



Annual Report 2023

ABN 50 009 188 694

Corporate Directory

DIRECTORS

Ian Middlemas – Chairman

John Welborn – Managing Director & CEO

Robert Behets – Director

Mark Pearce – Director

COMPANY SECRETARY

Mr Greg Swan

REGISTERED OFFICE

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STOCK EXCHANGE

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EQX – Fully paid Ordinary Shares

SHARE REGISTRY

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BANKERS

Australia and New Zealand Banking Group Limited

SOLICITORS

Thomson Geer

AUDITORS

Ernst & Young

WEBSITE

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Contents

Directors' Report	1
Auditor's Independence Declaration	13
Consolidated Statement of Profit or Loss and Other Comprehensive Income	14
Consolidated Statement of Financial Position	15
Consolidated Statement of Changes in Equity	16
Consolidated Statement of Cash Flows	17
Notes to the Financial Statements	18
Directors' Declaration	36
Independent Auditor's Report	37
Corporate Governance	42
ASX Additional Information	43

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 2023 (“**Consolidated Entity**” or “**Group**”).

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 year, the Company 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 Equatorial's investments in two iron ore projects: the Badondo Iron Ore Project and the Mayoko-Moussoundji Iron Ore Project located in Congo (together, the “Congo Projects”).

Subsequent to the end of the financial year, the Company completed its acquisition of the Nimba Alliance Iron Ore Project (“Nimba Project”) in Guinea, West Africa. Equatorial is currently undertaking a review of the historical exploration undertaken at the Nimba Project and planning is underway for future exploration programs with the intention of defining Exploration Targets for both the Nimba West and Nimba North permits.

Equatorial remains in a strong financial position at 30 June 2023 with A\$16.7 million in cash available to progress exploration and development activities as well as pursue the dispute resolution process and pursue additional business opportunities in the resources sector.

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 198km²; and 56% of the Nimba North permit covering approximately 107km². The Nimba Project is located within a cluster of major iron ore projects where the development of large-scale transport infrastructure to enable efficient economic production is ongoing.

The Mount Nimba ridge, which extends from within Liberia north-eastward into Guinea, hosts multiple iron projects held by major mining companies including HPX and 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. This represents a potential export route for any future production from Nimba West to the Buchanan seaport.



Figure 1 - Nimba Alliance Iron Ore Project Location



Figure 2 – Liberian Transport Corridor

OPERATING AND FINANCIAL REVIEW (Continued)

Nimba Alliance Iron Ore Project (Continued)

Equatorial is currently undertaking an extensive review of the historical exploration undertaken at the Project and planning is underway for future exploration programs with the intention of defining Exploration Targets for both the Nimba West and Nimba North permits. Historical exploration work was undertaken by West African Exploration and Societe des Minerais De Fer de Guinee ("SMFG"), a wholly owned subsidiary of Euronimba Ltd, which was owned by BHP, Areva S.A. and Newmont Corporation.

Historical drilling completed by previous explorers with friable itabirite Diamond Core drilling intercepts at Nimba North returning 14m @ 60.7% Fe from hole NN0003D and 12m @ 55.8% Fe from NN0004D.

Equatorial has engaged Sahara Natural Resources Limited to undertake an extensive review of the historical data available, as well as field reconnaissance in conjunction with open-source reports and satellite imagery to determine optimal locations for the potential identification of detrital iron ore material, or other Direct Shipping Ore material.

Badondo Iron Project 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.

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).

EEPL filed its Memorial of Claim in March 2023. Congo then filed a Statement of Defence in August 2023, which included certain counterclaims against EEPL. In September 2023, EEPL filed a preliminary objection to Congo's counterclaims on the basis that the Tribunal lacks jurisdiction to hear them. The Tribunal, in consultation with the parties, will now set a procedural timetable for addressing EEPL's preliminary objection. EEPL's next substantive pleading (its Reply Memorial) is due to be filed by April 2024. The Reply Memorial will contain EEPL's response to the entirety of Congo's Statement of Defence.

Congo's measures against 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. EEPL is seeking compensation from Congo for these and other treaty violations.

OPERATING AND FINANCIAL REVIEW (Continued)

Corporate

Equatorial remains in a strong financial position with \$16.7 million in cash at 30 June 2023 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 30 June 2023, Equatorial had 125,945,353 shares on issue.

During the year, Equatorial entered into an agreement to acquire 100% of the issued capital of Companhia Rio de Ferro Pte. Ltd. ("CRF"), a Singaporean private company. CRF beneficially owns 100% of Gui-Appro SARL, a Guinean private company which holds the Nimba West exploration permit, and 56% of First Metal SARLU, a Guinean private company which holds the Nimba North permit. Consideration for the acquisition comprises: (a) 5,000,000 fully paid ordinary shares in the Company upon settlement of the acquisition; and (b) 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. The consideration shares will be subject to a voluntary escrow period of 12 months from their date of issue. The acquisition was completed after the end of the financial year, in July 2023.

Equatorial continues to search for, and review, new opportunities in the resources sector which have the potential to build shareholder value. New business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, or direct equity participation.

Operating Results

The net loss of the Consolidated Entity for the year ended 30 June 2023 was \$4,189,232 (2022: \$17,263,135). The major item contributing to the current year result was arbitration expenses of \$2,960,036 (2022: \$127,253).

Financial Position

At 30 June 2023, the Group had cash reserves of \$16,661,528 (2022: \$18,451,595) and no debt, placing the Group in a strong financial position to conduct its current activities and to pursue new business development opportunities.

At 30 June 2023, the Group had net assets of \$14,206,658 (2022: \$18,200,265), a decrease of 21.9% 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 progress exploration and development activities, pursue the Congo dispute resolution process, 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:

- Undertake exploration programs with the intention of defining Exploration Targets for both the Nimba West and Nimba North permits;
- Continue to enforce the Company's rights in relation to its dispute with the Congo government over Badondo and Mayoko-Moussondji that has arisen from the Congo government's actions and breaches of the Congo-Mauritius BIT, through international arbitration against the Congo government under the Congo-Mauritius BIT;
- 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:

- **Litigation risk** – All industries, including the mining industry, are subject to legal and arbitration claims. Specifically, during the year, Equatorial commenced international arbitration against the Congo at the ICSID in Washington, DC. In the ICSID arbitration, the Group, through EEPL, is claiming compensation for the expropriation of its investments in Badondo and Mayoko-Moussondji in the Congo. The dispute as it concerns Badondo relates to Congo's sudden and unlawful rejection of the Group's application for a Mining Licence and the simultaneous grant of a mining licence to Sangha Mining Development SASU, a newly-formed third party company. Equatorial will strongly defend its position and continue to take all relevant actions to pursue its legal rights regarding both the Badondo and Mayoko-Moussondji projects. There is however no certainty that any claim will be successful. If any claim is unsuccessful, then this may have a material impact on the value of the Company's securities;
- **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. There is no assurance that such title interests, licences, 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;

OPERATING AND FINANCIAL REVIEW (Continued)

Business Strategies and Prospects for Future Financial Years (Continued)

- Sovereign risk – The Group's operations in the Congo are exposed to various levels of political, economic and other risks and uncertainties. The Congo is a developing economy which does not have an established mining industry. There can be no assurances that the future political developments in Congo will not directly impact the Company's operations or its ability to attract funding for its operations;
- The Group'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;
- The Company may not successfully acquire new projects – the Company continues to actively pursue and assess other new business opportunities in the resources sector. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, or direct equity participation. The Company's success in its acquisition activities depends on its ability to identify suitable projects, acquire them on acceptable terms, and integrate the projects successfully, which the Company's Board is experienced in doing. However, there can be no guarantee that any proposed acquisition will be completed or be successful. If a proposed acquisition is completed the usual risks associated with a new project and/or business activities will remain; and
- The Group's activities will require further capital – the ability to finance a mining project is dependent on the Company's existing financial position, the availability and cost of project and other debt markets, the availability and cost of leasing and similar finance packages for project infrastructure and mobile equipment, the availability of mezzanine and offtake financing and the ability to access equity markets to raise new capital. There can be no guarantees that when the Company seeks to implement financing strategies to pursue the development of its projects that suitable financing alternatives will be available and at a cost acceptable to the Company.

DIRECTORS

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

Mr Ian Middlemas – Chairman
Mr John Welborn – Managing Director & Chief Executive Officer
Mr Robert Behets – Non-Executive Director
Mr Mark Pearce – Non-Executive Director

Unless otherwise stated, all Directors held their office from 1 July 2022 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 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 also held directorships in NGX Limited (April 2021 – present), Constellation Resources Limited (November 2017 – present), Apollo Minerals Limited (July 2016 – present), GCX Metals Limited (October 2013 – present), Berkeley Energia Limited (April 2012 – present), GreenX Metals Limited (August 2011 – present), Salt Lake Potash Limited (Receivers and Managers Appointed) (January 2010 – present), Sovereign Metals Limited (July 2006 – present), Odyssey Gold Limited (September 2005 – present), Peregrine Gold Limited (September 2020 – February 2022) and Piedmont Lithium Limited (September 2009 – December 2020).

CURRENT DIRECTORS AND OFFICERS (Continued)

Mr John Welborn *B.Com, FCA, FAIM, MAICD, MAusIMM, JP*
Managing Director & Chief Executive Officer

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, 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 was previously the Managing Director of Resolute Mining Limited and 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 as Managing Director & Chief Executive Officer effective from 18 November 2020. During the three-year period to the end of the financial year, Mr Welborn has also held directorships in Fenix Resources Limited (November 2021 – present), Apollo Minerals Limited (February 2021 – present), Resolute Mining Limited (February 2015 – October 2020) and Orbital Corporation Limited (June 2014 – present).

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

Mr Behets is a geologist with over 30 years' experience in the mineral exploration and mining industry in Australia and internationally. He was instrumental in the founding, growth and development of Mantra Resources Limited, an African focused uranium company, through to its acquisition by ARMZ for approximately A\$1 billion in 2011. Prior to Mantra, Mr Behets held various senior management positions during a long career with WMC Resources Limited.

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

Mr Behets was appointed a Director of the Company on 25 February 2016. During the three-year period to the end of the financial year, Mr Behets has held directorships in Odyssey Gold Limited (August 2020 – present), Constellation Resources Limited (June 2017 – present), Apollo Minerals Limited (October 2016 – present), and Berkeley Energia Limited (April 2012 – present).

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 GCX Metals Limited (June 2022 – present), NGX Limited (April 2021 – present), Constellation Resources Limited (July 2016 – present), GreenX Metals Limited (August 2011 – present), Sovereign Metals Limited (July 2006 – present), Peregrine Gold Limited (September 2020 – February 2022), Apollo Minerals Limited (July 2016 – February 2021), Salt Lake Potash Limited (Receivers and Managers Appointed) (August 2014 – October 2020), and Odyssey Gold Limited (September 2005 – August 2020).

Mr Greg Swan *B.Com, CA, FCIS, FFin*
Company Secretary

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

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

PRINCIPAL ACTIVITIES

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

DIVIDENDS PAID OR RECOMMENDED

No recommendation for payment of dividends has been made for the year ended 30 June 2023 (2022: Nil).

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve. The Directors are not aware of any non-compliance with environmental laws by the Consolidated Entity.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

- (i) On 16 March 2023, the Company announced that it had filed a Memorial of Claim at the ICSID in Washington, D.C against Congo. Congo's measures against 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. EEPL is seeking compensation from Congo for these and other treaty violations. Congo filed a Statement of Defence in August 2023, which included certain counterclaims against EEPL. In September 2023, EEPL filed a preliminary objection to Congo's counterclaims on the basis that the Tribunal lacks jurisdiction to hear them. The Tribunal, in consultation with the parties, will now set a procedural timetable for addressing EEPL's preliminary objection. EEPL's next substantive pleading (its Reply Memorial) is due to be filed by April 2024. The Reply Memorial will contain EEPL's response to the entirety of Congo's Statement of Defence.

Other than the above, there were no significant changes to the Company's state of affairs during the year ended 30 June 2023.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

- (i) On 31 July 2023, the Company announced that it completed its previously announced acquisition of the Nimba Alliance Iron Ore Project in Guinea, West Africa. The Nimba Project acquisition was completed through the acquisition of 100% of the issued capital of Companhia Rio de Ferro Pte. Ltd. ("CRF"). CRF beneficially owns 100% of Gui-Appro SARL, which holds the Nimba West exploration permit, and 56% of First Metal SARLU, which holds the Nimba North permit. Consideration for the acquisition comprised 5,000,000 fully paid ordinary shares in the Company and 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. The consideration shares will be subject to a voluntary escrow period of 12 months from their date of issue. The acquisition was completed after the end of the financial year, in July 2023. The acquisition of the Nimba Project will be accounted for as an asset acquisition.

Other than the above, the date of this report there are no other matters or circumstances which have arisen since 30 June 2023 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2023, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2023, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2023, of the Consolidated Entity.

DIRECTORS' MEETINGS

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

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

There were no Board committees during the financial year.

DIRECTORS' INTERESTS

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

	Interest in securities at the date of the report		
	Ordinary Shares ¹	Incentive Options ²	Performance Rights ³
Mr Ian Middlemas	7,500,000	-	-
Mr John Welborn	7,500,000	4,000,000	6,000,000
Mr Robert Behets	230,000	-	-
Mr Mark Pearce	1,050,000	-	-

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.

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 at \$0.40 each, expiring 9 June 2026;
- 2,000,000 Incentive Options exercisable at \$0.50 each, expiring 9 June 2026;
- 2,000,000 Performance Rights that vest upon the Company having a 30-day VWAP of at least \$0.60 per share, expiring 9 June 2026;
- 2,000,000 Performance Rights that vest upon the Company having a 30-day VWAP of at least \$0.80 per share, expiring 9 June 2026;
- 2,000,000 Performance Rights that vest upon the Company having a 30-day VWAP of at least \$1.00 per share, expiring 9 June 2026; and
- 500,000 Performance Rights that vest upon the Company having a 30-day VWAP of at least \$0.40 per share, expiring 9 June 2026.

During the year ended 30 June 2023, no Ordinary Shares were issued as a result of the exercise or conversion of Incentive Options or Performance Rights. During the year ended 30 June 2023, no Incentive Options or Performance Rights lapsed or were forfeited. Subsequent to the end of the year and up until the date of this report, 500,000 Ordinary Shares have been issued as a result of the conversion of Performance Rights and no Ordinary Shares have been issued as a result of the exercise of Incentive Options.

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 premiums in respect of directors' and officers' liability insurance policy, which cover all Directors and officers of the Company against liabilities to the extent permitted by the Corporations Act 2001. The policy conditions preclude the Company from any detailed disclosures including the premium amount paid.

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 John Welborn	Managing Director & CEO
Mr Robert Behets	Non-Executive Director
Mr Mark Pearce	Non-Executive Director

Other KMP

Mr Greg Swan	Company Secretary
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Unless otherwise disclosed, the KMP held their position from 1 July 2022 until the date of this report.

Remuneration Policy

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

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

- (a) the Group is currently focused on undertaking exploration, appraisal and development activities and on identifying and acquiring suitable resource projects;
- (b) risks associated with small cap resource companies whilst exploring and developing projects; and
- (c) other than profit which may be generated from asset sales, the Company does not expect to be undertaking profitable operations until sometime after the commencement of commercial production on any of its projects.

Executive Remuneration

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

Fixed Remuneration

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

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

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

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

- (a) successful exploration activities (e.g. completion of exploration programs within budgeted timeframes and costs);
- (b) successful development activities (e.g. completion of technical studies);
- (c) successful corporate activities (e.g. recruitment and management of key personnel and investor relations activities); and
- (d) successful business development activities (e.g. corporate transactions and capital raisings).

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

During the 2023 financial year, no KMP were entitled to STI cash bonuses and no STI cash bonuses were awarded (2022: nil).

REMUNERATION REPORT (Continued)

Executive Remuneration (Continued)

Performance Based Remuneration – Long Term Incentive

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

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 Plan 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 2023 financial year, no performance rights were granted to executive KMP. At 30 June 2023, 6,000,000 Performance Rights were held by executive KMP.

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

During the 2023 financial year, no Incentive Options were granted to executive KMP. At 30 June 2023, 4,000,000 Incentive Options were held by executive KMP.

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

Non-Executive Director Remuneration

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

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

Fees for the Chairman were set at \$55,000 per annum (2022: \$55,000) (excluding post-employment benefits), however the Chairman, Mr Ian Middlemas, elected to only receive fees of \$50,000 for the 2023 and 2022 financial years.

Fees for Non-Executive Directors were set at amounts between \$20,000 to \$30,000 per annum (2022: \$20,000 to \$30,000) (excluding post-employment benefits). These fees cover main board activities only. Non-Executive Directors may receive additional remuneration for other services provided to the Company, including but not limited to, membership of committees.

During the 2023 financial year, no Incentive Options or Performance Rights were granted to Non-Executive Directors.

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

REMUNERATION REPORT (Continued)

Relationship between Remuneration of KMP and Shareholder Wealth

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

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

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

Relationship between Remuneration of KMP and Earnings

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

Remuneration of Directors and Other Key Management Personnel

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

2023	Short-term benefits			Post-employment benefits	Share-based payments	Total	Percentage performance related %
	Salary & fees \$	Cash Bonus \$	Other \$				
Directors							
Mr Ian Middlemas ¹	50,000	-	-	5,250	-	55,250	-
Mr John Welborn	300,000	-	-	27,500	172,696	500,196	35%
Mr Robert Behets	30,000	-	-	3,150	-	33,150	-
Mr Mark Pearce	20,000	-	-	2,100	-	22,100	-
Other KMP							
Mr Greg Swan ²	-	-	-	-	-	-	-
	400,000	-	-	38,000	172,696	610,696	

2022	Short-term benefits			Post-employment benefits	Share-based payments	Total	Percentage performance related %
	Salary & fees \$	Cash Bonus \$	Other \$				
Directors							
Mr Ian Middlemas ¹	50,000	-	-	5,000	-	55,000	-
Mr John Welborn	300,000	-	-	27,500	374,881	702,381	53%
Mr Robert Behets	30,000	-	-	3,000	-	33,000	-
Mr Mark Pearce	20,000	-	-	2,000	-	22,000	-
Other KMP							
Mr Greg Swan ²	-	-	-	-	-	-	-
	400,000	-	-	37,500	374,881	812,381	

Notes:

¹ Mr Middlemas elected to only receive fees of \$50,000 for the 2023 and 2022 financial years.

² Mr Swan provides services as the Company Secretary through a services agreement with Apollo Group Pty Ltd ('Apollo'). Mr Swan is an employee of Apollo. During the year, Apollo was paid or is payable \$348,000 (2022: \$240,000) for the provision of administration and company secretarial services to the Group.

Incentive Options and Performance Rights Granted to Key Management Personnel

No Incentive Options or Performance Rights were granted, exercised or lapsed for any KMP of the Group during the 2023 financial year.

REMUNERATION REPORT (Continued)

Option and Right Holdings of Key Management Personnel

	Held at 1 July 2022	Granted	Held at 30 June 2023	Vested and exercisable at 30 June 2023
Directors				
Mr Ian Middlemas	-	-	-	-
Mr Robert Behets	-	-	-	-
Mr Mark Pearce	-	-	-	-
Mr John Welborn	10,000,000	-	10,000,000	4,000,000
Other KMP				
Mr Greg Swan	-	-	-	-

Shareholdings of Key Management Personnel

	Held at 1 July 2022	Purchases	Sales	Held at 30 June 2023
Directors				
Mr Ian Middlemas	7,500,000	-	-	7,500,000
Mr Robert Behets	230,000	-	-	230,000
Mr Mark Pearce	1,050,000	-	-	1,050,000
Mr John Welborn	7,500,000	-	-	7,500,000
Other KMP				
Mr Greg Swan	600,000	-	-	600,000

Loans involving Key Management Personnel

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2023 (2022: 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 \$348,000 (2022: \$240,000) for the provision of administration services during the year. The amount is based on a monthly retainer due and payable in advance, with no fixed term, and is able to be terminated by either party with one month's notice.

Employment Contracts with Directors and KMP

Mr Welborn has an executive service agreement with the Group which may be terminated by Mr Welborn on 3 months' written notice. The Company may terminate the agreement without cause by providing 6 months' written notice. Termination by the Company without notice may be made on the basis of serious misconduct or other circumstances which justify summary dismissal. Mr Welborn receives a fixed remuneration component of A\$300,000 plus compulsory superannuation and will be eligible for short term incentive bonus payments based upon the successful completion of specific key performance indicators as determined by the Board.

As disclosed above, Non-Executive Directors of the Company are entitled to fees of \$20,000 to \$30,000 per annum with the Chairman entitled to fees of \$55,000 per annum (excluding post-employment benefits).

End of Remuneration Report.

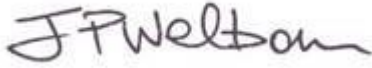
NON-AUDIT SERVICES

Non-audit services provided by our auditors Ernst & Young (Australia) and related entities for the financial year ended 30 June 2023, which included taxation and advisory services, amounted to \$15,000 (2022: nil). 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 each type of non-audit service provided means that auditor independence was not compromised.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 13 of the Directors' Report.

Signed in accordance with a resolution of the Directors.



JOHN WELBORN
Managing Director & CEO

22 September 2023



**Building a better
working world**

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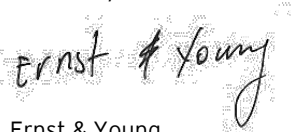
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Auditor's independence declaration to the directors of Equatorial Resources Limited

As lead auditor for the audit of the financial report of Equatorial Resources Limited for the financial year ended 30 June 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 audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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



Ernst & Young



Jared Jaworski
Partner
22 September 2023

	Notes	2023 \$	2022 \$
Continuing Operations			
Finance income	2	538,914	128,861
Exploration and evaluation expenses		(35,105)	(62,429)
Corporate and administrative expenses		(581,660)	(605,844)
Business development expenses		(955,642)	(964,922)
Arbitration expenses		(2,960,036)	(127,253)
Share-based payment expenses	18	(195,703)	(374,881)
Net change in fair value of financial assets	8	-	(15,256,667)
Profit/(loss) before income tax		(4,189,232)	(17,263,135)
Income tax expense	4	-	-
Profit/(loss) for the period		(4,189,232)	(17,263,135)
Attributable to:			
Equity holders of the parent		(4,191,394)	(17,260,979)
Non-controlling interests		2,162	(2,156)
		(4,189,232)	(17,263,135)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Exchange differences arising on translation of foreign operations		(78)	157
Other comprehensive income/(loss) for the period, net of tax		(78)	157
Total comprehensive profit/(loss) for the period		(4,189,310)	(17,262,978)
Attributable to:			
Equity holders of the parent		(4,191,456)	(17,260,853)
Non-controlling interests		2,146	(2,125)
		(4,189,310)	(17,262,978)
Earnings per share			
Basic and diluted earnings/(loss) per share (cents per share)	15	(3.37)	(13.86)

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

	Notes	2023 \$	2022 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	16,661,528	18,451,595
Trade and other receivables	7	33,128	45,777
Total Current Assets		16,694,656	18,497,372
TOTAL ASSETS		16,694,656	18,497,372
LIABILITIES			
Current Liabilities			
Trade and other payables	9	2,472,054	292,884
Provisions		15,944	4,223
Total Current Liabilities		2,487,998	297,107
TOTAL LIABILITIES		2,487,998	297,107
NET ASSETS		14,206,658	18,200,265
EQUITY			
Contributed equity	10	178,173,624	178,173,624
Reserves	11	1,095,975	900,334
Accumulated losses	12	(163,367,443)	(159,176,049)
Equity attributable to equity holders of the parent		15,902,156	19,897,908
Non-controlling interests	13	(1,695,498)	(1,697,644)
TOTAL EQUITY		14,206,658	18,200,265

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

	Attributable to the equity holders of the parent					
	Ordinary Shares	Share Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Non- Controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	178,173,624	680,679	219,655	(159,176,049)	(1,697,644)	18,200,265
Net loss for the year	-	-	-	(4,191,394)	2,162	(4,189,232)
Exchange differences on translation of foreign operations	-	-	(62)	-	(16)	(78)
Total comprehensive income/(loss) for the period	-	-	(62)	(4,191,394)	2,146	(4,189,310)
Share-based payment expense	-	195,703	-	-	-	195,703
Balance at 30 June 2023	178,173,624	876,382	219,593	(163,367,443)	(1,695,498)	14,206,658
Balance at 1 July 2021	178,173,624	305,798	219,529	(141,915,070)	(1,695,519)	35,088,362
Net loss for the year	-	-	-	(17,260,979)	(2,156)	(17,263,135)
Exchange differences on translation of foreign operations	-	-	126	-	31	157
Total comprehensive income/(loss) for the period	-	-	126	(17,260,979)	(2,125)	(17,262,978)
Share-based payment expense	-	374,881	-	-	-	374,881
Balance at 30 June 2022	178,173,624	680,679	219,655	(159,176,049)	(1,697,644)	18,200,265

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

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Payments to suppliers, employees and others		(2,347,718)	(1,632,931)
Interest received		557,651	119,645
Net cash flows used in operating activities	14(a)	(1,790,067)	(1,513,286)
Net (decrease)/increase in cash and cash equivalents		(1,790,067)	(1,513,286)
Cash and cash equivalents at beginning of period		18,451,595	19,964,881
Cash and cash equivalents at end of period	6	16,661,528	18,451,595

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 2023 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 2023 was authorised for issue in accordance with a resolution of the Directors on 20 September 2023.

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards ("AASs") 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.

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

Comparative figures

When applicable, certain comparative figures have been reclassified to conform to the current year's presentation. These changes had no impact on the Group's net loss or financial position for the year ended 30 June 2023.

(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 financial year, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are mandatory for the current annual reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(c) New standards, interpretations and amendments not yet adopted by the Group

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

Standard/Interpretation	Application Date of Standard	Application Date for Group
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	1 January 2024	1 July 2024
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
AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants	1 January 2024	1 July 2024

(d) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2023. 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Principles of Consolidation (continued)

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
- Reclassifies 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.

(e) Foreign Currencies

Functional and presentation currency

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

Transactions and balances

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

Exchange differences arising on the translation of 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.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call, term deposits held with banks and other short-term highly liquid investments.

(g) Financial Assets

Financial assets are recognised when the entity becomes a party to the contractual provisions to the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss ("FVPL")
- equity instruments at fair value through other comprehensive income ("FVOCI")
- debt instruments at fair value through other comprehensive income ("FVOCI")

All income and expenses relating to financial assets that are recognised in profit or loss are presented within other income or expenses respectively.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Assets (continued)

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Consolidated Entity's financial assets at amortised cost include short term deposits and other receivables.

Impairment

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For receivables due in less than 12 months, the Group recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Group has established a provision matrix for these receivables that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(h) Property, Plant and Equipment

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

Depreciation and Amortisation

Depreciation is provided on a straight-line basis on all property, plant and equipment. 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) Exploration and Development Expenditure

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

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

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

- the rights to tenure of the area of interest are current; and
- 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Exploration and Development Expenditure (continued)

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

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

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

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

(j) Intangible Assets

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

(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. Payables are carried at amortised cost.

(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) Interest income

Interest income 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Earnings per Share

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

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

(p) Employee Entitlements

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

(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) 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 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, 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Impairment of Non-Current Assets

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

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

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

(t) 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.

(u) 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.

(v) 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 of incentive options is determined using the Black Scholes option pricing model. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

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

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

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

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

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

- Impairment of assets - Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or comparable market transactions less incremental costs for disposing of the asset. Given the nature of the assets held by the group, value in use is not considered appropriate in determining recoverable amount; and
- Share-based payments - The Group measures the cost of share-based payments issued by reference to the fair value of the equity instruments at the date at which they are granted. Estimation is required at the date of issue to determine the fair value. The fair value is determined using an appropriate valuation model. The accounting estimates and assumptions relating to the equity settled transactions would have no impact on the carrying value of assets and liabilities within the next annual reporting period but may impact expenses and equity. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 18.

2. FINANCE INCOME

	2023	2022
	\$	\$
Interest income calculated using the effective interest rate method	538,914	128,861
	538,914	128,861

3. OTHER INCOME AND EXPENSES

	Note	2023	2022
		\$	\$
Employee benefits expense (including KMP)			
Wages and salaries		600,000	561,562
Other employee benefits		59,000	53,656
Share-based payment expenses	17	195,703	374,881
		854,703	990,099

4. INCOME TAX

	2023	2022
	\$	\$
Recognised in the statement of profit or loss		
Current income tax		
Current income tax expense in respect of the current year	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	-	-
Income tax expense reported in the statement of profit or loss	-	-
Reconciliation between tax expense and accounting profit/(loss) before income tax		
Accounting profit/(loss) before income tax	(4,189,232)	(17,263,135)
At the domestic income tax rate of 30% (2022: 30%)	(1,256,770)	(5,178,941)
Effect of different tax rates in foreign jurisdictions	358	(341)
Expenditure not allowable for income tax purposes	1,130,374	455,971
Exchange differences on translation of foreign operations	3,423	144,237
Movement in deferred tax assets not brought to account	122,615	4,579,074
Income tax expense reported in the statement of profit or loss	-	-
Deferred tax assets and liabilities		
Deferred tax assets:		
Financial assets at fair value through profit or loss	5,946,000	5,946,000
Capital allowances	3,586,846	3,591,111
Accrued expenditure	60,602	15,750
Tax losses	1,519,202	1,457,076
Capital losses	19,453,539	19,456,539
Provisions	4,783	1,267
DTA used to offset DTL	(61)	(5,682)
Deferred tax assets not brought to account ⁽¹⁾	(30,570,911)	(30,462,061)
	-	-

4. INCOME TAX (continued)

	2023 \$	2022 \$
Deferred tax assets and liabilities (continued)		
Deferred tax liabilities:		
Accrued interest	61	5,682
DTA used to offset DTL	(61)	(5,682)
	-	-

Note:

⁽¹⁾ The movement in 'deferred tax assets not brought to account' includes the impact of changes in tax rate and other adjustments made to prior period tax losses not recognised. 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.

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 2023 (2022: Nil).

	2023 \$	2022 \$
Franking Credit Balance		
Franking credits available to shareholders of Equatorial Resources Limited for subsequent financial years	-	-

6. CASH AND CASH EQUIVALENTS

	2023 \$	2022 \$
Cash at bank	16,641,528	18,431,595
Short term deposits ⁽¹⁾	20,000	20,000
	16,661,528	18,451,595

Note:

⁽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 recognised for expected credit losses on the term deposits.

7. TRADE AND OTHER RECEIVABLES

	2023 \$	2022 \$
Accrued interest	202	18,940
GST/VAT receivable	26,915	25,380
Other receivables at amortised cost	6,010	1,457
	33,128	45,777

Notes:

⁽¹⁾ Receivables are due for settlement no more than 30 days from the date of recognition unless previously authorised. No receivables are past due. For credit risk disclosures see Note 21(b).

8. FINANCIAL ASSETS

	2023	2022
	\$	\$
Financial assets at fair value through profit or loss		
Quoted equity investments ⁽¹⁾	-	-
	-	-

Note:

⁽¹⁾ At 30 June 2023, the Group held 44,222,223 shares in Salt Lake Potash Limited (ASX:SO4) ("SO4"). In October 2021, SO4 announced that Voluntary Administrators and Receivers and Managers had been appointed. As a result, the Company determined that the fair value of its investment in SO4 is nil (30 June 2022: nil). The Group's investment in SO4 is Level 3 in the fair value hierarchy as SO4's shares are suspended and there is no active market. A net change in fair value of \$15,256,667 was recognised in the prior year ended 30 June 2022 in respect of the Group's investment in SO4.

9. TRADE AND OTHER PAYABLES

	2023	2022
	\$	\$
Trade creditors	1,762,137	192,341
Accrued expenses	674,123	64,057
Other payables	35,794	36,486
	2,472,054	292,884

10. CONTRIBUTED EQUITY

	2023	2022
	\$	\$
Issued capital		
Fully paid ordinary shares: 125,945,353 (2022: 125,945,353)	178,173,624	178,173,624

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

There were no movements in ordinary shares during the past two years.

(b) Rights Attaching to Ordinary Shares

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

Shares

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

Meetings of Members

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

Voting

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

Changes to the Constitution

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

Listing Rules

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

11. RESERVES

	Note	2023 \$	2022 \$
Share based payments reserve	11(b)	876,382	680,679
Foreign currency translation reserve	11(e)	219,593	219,655
		1,095,975	900,334

(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(e). The reserve is transferred to statement of profit or loss and other comprehensive income when the net investment is disposed of.

Share based payments reserve

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

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

Date	Details	Number of Incentive Options	Number of Performance Rights	\$
2023				
1-Jul-2022	Opening Balance	4,000,000	6,000,000	680,679
10-Nov-2022	Issue of performance rights	-	1,000,000	-
30-Jun-2023	Share-based payments expense	-	-	195,703
30-Jun-2023	Closing Balance	4,000,000	7,000,000	876,382
2022				
1-Jul-2021	Opening Balance	4,000,000	6,000,000	305,798
30-Jun-2022	Share-based payments expense	-	-	374,881
30-Jun-2022	Closing Balance	4,000,000	6,000,000	680,679

(c) Terms and Conditions of Incentive Options

The Incentive Options were granted following shareholder approval under Listing Rule 10.14 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 Incentive Options that vest upon 6 months of continuous service from the date of issue, exercisable at \$0.40 each, expiring 9 June 2026; and
 - 2,000,000 Incentive Options that vest upon 6 months of continuous service from the date of issue, exercisable at \$0.50 each, expiring 9 June 2026.
- 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.

11. RESERVES (Continued)

(d) Terms and Conditions of Performance Rights

The Performance Rights were granted following shareholder under Listing Rule 10.14 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:
 - 2,000,000 Performance Rights that vest upon the Company having a 30-day VWAP of at least \$0.60 per share if employee is employed by the Company on that date, expiring 9 June 2026;
 - 2,000,000 Performance Rights that vest upon the Company having a 30-day VWAP of at least \$0.80 per share if employee is employed by the Company on that date, expiring 9 June 2026;
 - 2,000,000 Performance Rights that vest upon the Company having a 30-day VWAP of at least \$1.00 per share if employee is employed by the Company on that date, expiring 9 June 2026;
 - 500,000 Performance Rights that vest upon the announcement by the Company to ASX of the successful acquisition by the Company of a material asset, expiring 9 June 2026; and
 - 500,000 Performance Rights that vest upon the Company having a 30-day VWAP of at least \$0.40 per share, expiring 9 June 2026;
- 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.

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

	2023	2022
	\$	\$
Balance at 1 July	219,655	219,529
Exchange differences on translation of foreign operations	(62)	126
Balance at 30 June	219,593	219,655

12. ACCUMULATED LOSSES

	2023	2022
	\$	\$
Balance at 1 July	(159,176,049)	(141,915,070)
Net profit/(loss) for the year	(4,191,394)	(17,260,979)
Balance at 30 June	(163,367,443)	(159,176,049)

13. NON-CONTROLLING INTERESTS

During the 2020 year, the Group entered into a strategic alliance agreement with Rock Mining SARL ("Rock Mining") to advance the development of Badondo. Pursuant to the strategic alliance, Rock Mining will assist Equatorial with its ongoing activities in the Congo in relation to Badondo. As consideration for entering into the alliance agreement and provision of these services, Rock Mining was granted a 20% interest in EEPL Holdings which is the 100% owner of Congo Mining Exploration Ltd SARL, which is the legal and beneficial owner of the Badondo Iron Project. A non-controlling interest representing 20% of the net assets in EEPL Holdings and Congo Mining Exploration Ltd SARL has been recognised. Other comprehensive income relating to these entities since 3 February 2020 has also been shown as attributable to the non-controlling interest.

14. CASH FLOW STATEMENT

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

	2023 \$	2022 \$
Profit/(loss) for the year	(4,189,232)	(17,263,135)
Adjustment for non-cash income and expense items		
Share based payment expense	195,703	374,881
Net foreign exchange loss/(gain)	858	(427)
Net change in fair value of financial assets	-	15,256,667
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	12,649	(16,496)
(Decrease)/increase in trade and other payables	2,189,955	135,224
Net cash inflow/(outflow) from operating activities	(1,790,067)	(1,513,286)
Reconciliation of Cash		
Cash and cash equivalents	16,661,528	18,451,595
	16,661,528	18,451,595

15. LOSS PER SHARE

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

	2023 \$	2022 \$
Net loss used in calculating basic and diluted loss per share	(4,191,394)	(17,260,979)

	Number of Ordinary Shares 2023	Number of Ordinary Shares 2022
Weighted average number of Ordinary Shares used in calculating basic and diluted loss per share	124,445,353	124,445,353

(a) Anti-Dilutive Securities

As at 30 June 2023, 4,000,000 Incentive Options and 7,000,000 Performance Rights (which together represent 11,000,000 potential Ordinary Shares) were considered non-dilutive as they would decrease the loss per share.

(b) Conversions, Calls, Subscriptions or Issues after 30 June 2023

Subsequent to 30 June 2023, the Company has issued 500,000 Ordinary Shares pursuant to the conversion of unlisted performance rights. Other than this, there have been no conversions to, calls of, or subscriptions for Ordinary Shares or issues of potential Ordinary Shares since the reporting date and before the completion of this financial report.

16. RELATED PARTIES

(a) Subsidiaries

Name	Country of Incorporation	% Equity Interest	
		2023	2022
Equatorial Exploration Pty Ltd	Australia	100%	100%
Equatorial (ROC) Pty Ltd	Australia	100%	100%
EEPL Holdings	Mauritius	80%	80%
Congo Mining Exploration Ltd SARL	Republic of Congo	80%	80%
Equatorial (Africa) Pty Ltd (dormant)	Australia	100%	100%
Equatorial Resources Pte Ltd (dormant)	Singapore	100%	100%
Titan Resources Pte Ltd (dormant)	Singapore	100%	100%
PT Krypton Mining (dormant)	Indonesia	51%	51%
PT Mustang Mining (dormant)	Indonesia	70%	70%
Equatorial (Gabon) Limited (dormant)	Gabon	100%	100%

(b) Ultimate Parent

Equatorial Resources Limited is the ultimate parent of the Group.

16. RELATED PARTIES (continued)

(c) Key Management Personnel

	2023 \$	2022 \$
Short-term employee benefits	400,000	561,562
Post-employment benefits	38,000	53,656
Share-based payments	172,696	374,881
	610,696	990,099

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2023 (2022: Nil).

Apollo Group Pty Ltd, a company of which Mr Mark Pearce is a director and beneficial shareholder, was paid or is payable \$348,000 (2022: \$240,000) for the provision of serviced office facilities and administrative, accounting and company secretarial services during the year. The amount is based on a monthly retainer due and payable in advance, with no fixed term, and the agreement may be terminated by either party with one month's notice.

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

(d) Transactions with Related Parties

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

17. PARENT ENTITY DISCLOSURES

	2023 \$	2022 \$
Financial Position		
Assets		
Current Assets	16,694,656	18,496,544
Total Assets	16,694,656	18,496,544
Liabilities		
Current Liabilities	2,487,998	285,551
Non-Current Liabilities	-	10,728
Total Liabilities	2,487,998	296,279
Equity		
Contributed equity	178,173,624	178,173,624
Accumulated losses	(165,062,941)	(160,873,693)
Reserves	1,095,975	900,334
Total Equity	14,206,658	18,200,265
Financial Performance		
Profit/(Loss) for the year	(4,189,248)	(17,482,632)
Other comprehensive income	-	-
Total comprehensive profit/(loss)	(4,189,248)	(17,482,632)

(a) Other information

The Company has not entered into any guarantees in relation to its subsidiaries. Refer to Note 22 for details of contingent assets and liabilities.

18. SHARE-BASED PAYMENTS

(a) Recognised Share-based Payment Expense

From time to time, the Group provides Ordinary Shares, Incentive Options or Performance Rights to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options or rights granted, and the terms of the options or rights granted are determined by the Board. Shareholder approval is sought where required. During the past two years, the following equity-settled share-based payments have been recognised:

	2023 \$	2022 \$
Expense arising from equity-settled share-based payment transactions	195,703	374,881

(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:

2023 Series	Security Type	Number	Grant Date	Expiry Date	Exercise Price \$	Vesting hurdle (30-day VWAP) \$	Grant Date Fair Value \$
Series 1	Rights	500,000	10-Nov-22	9-June-26	-	-	\$0.16
Series 2	Rights	500,000	10-Nov-22	9-June-26	-	\$0.40	\$0.08

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:

	2023 (Number)	2023 (WAEP)	2022 (Number)	2022 (WAEP)
Outstanding at beginning of year	10,000,000	\$0.18	10,000,000	\$0.18
Issue of performance rights	1,000,000	-	-	-
Outstanding at end of year	11,000,000	\$0.16	10,000,000	\$0.18

(c) Weighted Average Remaining Contractual Life

At 30 June 2023, the weighted average remaining contractual life of Incentive Options and Performance Rights on issue that had been granted as share-based payments was 2.95 years (2022: 3.95 years).

(d) Range of Exercise Prices

At 30 June 2023, the range of exercise prices of Incentive Options and Performance Rights on issue that had been granted as share-based payments was nil to \$0.50 (2022: nil to \$0.50).

(e) Weighted Average Fair Value

There were no Incentive Options or Performance Rights granted as share-based payments by the Group during the year ended 30 June 2023. 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 2022 was \$0.16.

(f) Option and Rights Pricing Model

The fair value of Incentive Options granted is estimated as at the date of grant using the Black Scholes option valuation model taking into account the terms and conditions upon which the Incentive Options were granted. The fair value of Performance Rights that have market based vesting conditions is estimated as at the date of grant using a trinomial option valuation model taking into account the terms and conditions upon which the Performance Rights were granted.

18. SHARE-BASED PAYMENTS (continued)

(f) Option and Rights Pricing Model (continued)

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:

2023	Series 1	Series 2
Security Type	Right	Right
Exercise price	-	-
Vesting hurdle (30-day VWAP)	-	\$0.40
Grant date share price	\$0.16	\$0.16
Dividend yield ¹	-	-
Volatility ²	55%	45%
Risk-free interest rate	3.45%	3.45%
Grant date	18-Oct-22	09-Jun-21
Expiry date	09-Jun-26	09-Jun-26
Expected life of right ³	3.64 years	5.00 years
Fair value at grant date	\$0.16	\$0.08

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.

19. AUDITORS' REMUNERATION

The auditor of Equatorial Resources Limited is Ernst & Young.

	2023	2022
	\$	\$
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	48,415	45,640
• taxation and advisory services provided to the Company and any other entity in the consolidated group	15,000	-
	63,415	45,640

20. 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

	2023	2022
	\$	\$
Australia	-	-
Republic of Congo	-	-

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

(b) Reconciliation of finance income by geographical location

	2023	2022
	\$	\$
Australia	538,914	128,861
Republic of Congo	-	-
	538,914	128,861

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Overview

The Group's principal financial instruments comprise receivables, payables, cash, and investments at fair value through profit or loss. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

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

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

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

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

(b) Credit Risk

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

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

	2023 \$	2022 \$
Cash and cash equivalents	16,661,528	18,451,595
Trade and other receivables	33,128	45,777
	16,694,656	18,497,372

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

The Group does not have any significant customers and accordingly does not have any significant exposure to bad or doubtful debts. Receivables at 30 June 2023 and June 2022 are comprised primarily of trade receivables and GST receivable. Where possible the Group trades only with recognised, creditworthy third parties. Receivables are expected to be collected in full and the Group has no history of credit losses.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due. As at 30 June 2023 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 \$
2023					
Financial Liabilities					
Trade and other payables	2,472,054	-	-	-	2,472,054
	2,472,054	-	-	-	2,472,054
2022					
Financial Liabilities					
Trade and other payables	292,884	-	-	-	292,884
	292,884	-	-	-	292,884

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

	2023 \$	2022 \$
Interest-bearing financial instruments		
Cash and cash equivalents	16,661,528	18,451,595
	16,661,528	18,451,595

The Group's cash at bank and on hand and short-term deposits had a weighted average floating interest rate at year end of 4.09% (2022: 0.60%). 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) 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 2022.

	Effect on Profit or loss	
	+ 100 basis points \$	- 100 basis points \$
2023		
Cash and cash equivalents	166,615	(166,615)
2022		
Cash and cash equivalents	184,516	(184,516)

(e) Foreign Currency Risk

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

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

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

(f) Capital Management

The Group defines its capital as total equity of the Group, being \$16,465,960 as at 30 June 2023 (2022: \$18,200,265). 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.

(g) Fair Value

The fair value of financial assets and financial liabilities not carried at fair value approximates their carrying value.

22. CONTINGENT ASSETS AND LIABILITIES

International Arbitration Proceedings

During the 2022 financial year, through its Mauritian subsidiary EEPL Holdings, the Group commenced international arbitration proceedings against the Republic of Congo. The arbitration has been brought under the Mauritius-Congo Bilateral Investment Treaty and is taking place at the International Centre for Settlement of Investment Disputes ("ICSID") in Washington DC. In the ICSID arbitration, the Group is claiming compensation for the expropriation of its investments in the Badondo Iron Ore Project and the Mayoko-Moussondji Iron Ore Project in the Republic of Congo. The dispute as it concerns the Badondo Iron Ore Project relates to Congo's sudden and unlawful rejection of the Group's application for an exploitation licence and the simultaneous grant of an exploitation licence to Sangha Mining Development SASU, a newly-formed third party company. EEPL filed its Memorial of Claim in March 2023. Congo then filed a Statement of Defence in August 2023, which included certain counterclaims against EEPL. In September 2023, EEPL filed a preliminary objection to Congo's counterclaims on the basis that the Tribunal lacks jurisdiction to hear them. The Tribunal, in consultation with the parties, will now set a procedural timetable for addressing EEPL's preliminary objection. EEPL's next substantive pleading (its Reply Memorial) is due to be filed by April 2024. The Reply Memorial will contain EEPL's response to the entirety of Congo's Statement of Defence.

23. EVENTS SUBSEQUENT TO BALANCE DATE

- (i) On 31 July 2023, the Company announced that it completed its previously announced acquisition of the Nimba Alliance Iron Ore Project in Guinea, West Africa. The Nimba Project acquisition was completed through the acquisition of 100% of the issued capital of Companhia Rio de Ferro Pte. Ltd. ("CRF"). CRF beneficially owns 100% of Gui-Appro SARL, which holds the Nimba West exploration permit, and 56% of First Metal SARLU, which holds the Nimba North permit. Consideration for the acquisition comprised 5,000,000 fully paid ordinary shares in the Company and 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. The consideration shares will be subject to a voluntary escrow period of 12 months from their date of issue. The acquisition was completed after the end of the financial year, in July 2023. The acquisition of the Nimba Project will be accounted for as an asset acquisition.

Other than the above, at the date of this report there are no other matters or circumstances which have arisen since 30 June 2023 that have significantly affected or may significantly affect:

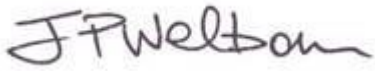
- the operations, in financial years subsequent to 30 June 2023, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2023, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2023, of the Consolidated Entity.

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 2023 and of the performance for the year ended on that date of the consolidated group); and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements.
3. The Directors have been given a declaration required by section 295A of the Corporations Act 2001 for the financial year ended 30 June 2023.

On behalf of the Board



JOHN WELBORN
Managing Director & CEO

22 September 2023



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

Report on the audit of the financial report

Opinion

We have audited the financial report of Equatorial Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 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 year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Key audit matters

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



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

1. Recognition and measurement of cash and cash equivalents

Why significant	How our audit addressed the KAM
As disclosed in Note 6 of the financial report, the Group recognised cash and cash equivalents of \$16,661,528 at 30 June 2023. Given the significance of cash and cash equivalents to the Group's net assets, the recognition and measurement of cash and cash equivalents was considered to be a key audit matter.	We evaluated the Group's accounting treatment of cash and cash equivalents. In completing our procedures, we: ▶ Confirmed cash and cash equivalent amounts with the financial institutions that held these amounts on behalf of the Group. ▶ Read the terms and conditions of amounts held on term deposit to assess whether these amounts meet the requirements to be classified as cash and cash equivalents under Australian Accounting Standards. ▶ Assessed the adequacy of the disclosures in relation to cash and cash equivalents in Note 6 to the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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

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



Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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



Report on the audit of the Remuneration Report

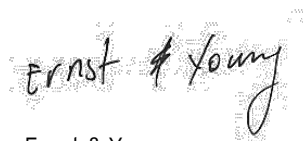
Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Equatorial Resources Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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



Ernst & Young



Jared Jaworski
Partner
Perth
22 September 2023

CORPORATE GOVERNANCE

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

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

The Company's Corporate Governance Statement 2023, which explains how Equatorial complies with the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 4th Edition' in relation to the year ended 30 June 2023, 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 – 4th Edition' the Board has taken into account a number of important factors in determining its corporate governance policies and procedures, including the:

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

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 31 August 2023.

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> LIMITED	14,062,514	10.70
MR ANGUS WILLIAM JOHNSON + MRS LINDY JOHNSON <DENA SUPER FUND A/C>	8,611,919	6.55
MR MARK STUART SAVAGE <MARK SAVAGE REVOCABLE A/C>	7,583,058	5.77
ARREDO PTY LTD	7,500,000	5.71
CROESUS MINING PTY LTD <THE SECOND SUPER FUND A/C>	6,388,306	4.86
MR JOHN PAUL WELBORN + MS CAROLINE ANNE WELBORN <WELBORN FAMILY A/C>	4,500,000	3.42
ROPA INVESTMENTS (GIBRALTAR) LIMITED	3,790,000	2.88
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,876,721	2.19
DRFT MANAGEMENT PTY LTD <D ROBERTS INVEST NO2 A/C>	2,800,000	2.13
MIKADO CORPORATION PTY LTD <JFC SUPERANNUATION A/C>	2,250,000	1.71
INKESE PTY LTD	2,150,000	1.64
BNP PARIBAS NOMS PTY LTD <DRP>	1,947,850	1.48
LAKE PACIFIC PTY LTD	1,840,805	1.40
MR FLORENT DECKOUS KOUKOU MINA	1,630,000	1.24
SHAH NOMINEES PTY LTD <LOUIS CARSTEN S/F A/C>	1,600,000	1.22
BOUCHI PTY LTD	1,533,500	1.17
FEREOLE PTY LTD <J & C WELBORN SUPER A/C>	1,500,000	1.14
MR ADAM GARE	1,500,000	1.14
SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	1,500,000	1.14
ANGUS WILLIAM JOHNSON + LINDY JOHNSON <THE DENA SUPER FUND A/C>	1,433,765	1.09
Total Top 20	76,998,438	58.58
Others	54,446,915	41.42
Total Ordinary Shares on Issue	131,445,353	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	810	173,629
1,001 – 5,000	169	476,694
5,001 – 10,000	78	614,865
10,001 – 100,000	178	7,625,830
More than 100,000	119	122,554,335
Totals	1,354	131,445,353

There were 922 holders of less than a marketable parcel of ordinary shares.

ASX ADDITIONAL INFORMATION (Continued)

3. Voting Rights

See Note 10(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
Arredo Pty Ltd	7,500,000
Mr John Welborn	7,500,000
Croesus Mining Pty Ltd <Steinepreis Super Fund A/c> and <The Second Super Fund A/c>, Linda Louise Steinepreis, Carly Louise McGowan, Elizabeth Louise Steinepreis, Mark David Steinepreis and Judith Elizabeth Steinepreis	7,302,306

5. On-Market Buy Back

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

6. Unquoted Securities

As at 31 August 2023, the Company has no unlisted securities on issue, other than those securities issued under an employee incentive scheme.

7. Mineral Resources Statement

As at 30 June 2023, the Company has no reported Mineral Resources or Ore Reserves for its exploration projects.

8. Exploration Interests

As at 31 August 2023, the Company has an interest in the following tenements in the Republic of Congo:

Project Name	Tenement Type	Tenement Number	Percentage Interest	Status
Nimba West permit, Republic of Guinea	Exploration permit	A/2019/149/DIGM/CPDM	100%	Granted
Nimba North permit, Republic of Guinea	Exploration permit	A/2020/135/DIGM/CPDM	56%	Granted
Badondo permit, Republic of Congo	Exploration permit	Decree No. 2015-984	100%	In dispute



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