ASX: EQX

EQUATORIAL RESOURCES LIMITED

INTERIM FINANCIAL REPORT

For the half year ended 31 December 2023

CORPORATE DIRECTORY

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

Company Secretary
Greg Swan

Registered Office
Level 9
28 The Esplanade
Perth WA 6000
Tel: +61 8 9322 6322
Fax: +61 8 9322 6558

Share Registry
Computershare Investor Services Pty Ltd
Level 7, 221 St Georges Terrace
Perth WA 6000
Tel: 1300 557 010
Int: +61 8 9323 2000
Fax: +61 8 9323 2033

Stock Exchange
Australian Securities Exchange (ASX)
Home Branch – Perth
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

ASX Code
EQX – Fully paid ordinary shares

Bankers
Australia and New Zealand Banking Group Limited

Solicitors
Thomson Geer

Auditors
Ernst & Young

Website
www.equatorialresources.com.au

CONTENTS

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Equatorial Resources Limited for the year ended 30 June 2023 and any public announcements made by Equatorial Resources Limited and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

The Directors of Equatorial Resources Limited present the consolidated financial report of Equatorial Resources Limited ("**Company**" or "**Equatorial**") and the entities it controlled during the half year ended 31 December 2023 ("**Consolidated Entity**" or "**Group**").

DIRECTORS

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

Mr Ian Middlemas – Chairman
Mr John Welborn – Non-Executive Director *(formerly Managing Director and Chief Executive Officer until 30 November 2023)*
Mr Robert Behets – Non-Executive Director
Mr Mark Pearce – Non-Executive Director

Unless otherwise stated, all Directors held their office from 1 July 2023 until the date of this report.

OPERATING AND FINANCIAL REVIEW

Overview

Equatorial is an ASX-listed company focused on advancing its existing mineral resource assets in Africa as well as searching for new opportunities in the resources sector which have the potential to build shareholder wealth.

During the half year, the Company completed its acquisition of the Nimba Alliance Iron Ore Project ("Nimba Project") in Guinea, West Africa. Field work completed at the Nimba Project during the half year identified extensive detrital material with direct shipping ore ("DSO") potential. The Company continues to focus on five significant high priority, near surface iron ore targets, with a total strike potential of approximately 55km, comprising friable itabirite, compact magnetite, and detrital "canga" mineralisation.

In March 2023, the Company, through its subsidiary EEPL Holdings ("EEPL"), filed a Memorial of Claim at the International Centre for Settlement of Investment Disputes ("ICSID") in Washington, D.C. in the Company's ongoing international arbitration proceedings against the Republic of Congo ("Congo"). The Company is seeking compensation following unlawful measures taken by Congo against its investments in two iron ore projects: the Badondo and the Mayoko-Moussoundji Iron Ore Projects located in Congo. In its Memorial of Claim, EEPL claimed compensation from Congo in an amount ranging from US$394 million to US$1,134 million plus interest.

Equatorial remains in a strong financial position with significant cash reserves available to progress exploration and development activities as well as pursue the dispute resolution process and pursue additional business opportunities in the resources sector. At 31 December 2023, the Company had A$15.7 million in cash, with 131.4 million shares on issue.

Nimba Alliance Iron Ore Project

The Nimba Project covers a large landholding in Guinea's prolific Nimba Iron Ore Corridor and comprises majority ownership of two permits: 100% of the Nimba West permit covering approximately 198km^2; and 56% of the Nimba North permit covering approximately 107km^2. The Nimba Project is located within a cluster of major iron ore projects where the development of large-scale transport infrastructure to enable efficient economic production is ongoing.

Figure 1 - Nimba Alliance Iron Ore Project Location

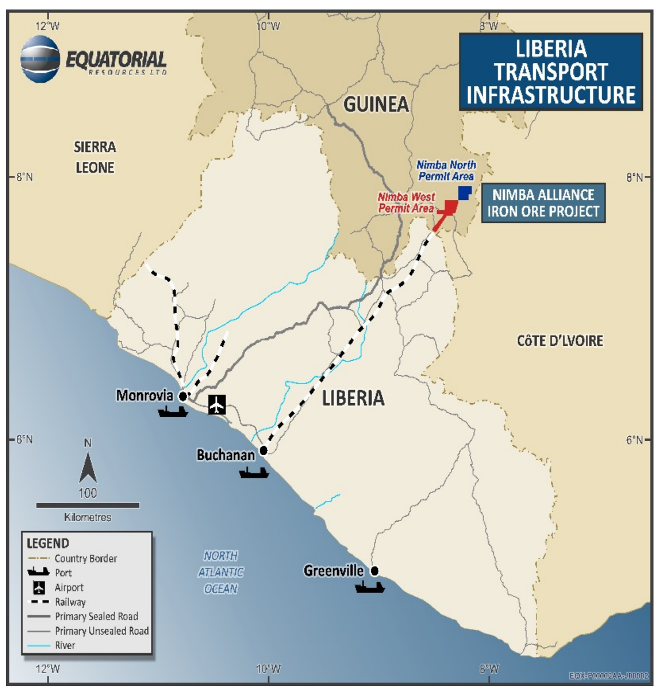

Figure 2 – Liberian Transport Corridor

OPERATING AND FINANCIAL REVIEW (continued)

Nimba Alliance Iron Ore Project (continued)

The Mount Nimba ridge, which extends from within Liberia north-eastward into Guinea, hosts multiple iron projects held by major mining companies including High Power Exploration Inc. ("HPX") and ArcelorMittal S.A. ("ArcelorMittal"). The southern boundary of the Nimba West permit is within 30km from the Lamco railhead in Liberia, also referred to as the Nimba-Buchanan Railway. The current ArcelorMittal operated line operates as far as Zolowee, approximately 22km from the southern boundary of the Nimba West permit.

Five significant high priority, near surface iron ore targets have been identified, with a total strike potential of approximately 55km, comprising friable itabirite, compact magnetite, and detrital "canga" mineralisation.

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

During the half year, an initial exploration field program commenced to understand the T5 and Detrital targets which yielded the following positive results:

- Extensive detrital material within the Detrital Target was identified over a 30km area, akin to Robert Friedland's HPX Nimba iron ore project; and
- The potential for DSO was confirmed at the T5 target.

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

Upon receipt of these assay results, the Company will complete a detailed analysis to identify and rank the most prospective areas between the Detrital Target and the T5 Target.

The Company is also in the process of planning an expanded field program at the Nimba Project, which will encompass additional surface sampling on targets T60, T28, and T57. The aim of the program is to gather comprehensive surface data, which will supplement our understanding of these targets and refine our plans for a subsequent drilling program.

Recognising the importance of local and regional infrastructure, the Company continues to engage with stakeholders to ensure support for the Company's operations. The proximity to the existing transport infrastructure presents an opportunity for potential infrastructure sharing, and the Company will continue to explore ways to optimise transport and export facilities.

Badondo and Mayoko-Moussondji Iron Projects – International Arbitration

The Badondo Iron Project ("Badondo") is a potentially large-scale iron project in the northwest of the Congo, situated within a cluster of world-class iron ore exploration projects. Equatorial invested in exploration and project development feasibility assessment at Badondo commencing in 2010 and, following significant exploration success, applied for a Mining Licence in 2016 under the framework of the relevant Mining Code and in compliance with local laws.

The Mayoko-Moussondji Iron Project ("Mayoko-Moussondji") is located in the southwest region of the Congo and has access to an existing railway line running to the deep-water port of Pointe-Noire. Equatorial invested in exploration and development of Mayoko-Moussondji from 2010 and was granted a 25-year Mining Licence in 2014. Equatorial sold Mayoko-Moussondji in 2015 and retained a 2% royalty on all future production from the project.

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

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

The arbitral tribunal that will consider EEPL's claims was constituted on 26 April 2022. EEPL appointed a prominent United States arbitrator who has significant experience in cases of this nature. Congo appointed a second member of the arbitral tribunal, and the parties jointly appointed the President. In accordance with the procedural calendar for the arbitration, EEPL will present its full case against Congo in the form of a written Statement of Claim supported by evidence.

OPERATING AND FINANCIAL REVIEW (continued)

Badondo and Mayoko-Moussondji Iron Projects – International Arbitration (continued)

Equatorial has filed a Memorial of Claim at the ICSID in Washington, D.C. The Memorial of Claim included:

- Factual background to the Congo Projects and the dispute;
- A detailed statement of the legal basis for each claim brought against Congo;
- A number of witness statements; and
- Reports from several independent experts covering the technical aspects and value of the Congo Projects and demonstrating damages ranging from US$394 million to US$1,134 million, depending on the valuation methodology adopted (and not including interest and costs, which are also claimed from Congo).

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

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

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

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

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

New Project Opportunities

Equatorial continues to search for, and review, new opportunities in the resources sector which have the potential to build shareholder value. Due diligence activities on multiple potential opportunities were conducted during the period.

New business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, or direct equity participation.

The Company's success in its acquisition activities depends on its ability to identify suitable projects, acquire them on acceptable terms, and integrate the projects successfully. There is no guarantee that the identification and due diligence of potential new business opportunities will result in any transaction or that any future transaction will be completed or will be successful.

Corporate

Equatorial remains in a strong financial position with $15.7 million in cash as at 31 December 2023. The Company has 131,445,353 shares on issue and is in a strong financial position to progress its current activities as well as pursue additional business opportunities in the resources sector.

Operating Results

The net loss of the Consolidated Entity for the half year ended 31 December 2023 was $169,526 (31 December 2022: $925,937).

Financial Position

At 31 December 2023, the Company had cash reserves of $15,661,749 (30 June 2023: $16,661,528) and no debt, placing the Company in a strong financial position to conduct its current activities and to pursue new business development opportunities. At 31 December 2023, the Company had net assets of $15,639,244 (30 June 2023: $14,206,658).

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

(i) On 12 March 2024, the Company entered into a consultancy agreement with Mr John Welborn, Non-Executive Director of the Company, under which Mr Welborn will provide additional services to support the Company's ongoing international arbitration proceedings against Congo. In return, subject to shareholder approval, Mr Welborn will be paid a fee equal to 5% of the net proceeds received by the Company related to or arising out of the claims. A Notice of General Meeting will be sent to shareholders shortly to approve the fee to be paid to Mr Welborn.

Other than as described above, at the date of this report, there are no other matters or circumstances which have arisen since 31 December 2023 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2023, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 31 December 2023, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 31 December 2023, of the Consolidated Entity.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half year ended 31 December 2023 has been received and can be found on page 6 of the Interim Financial Report.

Signed in accordance with a resolution of the directors.

JPWelborn

JOHN WELBORN
Director

12 March 2024

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

As lead auditor for the review of the half-year financial report of Equatorial Resources Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Ernst & Young

Jared Jaworski
Partner
12 March 2024

	Notes	Half Year ended 31 Dec 2023 $	Half Year ended 31 Dec 2022 $
Operations			
Interest income		**446,673**	257,483
Exploration and evaluation expenses		**(244,366)**	(17,208)
Corporate and administrative expenses		**(288,179)**	(434,633)
Business development expenses		**(385,443)**	(385,487)
Arbitration expenses		**(79,391)**	(252,358)
Share-based payment benefit/(expense)	6	**381,180**	(93,734)
Loss before income tax		**(169,526)**	(925,937)
Income tax expense		**-**	-
Loss for the period		**(169,526)**	(925,937)
Attributable to:			
Equity holders of the parent		**(168,941)**	(928,061)
Non-controlling interests		**(585)**	2,124
		(169,526)	(925,937)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences arising on translation of foreign operations		**29**	109
Other comprehensive (loss)/income for the period, net of tax		**29**	109
Total comprehensive (loss)/income for the period		**(169,497)**	(925,828)
Attributable to:			
Equity holders of the parent		**(168,917)**	(927,974)
Non-controlling interests		**(580)**	2,146
		(169,497)	(925,828)
Earnings per share			
Basic and diluted loss per share (cents per share)		**(0.13)**	(0.75)

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

	Notes	31 Dec 2023 $	30 Jun 2023 $
ASSETS			
Current Assets			
Cash and cash equivalents	3	**15,661,749**	16,661,528
Trade and other receivables		**73,883**	33,128
Total Current Assets		**15,735,632**	16,694,656
Non-Current Assets			
Exploration and evaluation assets	4	**1,993,924**	-
Total Non-Current Assets		**1,993,924**	-
TOTAL ASSETS		**17,729,556**	16,694,656
LIABILITIES			
Current Liabilities			
Trade and other payables		**2,071,730**	2,472,054
Provisions		**18,582**	15,944
Total Current Liabilities		**2,090,312**	2,487,998
TOTAL LIABILITIES		**2,090,312**	2,487,998
NET ASSETS		**15,639,244**	14,206,658
EQUITY			
Contributed equity	5	**179,022,193**	178,173,624
Reserves	6	**1,409,819**	1,095,975
Accumulated losses		**(163,536,384)**	(163,367,443)
Equity attributable to equity holders of the parent		**16,895,628**	15,902,156
Non-controlling interests		**(1,256,384)**	(1,695,498)
TOTAL EQUITY		**15,639,244**	14,206,658

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

	Contributed Equity $	Share-Based Payments Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Non-Controlling Interests $	Total Equity $
Balance at 1 July 2023	**178,173,624**	**876,382**	**219,593**	**(163,367,443)**	**(1,695,498)**	**14,206,658**
Net loss for the period	**-**	**-**	**-**	**(168,941)**	**(585)**	**(169,526)**
Other comprehensive (loss)/income:						
Exchange differences on translation of foreign operations	**-**	**-**	**24**	**-**	**5**	**29**
Total comprehensive loss for the period	**-**	**-**	**24**	**(168,941)**	**(580)**	**(169,497)**
Transactions with owners, recorded directly in equity						
Issue of securities to acquire Nimba Iron Ore Project	**775,000**	**775,000**	**-**	**-**	**-**	**1,550,000**
Issue of shares upon conversion of performance rights	**80,000**	**(80,000)**	**-**	**-**	**-**	**-**
Share issue costs	**(6,431)**	**-**	**-**	**-**	**-**	**(6,431)**
Share-based payment benefit	**-**	**(381,180)**	**-**	**-**	**-**	**(381,180)**
Initial recognition of non-controlling interests	**-**	**-**	**-**	**-**	**439,694**	**439,694**
Balance at 31 December 2023	**179,022,193**	**1,190,202**	**219,617**	**(163,536,384)**	**(1,256,384)**	**15,639,244**
Balance at 1 July 2022	178,173,624	680,679	219,655	(159,176,049)	(1,697,644)	18,200,265
Net profit for the period	-			(928,061)	2,124	(925,937)
Other comprehensive (loss)/income:						
Exchange differences on translation of foreign operations	-	-	87	-	22	109
Total comprehensive (loss)/income for the period	-	-	87	(928,061)	2,146	(925,828)
Transactions with owners, recorded directly in equity						
Share-based payment expense	-	93,734	-	-	-	93,734
Balance at 31 December 2022	178,173,624	774,413	219,742	(160,104,110)	(1,695,498)	17,368,171

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

	Note	Half Year ended 31 Dec 2023 $	Half Year ended 31 Dec 2022 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers, employees and others		**(1,365,750)**	(1,124,275)
Interest received		**380,027**	210,806
Net cash flows from operating activities		**(985,723)**	(913,469)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Nimba Iron Ore Project	7	**(7,624)**	-
Net cash flows from investing activities		**(7,624)**	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Share issue costs		**(6,432)**	-
Net cash flows from financing activities		**(6,432)**	-
Net decrease in cash and cash equivalents		**(999,779)**	(913,469)
Cash and cash equivalents at beginning of period		**16,661,528**	18,451,595
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3	**15,661,749**	17,538,126

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

1. MATERIAL ACCOUNTING POLICY INFORMATION

Equatorial Resources Limited ("Equatorial" or the "Company") is a for profit company limited by shares and incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange. The consolidated interim financial statements of the Company as at and for the period from 1 July 2023 to 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group"). The nature of the operations and principal activities of the Group are as described in the Directors' Report.

The interim consolidated financial statements of the Group for the half year ended 31 December 2023 were authorised for issue in accordance with the resolution of the directors on 29 February 2024.

(a) Basis of Preparation of Half Year Financial Report

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

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

(b) Statement of Compliance

This general purpose interim consolidated financial report for the half year reporting period ended 31 December 2023 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 30 June 2023. The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the year ended 30 June 2023, other than as detailed below.

In the current period, the Group has adopted all of the new and revised standards, interpretations and amendments that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2023. There are no new or revised standards, interpretations or amendments that are effective for the current year that are relevant to the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The new standards have not had a material effect on the Group's financial statements.

(c) Issued standards and interpretations not early adopted

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 reporting period ended 31 December 2023. Those which may be relevant to the Group are set out in the table below, but these are not expected to have any significant impact on the Group's financial statements:

Standard/Interpretation	Application Date of Standard	Application Date for Company
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	1 January 2024	1 July 2024
AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants	1 January 2024	1 July 2024
AASB 2022-5 Amendments to Australian Accounting standards – Lease Liability in a Sale and Leaseback	1 January 2024	1 July 2024
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2025	1 July 2025
AASB 2021-7(a-c) Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	1 January 2025	1 July 2025

(d) Changes in Significant Accounting Policies

The accounting policies adopted in the preparation of the half-year financial report are consistent with those applied in the preparation of the Group's annual financial report for the year ended 30 June 2023. There are no new standards, amendments to standards, or interpretations effective 1 July 2023.

2. SEGMENT INFORMATION

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

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

3. CASH AND CASH EQUIVALENTS

	31 Dec 2023 $	30 Jun 2023 $
Cash on hand	**15,641,749**	16,641,528
Short term deposits[(1)]	**20,000**	20,000
	15,661,749	16,661,528

Notes:

(1) Short term deposits are made for varying periods generally between one and six months depending on the cash requirements of the Group and earn interest at market term deposit rates. If short term deposits have an original maturity greater than three months, principal amounts can be redeemed in full with no significant interest penalty to the Group. Short term deposits are held with various financial institutions that are rated the equivalent of investment grade and above. As these instruments have maturity dates of less than twelve months, the Group has assessed the credit risk on these financial assets using lifetime expected credit losses. In this regard, the Group has concluded that the probability of default on the term deposits is relatively low. Accordingly, no impairment allowance has been recognized for expected credit losses on the term deposits.

4. EXPLORATION AND EVALUATION ASSETS

	31 Dec 2023 $	30 Jun 2023 $
Areas of Interest		
Nimba Iron Ore Project (Guinea)	**1,993,924**	-
Carrying amount at end of the period[(1)]	**1,993,924**	**-**
Reconciliation		
Carrying amount at beginning of the period	**-**	-
Acquisition of Nimba Iron Ore Project (Guinea)[(2)]	**1,993,924**	-
Carrying amount at end of the period[(1)]	**1,993,924**	**-**

Notes:

(1) The ultimate recoupment of costs carried for exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or sale of the respective areas.

(2) Refer to Note 7 for further information.

5. CONTRIBUTED EQUITY

	31 Dec 2023 $	30 Jun 2023 $
Issued capital		
Fully paid ordinary shares: 131,445,353 (30 June 2023: 125,945,353)	**179,022,193**	178,173,624

(a) Movements in fully paid ordinary shares during the past six months

Date	Details	Number of Ordinary Shares	$
1 Jul 2023	Opening balance	**125,945,353**	**178,173,624**
31 Jul 23	Issue of shares to acquire Nimba Iron Ore Project	**5,000,000**	**775,000**
30 Aug 23	Issue of shares upon conversion of performance rights	**500,000**	**80,000**
	Share issue expenses	**-**	**(6,431)**
31 Dec 2023	Closing balance	**131,445,353**	**179,022,193**

6. RESERVES

	Note	31 Dec 2023	30 Jun 2023
		$	$
Share-based payments reserve	6(a)	**1,190,202**	876,382
Foreign currency translation reserve		**219,617**	219,593
		1,409,819	1,095,975

(a) Movements in share-based payments reserve during the period

Date	Details	Number of Unlisted Incentive Options	Number of Unlisted Performance Rights	Number of Unissued Deferred Shares	$
1 July 23	Opening balance	**4,000,000**	**7,000,000**	**-**	**876,382**
31 Jul 23	Deferred shares to acquire Nimba Iron Ore Project [2]	**-**	**-**	**5,000,000**	**775,000**
30 Aug 23	Conversion of performance rights	**-**	**(500,000)**	**-**	**(80,000)**
30 Nov 23	Forfeiture/lapse of performance rights	**-**	**(6,000,000)**	**-**	**-**
	Share-based payment benefit [1]	**-**	**-**	**-**	**(381,180)**
31 Dec 23	Closing balance	**4,000,000**	**500,000**	**5,000,000**	**1,190,202**

Notes:

(1) The share-based payment benefit of $381,180 recognised for the period consists of an expense of $70,195 attributable to expensing the value of performance rights granted to employees over their vesting period and a reversal of prior year expenses of $451,375 attributable to the forfeiture or lapse of performance rights previously granted to employees.

(2) The acquisition of the Nimba Iron Ore Project includes the issue of 5,000,000 deferred fully paid ordinary shares in the Company upon the renewal of the Nimba West permit in accordance with the Guinean Mining Code to the reasonable satisfaction of the Company. Refer to Note 7 for further information.

7. ASSET ACQUISITION

On 31 July 2023, the Company completed the acquisition of 100% of the issued capital of Companhia Rio de Ferro Pte. Ltd. ("CRF"), a Singaporean private company, from the shareholders of CRF ("Vendors"). CRF beneficially owns 100% of Gui-Appro SARL ("Gui-Appro"), a Guinean private company which holds the Nimba West exploration permit, and 56% of First Metal SARLU ("FMS"), a Guinean private company which holds the Nimba North permit. The Vendors will beneficially retain the remaining 44% of FMS.

Where an acquisition does not meet the definition of a business combination the transaction is accounted for as an asset acquisition. In line with relevant accounting standards, the Company has treated the acquisition of CRF as an asset acquisition and a share-based payment transaction under *AASB 2 Share Based Payments*. For equity-settled share-based payment transactions, where the fair value of the assets acquired cannot be estimated reliably, an entity shall measure the fair value of the assets indirectly by reference to the fair value of the equity consideration granted, including direct costs relating to the acquisition. The fair value of this consideration is then allocated to identifiable assets acquired and liabilities assumed in the acquisition based on their fair value at the acquisition date.

The total cost of the asset acquisition was $1,557,624 comprising an issue of equity instruments, as follows:

	31 July 2023 $
Consideration	
5,000,000 fully paid ordinary shares	**775,000**
5,000,000 deferred fully paid ordinary shares [1]	**775,000**
Direct cash costs relating to the acquisition	**7,624**
Consideration transferred for the assets	**1,557,624**

	31 July 2023 $
Identifiable net assets	
Prepayments	**3,394**
Exploration and evaluation assets	**1,993,924**
Total identifiable net assets	**1,997,318**
Non-controlling interest	**(439,694)**
Consideration transferred for the assets	**1,557,624**

Notes:

(1) The acquisition of the Nimba Iron Ore Project includes the issue of 5,000,000 deferred fully paid ordinary shares in the Company upon the renewal of the Nimba West permit in accordance with the Guinean Mining Code to the reasonable satisfaction of the Company. Management has determined, based on currently available information, that it is probable that this condition will be met.

8. CONTINGENT ASSETS AND LIABILITIES

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

9. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividend has been paid or provided for during the half year (31 December 2022: nil).

10. EVENTS SUBSEQUENT TO BALANCE DATE

(i) On 12 March 2024, the Company entered into a consultancy agreement with Mr John Welborn, Non-Executive Director of the Company, under which Mr Welborn will provide additional services to support the Company's ongoing international arbitration proceedings against Congo. In return, subject to shareholder approval, Mr Welborn will be paid a fee equal to 5% of the net proceeds received by the Company related to or arising out of the claims. A Notice of General Meeting will be sent to shareholders shortly to approve the fee to be paid to Mr Welborn.

Other than as described above, at the date of this report, there are no other matters or circumstances which have arisen since 31 December 2023 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2023, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 31 December 2023, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 31 December 2023, of the Consolidated Entity.

DIRECTORS' DECLARATION

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

In the opinion of the directors:

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

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

(ii) section 305 (giving a true and fair view of the financial position of the Group as at 31 December 2023 and of its performance for the half year ended on that date); and

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

On behalf of the Board

JOHN WELBORN
Director

12 March 2024

Building a better
working world

Ernst & Young
11 Mounts Bay Road
Perth WA 6000, Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

Conclusion

We have reviewed the accompanying half-year financial report of Equatorial Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and

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

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (*including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

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

Building a better working world

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Ernst & Young

Ernst & Young

Jared Jaworski
Partner
Perth
12 March 2024

Forward Looking Statements

This report may include forward-looking statements. These forward-looking statements are based on the Company's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the Company, which could cause actual results to differ materially from such statements. The Company makes no undertaking to subsequently update or revise the forward-looking statements made in this report, to reflect the circumstances or events after the date of this report.

Competent Person's Statement

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