exposure to bad or doubtful debts. Trade and other receivables at 30 June 2017 are comprised primarily of accrued interest income. Where possible the Group trades only with recognised, creditworthy third parties. Trade and other receivables are expected to be collected in full and the Group has no history of credit losses.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due. As at 30 June 2017 and the date of this report, the Group has sufficient liquid assets to meet its financial obligations.

The contractual maturities of financial liabilities, including estimated interest payments for the Group, are provided below. There are no netting arrangements in respect of financial liabilities.

	≤6 Months $	6-12 Months $	1-5 Years $	≥5 Years $	Total $
2017					
Financial Liabilities					
Trade and other payables	**212,793**	**-**	**-**	**-**	**212,793**
	212,793	**-**	**-**	**-**	**212,793**
2016					
Financial Liabilities					
Trade and other payables	184,692	-	-	-	184,692
	184,692	-		-	184,692

(d) Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to cash and short-term deposits with a floating interest rate.

These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables and payables are non-interest bearing.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2017 $	2016 $
Interest-bearing financial instruments		
Cash and cash equivalents	**39,918,044**	40,447,686
	39,918,044	40,447,686

The Group's cash at bank and on hand and short-term deposits had a weighted average floating interest rate at year end of 2.55% (2016: 3.06%).

The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Interest Rate Risk (Continued)

Interest rate sensitivity

A sensitivity of 1% (100 basis points) has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 1% (100 basis points) movement in interest rates at the reporting date would have increased/(decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as in 2016.

	Effect on Profit or loss	
	+ 100 basis points $	- 100 basis points $
2017		
Cash and cash equivalents	**399,180**	**(398,176)**
2016		
Cash and cash equivalents	404,477	(403,708)

(e) Foreign Currency Risk

As a result of activities overseas, the Group's statement of financial position can be affected by movements in exchange rates. The Group also has transactional currency exposures. Such exposure arises from transactions denominated in currencies other than the functional currency of the Company.

The Group currently does not engage in any hedging or derivative transactions to manage foreign currency risk.

At the reporting date, the Group does not have any material exposure to financial instruments denominated in foreign currencies.

(f) Commodity Price Risk

The Group is exposed to commodity price risk. These commodity prices can be volatile and are influenced by factors beyond the Group's control. As the Group is currently engaged in exploration and business development activities, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

(g) Capital Management

The Group defines its capital as total equity of the Group, being $42,244,423 as at 30 June 2017 (2016: $43,286,880). The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while financing the development of its projects through primarily equity based financing. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of development of the Group, the Board's objective is to minimise debt and to raise funds as required through the issue of new shares.

The Group is not subject to externally imposed capital requirements.

There were no changes in the Group's approach to capital management during the year. During the next 12 months, the Group will continue to explore project financing opportunities, including searching for a strategic partner.

(h) Fair Value

The net fair value of financial assets and financial liabilities approximates their carrying value.

23. CONTINGENT ASSETS AND LIABILITIES

(a) Contingent Assets

As at the date of this report, no contingent assets had been identified in relation to the 30 June 2017 financial year.

(b) Contingent Liabilities

As at the date of this report, no contingent liabilities had been identified in relation to the 30 June 2017 financial year.

24. EVENTS SUBSEQUENT TO BALANCE DATE

(i) On 1 September 2017, the Company issued 500,000 unlisted options (exercisable at $0.35 each and expiring on 30 June 2020) to key consultants and advisors of the Group.

Other than as outlined above, at the date of this report there are no matters or circumstances which have arisen since 30 June 2017 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2017, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2017, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2017, of the Consolidated Entity.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Equatorial Resources Limited:

1. In the opinion of the Directors:

   (a) the attached financial statements, notes and the additional disclosures included in the Directors' report designated as audited, are in accordance with the Corporations Act 2001, including:

      (i) section 296 (compliance with accounting standards and Corporations Regulations 2001); and

      (ii) section 297 (gives a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Company and consolidated group); and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements.

3. The Directors have been given a declaration required by section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

On behalf of the Board

MARK PEARCE
Director

7 September 2017

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Independent auditor's report to the Members of Equatorial Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Equatorial Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters (KAM) are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

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1. Exploration and evaluation assets

Why significant	How our audit addressed the KAM
The carrying value of exploration and evaluation assets is subjective as it is based on the Group's ability, and intention, to continue to explore the asset. The carrying value may also be impacted by the results of exploration work indicating that the mineral reserves may not be commercially viable for extraction. This creates a risk that the amounts stated in the financial report may not be recoverable. Refer to Note 9 – *Exploration and evaluation assets* to the financial report for the amounts held on the consolidated statement of financial position by the Group as at 30 June 2017 and related disclosures.	We evaluated the Group's assessment of the carrying value of exploration and evaluation assets. In performing our procedures, we: ▶ considered the Group's right to explore in the relevant exploration area, which included obtaining and assessing supporting documentation such as licence agreements and correspondence with relevant government agencies ▶ considered the Group's intention to carry out further exploration and evaluation activity in the relevant exploration area, which included an assessment of the Group's cash-flow forecast model, discussions with senior management and Directors as to the intentions and strategy of the Group ▶ considered whether the Group had made an assessment that technical and commercial viability of extracting mineral resources had been demonstrated in considering whether it was appropriate to continue to classify the capitalised mineral exploration and evaluation expenditure as an exploration and evaluation asset We have also assessed the adequacy of the disclosures in Note 1(i) and 9.

Information other than the financial report and auditor's report

The directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 6 to 9 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Equatorial Resources Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

G H Meyerowitz
Partner
Perth
7 September 2017

CORPORATE GOVERNANCE

Equatorial Resources Limited and the entities it controls believe corporate governance is important for the Company in conducting its business activities.

The Board of Equatorial has adopted a suite of charters and key corporate governance documents which articulate the policies and procedures followed by the Company. These documents are available in the Corporate Governance section of the Company's website, www.equatorialresources.com.au. These documents are reviewed annually to address any changes in governance practices and the law.

The Company's Corporate Governance Statement 2017, which explains how Equatorial complies with the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 3rd Edition' in relation to the year ended 30 June 2017, is available in the Corporate Governance section of the Company's website, www.equatorialresources.com.au and will be lodged with ASX together with an Appendix 4G at the same time that this Annual Report is lodged with ASX.

In addition to the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 3rd Edition' the Board has taken into account a number of important factors in determining its corporate governance policies and procedures, including the:

- relatively simple operations of the Company, which currently only undertakes mineral exploration and development activities;
- cost verses benefit of additional corporate governance requirements or processes;
- size of the Board;
- Board's experience in the resources sector;
- organisational reporting structure and number of reporting functions, operational divisions and employees;
- relatively simple financial affairs with limited complexity and quantum;
- relatively small market capitalisation and economic value of the entity; and
- direct shareholder feedback.

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 31 August 2017.

1. Twenty Largest Shareholders

The names of the twenty largest shareholders are listed below:

Name	Number of Ordinary Shares	Percentage of Ordinary Shares
HSBC Custody Nominees <Australia>	15,827,814	12.72
Zero Nominees Pty Ltd	11,537,551	9.27
Mr Mark Stuart Savage <Mark Savage Revocable A/C>	7,583,058	6.09
AWJ Family Pty Ltd <Angus W Johnson Family A/C>	7,482,538	6.01
Arredo Pty Ltd	6,210,000	4.99
Mr John Paul Welborn + Ms Caroline Anne Welborn <Welborn Family A/C>	4,500,000	3.62
DRFT Management Pty Ltd <D Roberts Invest No2 A/C>	2,977,400	2.39
Dog Meat Pty Ltd <DM A/C>	2,700,000	2.17
Pentera Trustees Limited <The Clarke Family Trust A/C>	2,357,520	1.89
North Asia Metals Ltd	2,272,362	1.83
J P Morgan Nominees Australia Limited	2,186,053	1.76
Norfolk Enchants Pty Ltd <Trojan Retirement Fund A/C>	1,900,000	1.53
Mr Florent Deckous Koukoumina	1,630,000	1.31
Inkese Pty Ltd	1,600,000	1.29
Bouchi Pty Ltd	1,533,500	1.23
Sunset Capital Management Pty Ltd <Sunset Superfund A/C>	1,500,000	1.21
Angus William Johnson + Lindy Johnson <The Dena Super Fund A/C>	1,433,765	1.15
Bnp Paribas Noms Pty Ltd <DRP>	1,303,260	1.05
Mr John Paul Welborn	1,240,000	1.00
Mrs Susan Maree Whiting	1,100,000	0.88
Total Top 20	**78,874,821**	**63.38**
Others	45,570,532	36.62
Total Ordinary Shares on Issue	**124,445,353**	**100.00**

2. Distribution of Equity Securities

Analysis of numbers of holders by size of holding:

Distribution	Ordinary Shares	
	Number of Shareholders	Number of Shares
1 – 1,000	869	200,441
1,001 – 5,000	208	598,747
5,001 – 10,000	118	925,666
10,001 – 100,000	282	11,560,098
More than 100,000	116	111,160,401
Totals	**1,593**	**124,445,353**

There were 889 holders of less than a marketable parcel of ordinary shares.

ASX ADDITIONAL INFORMATION (Continued)

3. Voting Rights

See Note 11(b) of the Notes to the Financial Statements.

4. Substantial Shareholders

Substantial Shareholder notices have been received from the following:

	Number of Shares
BlackRock Group	10,002,091
Westoz Funds Management Pty Ltd	8,300,000

5. On-Market Buy Back

There are currently no on-market buyback programs for any of Equatorial Resources Limited's listed securities.

6. Unquoted Securities

As at 31 August 2017, the Company had no unlisted securities on issue.

7. Mineral Resources Statement

As at 31 August 2017, the Company has no reported Mineral Resources or Ore Reserves for its exploration projects.

8. Exploration Interests

As at 31 August 2017, the Company has an interest in the following tenements in the Republic of Congo:

Project Name	Tenement Type	Tenement Number	Percentage Interest	Status
Badondo Iron Project	Exploration Licence	Decree No. 2015-984	100%	Granted

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