

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement reports the governance processes and procedures in place at Equator Resources Limited as at 3 March 2016 and has been approved by the board of the Company as at that date. This Corporate Governance Statement is also provided on our website at www.equatorresources.com.au, together with copies of our Board and Board Committee Charters and some of the Company's key policies. The ASX Appendix 4G, which is a checklist cross-referencing the third edition of the ASX Corporate Governance Principles and Recommendations to the relevant disclosures in Equator's Corporate Governance Statement and 2015 Annual Report is also provided on that webpage.

Commitment to Good Governance

The directors of Equator Resources Limited ("Equator" or the "Company") believe that effective corporate governance improves company performance, enhances corporate social responsibility and benefits all stakeholders. Governance practices are not a static set of principles and the company assesses its governance practices on an annual basis. Changes and improvements are made in a substance over form manner, which appropriately reflect the changing circumstances of the company as it grows and evolves. Accordingly, the Board has established a number of practices and policies to ensure that these intentions are met and that all shareholders are fully informed about the affairs of the Company.

The Company has a corporate governance section on the website at www.equatorresources.com.au. The section includes details on the company's governance arrangements and copies of relevant policies and charters.

ASX Corporate Governance Council's Principles and Recommendations (3rd Edition)

Equator reviews all of its corporate governance practices and policies on an annual basis to ensure they are appropriate for the Company's current stage of development. This year, the review was made against the new ASX Corporate Governance Council's Principles and Recommendations (third edition) ("CGRs").

The following table outlines which of the ASX recommendations the Company has not complied with. Reasons for non-compliance are explained in this report.

Recommendation	Nature of departure	Explanation for departure
1.5	The Company does not set measurable objectives in relation to diversity.	Given the size of the Company the Directors do not consider it appropriate to set measurable objectives in relation to diversity.
2.1	The company does not have a nomination committee.	The role of the nomination committee is assumed by the full Board in accordance with the committee charter available on the Company's website www.equatorresources.com.au (under the corporate governance tab). The size and scope of the company's activities does not justify the establishment of such a committee.
2.2	The company should have and disclose a board skills matrix.	Given the stage of the Company's development and assets, it is not consider it

Recommendation	Nature of departure	Explanation for departure
		appropriate to undertake a board skills matrix.
2.3, 2.4, 2.5	The Company does not have any independent Directors.	The size and scope of the company's activities does not justify the cost of appointing independent directors at this stage of its development.
4.1, 4.2	<p>The company does not have an audit committee.</p> <p>The Company did not receive a declaration from the CEO and CFO that the financial records were properly maintained.</p>	<p>The role of the audit committee is assumed by the full Board in accordance with the committee charter available on the Company's website www.equatorresources.com.au (under the corporate governance tab). The size and scope of the company's activities does not justify the establishment of such a committee.</p> <p>In the 30 June 2015 annual report, the Directors have disclosed that the financial records are based on incomplete record keeping.</p>
7.1 , 7.2, 7.3, 7.4	The company does not have a risk committee.	The role of the risk committee and internal audit function is assumed by the full Board in accordance with the committee charter available on the Company's website www.equatorresources.com.au (under the corporate governance tab). The size and scope of the company's activities does not justify the establishment of such a committee. Business risk is continually assessed (at least annually) by the Board in accordance with the Company's risk management and internal compliance and control policy.
8.1, 8.2 , 8.3	The company does not have a remuneration committee.	The role of the remuneration committee is assumed by the full Board who apply the Company's Remuneration Policy and in accordance with the committee charter available on the Company's website www.equatorresources.com.au (under the corporate governance tab). The size and scope of the company's activities does not justify the establishment of such a committee. No director participates in any

Recommendation	Nature of departure	Explanation for departure
		deliberation regarding their own remuneration or related issues.

The role of the Board

The role of the board of Directors is to provide strategic guidance to the Company (and its related bodies corporate), effective oversight of management and to provide a sound base for a culture of good corporate governance within the Company. The Board will always retain ultimate authority over the management and staff of the Company and its related bodies corporate.

In performing its role, the Board should act, at all times:

- (a) in recognition of its overriding responsibility to act honestly, fairly and in accordance with the law in serving the interests of the Company, its shareholders, as well as its employees, customers and the community;
- (b) in a manner designed to create and continue to build sustainable value for shareholders;
- (c) in accordance with the duties and obligations imposed upon them by the Company's constitution and applicable law; and
- (d) with integrity and objectivity, consistently with the ethical, professional and other standards set out in the Company's corporate governance policies.

Responsibilities of the Board

The responsibilities of the Board include:

- (a) represent and serve the interests of Shareholders by overseeing and appraising the Company's strategies, policies and performance;
- (b) protect and optimise the Company's performance and build sustainable value for Shareholders;
- (c) set, review and ensure compliance with the Company's values and governance framework; and
- (d) ensure that Shareholders are kept informed of the Company's performance and major developments.

Composition of the Board

Under the Company's constitution, the minimum number of Directors is three and the maximum number is ten. The Board currently comprises of 3 Directors, namely Jason Bontempo, Shannon Robinson and Michael Naylor. The Directors consider the size and composition of the Board is appropriate given the current size and status of the Company.

Each Director is bound by all of the Company's charters, policies and codes of conduct. If the Board determines it is appropriate or necessary, they may establish committees to assist in carrying out various responsibilities of the Board. Such committees will be established by a formal charter.

The Board seeks to nominate persons for appointment to the Board who have the qualifications, experience and skills to augment the capabilities of the Board.

Background checks are carried out on all new directors prior to their submission to security holders for election. These checks include: gaining character references; confirming the experience and education of the new director; obtaining a police clearance; and checking that the new Director has not been bankrupt.

The Company ensures that all material information in its possession relevant to a shareholder's decision whether to elect or re-elect a director, is provided to shareholders in the Company's Notice of Annual General Meeting.

Each director of the Company has an agreement in writing with the Company which sets out the key terms and conditions of their appointment including their duties, rights and responsibilities

The role of the Company Secretary

The Board considers the issue of independence with regard to a set of questions outlined in the Board charter. The issue is considered in light of a materiality threshold relevant to the particular time of the issue.

The Company Secretary has a direct line of reporting to the Chairman and is responsible for:

- (a) Ensuring a good flow of information between the Board, its committees, non-executive directors and executive directors.
- (b) Monitoring policies and procedures of the Board.
- (c) Advising the Board through the Chairman of corporate governance policies.
- (d) Providing support and advice to individual directors, various board committees, senior executives and the Board in general.
- (e) Conducting and reporting matters of the Board, including the despatch of Board agendas, briefing papers and minutes.
- (f) Ensuring that compliance systems relating to ASX Listing Rules and the Corporations Act are maintained and the Company and Board adhere to those.
- (g) Disseminating regulatory news announcements to the ASX.

Independence of Directors

The Board considers the issue of independence with regard to a set of questions outlined in the Board charter. The issue is considered in light of a materiality threshold relevant to the particular time of the issue.

Diversity

The Company is committed to workplace diversity through acting in fairness and without prejudice. The Company believes that decision-making is enhanced through diversity and supports and encourages diversity at all levels of the organisation in accordance with the Company's Diversity Policy, a copy of which is located at: www.equatorresources.com.au.

Under the principles outlined in the Company's Remuneration and Nomination Committee Charter the Board is responsible for setting measurable objectives for achieving gender diversity and annually reviewing any such objectives and the Company's progress towards achieving them. A copy of the Remuneration and Nomination Committee Charter is available at: www.equatorresources.com.au.

Given the size of the Company the Directors do not consider it appropriate to set measurable objectives in relation to diversity. Notwithstanding this the Company strives to provide the best possible opportunities for current and prospective employees of all backgrounds in such a manner that best adds to overall shareholder value and which reflects the values, principles and spirit of the Company's Diversity Policy.

As at the end of 2015 the Company had no employees and 1 female director on the board.

Board Performance

The Board Charter provides that the Board's performance shall be evaluated in such a manner as the Board deems appropriate. A copy of this Charter is available on the Company's website.

During the reporting period, Director performance was discussed informally, whereby the performance of individual members and the performance of the Board as a whole, was assessed. A standalone board performance review was not conducted during the reporting period.

There were no Executives to review during the reporting period.

Nomination Committee

Given the size of the board it has been decided that there are no efficiencies to be gained from forming a separate nomination committee. The current board members carry out the roles that would otherwise be undertaken by a nomination committee and each director excludes himself from matters in which he has a personal interest.

When deciding to appoint a new director or renew an existing director's tenure, the Board takes into account the number of directors necessary to add value to the Company; the specific skills sets or experience required by the Company at its current stage of growth; the decision-making and judgment skills a director might bring to the Board; and a director's capacity to commit adequate time to the role.

Independent professional advice

The Directors are entitled to seek independent professional advice at the Company's expense on any matter connected with the discharge of their responsibilities. Such advice may be sought in accordance with the procedures set out in the Board charter.

Securities trading policy

The Company has adopted a formal policy for dealing in the Company's securities by Directors and employees and their related entities (in accordance with Listing Rule 12.9).

The securities trading policy regarding allowable dealings is that those persons should:

- (a) not deal in the Company's securities while in possession of price sensitive, non-public information; and
- (b) only trade in the Company's securities after receiving clearance to do so from a designated clearance officer, where clearance may not be provided in defined "black out periods".

The securities trading policy is available on the Company's website at www.equatorresources.com.au.

Remuneration policy

The Company has adopted a remuneration policy designed to align individual and team reward and encourage executives to perform to their full capacity.

Remuneration packages may contain any or all of the following:

- (a) annual salary base with provision to recognise the value of the individuals' personal performance and their ability and experience;
- (b) rewards, bonuses, special payments and other measures available to reward individuals and teams following a particular outstanding business contribution;
- (c) Share participation – the Company has implemented an employee incentive scheme by way of a performance rights plan and an employee share plan; and
- (d) other benefits, such as holiday leave, sickness benefits, superannuation payments and long service benefits.

The Board will determine the appropriate level and structure of remuneration of the executive team and such consideration will occur each year on the recommendation of the Executive Directors.

The Board will review remuneration of the Executive Directors annually. Determination of Non-Executive Director's fees is with regard to the long-term performance of the Company.

Continuous disclosure policy

The Company, as a listed public company, is required to disclose price sensitive information to the market as it becomes known to comply with the continuous disclosure requirements of the Corporations Act and the Listing Rules.

The continuous disclosure policy of the Company ensures that all Shareholders and investors have equal access to the Company's information, to the extent practicable. Price sensitive information will be disclosed by way of an announcement to the ASX and placed on the Company's website.

Shareholder communication

The Board strives to ensure that Shareholders are provided with full and timely information to assess the performance of the Company and its Directors and to make well-informed investment decisions.

Information is communicated to Shareholders:

- (a) through the release of information to the market via the ASX;
- (b) through the distribution of the annual report and notice of annual general meeting;
- (c) through letters and other forms of communications directly to Shareholders; and
- (d) by posting relevant information on the Company's website.
- (e) through representatives from the Company's external auditor, BDO, who attend each AGM and are available to answer questions from security holders relevant to the audit of the Company.

Ethical standards and business conduct

The Board recognises the need for Directors and employees to observe appropriate standards of behaviour and business ethics when engaging in corporate activity. Through its code of conduct, the Board intends to maintain a reputation for integrity. The Company's business ethics are founded on openness, honesty, fairness, integrity, mutual respect, ethical conduct and compliance with laws.

The standards set out in the code of conduct are required to be adhered to by officers and employees of the Company. The code of conduct and further details of these standards can be found on the Company's website.