ANNUAL REPORT 2015

EQUATORIAL
RESOURCES LTD

ABN 50 009 188 694

CORPORATE DIRECTORY

DIRECTORS

Ian Middlemas – Chairman
Mark Pearce – Director
John Welborn – Director
Peter Woodman – Director

COMPANY SECRETARY

Mr Greg Swan

REGISTERED OFFICE

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STOCK EXCHANGE

Australian Securities Exchange
Home Branch – Perth
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Perth WA 6000

ASX CODE

EQX – Fully paid Ordinary Shares

SHARE REGISTRY

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BANKERS

Australia and New Zealand Banking Group Limited

SOLICITORS

DLA Piper Australia

AUDITORS

Ernst & Young

WEBSITE

www.equatorialresources.com.au

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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 2015 ("**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 Mark Pearce – Non-Executive Director
Mr John Welborn – Non-Executive Director *(resigned as Managing Director and Chief Executive Officer effective from 30 June 2015)*
Mr Peter Woodman – Non-Executive Director

Unless otherwise stated, all Directors held their office from 1 July 2014 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 Paringa Resources Limited (October 2013 – present), Berkeley Energy Limited (April 2012 – present), Prairie Mining Limited (August 2011 – present), Pacific Ore Limited (April 2010 – present), Wildhorse Energy Limited (January 2010 – present), WCP Resources Limited (September 2009 – present), Sovereign Metals Limited (July 2006 – present), Odyssey Energy Limited (September 2005 – present), Papillon Resources Limited (May 2011 – October 2014), Sierra Mining Limited (January 2006 – June 2014) and Decimal Software Limited (July 2013 – April 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 Prairie Mining Limited (August 2011 – present), Pacific Ore Limited (April 2010 – present), WCP Resources Limited (September 2009 – present), Sovereign Metals Limited (July 2006 – present) and Odyssey Energy Limited (September 2005 – present), Wildhorse Energy Limited (August 2014 – present), and Decimal Software Limited (July 2013 - April 2014).

Mr John Welborn *B.Com, CA, 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 and served as Managing Director and Chief Executive Officer of the Company up to 30 June 2015. 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), Prairie Mining Limited (February 2009 – September 2015) and Noble Mineral Resources Limited (March 2013 – December 2013).

CURRENT DIRECTORS AND OFFICERS (Continued)

Mr Peter Woodman *B.Sc. (Geology), MAusIMM*
Director (Non-Executive)

Mr Woodman is a geologist with over 20 years' experience in exploration, development and operations in the resources sector. He is a graduate of the Australian National University and is a corporate member of the Australian Institute of Mining and Metallurgy.

Mr Woodman has held senior positions in a number of mining companies during his extensive career in the resources sector including Chief Executive Officer of Wedgetail Mining Limited where he oversaw the successful completion of the bankable feasibility study for the Nullagine Gold Project and then successfully managed an equity raising and secured senior debt facilities.

Prior to his role with Wedgetail Mining Ltd, Mr Woodman held positions with Samantha Gold NL, Ranger Minerals NL, Hellman & Schofield Pty Ltd, Centamin Egypt Ltd and Kingsgate Consolidated Ltd. His background is in management, exploration planning and execution, resource development and mining operations both in Australia and overseas.

Mr Woodman was appointed a Director of the Company on 8 April 2010. During the three year period to the end of the financial year, Mr Woodman has held directorships in WCP Resources Limited (August 2010 – present), Sovereign Metals Limited (May 2007 – present), and Papillon Resources Limited (May 2011 – June 2014).

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

Mr Swan is a Chartered Accountant and Chartered Secretary. He commenced his career at a large international Chartered Accounting firm and has since worked in the corporate office of a number of listed companies that operate in the resources sector.

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

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		
	Ordinary Shares [1]	Incentive Options[2]	Performance Rights [3]
Mr Ian Middlemas	5,210,000	-	-
Mr John Welborn	6,000,000	2,000,000	1,000,000
Mr Mark Pearce	1,050,000	-	-
Mr Peter Woodman	350,000	-	-

Notes:
1 "Ordinary Shares" means fully paid ordinary shares in the capital of the Company.
2 "Incentive Options" means an option to subscribe for one Ordinary Share.
3 "Performance Rights" means a right to subscribe for one Ordinary Share upon the completion of specific performance milestones by the Company.

PRINCIPAL ACTIVITIES

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

DIVIDENDS PAID OR RECOMMENDED

No recommendation for payment of dividends has been made for the year ended 30 June 2015 (2014: Nil).

OPERATING AND FINANCIAL REVIEW

The Group's primary activity during the year ended 30 June 2015 was the exploration and development of its two 100% owned iron projects in the Republic of Congo ("ROC"): the Mayoko-Moussondji Iron Project ("Mayoko-Moussondji") and the Badondo Iron Project ("Badondo"). Reacting to market conditions, Equatorial has focused on reducing expenditure wherever possible, whilst not jeopardising project development. The Board has ensured the Company maintains a strong balance sheet while continuing to advance existing projects as well as looking for new opportunities in the resources sector which will grow shareholder wealth.

Mayoko-Moussondji Iron Project

Subsequent to the end of the 2015 financial year, the Company entered into a conditional agreement ("Agreement") with Midus Global Limited, a subsidiary of European commodities trading company, Interalloys Trading Limited ("Interalloys"), for the sale of Mayoko-Moussondji.

The sale of Mayoko-Moussondji will occur by Midus Global Limited acquiring 100% of Equatorial's wholly-owned subsidiary Congo Mining Ltd ("CML"), which is the legal and beneficial owner of Mayoko-Moussondji. The total consideration to be paid by Midus Global Limited to Equatorial to acquire CML will be A$5,000,000 in cash and a royalty equal to 2% of the receipts from sales of all iron ore extracted, produced, or sold from any future mining operations at Mayoko-Moussondji.

Equatorial has been investigating strategic partnership and funding opportunities to progress Mayoko-Moussondji into production. Given the sustained fall in iron ore prices, and the resulting adverse market environment for iron ore development projects, the Company believes the transaction with Interalloys, which positions Equatorial to participate in any upside through the retention of a 2% life-of-mine royalty, represents the best possible outcome for shareholders.

The Agreement is subject to various conditions precedent which must be satisfied or waived on or before 31 October 2015 (unless extended by the parties), including the Minister of Mines of the Republic of Congo ("ROC") providing his consent in writing to the transaction, the Minister of Finance of the ROC confirming he has no objection to the transaction, and the constitutional documents of the Company being amended to accommodate the transaction.

The Mayoko-Moussondji Iron Project, located in the southwest region of the ROC, has total Indicated and Inferred Resources of 917 million tonnes ("Mt") at 31.4% Fe which includes a Hematite Mineral Resource of 182Mt at 35.7% Fe. The resource contains Indicated and Inferred resource classifications as follows: Indicated Hematite 55Mt, Inferred Hematite 127Mt, Indicated Magnetite 2Mt, Inferred Magnetite 733Mt (for full details of the Mineral Resource Estimate please refer to ASX announcement dated 4 December 2013).

The project has access to a rail line running directly to the deep-water port of Pointe-Noire. Following completion of a Pre-Feasibility Study on the project in November 2014, Equatorial has secured long term tenure of Mayoko-Moussondji with the granting of a 25 year Mining Licence and signing of a Mining Convention.

Badondo Iron Project

The Company retains 100% ownership of the potentially large-scale Badondo Iron Project in the northwest region of the ROC.

Badondo is located within a regional cluster of world-class iron ore exploration projects including Sundance Resources Limited's Mbalam-Nabeba project, Core Mining's Avima Project, and the Belinga project in Gabon. Badondo has a large direct shipping ore ("DSO") hematite Exploration Target and assay results received to-date are highly encouraging as they confirm the presence of thick high grade iron mineralisation at, and close to, surface.

Badondo has an estimated high grade direct shipping ore ("DSO") Exploration Target of between 370 and 620 million tonnes of iron mineralisation at a grade of 58% to 67% Fe as part of a global Exploration Target of between 2.8 and 4.6 billion tonnes of iron mineralisation at a grade of 35% to 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.

Equatorial has prepared a Mining Licence Application ("MLA") for Badondo which will be submitted in the coming weeks. Equatorial has previously applied for the renewal of the Badondo Exploration Licence and is now undertaking the process for the upgrading of the Company's tenure to a 25 year Mining Licence. According to the ROC 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. Equatorial intends to lodge 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 is also assessing plans for further exploration work at Badondo, which may include a follow-up drilling program.

OPERATING AND FINANCIAL REVIEW (Continued)

Operating Results

The net loss of the Consolidated Entity for the year ended 30 June 2015 was $3,935,728 (2014: $13,065,037). Significant items contributing to the current year loss and the substantial differences from the previous financial year include:

(i) Interest revenue of $1,330,427 (2014: $1,728,396);

(ii) Research and development ("R&D") grant income of $1,379,273 (2014: Nil) in relation to the Company's R&D tax incentive claims for the years ended 30 June 2013 and 2014;

(iii) Exploration and evaluation expenses of $4,323,467 (2014: $8,775,927), 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;

(iv) Feasibility expenses of $612,368 (2014: $1,879,716), relating to the Company's Pre-Feasibility Study for the Mayoko-Moussondji Project which was completed in November 2014;

(v) Corporate expenses of $1,566,385 (2014: $2,123,656), which includes expenses relating to the management of an ASX listed company, the Group's investor relations activities during the year, and the supervision and management of the exploration and development of the Company's two projects; and

(vi) Gain on reversal of non-cash share based payment expenses of $951,947 (2014: expense of $343,297) recognised in prior years in relation to Performance Rights previously granted to key employees and consultants under the Company's long term incentive plan.

Financial Position

At 30 June 2015, the Company had cash reserves of $37.3 million (2014: $40.5 million) and no debt, placing the Company in a strong financial position to conduct its current activities and to pursue new business development opportunities.

At 30 June 2015, the Company had net assets of $44.6 million (2014: $49.5 million), a decrease of 9.9% 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 ROC 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:

- Conclude the sale of its Mayoko-Moussondji Project to Midus Global Limited;
- Submit a Mining Licence Application 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:

OPERATING AND FINANCIAL REVIEW (Continued)

Business Strategies and Prospects for Future Financial Years (Continued)

- 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;
- Equity and debt markets are historically highly volatile which may adversely affect the Company's ability to raise finance – the ability to finance a mining project is dependent on the Company's existing financial position, the availability to 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;
- Global financial conditions may adversely affect the Company's growth and profitability – Many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity and foreign exchange markets, and a lack of market liquidity. Due to the current nature of the Company's activities, a slowdown in the financial markets or other economic conditions may adversely affect the Company's growth and ability to finance its activities. If these increased levels of volatility and market turmoil continue, the Company's activities could be adversely impacted and the trading price of the Company's shares could be adversely affected;
- 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
- Competitor risk - The Company competes with other companies in the Republic of Congo, including companies with proposed mining operations wishing to utilise the same rail and port infrastructure the Company is planning to use for its mining projects. Some of these companies have greater financial resources and political influence than Equatorial and, as a result, may be in a better position to compete with or impede the Company's current or future activities.

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

Significant changes in the state of affairs of the Consolidated Entity during the financial year were as follows:

(i) On 25 November 2014, the Company announced the results of a Pre-Feasibility Study ("PFS"), reported in accordance with the JORC Code, for its Mayoko-Moussondji Iron Project in the southwest of the Republic of Congo ("ROC");

(ii) On 25 November 2014, the Company announced that it had signed a Mining Convention Agreement ("Mining Convention") with the ROC Government in relation to its Mayoko-Moussondji Iron Project;

(iii) On 3 December 2014, the Company issued 2,260,000 ordinary shares following the conversion of 2,260,000 Performance Rights upon satisfaction of the Feasibility Study Milestone pursuant to the Equatorial Performance Rights Plan; and

(iv) On 30 June 2015, Mr John Welborn stepped down as Managing Director and Chief Executive Officer of the Company. Mr Welborn remains as a director of the Company.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

(i) On 14 August 2015, the Company announced that it had entered into a conditional agreement with Midus Global Limited (a subsidiary of European commodities trading company, Interalloys Trading Limited), for the sale of its Mayoko-Moussondji Iron Project. The sale of Mayoko-Moussondji will occur by Midus Global Limited acquiring 100% of Equatorial's wholly-owned subsidiary, CML, which is the legal and beneficial owner of Mayoko-Moussondji. The total consideration to be paid by Midus Global Limited to Equatorial to acquire CML will be A$5,000,000 in cash and a royalty equal to 2% of the receipts from sales of all iron ore extracted, produced, or sold from any future mining operations at Mayoko-Moussondji.

Other than as outlined above, at the date of this report, there are no matters or circumstances which have arisen since 30 June 2015 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2015, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2015, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2015, of the Consolidated Entity.

SHARE OPTIONS & PERFORMANCE RIGHTS

At the date of this report the following options and performance rights have been issued over unissued Ordinary Shares of the Company:

- 2,000,000 Incentive Options exercisable on or before 16 December 2015 at an exercise price of $0.46 each;
- 100,000 Incentive Options exercisable on or before 30 June 2017 at an exercise price of $0.24 each; and
- 2,305,000 Performance Rights expiring on 31 December 2016 at no exercise price.

During the year ended 30 June 2015, no Ordinary Shares were issued as a result of the exercise of Incentive Options and 2,260,000 Ordinary Shares were issued as a result of the conversion of 2,260,000 Performance Rights.

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 $38,341 (2014: $46,880) 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 (*resigned as Managing Director and Chief Executive Officer effective 30 June 2015*)
Mr Peter Woodman	Non-Executive Director

Other KMP

Mr Greg Swan	Company Secretary
Mr Brad Farrington	Chief Financial Officer (*resigned effective 31 October 2014*)
Mr Hugo Schumann	Group Executive – Business Development (*resigned effective 30 June 2015*)

Unless otherwise disclosed, the KMP held their position from 1 July 2014 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 projects 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.

REMUNERATION REPORT (Continued)

STI awards for 2015 and 2014 financial years;

In respect to the 2015 financial year, the Board determined that no STI cash bonuses were to be awarded within the Group in acknowledgement of the ongoing difficult economic and commodity price conditions being experienced by the Company with emphasis on retaining the Company's strong cash reserves (2014: nil). The Board did not determine STI awards by reference to changes in the price at which shares in the Company traded between the beginning and end of the current period, however acknowledged that the decline in the Company's share price was closely linked to the difficult market conditions referred to above.

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 financial year, no Performance Rights were granted to KMP. During the financial year, 1,270,000 Performance Rights previously granted to KMP vested upon satisfaction of the Feasibility Study Milestone (being the announcement of a positive Feasibility Study on the Mayoko-Moussondji Project). At 30 June 2015, KMP held 1,090,000 unvested Performance Rights that will vest upon achievement of the Production Milestone (being announcement of a positive Decision to Mine being made on the Mayoko-Moussondji Project or Production having commenced in respect of the Mayoko-Moussondji Project).

All performance rights automatically vest upon the occurrence of a change in control event, being either when:

(a) a court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies and the shareholders of the Company approve the proposed compromise or arrangement at such a meeting; or

(b) a takeover bid (as defined in the Corporations Act) is announced, has become unconditional and the person making the takeover bid has a relevant interest in 50% or more of the shares in the Company; or

(c) any person acquires a relevant interest in 50.1% or more shares in the Company by any other means.

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 performed to the level whereby the value of the Group increased sufficiently to warrant exercising the Incentive Options granted. During the financial year, no Incentive Options were granted to 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.

REMUNERATION REPORT (Continued)

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 be 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 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 (2014: $55,000) (excluding post-employment benefits) and, effective from 1 October 2014, fees for Non-Executive Directors' were reduced from $30,000 to $20,000 per annum (2014: $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.

No Incentive Options or Performance Rights were granted to Non-Executive Directors during (or subsequently to) the 30 June 2015 financial year.

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

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 REPORT (Continued)

Remuneration of Directors and Other Key Management Personnel

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

2015	Short-term benefits Salary & fees $	Cash bonus $	Other $	Post-employment benefits $	Total cash benefits $
Directors					
Mr Ian Middlemas	55,000	-	-	5,225	60,225
Mr Mark Pearce	22,500	-	-	2,137	24,637
Mr John Welborn[1]	400,000	-	7,297	30,000	437,297
Mr Peter Woodman	22,500	-	-	2,137	24,637
Other KMP					
Mr Greg Swan[2]	-	-	-	-	-
Mr Brad Farrington[3]	91,324	-	-	13,901	105,225
Mr Hugo Schumann[4]	94,599	-	-	-	94,599
Total	685,923	-	7,297	53,400	746,620

2015	Share-based payments Recognised during the year $	Reversal of prior year share-based payments $	Total share-based payments $	Percentage performance related %
Directors				
Mr Ian Middlemas	-	-	-	-
Mr Mark Pearce	-	-	-	-
Mr John Welborn[1]	290,186	(800,793)	(510,607)	39.9
Mr Peter Woodman	-	-	-	-
Other KMP				
Mr Greg Swan[2]	20,435	(449)	19,986	100.0
Mr Brad Farrington[3]	18,912	(69,767)	(50,855)	15.2
Mr Hugo Schumann[4]	64,035	(101,596)	(37,561)	40.4
Total	393,568	(972,605)	(579,037)	34.5

Notes:

1 Mr Welborn resigned as Managing Director and CEO effective from 30 June 2015. Mr Welborn remains as a director of the Company. During the year, any share based payment expense previously recognised under AASB 2 relating to 1,000,000 Performance Rights held by Mr Welborn, which are subject to satisfaction of the Production Milestone, has been reversed on the basis that it is considered unlikely that the these Performance Rights will ultimately vest.

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 $132,000 for the provision of administration and company secretarial services to the Group. During the year, any share based payment expense previously recognised under AASB 2 relating to 90,000 Performance Rights held by Mr Swan, which are subject to satisfaction of the Production Milestone, has been reversed on the basis that it is considered unlikely that the these Performance Rights will ultimately vest.

3 Mr Farrington resigned effective from 31 October 2014. Upon his resignation, 400,000 Performance Rights held by Mr Farrington, which are subject to satisfaction of the Production Milestone, were forfeited. Any share based payment expense previously recognised under AASB 2 relating to these Performance Rights has been reversed In addition, during the year, any share based payment expense previously recognised under AASB 2 relating to 100,000 Performance Rights held by Mr Farrington, which are subject to satisfaction of the Production Milestone, has been reversed on the basis that it is considered unlikely that the these Performance Rights will ultimately vest.

4 Mr Schumann resigned effective from 30 June 2015. During the year, any share based payment expense previously recognised under AASB 2 relating to 290,000 Performance Rights held by Mr Schumann, which are subject to satisfaction of the Production Milestone, has been reversed on the basis that it is considered unlikely that the these Performance Rights will ultimately vest.

REMUNERATION REPORT (Continued)

Remuneration of Directors and Other Key Management Personnel (Continued)

2014	Short-term benefits Salary & fees $	Cash Bonus $	Other $	Post-employment benefits $	Total cash benefits $
Directors					
Mr Ian Middlemas	55,000	-	-	5,088	60,088
Mr John Welborn	400,000	-	5,846	25,000	430,846
Mr Mark Pearce	30,000	-	-	2,775	32,775
Mr Peter Woodman	30,000	-	-	2,775	32,775
Other KMP					
Mr Brad Farrington	275,019	-	-	25,000	300,019
Mr Mark Glassock[1]	212,173	-	-	15,732	227,905
Mr Hugo Schumann	131,901	-	-	-	131,901
Total	1,134,093	-	5,846	76,370	1,216,309

2014	Share-based payments Recognised during the year $	Reversal of prior year share-based payments $	Total share-based payments $	Percentage performance related %
Directors				
Mr Ian Middlemas	-	-	-	-
Mr John Welborn	157,999	-	157,999	26.8
Mr Mark Pearce	-	-	-	-
Mr Peter Woodman	-	-	-	-
Other KMP				
Mr Brad Farrington	137,613	-	137,613	31.4
Mr Mark Glassock[1]	53,800	(99,333)	(45,533)	19.1
Mr Hugo Schumann	32,000	-	32,000	19.5
Total	381,412	(99,333)	282,079	23.9

Notes:
1 Mr Glassock resigned effective from 7 January 2014. Upon his resignation, 150,000 Performance Rights held by Mr Glassock were forfeited. Any share based payment expense previously recognised under AASB 2 relating to these Performance Rights has been reversed.

Incentive Options 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.

Option and Right Holdings of Key Management Personnel

	Held at 1 July 2014	Granted as Remuneration	Exercise/ Conversion	Expiry/ Lapse	Net Change Other	Held at 30 June 2015	Vested and exercisable at 30 June 2015
Directors							
Mr Ian Middlemas	-	-	-	-	-	-	-
Mr Mark Pearce	-	-	-	-	-	-	-
Mr John Welborn	**4,000,000**	**-**	**(1,000,000)**	**-**	**-**	**3,000,000**	**2,000,000**
Mr Peter Woodman	-	-	-	-	-	-	-
Other KMP							
Mr Greg Swan	**150,000**	**-**	**(60,000)**	**-**	**-**	**90,000**	**-**
Mr Brad Farrington	**700,000**	**-**	**-**	**(400,000)**	**-**	**300,000**[1]	**-**[1]
Mr Hugo Schumann	**500,000**	**-**	**(210,000)**	**-**	**-**	**290,000**[1]	**-**[1]

Notes:
1 As at date of resignation.

REMUNERATION REPORT (Continued)

Shareholdings of Key Management Personnel

	Held at 1 July 2014	Exercise of Options	Conversion of Rights	Net Change Other	Held at 30 June 2015
Directors					
Mr Ian Middlemas	**5,210,000**	**-**	**-**	**-**	**5,210,000**
Mr John Welborn	**4,500,000**	**-**	**1,000,000**	**500,000**	**6,000,000**
Mr Mark Pearce	**1,050,000**	**-**	**-**	**-**	**1,050,000**
Mr Peter Woodman	**350,000**	**-**	**-**	**-**	**350,000**
Other KMP					
Mr Greg Swan	**60,000**	**-**	**60,000**	**130,000**	**250,000**
Mr Brad Farrington	**230,000**	**-**	**-**	**-**	**230,000**[1]
Mr Hugo Schumann	**-**	**-**	**210,000**	**-**	**210,000**[1]

Notes:
[1] As at date of resignation.

Loans involving Key Management Personnel

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2015 (2014: 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 $132,000 (2014: $132,000) 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, following the resignations of Messrs Welborn, Farrington and Schumann during the year ended 30 June 2015. As disclosed above, Directors of the Company are entitled to fees of $20,000 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.

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	5	5
Mr Mark Pearce	5	5
Mr John Welborn	5	5
Mr Peter Woodman	5	5

There were no Board committees during the financial year.

NON-AUDIT SERVICES

During the year, Ernst & Young (Australia), the Company's auditor, received or are due to receive $198,146 (2014: nil) for the provision of non-audit services consisting of tax advisory services provided to the Company in relation to its research and development ("R&D") tax incentive claims for the years ended 30 June 2013 and 2014.

During the year, Ernst & Young (Republic of Congo), a related party of the Company's auditor, received or are due to receive approximately $19,722 (2014: $20,276) for the provision of non-audit services consisting of tax compliance and advisory services provided to the Company's subsidiary, Congo Mining Ltd SARL.

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 2015 has been received and can be found on page 14 of the Directors' Report.

Signed in accordance with a resolution of the Directors.

JOHN WELBORN
Director

Perth, 23 September 2015

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

In relation to our audit of the financial report of Equatorial Resources Limited for the financial year ended 30 June 2015, 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
23 September 2015

GHM:JT:EQUATORIAL:009

	Notes	2015 $	2014 $
Operations			
Revenue	2	**1,330,427**	1,728,396
Other income	2	**1,392,384**	13,470
Share-based payments	3	**951,947**	(343,297)
Exploration and evaluation expenses		**(4,323,467)**	(8,775,927)
Feasibility expenses		**(612,368)**	(1,879,716)
Corporate expenses		**(1,566,385)**	(2,123,656)
Administrative expenses		**(1,072,785)**	(1,453,760)
Business development expenses		**-**	(230,547)
Other expenses	3	**(35,481)**	-
Loss before income tax		**(3,935,728)**	(13,065,037)
Income tax expense	4	**-**	-
Loss for the period		**(3,935,728)**	(13,065,037)
Loss attributable to members of Equatorial Resources Limited		**(3,935,728)**	(13,065,037)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences arising on translation of foreign operations		**(21,886)**	70,270
Other comprehensive income for the period, net of tax		**(21,886)**	70,270
Total comprehensive loss for the period		**(3,957,614)**	(12,994,767)
Total comprehensive loss attributable to members of Equatorial Resources Limited		**(3,957,614)**	(12,994,767)
Earnings per share			
Basic and diluted loss per share (cents per share)	17	**(3.19)**	(10.70)

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

	Notes	30 June 2015 $	30 June 2014 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	**37,324,158**	40,463,179
Trade and other receivables	7	**675,619**	1,032,598
Prepayments		**3,275**	117,845
Total Current Assets		**38,003,052**	41,613,622
Non-current Assets			
Property, plant and equipment	8	**1,210,272**	2,790,900
Exploration and evaluation assets	9	**6,261,072**	7,148,473
Intangible assets	10	**43,039**	83,120
Total Non-current Assets		**7,514,383**	10,022,493
TOTAL ASSETS		**45,517,435**	51,636,115
LIABILITIES			
Current Liabilities			
Trade and other payables	11	**808,896**	1,462,932
Provisions	12	**6,652**	69,533
Income tax payable		**133,526**	622,130
Total Current Liabilities		**949,074**	2,154,595
TOTAL LIABILITIES		**949,074**	2,154,595
NET ASSETS		**44,568,361**	49,481,520
EQUITY			
Contributed equity	13	**177,682,852**	175,086,000
Reserves	14	**856,460**	4,430,743
Accumulated losses	15	**(133,970,951)**	(130,035,223)
TOTAL EQUITY		**44,568,361**	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 year ended 30 June 2015

	Ordinary Shares	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 year	**-**	**-**	**-**	**(3,935,728)**	**(3,935,728)**
Other comprehensive income:					
Exchange differences on translation of foreign operations	**-**	**-**	**(21,886)**	**-**	**(21,886)**
Total comprehensive loss for the period	**-**	**-**	**(21,886)**	**(3,935,728)**	**(3,957,614)**
Transactions with owners recorded directly in equity					
Share issue costs	**(3,598)**	**-**	**-**	**-**	**(3,598)**
Conversion of Performance Rights	**2,600,450**	**(2,600,450)**	**-**	**-**	**-**
Share based payments	**-**	**(951,947)**	**-**	**-**	**(951,947)**
Balance at 30 June 2015	**177,682,852**	**115,814**	**740,646**	**(133,970,951)**	**44,568,361**
Balance at 1 July 2013	174,817,051	4,949,564	692,262	(118,502,736)	61,956,141
Net loss for the year	-	-	-	(13,065,037)	(13,065,037)
Other comprehensive income:					
Exchange differences on translation of foreign operations	-	-	70,270	-	70,270
Total comprehensive loss for the period	-	-	70,270	(13,065,037)	(12,994,767)
Transactions with owners recorded directly in equity					
Share issue costs	(3,151)	-	-	-	(3,151)
Conversion of Performance Rights	-	-	-	-	-
Exercise of Incentive Options	272,100	(92,100)	-	-	180,000
Share based payments	-	343,297	-	-	343,297
Expiry of Incentive Options transferred to Accumulated Losses	-	(1,532,550)	-	1,532,550	-
Balance at 30 June 2014	175,086,000	3,668,211	762,532	(130,035,223)	49,481,520

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

		2015 $	2014 $
CASH FLOWS USED IN OPERATING ACTIVITIES			
Payments to suppliers, employees and others		**(5,997,700)**	(13,595,622)
Income tax refunded		**1,190,669**	-
Interest received		**1,676,723**	2,010,210
Net Cash flows used in Operating Activities	16(a)	**(3,130,308)**	(11,585,412)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		**8,803**	1,025
Payments for property, plant and equipment		**(13,918)**	(7,728)
Net Cash flows used in Investing Activities		**(5,115)**	(6,703)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**-**	180,000
Payments for share issue costs		**(3,598)**	(3,151)
Net Cash flows (used in)/from Financing Activities		**(3,598)**	176,849
Net decrease in cash and cash equivalents		**(3,139,021)**	(11,415,266)
Cash and cash equivalents at beginning of period		**40,463,179**	51,878,445
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	**37,324,158**	40,463,179

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 2015 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 2015 was authorised for issue in accordance with a resolution of the Directors on 22 September 2015.

(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:

(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.

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 2015. These are outlined in the table below and overleaf:

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2015
AASB 2015-6	Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Prof it Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	This Standard makes amendments to AASB 124 Related Party Disclosures to extend the scope of that Standard to include not-for-prof it public sector entities.	1 July 2015	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2015
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	AASB 2014-3 amends AASB 11 Joint Arrangement s to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. This Standard also makes an editorial correction to AASB 11	1 January 2016	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Statement of Compliance (Continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 Property Plant and Equipment and AASB 138 Intangible Assets both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2016
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	AASB 2014-9 amends AASB 127 Separate Financial Statements, and consequentially amends AASB 1 First-time Adoption of Australian Accounting Standards and AASB 128 Investments in Associates and Joint Ventures, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127. AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2016
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	AASB 2014-10 amends AASB 10 Consolidated Financial Statement s and AASB 128 to address an inconsistency between the requirement s in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: (a) a full gain or loss to be recognised when a transact ion involves a business (whether it is housed in a subsidiary or not); and (b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2014-10 also makes an editorial correction to AASB 10. AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2016
AASB 15	Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construct ion Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange f or those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transact ion price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation The AASB issued the Australian equivalent of IFRS 15, being AASB 15, in December 2014. Currently, these standards are effective for annual reporting periods commencing on or after 1 January 2017. Early application is permitted. (Note A) AASB 2 014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.	Expected to be 1 January 2018	These amendments are not expected to have any significant impact on the Group's financial report.	Expected to be 1 July 2018
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in deter mining where and in what order information is presented in the financial disclosures.	1 January 2016	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Statement of Compliance (Continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012– 2014 Cycle	The subjects of the principal amendments to the Standards are set out below: AASB 5 Non-current Assets Held for Sale and Discontinued Operations: • Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account f or this change. AASB 7 Financial Instruments: Disclosures: • Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement ' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. • Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Off setting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134. AASB 119 Employee Benefits: • Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. AASB 134 Interim Financial Reporting: • Disclosure of information 'elsewhere in the interim financial report' - amends AASB 1 34 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.	1 January 2016	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2016
AASB 9	Financial Instruments	AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below. Financial assets a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. Financial liabilities Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount. Impairment The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. Hedge accounting Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.	1 January 2018	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2015. 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. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

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, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(f) Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due and are interest free.

(g) 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.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the reporting date.

Recognition and derecognition

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through statement of profit or loss and other comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through statement of profit or loss and other comprehensive income are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through statement of profit or loss and other comprehensive income ' category are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the investments available for sale reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments previously reported in equity are included in the statement of profit or loss and other comprehensive income as gains and losses on disposal of investment securities.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in statement of profit or loss and other comprehensive income – is transferred from equity to the statement of profit or loss and other comprehensive income. Impairment losses recognised in the statement of profit or loss and other comprehensive income on equity instruments classified as held for sale are not reversed through the statement of profit or loss and other comprehensive income.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, Plant and Equipment

Cost

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

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.

	2015	2014
Major depreciation and amortisation periods are:		
- Leasehold Land:	Lesser of Leasehold life and Life of mine	Lesser of Leasehold life and Life of mine
Buildings:	5 - 20 years	5 - 20 years
Plant and equipment:	2 -10 years	2 -10 years
Work in Progress:	-	-

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.

(i) Intangible Assets

Intangible Assets acquired by the Group, such as Telecommunications Access Rights, 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.

Major amortisation periods are:	
Telecommunications Access Rights:	5 years

(j) Exploration and Development Expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method and with AASB 6 *Exploration for and Evaluation of Mineral Resources*.

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.

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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.

(l) 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.

(m) 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.

(n) 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.

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.

(o) 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 at the present value of the estimated future cash outflows to be made for those benefits.

(p) 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) 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.

(r) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for “all other segments”.

(s) 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.

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.

(t) 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an 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 to sell 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.

(v) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(w) 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.

(x) 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 20.

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 option premium 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.

(y) 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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Use and Revision of Accounting Estimates, Judgements and Assumptions (Continued)

- 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 20.

2. REVENUE AND OTHER INCOME

	2015 $	2014 $
Revenue		
Interest income	**1,330,427**	1,728,396
Other Income		
Research and development grant income [1]	**1,379,273**	-
Net realised and unrealised foreign exchange gains	**13,111**	13,470
	1,392,384	13,470

Notes:

[1] Grant income relates to the Company's Research and Development ("R&D") tax incentive claims for the years ended 30 June 2013 and 2014. The Company has yet to complete an R&D assessment for the year ended 30 June 2015.

3. EXPENSES

	Note	2015 $	2014 $
Depreciation, amortisation and impairment included in statement of comprehensive income			
Depreciation of plant and equipment	8	**1,238,835**	2,273,873
Impairment of plant and equipment	8	**324,448**	-
Impairment of exploration and evaluation assets	9	**887,377**	-
Amortisation of intangible assets	10	**39,620**	40,733
		2,490,280	2,314,606
Employee benefits expense (including KMP)			
Wages and salaries		**2,134,932**	3,971,366
Superannuation costs		**75,857**	108,302
Redundancy payments		**62,276**	13,136
Share-based payments	20	**(951,947)**	343,297
Other employee benefits		**32,041**	170,682
		1,353,159	4,606,783
Other expenses			
Interest expense		**29,278**	-
Loss on sale of plant and equipment		**6,203**	-
		35,481	-

4. INCOME TAX

	2015 $	2014 $
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	**(1,034,975)**	(3,640,639)
Adjustments in respect of deferred income tax of previous years	**3,159,669**	1,201,004
Deferred tax assets not brought to account	**-**	2,439,635
Deferred tax assets previously not brought to account	**(2,124,694)**	-
Income tax reported in the statement of comprehensive income	**-**	-

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

	2015 $	2014 $
Accounting loss before income tax	**(3,935,728)**	(13,065,037)
At the domestic income tax rate of 30% (2014: 30%)	**(1,180,718)**	(3,919,511)
Effect of different tax rates in foreign jurisdictions	**(113,575)**	(249,743)
Expenditure not allowable for income tax purposes	**550,562**	344,510
Income not assessable for income tax purposes	**(285,584)**	-
Foreign exchange differences	**(5,660)**	184,105
Adjustments in respect of deferred income tax of previous years	**3,159,669**	1,201,004
Deferred tax assets not brought to account	**-**	2,439,635
Deferred tax assets previously not brought to account	**(2,124,694)**	-
Income tax expense attributable to profit/(loss)	**-**	-

(b) Deferred Tax Assets and Liabilities

Deferred income tax at balance date relates to the following:

	2015 $	2014 $
Deferred Tax Assets		
Accrued expenditure	**18,900**	87,487
Capital allowances	**20,783,314**	22,402,688
Provisions	**2,195**	21,103
Tax losses available to offset against future taxable income	**1,779,931**	2,224,804
DTA used to offset DTL	**(79,298)**	(106,346)
Deferred tax assets not brought to account	**(22,505,042)**	(24,629,736)
	-	-
Deferred Tax Liabilities		
Accrued interest	**75,365**	103,889
Other financial assets	**3,933**	2,457
DTA used to offset DTL	**(79,298)**	(106,346)
	-	-

4. INCOME TAX (Continued)

(b) Deferred Tax Assets and Liabilities (Continued)

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 2015 (2014: Nil).

	2015 $	2014 $
Franking Credit Balance		
Franking credits available to shareholders of Equatorial Resources Limited for subsequent financial years	**-**	-

6. CASH AND CASH EQUIVALENTS

	2015 $	2014 $
Cash on hand	**452,002**	671,023
Deposits at call	**36,872,156**	39,792,156
	37,324,158	40,463,179

7. TRADE AND OTHER RECEIVABLES

	2015 $	2014 $
Refundable deposits	**127,404**	167,356
Accrued interest	**251,215**	346,296
GST/VAT receivable	**139,924**	135,548
Sundry debtors	**157,076**	383,398
Trade and other Receivables	**675,619**	1,032,598

8. PROPERTY, PLANT AND EQUIPMENT

	2015 $	2014 $
Leasehold Land		
At cost	**66,129**	66,310
Buildings		
At cost	**700,218**	702,136
Accumulated depreciation and impairment	**(520,952)**	(378,908)
Net carrying amount	**179,266**	323,228
Plant and Equipment		
At cost	**7,660,718**	7,666,956
Accumulated depreciation and impairment	**(6,695,841)**	(5,607,861)
Net carrying amount	**964,877**	2,059,095
Work in Progress		
At cost	**-**	342,267
Total Property, Plant and Equipment	**1,210,272**	2,790,900

(a) Reconciliation of Property, Plant and Equipment:

	Leasehold Land $	Buildings $	Plant & Equipment $	Work in Progress $	Total $
2015					
Carrying amount at 1 July 2014	**66,310**	**323,228**	**2,059,095**	**342,267**	**2,790,900**
Additions	**-**	**-**	**13,918**	**-**	**13,918**
Disposals	**-**	**-**	**-**	**(15,006)**	**(15,006)**
Depreciation	**-**	**(142,238)**	**(1,096,597)**	**-**	**(1,238,835)**
Impairment [1]	**-**	**-**	**-**	**(324,448)**	**(324,448)**
Foreign exchange movement [2]	**(181)**	**(1,724)**	**(11,539)**	**(2,813)**	**(16,257)**
Carrying amount at 30 June 2015	**66,129**	**179,266**	**964,877**	**-**	**1,210,272**
2014					
Carrying amount at 1 July 2013	65,151	458,475	4,034,150	374,274	4,932,050
Additions	-	-	7,728	-	7,728
Transfers	-	-	39,138	(39,138)	-
Disposals	-	-	(1,025)	-	(1,025)
Depreciation	-	(146,165)	(2,127,707)	-	(2,273,872)
Foreign exchange movement [2]	1,159	10,918	106,811	7,131	126,019
Carrying amount at 30 June 2014	66,310	323,228	2,059,095	342,267	2,790,900

Notes:

1 The Group reviewed its capitalised property, plant and equipment to determine whether any indications of impairment exist at balance date. In this regard, it was determined that work in progress relating to uninstalled plant and equipment is unlikely to be installed ready for use in the foreseeable future. Accordingly, the decision was taken to impair all capitalised work in progress, being a total of $324,448. This amount has been treated as an expense in the Statement of Profit or Loss and Other Comprehensive Income.

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

9. EXPLORATION AND EVALUATION ASSETS

	2015 $	2014 $
Areas of Interest		
Mayoko-Moussondji Iron Project	**4,114,774**	5,002,163
Badondo Iron Project	**2,146,298**	2,146,310
Carrying amount at end of year [1]	**6,261,072**	7,148,473

(a) Reconciliation of movements in carrying amount:

	2015 $	2014 $
Carrying amount at beginning	**7,148,473**	7,148,319
Impairment [2]	**(887,377)**	-
Foreign exchange movement [3]	**(24)**	154
Carrying amount at end of year [1]	**6,261,072**	7,148,473

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 Groups assumption that the exploration licenses will be renewed when required, subject to the company meeting its agreed budgets and work programs.

2 The Group reviewed its capitalised exploration costs to determine whether any indications of impairment exist. In this regard, subsequent to the end of the 2015 financial year, the Company entered into a conditional agreement with Midus Global Limited, a subsidiary of European commodities trading company, Interalloys Trading Limited, for the sale of its Mayoko-Moussondji Project. Accordingly, taking into account the conditional agreement, current market conditions, and other factors, the decision was taken to impair capitalised exploration costs associated with Mayoko-Moussondji down to A$4.1 million. The fair value determined is classified as level 3 in the fair value hierarchy.

3 Foreign exchange movement results from translation from functional currency to presentation currency at reporting date.

10. INTANGIBLE ASSETS

	2015 $	2014 $
Telecommunications Access Rights		
At cost	**199,269**	199,816
Accumulated amortisation	**(156,230)**	(116,696)
Net carrying amount	**43,039**	83,120

(a) Reconciliation of movements in carrying amount:

	2015 $	2014 $
Carrying amount at beginning	**83,120**	**120,931**
Amortisation	**(39,620)**	**(40,733)**
Foreign exchange movement	**(461)**	**2,922**
Carrying amount at end of year	**43,039**	**83,120**

11. TRADE AND OTHER PAYABLES

	2015 $	2014 $
Trade creditors	**491,346**	1,058,344
Accrued expenses	**228,508**	343,113
Other payables	**89,042**	61,475
	808,896	1,462,932

12. PROVISIONS

	2015 $	2014 $
Employee annual leave entitlements	**6,652**	69,533

13. CONTRIBUTED EQUITY

	2015 $	2014 $
Issued capital		
Fully paid ordinary shares: 124,445,353 (2014: 122,185,353)	**177,682,852**	**175,086,000**

(a) Movements in Ordinary Shares During the Past Two Years Were as Follows:

Date	Details	Number of Ordinary Shares	$
1-Jul-14	**Opening balance**	**122,185,353**	**175,086,000**
3-Dec-14	Issue of shares upon conversion of Performance Rights	**2,260,000**	**2,600,450**
	Share issue expenses	**-**	**(3,598)**
30-Jun-15	**Closing Balance**	**124,445,353**	**177,682,852**
1-Jul-13	**Opening balance**	121,885,353	174,817,051
	Exercise of Incentive Options	300,000	180,000
	Transfers from share based payment reserve	-	92,100
	Share issue expenses	-	(3,151)
30-Jun-14	**Closing Balance**	122,185,353	175,086,000

13. CONTRIBUTED EQUITY (Continued)

(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.

Ordinary Shares issued following the exercise of Options in accordance with Note 14(c) and issued following the vesting of Performance Rights in accordance with Note 14(d) will rank equally in all respects with the Company's existing Ordinary Shares. Copies of the Company's Constitution are available for inspection during business hours at the Company's registered office. 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.

14. RESERVES

	Note	2015 $	2014 $
Share based payments reserve	14(b)	**115,814**	3,668,211
Foreign currency translation reserve	14(e)	**740,646**	762,532
		856,460	4,430,743

(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.

14. RESERVES (Continued)

(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	$
1-Jul-14	**Opening Balance**	**2,000,000**	**5,115,000**	**3,668,211**
3-Dec-15	Conversion of Performance Rights	**-**	**(2,260,000)**	**(2,600,450)**
	Lapse of Performance Rights	**-**	**(550,000)**	**-**
	Grant of Incentive Options	**100,000**	**-**	**-**
	Share based payment expense	**-**	**-**	**(951,947)**
30-Jun-15	**Closing Balance**	**2,100,000**	**2,305,000**	**115,814**
1-Jul-13	**Opening Balance**	3,600,000	3,425,000	4,949,564
	Grant of Incentive Options	2,000,000	-	-
	Grant of Performance Rights	-	2,000,000	-
	Lapse of Rights	-	(310,000)	-
	Exercise of options	(300,000)	-	(92,100)
	Expiry of options	(3,300,000)	-	(1,532,550)
	Share based payment expense	-	-	343,297
30-Jun-14	**Closing Balance**	2,000,000	5,115,000	3,668,211

(c) Terms and Conditions of Incentive Options

The Incentive Options are granted based upon the following terms and conditions:

- Each Incentive Option entitles the holder to subscribe for one Ordinary Share upon exercise of each Incentive Option;
- The Incentive Options have the following exercise prices and expiry dates:
  - 2,000,000 options exercisable on or before 16 December 2015 at an exercise price of $0.46.
  - 100,000 options exercisable on or before 30 June 2017 at an exercise price of $0.24.
- Subject to any vesting conditions, the Incentive Options are exercisable at any time prior to the Expiry Date;
- Ordinary Shares issued on exercise of the Incentive Options rank equally with the Ordinary Shares of the Company;
- Application will be made by the Company to ASX for official quotation of the Ordinary Shares issued upon the exercise of the Incentive Options;
- If there is any reconstruction of the issued share capital of the Company, the rights of the Option holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction; and
- No application for quotation of the Incentive Options will be made by the Company.

(d) Terms and Conditions of Performance Rights

The Performance Rights are granted based upon the following terms and conditions:

- Each Performance Right entitles the holder to subscribe for one Ordinary Share upon the vesting performance milestone being achieved by the Company;
- The Performance Rights have the following exercise prices and expiry dates:
  - 2,305,000 performance rights subject satisfaction of the Production Milestone on or before 31 December 2016.
- Ordinary Shares issued on exercise of the Performance Rights rank equally with the Ordinary Shares of the Company;
- Application will be made by the Company to ASX for official quotation of the Ordinary Shares issued upon the exercise of the Performance Rights;
- If there is any reconstruction of the issued share capital of the Company, the rights of the Right holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction; and
- No application for quotation of the Performance Rights will be made by the Company.

14. RESERVES (Continued)

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

	2015 $	2014 $
Foreign Currency Translation Reserve		
Balance at 1 July	**762,532**	692,262
Exchange differences	**(21,886)**	70,270
Balance at 30 June	**740,646**	762,532

15. ACCUMULATED LOSSES

	2015 $	2014 $
Balance at 1 July	**(130,035,223)**	(118,502,736)
Net loss for the year	**(3,935,728)**	(13,065,037)
Expiry of Incentive Options transferred to Accumulated Losses	**-**	1,532,550
Balance at 30 June	**(133,970,951)**	(130,035,223)

16. CASH FLOW STATEMENT

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

	2015 $	2014 $
Loss for the year attributable to members of the parent	**(3,935,728)**	(13,065,037)
Adjustment for non-cash income and expense items		
Depreciation and amortisation	**1,278,455**	2,314,606
Provision for employee entitlements	**(62,851)**	18,403
Share based payments	**(951,947)**	343,297
Impairment of exploration assets	**887,377**	-
Impairment of plant and equipment	**324,448**	-
Net foreign exchange loss	**(19,455)**	(59,492)
Gain on sale of plant and equipment	**6,203**	-
Change in operating assets and liabilities		
Decrease/(increase) in trade and other receivables and prepayments	**400,764**	(53,651)
Decrease in trade and other payables and income tax payable	**(1,057,574)**	(1,083,538)
Net cash outflow from operating activities	**(3,130,308)**	(11,585,412)
Reconciliation of Cash		
Cash at bank and on hand	**37,324,158**	40,463,179
	37,324,158	40,463,179

17. EARNINGS PER SHARE

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

	2015 $	2014 $
Basic Earnings: Net (loss) used in calculating basic earnings per share:	**(3,935,728)**	**(13,065,037)**

	Number of Ordinary Shares 2015	Number of Ordinary Shares 2014
Weighted average number of Ordinary Shares	**123,485,627**	**122,058,367**

(a) Non-Dilutive Securities

As at balance date, 2,100,000 Incentive Options and 2,305,000 Performance Rights (which represent 4,405,000 potential Ordinary Shares) were considered non-dilutive as they would decrease the loss per share.

(b) Conversions, Calls, Subscriptions or Issues after 30 June 2015

There have been no other 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.

18. RELATED PARTIES

(a) Subsidiaries

Name	Country of Incorporation	% Equity Interest 2015 %	% Equity Interest 2014 %
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
Congo Mining Ltd SARL	Republic of Congo	100	100
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 (Gabon) Limited	Gabon	100	100

(b) Ultimate Parent

Equatorial Resources Limited is the ultimate parent of the Group.

(c) Key Management Personnel

	2015 $	2014 $
Short-term employee benefits	**693,220**	1,139,939
Post-employment benefits	**53,400**	76,370
Share-based payments	**(579,037)**	282,079
`	**167,583**	1,498,388

18. RELATED PARTIES (CONTINUED)

(c) Key Management Personnel (Continued)

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2015 (2014: Nil).

Apollo Group Pty Ltd, a company of which Mr Mark Pearce is a director and beneficial shareholder, was paid or is payable $132,000 (2014: $132,000) 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.

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.

19. PARENT ENTITY DISCLOSURES

	2015 $	2014 $
Financial Position		
Assets		
Current Assets	**37,958,576**	41,541,637
Non-Current Assets	**7,288,446**	77,760,630
Total Assets	**45,247,022**	119,302,267
Liabilities		
Current Liabilities	**678,661**	1,634,421
Total Liabilities	**678,661**	1,634,421
Equity		
Contributed equity	**177,682,853**	175,086,000
Accumulated losses	**(133,230,305)**	(61,086,365)
Share based payments reserve	**115,814**	3,668,211
Total Equity	**44,658,361**	117,667,846
Financial Performance		
Profit/(loss) for the year	**(72,143,940)**	(4,708,902)
Other comprehensive income	**-**	-
Total comprehensive income	**(72,143,940)**	(4,708,902)

(a) Other information

The Company has not entered into any guarantees in relation to its subsidiaries. Refer to Note 24 for details of contingent assets and liabilities.

20. 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 granted, and the terms of the options granted are determined by the Board. Shareholder approval is sought where required. During the past two years, the following equity-settled share-based payments have been recognised:

	2015 $	2014 $
(Benefit)/expense arising from equity-settled share-based payment transactions	**(951,947)**	**343,297**

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

The following Incentive Options and Performance Rights were granted as share-based payments during the last two years:

2015 Series	Issuing Entity	Security Type	Number	Grant Date	Expiry Date	Exercise Price	Grant Date Fair Value
Series 1	Equatorial Resources Ltd	Options	100,000	29-Mar-15	30-Jun-17	$0.24	$0.08

2014 Series	Issuing Entity	Security Type	Number	Grant Date	Expiry Date	Exercise Price	Grant Date Fair Value
Series 1	Equatorial Resources Ltd	Rights	700,000	18-Jun-14	30-Jun-15	-	$0.36
Series 2	Equatorial Resources Ltd	Rights	410,000	18-Jun-14	30-Jun-15	-	$0.36
Series 3	Equatorial Resources Ltd	Options	2,000,000	18-Jun-14	16-Dec-15	$0.46	$0.08
Series 4	Equatorial Resources Ltd	Rights	300,000	17-Jun-14	31-Dec-16	-	$0.39
Series 5	Equatorial Resources Ltd	Rights	590,000	17-Jun-14	31-Dec-16	-	$0.39

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:

	2015 Number	2015 WAEP	2014 Number	2014 WAEP
Outstanding at beginning of year	**7,115,000**	**$0.13**	7,025,000	$0.45
Granted during the year	**100,000**	**$0.24**	4,000,000	$0.23
Lapsed/expired during the year	**(550,000)**	**-**	(3,610,000)	$0.82
Exercised/converted during the year	**(2,260,000)**	**-**	(300,000)	$0.60
Outstanding at end of year	**4,405,000**	**$0.21**	7,115,000	$0.13

(c) Weighted Average Remaining Contractual Life

At 30 June 2015, the weighted average remaining contractual life of Incentive Options and Performance Rights on issue that had been granted as share-based payments was 1.04 years (2014: 1.73 years).

(d) Range of Exercise Prices

At 30 June 2015, the range of exercise prices of Incentive Options and Performance Rights on issue that had been granted as share-based payments was nil to $0.46 (2014: nil to $0.46).

(e) Weighted Average Fair Value

The weighted average fair value of Incentive Options and Performance Rights granted as share-based payments by the Group during the year ended 30 June 2015 was $0.08 (2014: $0.23).

20. SHARE-BASED PAYMENTS (Continued)

(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 were granted.

The table below lists the inputs to the valuation model used for Incentive Options and Performance Rights granted by the Group during the last two years:

	2015 Inputs	2014 Inputs				
	Series 1	Series 1	Series 2	Series 3	Series 4	Series 5
Security Type	Option	Right	Right	Option	Right	Right
Exercise price	$0.24	-	-	$0.46	-	-
Grant date share price	$0.24	$0.36	$0.36	$0.36	$0.36	$0.36
Dividend yield [1]	-	-	-	-	-	-
Volatility [2]	55%	N/A	N/A	60%	N/A	N/A
Risk-free interest rate	2.41%	N/A	N/A	2.63%	N/A	N/A
Grant date	29-Mar-15	18-Jun-14	18-Jun-14	18-Jun-14	17-Jun-14	17-Jun-14
Expiry date	30-Jun-17	30-Jun-15	30-Jun-15	16-Dec-15	31-Dec-16	31-Dec-16
Expected life of right[3]	2.26 years	1.03 years	1.03 years	1.50 years	2.54 years	2.54 years
Fair value at grant date	$0.08	$0.36	$0.36	$0.08	$0.39	$0.39

Notes:
1 The dividend yield reflects the assumption that the current dividend payout will remain unchanged.
2 The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.
3 The expected life of the right is based the expiry date of the right as the date milestones may be achieved is not able to be determined.

21. AUDITORS' REMUNERATION

The auditor of Equatorial Resources Limited is Ernst & Young.

	2015 $	2014 $
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	**27,520**	42,772
• taxation and advisory services provided to the Company and any other entity in the consolidated group	**198,146**	-
Amounts received or due and receivable by Ernst & Young (Republic of Congo) for:		
• an audit or review of Congo Mining Ltd SARL and Congo Mining Exploration Ltd SARL, subsidiaries of Equatorial Resources Ltd	**-**	31,540
• taxation and advisory services provided to Congo Mining Ltd SARL and Congo Mining Exploration Ltd SARL, subsidiaries of Equatorial Resources Ltd	**19,722**	20,276
	245,388	94,588

22. 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

	2015 $	2014 $
Australia	**34,963**	95,308
Republic of Congo	**7,479,420**	9,927,185
	7,514,383	10,022,493

Non-Current Assets for this purpose consist of property, plant and equipment, exploration and evaluation assets and intangible assets.

23. 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, equity price 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 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.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(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:

	2015 $	2014 $
Cash and cash equivalents	**37,324,158**	40,463,179
Trade and other receivables	**675,619**	1,032,598
	37,999,777	41,495,777

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.

(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 2015 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 $
2015					
Financial Assets					
Cash and cash equivalents	**37,324,158**	**-**	**-**	**-**	**37,324,158**
Trade and other receivables	**675,619**	**-**	**-**	**-**	**675,619**
	37,999,777	**-**	**-**	**-**	**37,999,777**
Financial Liabilities					
Trade and other payables	**808,896**	**-**	**-**	**-**	**808,896**
Income tax payable	**133,526**	**-**	**-**	**-**	**133,526**
	942,422	**-**	**-**	**-**	**942,422**
2014					
Financial Assets					
Cash and cash equivalents	40,463,179	-	-	-	40,463,179
Trade and other receivables	1,032,598	-	-	-	1,032,598
	41,495,777	-	-	-	41,495,777
Financial Liabilities					
Trade and other payables	1,462,932	-	-	-	1,462,932
Income tax payable	622,130	-	-	-	622,130
	2,085,062	-	-	-	2,085,062

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(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 and available-for-sale investments are non-interest bearing.

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

	2015 $	2014 $
Interest-bearing financial instruments		
Cash at bank and on hand	**37,324,158**	40,463,179
	37,324,158	40,463,179

The Group's cash at bank and on hand and short term deposits had a weighted average floating interest rate at year end of 3.00% (2014: 3.63%).

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

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) equity and 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 2014.

	Effect on Profit or loss		Effect on Equity	
	+ 100 basis points	- 100 basis points	+ 100 basis points	- 100 basis points
2015				
Cash and cash equivalents	**373,098**	**(371,357)**	**373,098**	**(371,357)**
2014				
Cash and cash equivalents	404,717	(404,083)	404,717	(404,083)

(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.

The Group’s exposure to foreign currency risk throughout the current year primarily arose from controlled entities of the Company whose functional currency is the Central African CFA franc (XAF). The Central African Franc is fixed against the Euro (EUR). Foreign currency risk arises on translation of the net assets of these controlled entities to Australian dollars and on intercompany account balances. In the Group accounts, the foreign currency gains or losses arising from this risk are recorded through the foreign currency translation reserve.

At the reporting date, the exposure to foreign currency in relation to Financial Assets and Financial Liabilities is demonstrated in the table overleaf:

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Foreign Currency Risk (Continued)

At the reporting date, the exposure to foreign currency risk in relation to Financial Assets and Financial Liabilities was:

Foreign Currency : XAF	2015 AUD equivalent	2014 AUD equivalent
Financial Assets		
Cash and cash equivalents	**13,985**	(9,013)
Trade and other receivables	**27,214**	66,752
	41,199	57,739
Financial Liabilities		
Trade and other payables	**263,761**	512,075
	263,761	512,075
Net Exposure	**(222,562)**	(454,336)

The Group does not have any material exposure to financial instruments denominated in foreign currencies.

Foreign currency sensitivity

At the reporting date, had the Australian Dollar appreciated or depreciated against the Central African CFA franc as illustrated in the table below, equity and profit and loss would have been affected by the amounts shown below. This analysis assumes that all other variables remain constant.

	Effect on Profit or loss		Effect on Equity	
	10% increase	10% decrease	10% increase	10% decrease
2015				
AUD to XAF	**20,233**	**(22,256)**	**20,233**	**(22,256)**
2014				
AUD to XAF	41,303	(45,434)	41,303	(45,434)

(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 $44,568,361 for the year ended 30 June 2015 (2014: $49,481,520). 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.

24. 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 2015 financial year.

(b) Contingent Liabilities

As at the date of this report, no contingent liabilities had been identified in relation to the 30 June 2015 financial year.

25. COMMITMENTS

Management have identified the following material commitments for the consolidated group as at 30 June 2015;

	Note	Payable within 1 year $	Payable after 1 year and less than 5 years $	Total $
2015				
Operating Commitments		**26,545**	**3,840**	**30,385**
2014				
Operating Commitments		1,426,135	530,898	1,957,033

(a) Operating commitments

Operating commitments include contracts for leased office premises and accommodation facilities in the Republic of Congo and minimum operational supply agreements. The disclosed amounts are based on the current terms of agreements and based on current levels of operating activities.

26. EVENTS SUBSEQUENT TO BALANCE DATE

(i) On 14 August 2015, the Company announced that it had entered into a conditional agreement with Midus Global Limited (a subsidiary of European commodities trading company, Interalloys Trading Limited), for the sale of its Mayoko-Moussondji Iron Project. The sale of Mayoko-Moussondji will occur by Midus Global Limited acquiring 100% of Equatorial's wholly-owned subsidiary, CML, which is the legal and beneficial owner of Mayoko-Moussondji. The total consideration to be paid by Midus Global Limited to Equatorial to acquire CML will be A$5,000,000 in cash and a royalty equal to 2% of the receipts from sales of all iron ore extracted, produced, or sold from any future mining operations at Mayoko-Moussondji.

Other than as outlined above, at the date of this report, there are no matters or circumstances which have arisen since 30 June 2015 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2015, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2015, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2015, 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 2015 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 and the Group 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 2015.

On behalf of the Board

JOHN WELBORN
Director

Perth, 23 September 2015

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

Report on the financial report

We have audited the accompanying financial report of Equatorial Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' responsibility 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit 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.

GHM:JT:EQUATORIAL:010

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Opinion

In our opinion:

a. the financial report of Equatorial Resources Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date

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

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in pages 7 to 12 of the directors' report for the year ended 30 June 2015. 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.

Opinion

In our opinion, the Remuneration Report of Equatorial Resources Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

G H Meyerowitz
Partner
Perth
23 September 2015

COMPETENT PERSONS STATEMENT

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 presentation have not been materially modified from the original ASX announcement. The information in the original ASX announcement that relates to Exploration Results and Mineral Resources for the Mayoko-Moussondji Iron Project was 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 announcement that relates to Exploration Results and 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 presentation of the statements based on his information in the form and context in which it appears.

CORPORATE GOVERNANCE

Equatorial Resources Limited and the entities it controls believe corporate governance is a critical pillar on which business objectives and, in turn, shareholder value must be built.

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 2015, 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 2015, 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.

MINERAL RESOURCES AND ORE RESERVES STATEMENT

1. Mineral Resources

The Company's Mineral Resources as at 30 June 2015 and 30 June 2014, reported in accordance with the 2012 Edition of the JORC Code, are as follows:

Mayoko-Moussondji Iron Project		Mineral Resources as at 30 June 2015				Mineral Resources as at 30 June 2014			
Resource Category	Material Type	Tonnage (Mt)	Fe grade (%)	SiO_2 grade (%)	Al_2O_3 grade (%)	Tonnage (Mt)	Fe grade (%)	SiO_2 grade (%)	Al_2O_3 grade (%)
Indicated	Colluvial Hematite	41	39.1	23.0	12.0	41	39.1	23.0	12.0
	Friable Hematite	8	41.3	34.0	3.8	8	41.3	34.0	3.8
	Hard Hematite	7	38.1	41.0	1.9	7	38.1	41.0	1.9
	Magnetite BIF	2	36.0	43.2	1.9	2	36.0	43.2	1.9
	Total Indicated	**57**	**39.2**	**27.3**	**9.3**	**57**	**39.2**	**27.3**	**9.3**
Inferred	Colluvial Hematite	62	33.9	22.7	16.3	62	33.9	22.7	16.3
	Friable Hematite	48	34.6	37.1	7.4	48	34.6	37.1	7.4
	Hard Hematite	17	33.7	43.2	4.2	17	33.7	43.2	4.2
	Magnetite BIF	733	30.4	46.8	3.5	733	30.4	46.8	3.5
	Total Inferred	**859**	**30.9**	**44.4**	**4.6**	**859**	**30.9**	**44.4**	**4.6**
Total	Colluvial Hematite	103	36.0	22.8	14.5	103	36.0	22.8	14.5
	Friable Hematite	56	35.5	36.7	6.9	56	35.5	36.7	6.9
	Hard Hematite	23	34.9	42.6	3.5	23	34.9	42.6	3.5
	Magnetite BIF	735	30.4	46.8	3.5	735	30.4	46.8	3.5
	Total	**917**	**31.4**	**43.4**	**4.9**	**917**	**31.4**	**43.4**	**4.9**

Note:
Totals may not add up due to rounding. All material is reported at a 20% Fe cut-off grade.

As a result of the annual review of the Company's Mineral Resources, there has been no change to the Mineral Resources reported for the Mayoko-Moussondji Iron Project located in the Republic of Congo.

2. Ore Reserves

The Company's Ore Resources as at 30 June 2015 and 30 June 2014, reported in accordance with the 2012 Edition of the JORC Code, are as follows:

Mayoko-Moussondji Iron Project		Ore Reserves as at 30 June 2015				Ore Reserves as at 30 June 2014			
Resource Category	Material Type	Tonnage (Mt)	Fe grade (%)	SiO_2 grade (%)	Al_2O_3 grade (%)	Tonnage (Mt)	Fe grade (%)	SiO_2 grade (%)	Al_2O_3 grade (%)
Probable	Colluvial Hematite	-	-	-	-	-	-	-	-
	Friable Hematite	-	-	-	-	-	-	-	-
	Total Probable	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

In November 2014, the Company announced the results of a Pre-Feasibility Study ("PFS") for the Mayoko-Moussondji Iron Project together with a maiden Ore Reserve estimate. One of the material assumptions underpinning the results of the PFS and the maiden Ore Reserve estimate was a long term index iron ore price of US$100 per tonne. Since this time, the sustained and continued fall in iron ore prices has created an uncertain environment for new projects and had a negative impact on project economics and valuations. In July 2015, the Company completed its annual review of Ore Reserves (as required under the ASX Listing Rules) and advised that, as a result of the reduction in iron ore prices discussed above, it had withdrawn the Ore Reserve estimate previously reported for the Mayoko-Moussondji Iron Project in November 2014.

MINERAL RESOURCES AND ORE RESERVES STATEMENT (Continued)

3. Governance of Mineral Resources and Ore Reserves

The Company engages external consultants and competent persons (as determined pursuant to the JORC Code) to prepare and calculate estimates of its Mineral Resources and Ore Reserves. Management and the Board review these estimates and underlying assumptions for reasonableness and accuracy. The results of the Mineral Resource and Ore Reserve estimates are then reported in accordance with the requirements of the JORC Code and other applicable rules (including ASX Listing Rules).

Where material changes occur during the year to a project, including the project's size, title, exploration results or other technical information then previous Mineral Resources or Ore Reserves estimates and market disclosures are reviewed for completeness.

The Company reviews its Mineral Resources and Ore Reserves as at 30 June each year. Where a material change has occurred in the assumptions or data used in previously reported Mineral Resource or Ore Reserve, then where possible a revised Mineral Resource or Ore Reserve estimate will be prepared as part of the annual review process. However, there are circumstance where this may not be possible (e.g. an ongoing drilling programme), in which case a revised Mineral Resource or Ore Reserve estimate will be prepared and reported as soon as practicable.

4. Competent Person Statement

The information in this Mineral Resources Statement that relates that to Mineral Resources for Mayoko-Moussondji 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 she 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'. Mr Glassock approves and consents to the inclusion in the Mineral Resources Statement of the matters based on his information in the form and context in which it appears. Mr Glassock has approved this Mineral Resource Statement as a whole and consents to its inclusion in the form and context in which it appears.

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 30 September 2015.

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>	11,867,758	9.54
National Nominees Limited	10,109,613	8.12
AWJ Family Pty Ltd <Angus W Johnson Family A/C>	8,916,303	7.16
Nefco Nominees Pty Ltd	7,593,058	6.10
UBS Wealth Management Australia Nominees Pty Ltd	5,686,785	4.57
Arredo Pty Ltd	5,210,000	4.19
Mr John Paul Welborn and Ms Caroline Anne Welborn <Welborn Family A/C>	4,500,000	3.62
DRFT Management Pty Ltd <D Roberts Invest No2 A/C>	3,527,400	2.83
Klip Pty Ltd <Beirne Super Fund A/C>	3,501,998	2.81
Norfolk Enchants Pty Ltd <Trojan Retirement Fund A/C>	2,000,000	1.61
Mr Florent Deckous Koukoumina	1,630,000	1.31
Bouchi Pty Ltd	1,533,500	1.23
The Alpine Bark Hut Pty Ltd <The Alpine Investment A/C>	1,500,000	1.21
Mr Jason Peterson + Mrs Lisa Peterson <J & L Peterson S/F A/C>	1,500,000	1.21
Mr Ernest Saronga Massawe	1,400,000	1.12
Mr John Paul Welborn	1,240,000	1.00
Mrs Susan Maree Whiting	1,100,000	0.88
Mr Terry Patrick Coffey + Hawkes Bay Nominees Limited <Williams Family No 2 A/C>	1,061,000	0.85
Jetosea Pty Limited	1,037,669	0.83
BNP Paribas Noms Pty Ltd <DRP>	1,000,100	0.80
Total Top 20	**75,915,184**	**61.00**
Others	48,530,169	39.00
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	888	210,156
1,001 – 5,000	234	674,394
5,001 – 10,000	133	1,051,056
10,001 – 100,000	281	12,378,031
More than 100,000	122	110,131,716
Totals	**1,658**	**124,445,353**

There were 942 holders of less than a marketable parcel of ordinary shares.

ASX ADDITIONAL INFORMATION (Continued)

3. Voting Rights

See Note 13(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

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

The names of the security holders holding more than 20% of an unlisted class of security as at 30 September 2015 are listed below:

	Unlisted Options exercisable at $0.46 each on or before 16 December 2015	Unlisted Options exercisable at $0.24 each on or before 30 June 2017	Performance Rights with no exercise price expiring on 31 December 2016
Mr John Paul Welborn	2,000,000	-	1,000,000
Acacia Management Consultancy Pty Ltd	-	100,000	-
Others (holding less than 20%)	-	-	1,305,000
Total	**2,000,000**	**100,000**	**2,305,000**
Number of Holders	*1*	*1*	*16*

7. Exploration Interests

As at 30 September 2015, the Company has an interest in the following tenements in the Republic of Congo:

Project Name	Tenement Type	Tenement Number	Percentage Interest	Status
Mayoko-Moussondji Iron Project	Mining Licence	Decree No. 2014-165	100%	Granted
Mayoko-Moussondji Iron Project[1]	Exploration Licence	Decree No. 2012-931	100%	Awaiting renewal
Badondo Iron Project	Exploration Licence	Decree No. 2012-937	100%	Awaiting renewal
Moussondji-fer Ouest	Exploration Licence	Decree No. 2013-284	100%	Granted
Moussondji-fer Est	Exploration Licence	Decree No. 2013-288	100%	Granted

Note:
[1] The Mayoko-Moussondji Exploration Licence covers the tenement area of the original exploration licence that is outside of the area covered by the Mayoko-Moussondji Mining Licence.

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