

## **EQUATORIAL MINING AND EXPLORATION PLC**

**(“EME” OR THE “COMPANY”)**

### **CHAIRMAN’S STATEMENT**

#### **Interim Results for the six months ended 30th June 2018**

I have pleasure in attaching the Interim Results which have been announced and posted concurrently with the delayed Audited Annual Accounts for the year ended 31<sup>st</sup> December 2017. The Chairman’s statement in the Annual accounts relates to this six month period and I set out a copy of that statement below:

I am pleased to announce our results to the end of 2017, notice of Annual General Meeting and also announced separately today, our interim figures to the end of June 2018. These accounts consolidate our Nigerian company, EME Mine Nigeria Limited into the Group accounts on this occasion and more details are given below.

The accounts display a continuing loss as we invest in operations and I am obliged to draw your attention to the report of the Independent Auditor set out at the end of this announcement, which expresses the opinion that material uncertainty exists about our going-concern status.

During the year ended December 2017, the company had committed to trial mining at its recently acquired open cast mine in Kogi State, called the St Leonard Mine, Imane. We had engaged the services of a local contract mining company which ended in disappointment as a result of operational mistakes. The mistakes were born from inexperience and I wish to emphasise an important point; Nigeria’s natural resources sector (other than oil and gas) is in its infancy and thus a challenging place in which to operate as the in-country experience and expertise is all but non-existent in the field of coal excavation.

In 2018 we determined that we had to find outside support to take build on the foundations which we had laid.

In June we were delighted to make contact with Mr Welcome Sandawana of ARQ Minerals Pty Limited (“ARQ”) a South African coal mining company. As announced on 17<sup>th</sup> July, the Board believes that the investment made from ARQ has added value to the Company mining prospects.

Following their good performance and in return for agreeing to take over the complete project, including bringing manpower and funding from South Africa, we handed control of EMEMine Nigeria Ltd to ARQ and accelerated their share earn-in so that they now have a controlling interest of 51%. Accordingly, EMEMine Nigeria has become an investment interest of ours and will not be consolidated into future Group accounts.

This was an extraordinary change in circumstances for the Group and with Mr Sandawana on the ground at the St Leonard mine using locally sourced plant and machinery, excavation advanced at speed despite the torrential rain fall. It has been said that August and September formed the wettest Nigerian monsoon season for ten years. I wish to thank Welcome for his endurance and a determination to deliver on his promises to the Group and its members.

We took the decision to commit to a period of coal heaping before advertising our product for sale and as at the date of this announcement I am delighted to report that customers’ coal lorries are arriving.

The sale proceeds from the coal will be re-invested into productivity and after this and the payment of royalties to the project introducer, licence owner and Imane tribal community, will return to both ARQ and Equatorial Mining and Exploration Plc as fees and dividends, yet to be determined.

Assuming that sales are maintained, in the new year we and our shareholders, including ARQ, will start to examine business plans of those companies requiring investment, potentially as part of an acquisition by us. This has been our strategy from the very beginning.

Xx October 2018

**Enquiries:**

<b>Equatorial Mining &amp; Exploration Plc:</b> Nicholas Nelson, Executive Chairman	nelson@nexfin.org.uk
<b>ISDX Adviser and Broker</b> <b>Alexander David Securities</b> James Dewhurst	+44 (0) 207 448 9820

The Directors take responsibility for this announcement.

**EQUATORIAL MINING AND EXPLORATION PLC**

**UNAUDITED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018**

	<b>6 Months to 30 June 2018 GBP'000</b>	<b>6 Months to 30 June 2017 GBP'000</b>	<b>Year to 31 December 2017 GBP'000</b>
Sales	-	-	1
Cost of sales	-	-	(1)
Gross profit	-	-	-
Administrative expenses	(151)	(110)	(271)
Provision against loan advanced to related party	-	(7)	(36)
Share-based compensation	-	-	-
Project Originations costs	(11)	-	(14)

Profit/(loss) from operations	(162)	(117)	(321)
Investment income (expense)	-	-	(27)
Profit/(loss) before taxation	(162)	(117)	(294)
Taxation	-	-	-
Profit/(loss) from continuing operations	(162)	(117)	(294)
Earnings/(loss) per share (note 3)			
Basic and diluted (pence)	(0.002)	(0.002)	(0.005)

### EQUATORIAL MINING AND EXPLORATION PLC

#### UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2018

	6 Months to 30 June 2018 GBP'000	6 Months to 30 June 2017 GBP'000	Year to 31 December 2017 GBP'000
Profit/(loss) for the period	(162)	(117)	(294)
Total comprehensive income	(162)	(117)	(294)

### EQUATORIAL MINING AND EXPLORATION PLC

#### UNAUDITED STATEMENT OF CHANGES FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Share capital GBP'000	Share premium GBP'000	Retained earnings GBP'000	Share-based compensation reserve GBP'000	Investments in own shares GBP'000	Total GBP'000
Balance as at 1 January 2018	693	1,536	(4,092)	1,349	(133)	(647)
Total recognised income and expense for the period	-	-	(162)	-	-	(162)
Issue of new shares	69	-	-	-	-	69
Balance at 30 June 2018	762	1,536	(4,254)	1,349	(133)	(740)

Balance as at 1 January 2017	592	1,528	(3,798)	1,313	(133)	(498)
Total recognised income and expense for the period	-	-	(117)	-	-	(117)
Issue of new shares	14	-	-	-	-	14
Balance at 30 June 2017	<u>606</u>	<u>1,528</u>	<u>(3,915)</u>	<u>1,313</u>	<u>(133)</u>	<u>(601)</u>
	=====	=====	=====	=====	=====	=====

**EQUATORIAL MINING AND EXPLORATION PLC**

**UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018**

	<b>As at 30 June 2018 GBP'000</b>	<b>As at 30 June 2017 GBP'000</b>	<b>As at 31 December 2017 GBP'000</b>
<b>Assets</b>			
Non-current assets			
Goodwill	2	2	2
	<hr/>	<hr/>	<hr/>
Current assets			
Trade and other receivables	9	8	6
Cash and cash equivalents	53	5	16
	<hr/>	<hr/>	<hr/>
	62	13	22
	<hr/>	<hr/>	<hr/>
Total assets	64	15	24
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Equity and liabilities</b>			
Share capital	762	601	693
Investment in own shares	(133)	(133)	(133)
Share premium account	1,536	1,528	1,536
Share-based compensation reserve	1,349	1,313	1,349
Retained earnings	(4,254)	(3,915)	(4,092)
	<hr/>	<hr/>	<hr/>
Total equity	(740)	(601)	(647)
<b>Current liabilities</b>			
Trade and other payables	764	572	671
<b>Long term liabilities</b>			
Convertible loan	40	44	-
	<hr/>	<hr/>	<hr/>
Total equity and liabilities	64	15	24
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**EQUATORIAL MINING AND EXPLORATION PLC**

**UNAUDITED STATEMENT OF CASH FLOWS FOR SIX MONTHS ENDED  
30 JUNE 2018**

	6 Months to 30 June 2018 GBP'000	6 Months to 30 June 2017 GBP'000	Year to 31 December 2017 GBP'000
<b>Cash flows from operating activities</b>			
Profit/(Loss) before income tax	(162)	(117)	(321)
Share-based compensation	-	-	-
Finance income (cost)	-	-	-
Operating cash flows before movement in working capital and provisions	(162)	(117)	(321)
(increase)/decrease in trade and other receivables	(3)	-	2
(Decrease)/increase in trade and other payables	93	48	183
Net cash used in operating activities	<u>(72)</u>	<u>(69)</u>	<u>(136)</u>
<b>Cash flows from investing activities</b>			
Interest received	-	-	-
Interest paid	-	-	27
Investment in own issued share capital	-	-	-
Net cash generated from investing activities	<u>-</u>	<u>-</u>	<u>27</u>
<b>Cash flows from financing activities</b>			
Increase in shareholder loans	-	44	-
Issue of new shares	69	14	109
Issue of convertible loan notes	40	-	-
	<u>109</u>	<u>58</u>	<u>109</u>
Net Increase/(decrease) in cash and cash equivalents	37	(11)	-
Net cash and cash equivalents at beginning of period	<u>16</u>	<u>16</u>	<u>16</u>
Net cash and cash equivalents at end of period	<u><u>53</u></u>	<u><u>5</u></u>	<u><u>16</u></u>

# EQUATORIAL MINING AND EXPLORATION PLC

## NOTES TO THE ACCOUNTS

FOR SIX MONTHS ENDED 30 JUNE 2018

### 1. Basis of preparation of interim report

The financial information for the period ended 30 June 2018 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. It has been prepared in accordance with the accounting policies set out in, and is consistent with, the audited financial statements for the twelve months ended 31 December 2017. A copy of the statutory accounts for the period has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

### 2. Going concern

The Directors are of the opinion that the financial information should be prepared on a going concern basis.

### 3. Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

For diluted earnings/(loss) per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

The calculation of basic and diluted earnings/(loss) per share is based on the following figures.

	<b>6 Months to 30 June 2018 GBP'000</b>	<b>6 Months to 30 June 2017 GBP'000</b>	<b>Year to 31 December 2017 GBP'000</b>
Total profit/(loss) for the period	(162)	(117)	(294)
	<b>Number</b>	<b>Number</b>	<b>Number</b>
Weighted average number of shares – basic	7,142,441,000	5,971,538,354	6,062,772,493
Basic earnings/(loss) per shares	(0.002p)	(0.002p)	(0.005p)
Diluted earnings/(loss) per share	(0.002p)	(0.002p)	(0.005p)

### 4. Reports

A copy of this announcement will be mailed to shareholders and it is available on the company's website at [www.equatorialmining.com](http://www.equatorialmining.com)