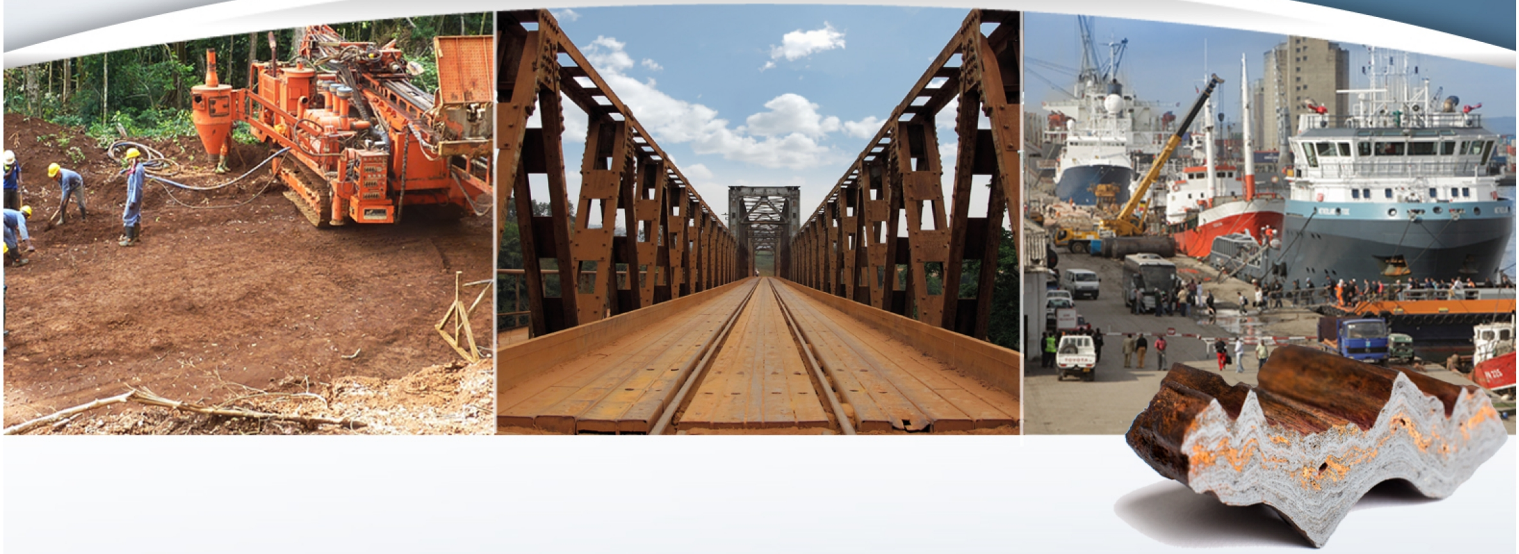

INTERIM FINANCIAL REPORT

For the half year ended 31 December 2014

ASX : EQX

ABN : 50 009 188 694

Equatorial Resources Limited
Level 2, BGC Centre
28 The Esplanade
PERTH WA 6000

CORPORATE INFORMATION

Directors

Ian Middlemas – Chairman
John Welborn – Managing Director and Chief Executive Officer
Mark Pearce – Non-Executive Director
Peter Woodman – Non-Executive Director

Company Secretary

Greg Swan

Registered Office

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London Office

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Share Register

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Stock Exchange

Australian Securities Exchange (ASX)
Home Branch – Perth
2 The Esplanade
Perth WA 6000

ASX Code

EQX – Fully paid Ordinary Shares

Bankers

Australia and New Zealand Banking Group Limited

Solicitors

Hardy Bowen Lawyers

Auditors

Ernst & Young

Website Address

www.equatorialresources.com.au

CONTENTS

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Equatorial Resources Limited for the year ended 30 June 2014 and any public announcements made by Equatorial Resources Limited and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Directors of Equatorial Resources Limited present the consolidated financial report of Equatorial Resources Limited ("**Company**" or "**Equatorial**" or "**EQX**") and the entities it controlled during the half year ended 31 December 2014 ("**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 John Welborn – Managing Director and Chief Executive Officer
Mr Mark Pearce – Non-Executive Director
Mr Peter Woodman – Non-Executive Director

All Directors held their office from 1 July 2014 until the date of this report.

REVIEW OF OPERATIONS

During the half year, Equatorial continued to advance the exploration and development of its two 100% owned iron projects in the Republic of Congo ("ROC"). The Mayoko-Moussondji Iron Project ("Mayoko-Moussondji"), located in the Niari department in the southwest region of the ROC, has access to a railway line running directly to the deep-water port of Pointe-Noire (refer Figure 1). The Badondo Iron Project ("Badondo"), located in the Sangha department in the northwest region of the ROC, is located within a regional cluster of world-class iron ore exploration projects including Sundance Resources Limited's (ASX: SDL) ("Sundance") Mbalam project, Core Mining's ("Core") Avima project and the Belinga project in Gabon (refer Figure 3). Reacting to the continued adverse market environment for iron ore development projects, Equatorial has confirmed its 100% ownership position during the reporting period, of both Mayoko-Moussondji and Badondo and taken action to secure long term tenure while reducing the Company's cost footprint. The Board will continue to investigate funding opportunities, including collaboration and partnership with strategic investors, in order to maximise the value of Mayoko-Moussondji for shareholders.

MAYOKO-MOUSSONDJI IRON PROJECT

Mayoko-Moussondji currently has Probable Ore Reserves of 38.5 million tonnes ("Mt") at 42.01% Fe, and total Indicated and Inferred Resources of 917Mt at 31.4% Fe, which includes a Hematite Resource of 182Mt at 35.7% Fe. The near surface Hematite Resource mineralisation has been shown to readily upgrade, using simple processing techniques, to produce "Mayoko Premium Fines", a 64.1% Fe product.

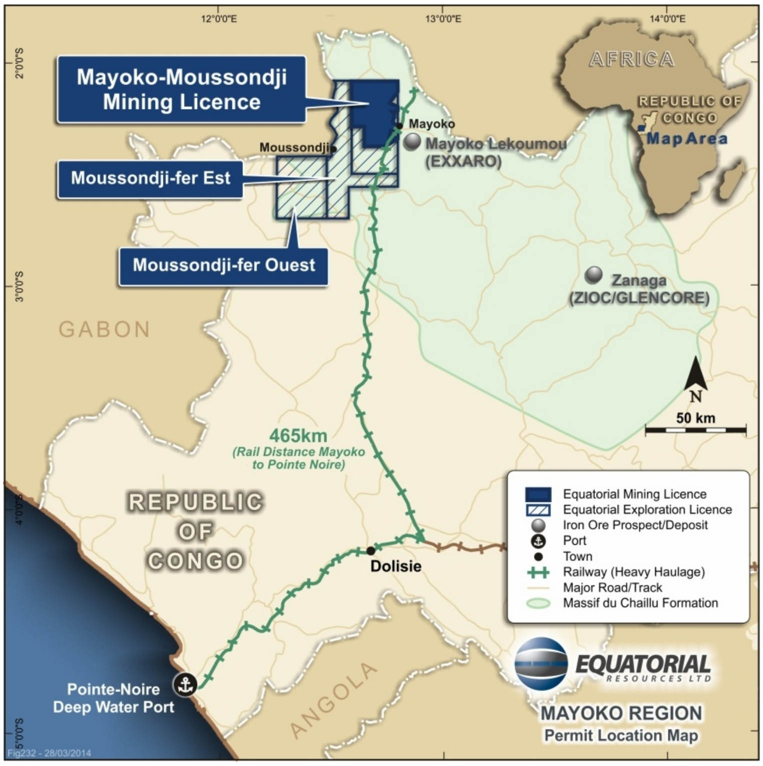


Figure 1: Equatorial's permit locations in the Mayoko region including the Mayoko-Moussondji Mining Licence

Signature of Mining Convention Agreement

On 10 December 2014, Equatorial announced that the Company and the ROC Government had signed a Mining Convention Agreement ("Mining Convention") for Mayoko-Moussondji. Signing of the Mining Convention follows the granting of a 25 year Mining Licence for the Project in March 2014 (refer ASX Announcement 31 March 2014).

The Mining Convention, Rail Agreement and Port Agreement were signed at an official government ceremony in Brazzaville on 9 December 2014. In attendance were several ministers and other senior members of the ROC Government and Equatorial's Managing Director & CEO, Mr John Welborn.

The Mining Convention defines the fiscal rights and responsibilities of both the government and the holder with respect to the operation of the relevant Mining Licence. The negotiation of a Mining Licence and Mining Convention is carried out on an individual basis between the ROC Government and each mining company and is guided by the terms of the ROC Mining Code ("Mining Code"), the specific attributes of the mining project, and the precedent of previously granted conventions and legislation. The Mining Code has a number of favourable terms for miners. The government is entitled to a 3% royalty on revenues and a 10% free interest in the mining project.

The corporate tax rate for mining companies in the ROC is normally 30% and the Mining Convention allows mining companies to negotiate various tax and investment incentives. The key benefits and advantages provided to Equatorial within the signed Mining Convention, the Rail Agreement and the Port Agreement are:

- A 25-year unrestricted right to mine all forms of iron ore within the Mining Licence area which is renewable for further terms of 15 years;
- Access to the railway and port facilities for an initial period of 25 years with guaranteed capacity commencing at 500,000 tonnes per annum in year 1 and increasing to 12Mt per annum in year seven;
- The ROC Government to participate as a shareholder;
- Equatorial will have access to the lowest priced fuel in the ROC at a subsidized rate established by statute; and
- Taxation concessions, benefits, and exemptions including;
    - Total corporate tax holiday for the first five years of production;
    - A reduced corporate tax rate of 7.5% for a further five years;
    - A maximum corporate tax rate of 15% for the remaining period of the Mining Convention;
    - Various advantageous treatments of depreciation and deductions;
    - Exemption from Value Added Tax on imports required for mining operations;
    - No fees, levies, or taxes charged in respect of the export of iron ore; and
    - Reduced customs regime during the construction period.

The Mining Convention is subject to conditions precedent including the official granting to Equatorial of access to the mining area, the signing of various implementation agreements, the publication of the ratifying law in the official gazette of the ROC, and other standard terms of the Mining Code including ratification by the ROC Parliament.

Completion of Pre-Feasibility Study

On 25 November 2014, Equatorial announced the results of a Pre-Feasibility Study ("PFS") for Mayoko-Moussondji, reported in accordance with the JORC Code (2012). The PFS was prepared by WorleyParsons Services Pty Limited ("WorleyParsons") and Orelogy Pty Ltd ("Orelogy"), and incorporates an updated mine plan based on a maiden Ore Reserve Estimate generated from the upgraded resource of near surface hematite material, rail and port advancements, and other Project refinements since the completion of the Scoping Study for Mayoko-Moussondji in July 2013. The PFS work also successfully investigated the opportunity to reduce the Project's capital requirements through the use of leasing and build own operate ("BOO") contracting solutions.

Production Profile

The PFS for Mayoko-Moussondji is based on the staged development of a 2.5 million tonnes per annum ("Mtpa") hematite fines product operation, commencing with a production rate of 1.0Mtpa in Year 1 and ramping up to 2.5Mtpa in the fourth year of operation.

It is expected that with further targeted drilling the resource will continue to grow with the upgrading of Inferred Mineral Resources into Indicated Mineral Resources and this will either be used to extend the mine life and/or to drive higher production volumes in the future.

High Quality Product – 64.1% Fe Mayoko Premium Fines

The PFS flow sheet is designed to process both colluvial and friable hematite ore types from Mayoko-Moussondji and produce a premium fines iron product with low impurities, through simple processing techniques with high overall mass recovery. The excellent chemical and physical properties of Mayoko Premium Fines are expected to demand premium pricing relative to the 62% Fe index price.

Mayoko-Moussondji Iron Project Mayoko Premium Fines Target Product Specifications						
Fe %	SiO_2 %	Al_2O_3 %	P %	S %	TiO_2 %	LOI_{1000}
64.1	4.5	2.3	0.077	0.015	<0.07	2.2

Table 1: Mayoko Premium Fines Target Product Specifications

Maiden Ore Reserve Estimate

The maiden Ore Reserve Estimate for Mayoko-Moussondji totals 38.5Mt at 42.01% Fe and is classified as a Probable Ore Reserve Estimate (refer Table 2 below).

Mayoko-Moussondji Iron Project Probable Ore Reserve Estimate - October 2014							
Reserve Class	Tonnage (Mt)	Fe grade (%)	SiO_2 grade (%)	Al_2O_3 grade (%)	P grade (%)	LOI (%)	S grade (%)
Probable	38.5	42.01	21.57	7.79	0.062	5.62	0.047
Note: Totals may not add up due to rounding. All Material is reported at 20% Fe cut-off grade. The Ore Reserves contain only Indicated Mineral Resource classifications which are detailed in Table 6 of this Announcement.							

Table 2: Probable Ore Reserve Estimate

The Ore Reserve Estimate has been reported in accordance with the JORC Code (2012) and has been prepared by Mr Aleksandar Mihailovic, a Senior Mining Engineer at Orelogy, who is a Competent Person and member of the Australasian Institute of Mining and Metallurgy. The Ore Reserve Estimate has been generated from the PFS mine plan which is based entirely on Indicated Hematite Mineral Resource comprising 55Mt at 39.3% Fe and does not take into account Inferred Hematite Mineral Resources of 127Mt that, upon further drilling, have the potential to be converted to the Indicated category and significantly increase mine life beyond the initial 8.5 years.

Capital Costs

The capital cost required to achieve 2.5Mtpa is estimated at US$181.16 million. This translates to a capital intensity figure of US$72/t which is low when compared with other iron ore developments globally, as demonstrated below in Figure 2.

The capital cost estimates include a 15% contingency on all items. A summary of the schedule of capital expenditure is shown in Table 3 below:

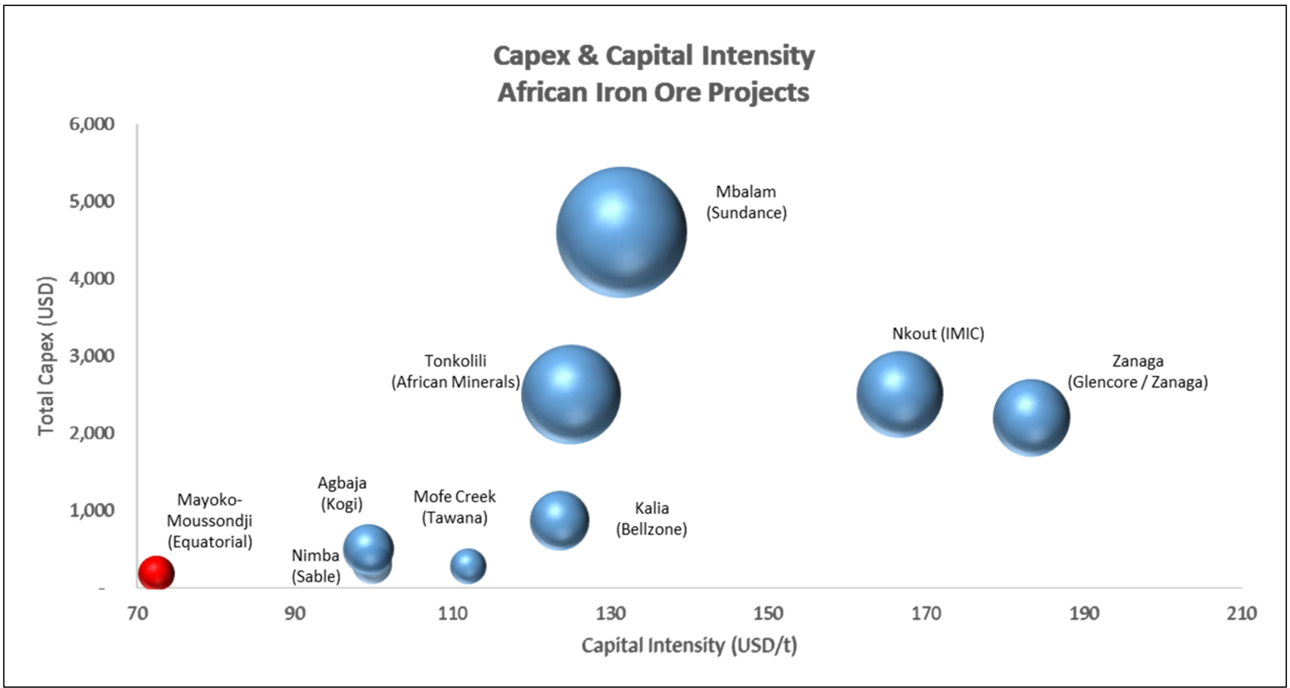
MAYOKO-MOUSSONDJI IRON PROJECT			WorleyParsons resources & energy
Year	Production	Capacity	Incremental Capex Total (USD)
1	1.0 Mtpa	1.5 Mtpa	134.48 M
2	1.5 Mtpa	1.5 Mtpa	13.23 M
3	2.0 Mtpa	2.0 Mtpa	23.99 M
4	2.5 Mtpa	2.5 Mtpa	9.46 M
TOTAL			**181.16 M**

Table 3: Capital Cost Summary by Year

The capital cost estimates are presented in US dollars with a base date of second quarter 2014 and they carry an expected accuracy range of <+/-30%.

Equatorial has assumed the leasing of all major components of rail rolling stock, laboratories and power requirements. Total leased capital over the Life Of Mine ("LOM") was estimated at US$121.7 million. Leasing costs for these items have been included in operating costs (see Table 4).

Sustaining capital was estimated at US$22.0 million over the LOM and excludes any escalation as well as the mine closure allowance estimate of US$8 million.



Source: Published Company data

Figure 2: African Iron Ore Projects – Capital Required and Capital Intensity

Operating Costs

The operational LOM is 8.5 years with a total production schedule of 18Mt of Mayoko Premium Fines produced at an average LOM operational cost of US$39.93/t "Free on Board" ("FOB") Pointe-Noire, including LOM lease costs of US$7.99/t.

MAYOKO-MOUSSONDJI IRON PROJECT						WorleyParsons resources & energy
Description	**Overall**	**Mining**	**Process**	**G&A**	**Rail**	**Port**
LOM Average	$39.93/t	$13.21/t	$7.16/t	$2.34/t	$14.35/t	$2.88/t

Table 4: Life of Mine Operating Cost Summary

The operating cost estimates are presented in US dollars with a base date of second quarter 2014 and they carry an expected accuracy range of <+/-30%.

Positive Financials

PFS results confirmed the technical and economic viability of Mayoko-Moussondji and demonstrated the potential for strong operating cash margins.

Cash flow modelling of Mayoko-Moussondji showed a post-tax, 100% equity (no financing) net present value ("NPV") of US$115M (at a discount rate of 10%) with total earnings before interest, tax, depreciation and amortisation ("EBITDA") cash flows over the PFS 8.5 year project life of US$551M. The cash flow model utilises real dollars and therefore does not factor any inflationary impacts on revenue, operating and capital costs and uses an industry standard 10% discount rate. This generated a post-tax internal rate of return ("IRR") of 25.1%.

Financial Results (Post-tax without financing) (Sales to China only)	Discount Rate	Result
Net Present Value	10%	US$115M
	8%	US$145M
	12%	US$90M
Internal Rate of Return (post tax)		25.1%
Pay Back (nominal)		4 years
EBITDA (average at steady state)		US$89M pa
Gross Margin (per tonne steady state)		US$34/t

Table 5: Financial Results Summary

Upside Potential

Equatorial has identified areas for potential economic improvement as follows:

- Significant potential exists to increase mine life with the conversion of Inferred Mineral Resource into Indicated Mineral Resource based on targeted additional drilling. The Indicated Hematite Mineral Resource that was used to support the PFS mine plan represents only 30% of total Hematite Mineral Resource (Inferred & Indicated).
- Potential exists to continue to increase the resource base at Mayoko-Moussondji in future if required. Drilling has been completed over only 21km of more than 46km of identified magnetic strike at the Project.

Market Conditions and the Pathway Forward

The slowing of demand growth for steel in China, combined with the significant growth in supply of iron ore from the world's biggest miners, has resulted in a sustained fall in the price of iron ore. Spot prices for iron ore declined by approximately 50% during calendar year 2014 and are already down a further 16% in 2015 to the lowest levels seen in the last five years.

The decline in iron ore pricing has placed enormous pressure on iron ore development projects with the global cost curve likely to be restructured as a result. Only projects with low capital intensity, a competitive operating cost, and strong stakeholder support will attract funding and justify development in the current economic outlook.

In this environment, the advantages of Mayoko-Moussondji's access to existing infrastructure, which drives low capital intensity, the ability to produce a high quality iron ore product at a competitive cost, and the strong support of the ROC government for project development, position the Project as an exception with the economic potential to justify development.

Having successfully been granted a 25 year Mining Licence, negotiated and signed the related Mining Convention, and completed the PFS and secured all key government and environmental permits, Equatorial has secured long term tenure and 100% ownership of Mayoko-Moussondji. The Company is in a strong position to react to current market conditions and position the Project for future value creation. Having completed the Company's technical study program and secured required permitting, Equatorial has been able to scale back activity and reduce the cost footprint of the asset. The Board will continue to investigate funding opportunities, including collaboration and partnership with strategic investors, in order to maximise the value of Mayoko-Moussondji for shareholders.

BADONDO IRON PROJECT

Equatorial's 100% owned Badondo Iron Project is located within an emerging cluster of world class iron projects including Sundance's Mbalam-Nabeba project, Core's Avima project and Gabon's Belinga project (refer Figure 3).

Figure 3: Badondo Project Location Map

Badondo has an estimated direct shipping ore ("DSO") Hematite Exploration Target of between 370Mt and 620Mt at a grade of between 58% and 67% Fe as part of a Total Exploration Target of 2.8 to 4.6 billion tonnes at a grade of between 35% and 67% Fe. It should be noted that the potential quantity and grade of the Exploration Target is conceptual in nature, that there has been insufficient exploration to estimate a Mineral Resource, and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Badondo Options Study

Equatorial has commenced an options study to determine the potential for a low-capital initial operation at Badondo based on the Project's high grade DSO potential. The development option would focus on the production of high grade, near surface DSO with transportation based on new regional road infrastructure currently being constructed by the ROC and Gabon governments and/or shared use of new rail infrastructure planned for the region. Equatorial has initiated discussions with regional iron ore development companies to assess the potential to develop shared rail and road transport infrastructure into the region.

Badondo remains a key regional asset with significant value potential. The downturn in global iron ore prices has resulted in Equatorial delaying plans for a more extensive resource drilling campaign. Equatorial continues to explore opportunities for regional collaboration and partnership.

HEALTH AND SAFETY PERFORMANCE

Equatorial is committed to achieving the highest performance in occupational health and safety to create and maintain a safe and healthy environment at company sites and workplaces for all personnel and contractors. The Company has adopted detailed health, safety, environment and security policies.

The Company did not suffer any Lost Time Injuries ("LTI's") during the period at Mayoko-Moussondji or Badondo.

ENVIRONMENT AND COMMUNITY

Equatorial is committed to the highest standards of social responsibility and sustainable development. The Company submitted its Sustainable Development Charter to the ROC Government in 2010 and has been working closely with the ROC Ministry of Mines, the Ministry for Sustainable Development, Economic Forestry and Environment, departmental authorities in Niari and Sangha as well as local community leaders and companies to ensure stakeholders are aware and supportive of the Company's development plans and that operations are carried out with transparency and respect for the various stakeholder needs. Equatorial has partnered with local environmental consultancy Eco Durable to carry out environmental monitoring and management during the exploration phase.

Equatorial is proud to support the local communities in which the Company operates. The Company is committed to making a positive impact. During the period a number of key initiatives and community programs were continued at both Mayoko-Moussondji and Badondo.

These included:

- Support for local medical facilities;
- Refurbishment of local water purification systems;
- Provision of electricity to the local community;
- Road repair and maintenance;
- Refurbishment and educational supplies for the local primary school;
- Providing the local community with English language lessons; and
- Waste management.

OPERATING RESULTS

The net loss of the Consolidated Entity for the half year ended 31 December 2014 was $3,705,216 (31 December 2013: $8,912,990). Specifically, this loss is largely attributable to:

(i) Other Income of $901,331 (31 December 2013: $7,593) due to the Company's Research and Development ("R&D") tax incentive claim for the year ended 30 June 2013;

(ii) Exploration and evaluation expenses of $2,462,072 (31 December 2013: $5,348,930), 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) Non-cash share based payment expenses of $860,990 (31 December 2013: $1,280,760) relating to the Company's long term incentive plan.

FINANCIAL POSITION

At 31 December 2014, the Company had cash reserves of $38.7 million (30 June 2014: $40.5 million) and no borrowings, placing the Company in a strong financial position to conduct its current activities and to pursue new business development opportunities.

At 31 December 2014, the Company had net assets of $46.7 million (30 June 2014: $49.5 million).

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

At the date of this report there are no matters or circumstances which have arisen since 31 December 2014 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2014, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 31 December 2014, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 31 December 2014, of the Consolidated Entity.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half year ended 31 December 2014 has been received and can be found on page 9 of the Interim Financial Report.

Signed in accordance with a resolution of the directors.

J P Welborn

JOHN WELBORN
Managing Director

Perth, 10 March 2015

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Auditor's independence declaration to the Directors of Equatorial Resources Ltd

In relation to our review of the interim financial report of Equatorial Resources Ltd for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

G H Meyerowitz
Partner
10 March 2015

	Notes	Half Year ended 31 Dec 2014 $	Half Year ended 31 Dec 2013 $
Operations			
Revenue	3	**713,333**	979,431
Other income	3	**901,331**	7,593
Exploration and evaluation expenses		**(2,462,072)**	(5,348,930)
Feasibility expenses		**(622,942)**	(1,114,009)
Corporate expenses		**(769,772)**	(1,265,073)
Administrative expenses		**(604,104)**	(652,437)
Share based payments	4	**(860,990)**	(1,280,760)
Business development expenses		**-**	(232,110)
Other expenses		**-**	(6,695)
Loss before income tax		**(3,705,216)**	(8,912,990)
Income tax expense		**-**	-
Loss for the period		**(3,705,216)**	(8,912,990)
Loss attributable to members of Equatorial Resources Limited		**(3,705,216)**	(8,912,990)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences arising on translation of foreign operations		**40,801**	236,062
Other comprehensive income for the period, net of tax		**40,801**	236,062
Total comprehensive loss for the period		**(3,664,415)**	(8,676,928)
Total comprehensive loss attributable to members of Equatorial Resources Limited		**(3,664,415)**	(8,676,928)
Earnings per share			
Basic and diluted loss per share (cents per share)		**(3.02)**	(7.31)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

	Notes	31 Dec 2014 $	30 Jun 2014 $
ASSETS			
Current Assets			
Cash and cash equivalents	5	**38,671,183**	40,463,179
Trade and other receivables		**1,855,261**	1,032,598
Prepayments		**129,765**	117,845
Total Current Assets		**40,656,209**	41,613,622
Non-current Assets			
Property, plant and equipment		**1,761,245**	2,790,900
Exploration and evaluation assets		**7,148,720**	7,148,473
Intangible assets		**64,727**	83,120
Total Non-current Assets		**8,974,692**	10,022,493
TOTAL ASSETS		**49,630,901**	51,636,115
LIABILITIES			
Current Liabilities			
Trade and other payables		**1,107,038**	1,462,932
Provisions		**36,566**	69,533
Income tax payable		**1,812,799**	622,130
Total Current Liabilities		**2,956,403**	2,154,595
TOTAL LIABILITIES		**2,956,403**	2,154,595
NET ASSETS		**46,674,498**	49,481,520
EQUITY			
Contributed equity	6	**177,682,853**	175,086,000
Reserves	7	**2,732,084**	4,430,743
Accumulated losses		**(133,740,439)**	(130,035,223)
TOTAL EQUITY		**46,674,498**	49,481,520

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 31 December 2014

	Contributed Equity $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2014	**175,086,000**	**3,668,211**	**762,532**	**(130,035,223)**	**49,481,520**
Net loss for the period	**-**	**-**	**-**	**(3,705,216)**	**(3,705,216)**
Other comprehensive income:					
Exchange differences on translation of foreign operations	**-**	**-**	**40,801**	**-**	**40,801**
Total comprehensive income/(loss) for the period	**-**	**-**	**40,801**	**(3,705,216)**	**(3,664,415)**
Transactions with owners recorded directly in equity					
Conversion of Performance Rights	**2,600,450**	**(2,600,450)**	**-**	**-**	**-**
Share issue costs	**(3,597)**	**-**	**-**	**-**	**(3,597)**
Share based payments	**-**	**860,990**	**-**	**-**	**860,990**
Balance at 31 December 2014	**177,682,853**	**1,928,751**	**803,333**	**(133,740,439)**	**46,674,498**
Balance at 1 July 2013	174,817,051	4,949,564	692,262	(118,502,736)	61,956,141
Net loss for the period	-	-	-	(8,912,990)	(8,912,990)
Other comprehensive income:					
Exchange differences on translation of foreign operations	-	-	236,062	-	236,062
Total comprehensive income/(loss) for the period	-	-	236,062	(8,912,990)	(8,676,928)
Transactions with owners recorded directly in equity					
Exercise of Options	272,100	(92,100)	-	-	180,000
Share issue costs	(3,151)	-	-	-	(3,151)
Share based payments	-	1,280,760	-	-	1,280,760
Expiry of options transferred to Accumulated Losses	-	(1,532,550)	-	1,532,550	-
Balance at 31 December 2013	175,086,000	4,605,674	928,324	(125,883,176)	54,736,822

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

	Half Year ended 31 Dec 2014 $	Half Year ended 31 Dec 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers, employees and others	**(3,705,187)**	(7,582,017)
Income tax refunded	**1,190,669**	-
Interest received	**736,421**	986,471
Net Cash flows from Operating Activities	**(1,778,097)**	(6,595,546)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	**(13,918)**	(1,967)
Proceeds from sale of property, plant and equipment	**-**	1,011
Net Cash flows from Investing Activities	**(13,918)**	(956)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	**-**	180,000
Payments for share issue costs	**-**	(3,151)
Net Cash flows from Financing Activities	**-**	176,849
Net decrease in cash and cash equivalents	**(1,792,015)**	(6,419,653)
Net foreign exchange differences	**19**	(3,827)
Cash and cash equivalents at beginning of period	**40,463,179**	51,878,445
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**38,671,183**	45,454,965

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose condensed financial report for the half year reporting period ended 31 December 2014 has been prepared in accordance with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001.*

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Equatorial Resources Limited for the year ended 30 June 2014 and any public announcements made by Equatorial Resources Limited and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

(a) Basis of Preparation

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

The interim financial statements have been prepared on a going concern basis that contemplates the continuity of normal business activities and the realisation of assets and the extinguishment of liabilities in the ordinary course of business.

(b) Significant Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2014, other than as detailed below.

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective from 1 July 2014.

New and revised standards and amendments thereof and interpretations effective for the current half-year that are relevant to the Group include:

(i) AASB 132 *Financial Instruments* and AASB2012-3 Amendments to Australian Accounting Standards arising from AASB 132;
(ii) AASB 136 *Impairment of Assets* and AASB2013-3 Amendments to Australian Accounting Standards arising from AASB 136; and
(iii) AASB 1031 *Materiality* and AASB 2013-9 (Part B) Amendments to Australian Accounting Standards to delete references to AASB 1031.

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.

2. SEGMENT INFORMATION

AASB 8 Operating Segments, 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. There have been no material changes in Non-current Assets by geographical location since the 30 June 2014 annual report.

3. REVENUE AND OTHER INCOME

	Half Year ended 31 Dec 2014	Half Year ended 31 Dec 2013
	$	$
Revenue		
Interest income	**713,333**	979,431
Other Income		
Research and development grant income	**893,989**	-
Net realised and unrealised foreign exchange gains	**7,342**	7,593
	901,331	7,593

(a) Grant Income

This relates to the Company's Research and Development ("R&D") tax incentive claim for the year ended 30 June 2013. The Company has yet to complete an R&D assessment for the year ended 30 June 2014.

4. EXPENSES

	Half Year ended 31 Dec 2014 $	Half Year ended 31 Dec 2013 $
Depreciation and amortisation included in statement of comprehensive income		
Depreciation of plant and equipment	**760,519**	1,162,083
Amortisation of intangible assets	**20,104**	20,247
	780,623	1,182,330
Employee benefits expense		
Wages and salaries	**901,994**	2,470,268
Superannuation	**44,350**	50,829
Share-based payments expense	**860,990**	1,280,760
Other employee benefits	**166,151**	292,738
	1,973,485	4,094,595
Other Expenses		
Net realised and unrealized foreign exchange losses	**-**	6,695
	-	6,695

5. CASH AND CASH EQUIVALENTS

	31 Dec 2014 $	30 Jun 2014 $
Cash on hand	**299,027**	671,023
Deposits at call	**38,372,156**	39,792,156
	38,671,183	40,463,179

6. CONTRIBUTED EQUITY

	31 Dec 2014 $	30 Jun 2014 $
(a) Issued and Unissued Capital		
124,445,353 (30 June 2014: 121,885,353) fully paid ordinary shares	**177,682,853**	175,086,000

(b) Movements in Ordinary Shares during the period were as follows:

On 3 December 2014, the Company issued 2,260,000 ordinary shares as a result of the vesting of 2,260,000 performance rights through the achievement of the Feasibility Study Milestone. The performance rights were issued under the Equatorial Resources Performance Rights Plan which was renewed by shareholders at a General meeting of the Company on 18 June 2014.

7. RESERVES

	Note	31 Dec 2014 $	30 Jun 2014 $
Share based payments reserve	7(a)	**1,928,751**	3,668,211
Foreign currency translation reserve		**803,333**	762,532
		2,732,084	4,430,743

(a) Movements in Share based payments reserve during the period were as follows:

Date	Details	Number of Unlisted Options	Number of Performance Rights	$
01 Jul 14	**Opening Balance**	**2,000,000**	**5,115,000**	**3,668,211**
03 Dec 14	Vesting of Performance Rights	-	(2,260,000)	(2,600,450)
Jul-14 to Dec-14	Lapse of Rights	-	(550,000)	-
Jul-14 to Dec-14	Share based payment expense	-	-	860,990
31 Dec 14	**Closing Balance**	**2,000,000**	**2,305,000**	**1,928,751**

8. FINANCIAL INSTRUMENTS

(a) Fair Value Measurement

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits. Due to the short term nature of the financial assets and financial liabilities, the carrying value is considered to approximate the fair value. At 31 December 2014 and 31 December 2013 the Group has no material financial assets and liabilities that are measured at fair value on a recurring basis.

9. CONTINGENT ASSETS AND LIABILITIES

There have been no material changes to the commitments or contingencies disclosed in the most recent annual financial report of the Company.

10. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividend has been paid or provided for during the half year (31 December 2013: Nil).

11. EVENTS SUBSEQUENT TO BALANCE DATE

At the date of this report, there are no matters or circumstances, which have arisen since 31 December 2014 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2014, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 31 December 2014, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 31 December 2014, of the Consolidated Entity.

DIRECTORS' DECLARATION

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

In the opinion of the directors:

(a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including:

(i) section 304 (compliance with accounting standards and the Corporations Regulations 2001) and;

(ii) section 305 (true and fair view); and

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

On behalf of the Board

J P Welborn

JOHN WELBORN
Managing Director

Perth, 10 March 2015

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To the members of Equatorial Resources Ltd

Report on the interim financial report

We have reviewed the accompanying interim financial report of Equatorial Resources Ltd, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the interim financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ("ASRE 2410"), in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Equatorial Resources Ltd and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Equatorial Resources Ltd is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

G H Meyerowitz
Partner
Perth
10 March 2015

COMPETENT PERSONS STATEMENT

The information in this announcement that relates to Production Targets, Ore Reserves, mine plan, mine schedule and estimated mine operating costs, and technical details including the process flowsheet and mass recovery, capital and operating cost estimates for the mineral processing, rail and port infrastructure "pit to port" elements for Mayoko-Moussondji were extracted from the Company's ASX announcement dated 25 November 2014 entitled "Positive Pre-Feasibility Study for Mayoko-Moussondji" and is available to view on the Company's website at www.equatorialresources.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcement and, in the case of estimates of Ore Reserves, Production Targets, and related forecast financial information derived from the Production Targets, that all material assumptions and technical parameters underpinning the estimates in the original ASX announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented in this report have not been materially modified from the original ASX announcement.

The information in the original ASX announcement that relates to the Ore Reserves, mine plan, mine schedule and estimated mine operating costs for the Mayoko-Moussondji Iron Project is based on, and fairly represents, information compiled by Mr Aleksandar Mihailovic of Orelogy Pty Ltd who was engaged by Equatorial Resources Limited. Mr Mihailovic is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the activity he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in the original ASX announcement that relates to the technical details, including the process flowsheet and mass recovery, capital and operating cost estimates for the mineral processing, rail and port infrastructure "pit to port" elements of the Mayoko-Moussondji Iron Project is based on, and fairly represents, information compiled by Mr Paul Henharen. Mr Henharen is a full time employee of Acacia Management Consultancy Pty Ltd, which consults to WorleyParsons Services Pty Limited and Equatorial Resources Limited. Mr Henharen is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the activity he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this report that relates to Exploration Results and Mineral Resources for Mayoko-Moussondji was extracted from the Company's ASX announcement dated 4 December 2013 entitled "Resource Upgrade at Mayoko-Moussondji" and is available to view on the Company's website at www.equatorialresources.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original ASX announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented in this report have not been materially modified from the original ASX announcement.

The information in the original ASX announcement that relates to in-situ Mineral Resources for the Mayoko-Moussondji Iron Project is based on, and fairly represents, information compiled by Mr Mark Glassock, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Glassock was a full time employee of Equatorial Resources Limited. Mr Glassock has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this report that relates to Exploration Results and Exploration Targets for Badondo was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to Exploration Targets for Badondo is based on, and fairly represents, information compiled by Mr Mathew Cooper, a Competent Person who is a Member of The Australian Institute of Geoscientists. Mr Cooper is employed by Core Geophysics Pty Ltd who was engaged by the Company to provide geophysical consulting services. Mr Cooper has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Cooper consents to the inclusion in this report of the statements based on his information in the form and context in which it appears.