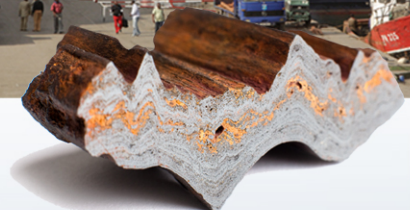




EQUATORIAL
RESOURCES LTD



INTERIM FINANCIAL REPORT

For the half year ended 31 December 2012

ASX : EQX

ABN : 50 009 188 694

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

CORPORATE INFORMATION**Directors**

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

Company Secretary

Mr Greg Swan

Registered Office

Level 2
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Share Register

Computershare Investor Services Pty Ltd
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45 St Georges Terrace
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Stock Exchange

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

ASX Code

EQX – Fully paid Ordinary Shares

Bankers

Australia and New Zealand Banking Group Limited

Solicitors

Hardy Bowen Lawyers

Auditors

Ernst & Young

Website Address

www.equatorialresources.com.au

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Equatorial Resources Limited for the year ended 30 June 2012 and any public announcements made by Equatorial Resources Limited and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*

The directors of Equatorial Resources Limited present the consolidated financial report of Equatorial Resources Limited ("Company" or "Equatorial" or "EQX") and the entities it controlled during the half year ended 31 December 2012 ("Consolidated Entity" or "Group").

DIRECTORS

The names of the Company's directors in office at any time during the half year and until the date of this report are set out below.

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

All directors held their office from 1 July 2012 until the date of this report.

REVIEW OF OPERATIONS

During the half year, Equatorial continued to advance the exploration and development of its two 100% owned iron projects in the Republic of Congo ("ROC"). The Mayoko-Moussondji Iron Project ("Mayoko-Moussondji"), located in the southwest region of the ROC, has access to a rail line running directly to the deep-water port of Pointe-Noire, where the Company's office is located. The Badondo Iron Project ("Badondo"), in the northwest region of ROC, is located within a regional cluster of world-class iron ore exploration projects including Sundance Resources Ltd's (ASX:SDL) ("Sundance") Mbalam project.

MA YOKO-MOUSSONDJI IRON PROJECT

Maiden Resource Announced

On 4 February 2013, the Company announced an initial Indicated and Inferred Hematite Resource of 102 million tonnes at 40.6% Fe ("Hematite Resource") at Mayoko-Moussondji. This initial Hematite Resource forms part of the total Mineral Resource Estimate ("MRE") announced for the project of 767 million tonnes at 31.9% Fe (refer ASX announcement 4 February 2013 for details). A summary of the maiden MRE is presented below in Table 1 and the Total Resource Table is presented in Table 3.

Mayoko-Moussondji Iron Project					
Indicated and Inferred Mineral Resource Estimate - February 2013					
Rock type	Tonnes (Millions)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
Colluvial Hematite	44.2	43.9	19.0	9.6	0.069
Friable Hematite	40.2	38.6	34.9	5.3	0.066
Hard Hematite	17.4	36.7	42.2	2.6	0.063
Total Hematite	101.8	40.6	29.2	6.7	0.067
Magnetite BIF	665.0	30.6	47.4	3.1	0.056
Total Resource	766.8	31.9	45.0	3.6	0.057
<i>Note: Totals may not add up due to rounding. Hematite material is reported at a 32% Fe cut-off grade and Magnetite BIF reported at a 15% Fe cut-off grade. The resource contains indicated and inferred resource classifications which are detailed in Table 3</i>					

Table 1: Summary of Maiden Mineral Resource Estimate – Indicated and Inferred

Drilling Activity

The primary focus of activity during the period was the completion of the drilling to be included in the MRE for Mayoko-Moussondji. As of 31 December 2012 a total of 48,672m had been completed at Mayoko-Moussondji for 426 holes.

	RC	Diamond	Total
Metres	21,133	1,707	22,840
Holes	171	14	185

Table 2: Drilling Production for the Six Months Ending 31 December 2012

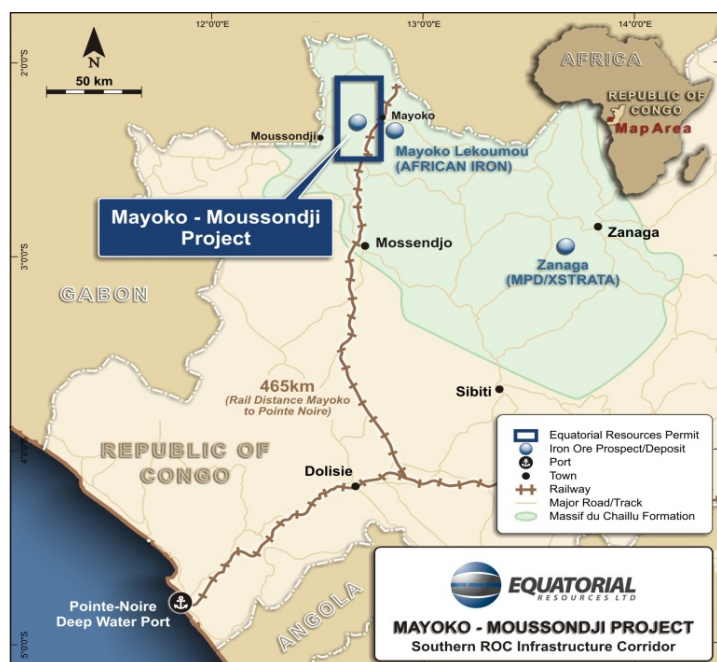


Figure 1: Mayoko-Moussondji Project Location Plan

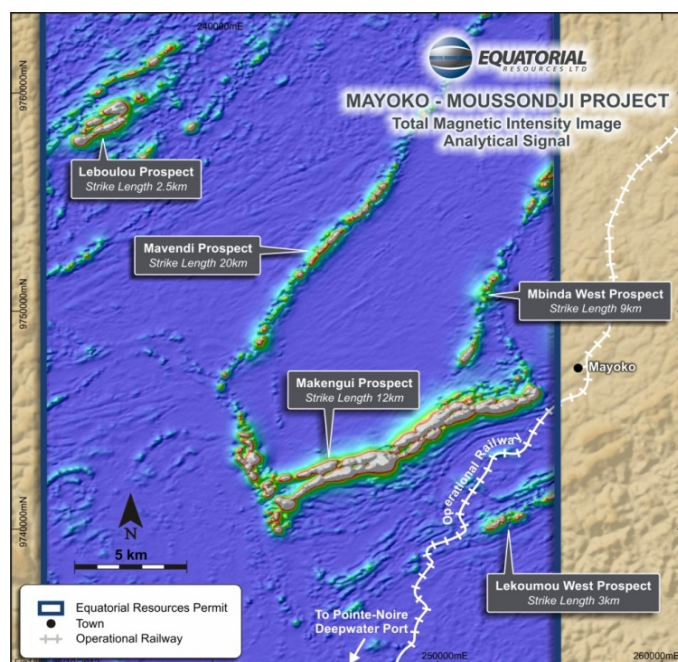


Figure 2: Mayoko-Moussondji Project Total Magnetic Analytical Signal

Drilling to date has focused on the Makengui prospect. Makengui is 12km long and lies 500m from the existing railway line that connects Mayoko-Moussondji to the port of Pointe-Noire. Makengui is one of five main prospects at Mayoko-Moussondji which total more than 46km of potential strike.

Mineral Resource Estimate

The Hematite Resource is made up of the three ore types identified at Mayoko-Moussondji: Colluvial Hematite, Friable Hematite, and Hard Hematite as illustrated at Figure 3.

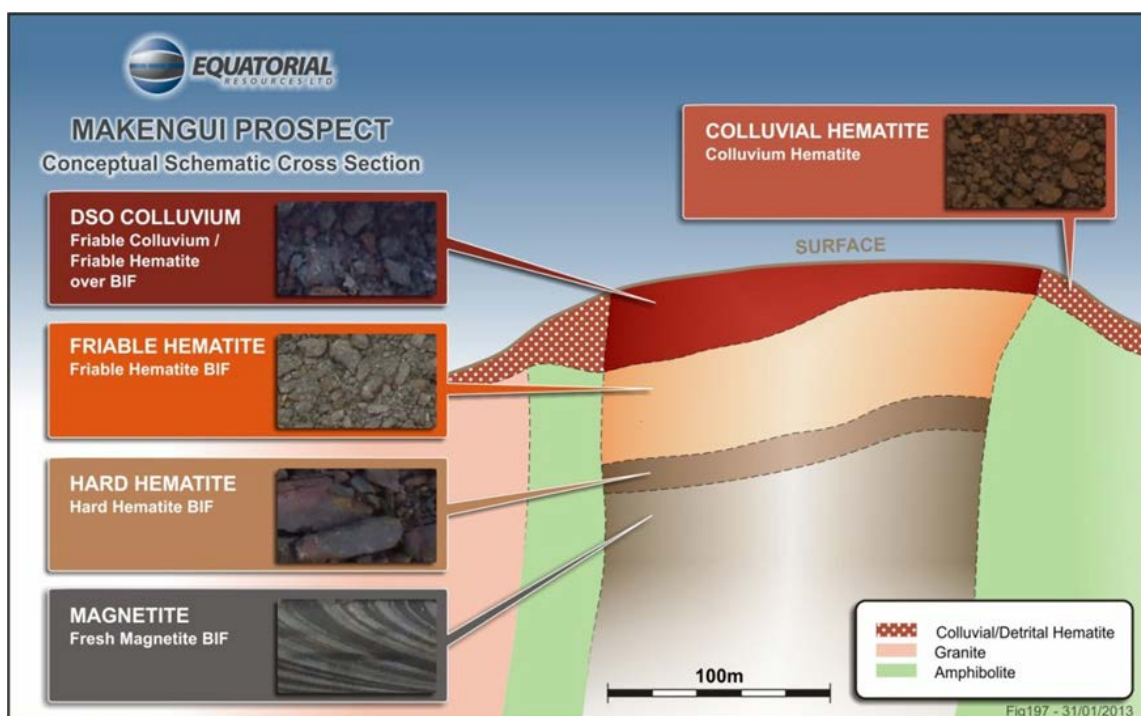


Figure 3: Conceptual Schematic Section

The MRE has been prepared by independent consultants CSA Global Pty Ltd ("CSA") and reported in accordance with the JORC Code (2004). The MRE is based on data from 43,743 metres of drilling from 383 drill holes. Drilling to date has extended over a strike length of 16km which represents only 35% of the identified magnetic strike at Mayoko-Moussondji. Accordingly, the reported maiden MRE is considered an initial resource and potential exists to substantially increase the resource base with on-going drilling.

Based on the metallurgical test work completed to date the hematite material is expected to readily produce premium lump and fines iron products grading above 63% Fe with low impurities through simple processing techniques with high overall mass recovery.

The total MRE of 767 million tonnes at 31.9% comprises the Indicated and Inferred Hematite Resource component of 102 million tonnes at 40.6% Fe and an Indicated and Inferred Magnetite component of 665 million tonnes of Fresh Magnetite Banded Iron Formation ("BIF") at 30.6% Fe ("Magnetite Resource"). The Total Resource Table is presented in Table 3 below.

Mayoko-Moussondji Iron Project Mineral Resource Estimate - February 2013									
Resource Class	Material Type	Tonnage (Mton)	Fe grade (%)	P grade (%)	SiO ₂ grade (%)	Al ₂ O ₃ grade (%)	LOI grade (%)	S grade (%)	In-Situ Dry Bulk Density
Indicated	Colluvial Hematite	12.2	48.3	0.066	15.8	8.2	6.0	0.04	2.65
	Friable Hematite	7.3	42.7	0.067	33.5	2.7	2.1	0.02	2.80
	Hard Hematite	5.7	38.5	0.060	40.9	1.7	1.1	0.01	2.97
	Magnetite BIF	1.4	35.1	0.063	44.2	2.2	-0.7	0.06	3.20
	Sub-Total	26.6	44.0	0.065	27.5	5.0	3.5	0.03	2.78
Inferred	Colluvial Hematite	32.0	42.3	0.070	20.3	10.1	8.1	0.08	2.65
	Friable Hematite	32.9	37.7	0.066	35.2	5.9	4.4	0.05	2.80
	Hard Hematite	11.6	35.8	0.064	42.8	3.1	1.9	0.08	2.97
	Magnetite BIF	663.6	30.6	0.056	47.4	3.1	-0.3	0.15	3.20
	Sub-Total	740.2	31.5	0.057	45.6	3.6	0.3	0.14	3.15
Total Indicated + Inferred	Colluvial Hematite	44.2	43.9	0.069	19.0	9.6	7.5	0.07	2.65
	Friable Hematite	40.2	38.6	0.066	34.9	5.3	4.0	0.04	2.80
	Hard Hematite	17.4	36.7	0.063	42.2	2.6	1.6	0.06	2.97
	Hematite Sub-Total	101.8	40.6	0.067	29.2	6.7	5.1	0.06	2.76
	Magnetite BIF	665.0	30.6	0.056	47.4	3.1	-0.3	0.15	3.20
Total Indicated and Inferred		766.8	31.9	0.057	45.0	3.6	0.4	0.14	3.13

* Note: Totals may not add up due to rounding. Hematite material is reported at a 32% Fe cut-off grade and Magnetite bearing BIF reported at a 15% Fe cut-off grade

Table 3: Total Resource Table

On-going Exploration

The MRE is comprised largely from drilling carried out at the Makengui Prospect at Mayoko-Moussondji. In addition to the ongoing drilling at Makengui, Equatorial has now conducted scout drilling at the Lekoumou West, Mavendi, Mbinda, and Leboulou prospects. Four RC holes were completed at the Leboulou prospect for 653m, which follows on from the encouraging mapping and rock chipping conducted. All four holes at Leboulou intercepted both hematite and magnetite BIF with 2 holes, MMKRC0294 and MMKRC0299, intercepting more than 10m of hematite mineralisation from surface. The initial geophysical survey, subsequent on-ground reconnaissance work, and the initial drilling at Lekoumou West, Mavendi, Mbinda, and Leboulou indicate the potential for significant resource inventory growth over time as further drilling is completed. Drilling used in the MRE covered only 16km (approximately 35%) of the 46km of mineralized strike at Mayoko-Moussondji.

Metallurgical Testing Program and Target Product Specifications

Metallurgical upgrading test work and product quality development work is continuing with the aim to design a process flow sheet that has the potential to process all ore types identified at Mayoko-Moussondji and produce premium iron products grading above 63% Fe with low impurities and with high overall mass recovery.

The final flow sheet will form part of the staged development approach within the Scoping Study which will assess early stage production from the shallow higher grader Colluvium and Friable Hematite mineralisation, as well as medium term production from the lower grade dematite and longer term from the hard hematite and underlying magnetite BIF. Equatorial's target product specifications for Mayoko-Moussondji are presented below in Table 4.

Mayoko-Moussondji Iron Project						
Target Product Specifications						
Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	TiO ₂ %	LOI ₁₀₀₀
>63.0	<5.0	<2.4	<0.080	<0.025	<0.07	<2.5

Table 4: Target Product Specifications

Rail

During 2011, Equatorial worked with the state owned rail authority, Chemin de Fer Congo Ocean ("CFCO") to complete an initial railway engineering study. The Company then commissioned R&H Railway Consultants (Pty) Ltd ("R&H") from South Africa to conduct a critical review of the study and to design an Operations Blueprint outlining key parameters for commercial bulk commodity transport from Mayoko to Pointe-Noire. This work allowed Equatorial's Rail Studies Manager, Mr John Dorotich, to prepare a detailed Railway Feasibility Study. Mr Dorotich has considerable experience in bulk commodity railways having served previously as Head of Rail at Fortescue Metals Group Ltd and at African Minerals PLC. The detailed Railway Feasibility Study was completed in December 2012 and is based on the phased ramp up of rail operations servicing Mayoko-Moussondji.

Port

Under a Memorandum of Understanding between Equatorial and the state owned port authority, the Port Autonome de Pointe-Noire ("PAPN") signed in February 2011, the parties committed to the completion of a feasibility study for the use of the port for the export of iron ore. A team of engineers from Murray & Roberts in conjunction with materials handling specialists Demcotech Engineering, both from South Africa, completed Equatorial's Port Feasibility Study which identified a number of potential port solutions at the existing port of Pointe-Noire as well as longer term, larger scale solutions at Pointe-Indienne.

At the recent series of transport meetings in the ROC, Equatorial discussed the results of the completed studies, focusing on the Company's initial plans to develop small scale iron ore export facilities using mobile loading equipment at the existing port of Pointe-Noire. The PAPN agreed that Equatorial's planned stage 1 transport operation could be possible at the existing port and agreed to work with Equatorial to identify suitable areas for development, berthing and loading capacities, and to define potential commercial terms. The PAPN has agreed to assist Equatorial in negotiations with other existing users to obtain required storage space. Equatorial remains confident the facilities at the existing port of Pointe-Noire will support the Company's plans for initial export operations. Equatorial, along with Xstrata and Exxaro are working with the ROC government on plans for the development of a large scale bulk commodity port at Pointe-Indienne which will provide a long term solution for large scale bulk commodity exports from the region.

Mining and Processing

The MRE will be incorporated into the mine and process engineering studies for Mayoko-Moussondji. The hematite flow sheet design and the mass balance for the hematite circuit are well advanced under the supervision of Dr John Clout. Orelogy (Pty) Ltd are finalising a layout showing all pits and haul roads for phase 1 hematite operations and are calculating operating and capital cost estimates of the required mine fleet. Camco Dreico Industrial Services (Pty) Ltd ("CDIS") and PDC Consultants (Pty) Ltd have commenced 3D modelling of equipment and the hematite processing circuit.

Scoping Study

Equatorial's feasibility studies for Mayoko-Moussondji are being conducted under the supervision of the Company's Project Studies Manager for Mayoko-Moussondji, Mr Rainer Dreier and through the engagement of CDIS. Mr Dreier and CDIS have a strong track record in the management of all aspects of mine-to-ship feasibility. CDIS and its engineers were previously involved in the design and commissioning of major facilities for Fortescue Metals Group Limited's Cloudbreak plant as well as the feasibility studies for Royal Resources Limited's Razorkback Iron Project in Australia, AUROX's (now Forge Resources) Balla Balla Iron Project in Australia and Ferrum Crescent Moonlight Magnetite Project in South Africa.

The Scoping Study will incorporate the initial MRE into the Company's completed feasibility work and will investigate a staged ramp up of operations, recognising the ability to commence operations using the existing rail and port infrastructure that service the project, and will allow for incremental investment to increase capacity over time. The focus on the Scoping Study will be consistent with Equatorial's objectives of developing Mayoko-Moussondji with relatively low initial capital investment and with a short time frame to initial production. Mayoko-Moussondji distinguishes itself amongst its peer iron projects in West Africa due to its ability to produce premium iron products using simple processing techniques and its access to existing operational transport infrastructure. The Scoping Study will identify a pathway to initial production and also the longer term potential for Equatorial to develop and build a large scale operation.

BADONDO IRON PROJECT

Badondo is located in the Department of Sangha in the north-west region of ROC and covers a total area of 998km². Badondo sits within an emerging cluster of world class iron projects including Sundance's Mbalam project, Core Mining's Avima project and the Belinga project in Gabon.



Figure 4: Badondo Project Location Plan

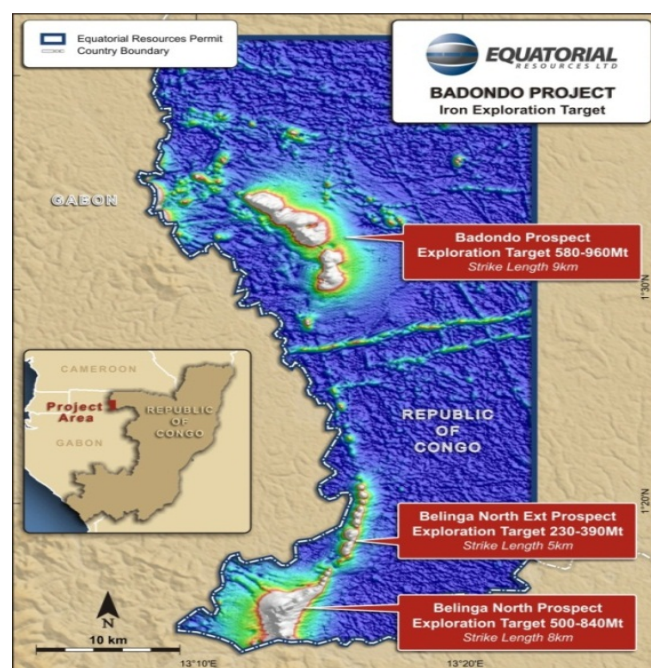


Figure 5: Key Target Prospects at Badondo

Completion of Scout Drilling Program

During the period Equatorial completed its scout diamond drilling program at Badondo. The program achieved its objectives of testing the thickness, quality and extent of the high grade hematite mineralisation along the strike of the Badondo prospect. The Company completed a total of 1,093m of NQ diamond drilling in 14 holes along 3km of strike. Due to the isolation of Badondo, the scout drilling program used a purpose built EVH diamond drill rig transportable by helicopter. Assay results from the first two holes at Badondo were highly encouraging, confirming the presence of thick high grade iron mineralisation from surface (refer to ASX announcements 12 July 2012 and 28 August 2012). See Table 5.

Hole ID	From	To	Interval	Fe	SiO ₂	Al ₂ O ₃	P	S	LOI
		Metres		%	%	%	%	%	1,000°C
BADDD00001	0	42	42	62.9	2.6	2.97	0.16	0.02	3.9
<i>Including</i>	4	40	36	63.8	1.3	2.97	0.17	0.02	3.9
BADDD00002	1.9	10	8.1	65.6	2.86	1.85	0.04	0.003	1.23
	43.8	92.4	48.6	64.2	4.42	2.24	0.05	0.002	1.05
<i>Including</i>	52	92.4	40.4	65.6	2.61	2.01	0.06	0.002	0.97

Table 5: Summary Assay Results from Hole 1 & 2 at Badondo

These highly encouraging results from the initial holes demonstrates the potential of Badondo to host significant quantities of high grade Direct Shipping Ore ("DSO") mineralisation. The completed drilling has provided Company geologists with a greater understanding of the geology, quality, and scale of the local iron mineralisation. Equatorial's advanced planning for infrastructure development will enable a more extensive drilling campaign at Badondo using larger track mounted drill rigs, with the aim of defining a mineral resource. The use of larger rigs will require road access, local infrastructure support and the development of a permanent camp.

HEALTH AND SAFETY PERFORMANCE

Equatorial continued its excellent record of health and safety performance at its operations. A key metric used by the Company to assess its safety performance record is the occurrence of Lost Time Injuries ("LTI"). An LTI occurs when a member of staff is injured in the execution of his/her duties and as a result of this injury is unable to perform his/her regular duties for one full shift or more on the day following the day which the injury incurred.

ENVIRONMENT AND COMMUNITY

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

Equatorial has partnered with local environmental consultancy Eco Durable to carry out environmental monitoring and management during the exploration phase, with representatives now active at Mayoko-Moussondji and Badondo.

Equatorial is proud to support the local communities in which the Company operates. The Company is committed to making a positive impact. During the period a number of key initiatives and community programs were continued at both Mayoko-Moussondji and Badondo. These included: support for local medical facilities, refurbishment of local water purification systems, provision of electricity to the local community, road repair and maintenance, and waste management. In addition, Equatorial commenced the construction of new facilities for the Mayoko Primary School. These facilities are designed to greatly expand the capacity and functionality of the Mayoko Primary School and will include the provision of extra classrooms, sporting facilities, educational equipment, and, for the first time, toilets with running water.

OPERATING RESULTS

The net loss of the Consolidated Entity for the half year ended 31 December 2012 was \$20,410,622 (31 December 2011: \$12,888,924). Specifically, this loss is largely attributable to:

- (i) Exploration and evaluation expenses of \$15,777,731 (31 December 2011: \$12,003,347), which is attributable to the Group's accounting policy of expensing exploration and evaluation expenditure incurred by the Group subsequent to the acquisition of the rights to explore and up to the successful completion of definitive feasibility studies for each separate area of interest;
- (ii) Share based payments expenses of \$1,968,438 (31 December 2011: \$409,627) relating to the Company's employee and contractor long term incentive plans;
- (iii) Feasibility expenses of \$1,322,373 (31 December 2011: Nil), which includes consultancy fees and infrastructure studies relating to the project development of Mayoko-Moussondji; and
- (iv) Corporate expenses of \$1,230,280 (31 December 2011: \$1,311,320), which includes expenses relating to the management of an ASX listed company and expenses relating to the Group's investor relations activities during the half year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 4 February 2013, the Company announced its maiden resource of 102 million tonnes of hematite at Mayoko-Moussondji. The achievement of this milestone has resulted, on 15 February 2013, in the Company issuing the following securities:

- 2,000,000 ordinary shares were issued as a result the 100Mt Mineral Resource milestone being achieved in relation to the unissued milestone shares as outline in Note 7(a); and
- 500,000 ordinary shares were issued as a result of the vesting of 500,000 performance rights through the achievement of the Hematite Resource Milestone. The performance rights were issued under the Equatorial Resources Employee Performance Rights Plan and the Equatorial Resources Contractor Performance Rights Plan.

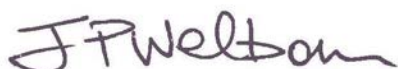
Other than as outlined above, at the date of this report, there are no matters or circumstances, which have arisen since 31 December 2012 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2012, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 31 December 2012, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 31 December 2012, of the Consolidated Entity.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half year ended 31 December 2012 has been received and can be found on page 9 of the Interim Financial Report.

Signed in accordance with a resolution of the directors.



JOHN WELBORN
Managing Director

Perth, 13 March 2013

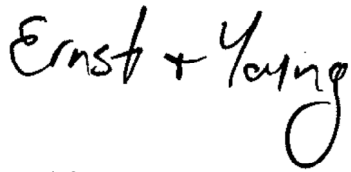
The information in this report that relates to Exploration Results, other than Metallurgical Test Results and Geophysical Exploration Results, is based on information compiled by Mr Mark Glasscock, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Glasscock is a full time employee of Equatorial Resources Limited. Mr Glasscock has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Glasscock consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Metallurgical Test Results is based on information compiled by Dr John Clout who is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Clout is a consultant to Equatorial Resources Limited. Dr Clout has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Clout consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to in-situ Mineral Resources is based on information compiled by Malcolm Titley of CSA Global UK Ltd. Malcolm Titley takes overall responsibility for the Report. He is a Member of the Australasian Institute of Geoscientists ('AIG') and the Australasian Institute of Mining and Metallurgy ('AusIMM') and has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2004 Edition). Malcolm Titley consents to the inclusion of such information in this Report in the form and context in which it appears.

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

In relation to our review of the financial report of Equatorial Resources Limited for the financial half-year ended 31 December 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A stylized, handwritten signature of 'Ernst & Young' in black ink.

Ernst & Young

A handwritten signature in black ink, appearing to read 'P Mclver'.

P Mclver
Partner
Perth
13 March 2013

	Notes	Half Year ended 31 Dec 2012 \$	Half Year ended 31 Dec 2011 \$
Operations			
Revenue	3	1,829,758	1,382,553
Other income	3	1,812	33,591
Exploration and evaluation expenses		(15,777,731)	(12,003,347)
Feasibility expenses		(1,322,373)	-
Corporate expenses		(1,230,280)	(1,311,320)
Administrative expenses		(724,277)	(572,880)
Share based payments	4	(1,968,438)	(409,627)
Business development expenses		(351,307)	(7,421)
Finance costs	4	-	(473)
Other expenses	4	(24,305)	-
Loss before income tax		(19,567,141)	(12,888,924)
Income tax expense		(843,481)	-
Loss for the period		(20,410,622)	(12,888,924)
Loss attributable to members of Equatorial Resources Limited		(20,410,622)	(12,888,924)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Exchange differences arising on translation of foreign operations		140,290	(268,881)
Net fair value gain on available for sale financial assets		-	6,583,133
Other comprehensive income for the period, net of tax		140,290	6,314,252
Total comprehensive loss for the period		(20,270,332)	(6,574,672)
Total comprehensive loss attributable to members of Equatorial Resources Limited		(20,270,332)	(6,574,672)
Earnings per share			
Basic and diluted loss per share (cents per share)		(17.41)	(11.73)

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

	Notes	31 Dec 2012 \$	30 Jun 2012 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	62,380,290	79,963,913
Trade and other receivables		2,262,304	2,561,850
Prepayments		356,237	355,545
Total Current Assets		64,998,831	82,881,308
Non-current Assets			
Property, plant and equipment	6	5,448,137	6,103,832
Exploration and evaluation assets		7,147,418	7,147,240
Intangible assets		125,835	140,296
Total Non-current Assets		12,721,390	13,391,368
TOTAL ASSETS		77,720,221	96,272,676
LIABILITIES			
Current Liabilities			
Trade and other payables		3,203,169	4,295,266
Provisions		58,453	60,399
Income tax payable		2,306,714	1,463,233
Total Current Liabilities		5,568,336	5,818,898
TOTAL LIABILITIES		5,568,336	5,818,898
NET ASSETS		72,151,885	90,453,778
EQUITY			
Contributed equity	7(a)	172,276,851	172,276,851
Reserves		6,347,507	4,335,078
Accumulated losses		(106,472,473)	(86,158,151)
TOTAL EQUITY		72,151,885	90,453,778

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

	Contributed Equity	Investments Available-For- Sale Reserve	Option Premium Reserve	Employee Share Rights Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2012	172,276,851	-	2,636,700	1,791,816	(93,438)	(86,158,151)	90,453,778
Net loss for the period	-	-	-	-	-	(20,410,622)	(20,410,622)
Other comprehensive income:							
Exchange differences on translation of foreign operations	-	-	-	-	140,291	-	140,291
Total comprehensive income/(loss) for the period	-	-	-	-	140,291	(20,410,622)	(20,270,331)
Transactions with owners recorded directly in equity							
Share based payments	-	-		1,968,438	-	-	1,968,438
Expiry of options transferred to Accumulated Losses	-	-	(96,300)	-	-	96,300	-
Balance at 31 December 2012	172,276,851	-	2,540,400	3,760,254	46,853	(106,472,473)	72,151,885
Balance at 1 July 2011	143,940,782	(216,002)	5,034,950	-	104,197	(78,714,241)	70,149,686
Net loss for the period	-	-	-	-	-	(12,888,924)	(12,888,924)
Other Comprehensive Income:							
Exchange differences on translation of foreign operations	-	-	-	-	(268,881)	-	(268,881)
Net unrealised gain on available-for-sale financial assets	-	6,583,133	-	-	-	-	6,583,133
Total comprehensive loss for the period	-	6,583,133	-	-	(268,881)	(12,888,924)	(6,574,672)
Transactions with owners recorded directly in equity							
Share issue costs (cash)	(29,811)	-	-	-	-	-	(29,811)
Exercise of options	1,043,350	-	(501,600)	-	-	-	541,750
Share based payments	-	-	409,627	-	-	-	409,627
Shares issued as consideration for shares in African Iron	23,635,000	-	-	-	-	-	23,635,000
Balance at 31 December 2011	168,589,321	6,367,131	4,942,977	-	(164,684)	(91,603,165)	88,131,580

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

	Half Year ended 31 Dec 2012	Half Year ended 31 Dec 2011
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers, employees and others	(19,606,610)	(12,464,106)
Interest paid	-	(473)
Interest received	2,231,368	1,501,959
Net Cash flows from Operating Activities	(17,375,242)	(10,962,620)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(209,164)	(2,835,251)
Payments for intangible assets	-	(188,362)
Payments for available-for-sale financial assets	-	(1,405,366)
Net Cash flows from Investing Activities	(209,164)	(4,428,979)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	541,750
Payments for share issue costs	-	(35,908)
Net Cash flows from Financing Activities	-	505,842
Net decrease in cash and cash equivalents	(17,584,406)	(14,885,757)
Net foreign exchange differences	783	33,590
Cash and cash equivalents at beginning of period	79,963,913	56,246,310
CASH AND CASH EQUIVALENTS AT END OF PERIOD	62,380,290	41,394,143

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose interim financial report for the half year reporting period ended 31 December 2012 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Equatorial Resources Limited for the year ended 30 June 2012 and any public announcements made by Equatorial Resources Limited and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(a) Basis of Preparation

The condensed financial report has been prepared on a historical cost basis, except for available-for-sale investments which have been measured at fair value. The financial report is presented in Australian dollars, unless otherwise stated.

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

(b) Significant Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2012, other than as detailed below.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2012. The adoption of these new and revised standards has not resulted in any significant changes to the Group's accounting policies or to the amounts reported for the current or prior periods.

As a consequence of the adoption of *AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*, the Consolidated Entity now presents a Statement of Profit or Loss and other Comprehensive Income. Furthermore, the changes require the Group to separately present those items of other comprehensive income that may be classified to the Income Statement in the future from those that will never be reclassified to the Income Statement. The changes relate to disclosures only and have been applied retrospectively.

In addition to the changes in disclosure, the Group has updated the classification of expenses to make the Statement of Profit or Loss and other Comprehensive Income more relevant to users of the financial report. This has resulted in the reclassification of some items in the prior period, however, has not impacted the reported loss for the period or earnings per share. The reclassification of expenses includes; (i) the separate disclosure of share-based payments on the Statement of Profit or Loss, and (ii) the reclassification of ROC administrative costs and withholding tax that directly relate to the Groups operational activities, to exploration and evaluation expenses.

2. SEGMENT INFORMATION

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

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

3. REVENUE AND OTHER INCOME

	Half Year ended 31 Dec 2012 \$	Half Year ended 31 Dec 2011 \$
Revenue		
Interest income	1,829,758	1,382,553
Other Income		
Net realised foreign exchange gains	1,812	33,591

4. EXPENSES

	Half Year ended 31 Dec 2012 \$	Half Year ended 31 Dec 2011 \$
Finance costs		
Interest expense	-	473
Depreciation and amortisation included in statement of comprehensive income		
Depreciation of plant and equipment	948,720	522,759
Amortisation of intangible assets	17,194	15,774
	965,914	538,533
Employee benefits expense		
Wages and salaries	3,507,660	2,604,606
Superannuation	69,478	60,738
Share-based payments expense	1,968,438	409,627
Other employee benefits	296,038	143,638
	5,841,614	3,218,609
Other Expenses		
Impairment loss	23,275	-
Unrealised foreign exchange loss	1,030	-
	24,305	-

5. CASH AND CASH EQUIVALENTS

	31 Dec 2012 \$	30 Jun 2012 \$
Cash on hand	1,880,290	1,841,913
Deposits at call	60,500,000	78,122,000
	62,380,290	79,963,913

6. PROPERTY, PLANT & EQUIPMENT

	31 Dec 2012 \$	30 Jun 2012 \$
At cost	7,862,169	7,471,601
Accumulated depreciation and impairment	(2,414,032)	(1,367,769)
Net carrying amount	5,448,137	6,103,832

(a) Additions and Disposals

During the period there were \$390,568 of additions to Property, Plant and Equipment (30 June 2012: \$5,097,111) and no disposals of property, plant and equipment were made (30 June 2012: Nil).

7. CONTRIBUTED EQUITY

	31 Dec 2012	30 Jun 2012
	\$	\$
(a) Issued and Unissued Capital		
117,235,353 (30 June 2012: 117,235,353) fully paid ordinary shares	171,396,851	171,396,851
2,000,000 (30 June 2012: 2,000,000) unissued milestone shares ¹	880,000	880,000
	172,276,851	172,276,851

Notes:

¹ As part consideration for the acquisition of Congo Mining Limited SARL, the Company agreed to issue 2,000,000 Ordinary Shares to the vendors no later than 45 days after Equatorial Resources makes an announcement to the ASX of the discovery of a 100Mt Mineral Resource. Refer to Note 9, Events Subsequent to Balance Date, for the achievement of the milestone and issue of the shares on 15 February 2013.

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

There have been no movements in ordinary shares during the period.

8. CONTINGENT ASSETS AND LIABILITIES

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

9. EVENTS SUBSEQUENT TO BALANCE DATE

On 4 February 2013, the Company announced its maiden resource of 102 million tonnes of hematite at Mayoko-Moussondji. The achievement of this milestone has resulted, on 15 February 2013, in the Company issuing the following securities;

- 2,000,000 ordinary shares were issued as a result the 100Mt Mineral Resource milestone being achieved in relation to the unissued milestone shares as outline in Note 7(a).
- 500,000 ordinary shares were issued as a result of the vesting of 500,000 performance rights through the achievement of the Hematite Resource Milestone. The performance rights were issued under the Equatorial Resources Employee Performance Rights Plan and the Equatorial Resources Contractor Performance Rights Plan.

Other than as outlined above, at the date of this report, there are no matters or circumstances, which have arisen since 31 December 2012 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2012, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 31 December 2012, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 31 December 2012, of the Consolidated Entity.


DIRECTOR'S DECLARATION

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

In the opinion of the directors:

- (a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) section 304 (compliance with accounting standards and the Corporations Regulations 2001) and;
 - (ii) section 305 (true and fair view); and
- (b) there are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board



JOHN WELBORN
Managing Director

Perth, 13 March 2013

Independent review report to the members of Equatorial Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Equatorial Resources Limited, which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Equatorial Resources Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

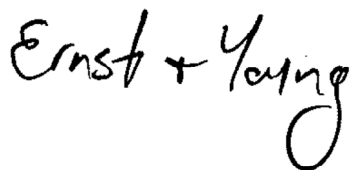
Independence

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

Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'P Mclver'.

P Mclver
Partner
Perth
13 March 2013