

EQUATOR

RESOURCES LIMITED

ACN 127 411 796

Half-Year Financial Report

For the half-year ended

31 December 2013

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Corporate Directory

ASX Code : EQU

Equator Resources Limited shares are listed on the Australian Securities Exchange (ASX)

DIRECTORS

| | |
|------------------|--------------------------|
| Michael Naylor | (Non-Executive Director) |
| Jason Bontempo | (Non-Executive Director) |
| Shannon Robinson | (Non-Executive Director) |

COMPANY SECRETARY

Michael Naylor

REGISTERED OFFICE

Level 1, 35 Richardson Street
West Perth WA 6005
Email: info@equatorresources.com.au

BANKERS

Westpac Banking Corporation
Level 13, 109 St George's Terrace
Perth WA 6000

SHARE REGISTER

Advance Share Registry Pty Ltd
110 Stirling Highway
Nedlands WA 6009

AUDITORS

BDO Audit (WA) Pty Ltd
38 Station St
Subiaco WA 6008

INTERNET ADDRESS

www.equatorresources.com.au

ACN 127 411 796

Directors' Report

The directors submit their report for Equator Resources Limited ("Equator Resources" or "the Company") and its controlled entities for the half-year ended 31 December 2013.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as follows. The directors were in office for the entire period unless otherwise stated.

| | |
|------------------|--|
| Jason Bontempo | Non-Executive Director (Appointed 11 November 2015) |
| Shannon Robinson | Non-Executive Director (Appointed 11 November 2015) |
| Michael Naylor | Non-Executive Director (Appointed 15 February 2016) |
| Michael Roberts | Non-Executive Director (Appointed 15 July 2013, resigned 10 November 2015) |
| Neville Cridge | Non-Executive Director (Appointed 2 May 2013, resigned 1 October 2015) |
| Niles Helmboldt | Non-Executive Director (Appointed 10 June 2011, resigned 11 August 2015) |
| Charles Waterman | Non-Executive Director (Appointed 19 December 2012, resigned 6 August 2015) |
| Daniel Arnold | Non-Executive Director (Appointed 19 December 2012, resigned 16 July 2013) |
| Duncan McBain | Non-Executive Director (Appointed 14 January 2013, resigned 26 April 2013) |
| Rhoderick Grivas | Non-Executive Chairman (Appointed 9 September 2011, resigned 14 January 2013) |
| Ross Kestel | Non-Executive Director (Appointed 10 June 2011, resigned 19 December 2012) |
| Robert Marusco | Non-Executive Director (Appointed 19 December 2012, Resigned 15 February 2016) |

COMPANY SECRETARY

| | |
|----------------|---|
| Michael Naylor | (Appointed 15 February 2016) |
| Robert Marusco | (Appointed 11 November 2015, resigned 15 February 2016) |
| Eryn Kestel | (Resigned 11 November 2015) |

REVIEW AND RESULTS OF OPERATIONS

The principal activities of the entities within the Group during the half-year were focusing on reviewing and exploration of tenements in the Northern Territory.

The consolidated entity recorded an operating loss after income tax of \$145,660 for the half year ended 31 December 2013 (2012: \$1,197,825 Loss). There was no dividend declared or paid during the half year.

The consolidated financial statements have been prepared on a going concern basis as the Directors believe, amongst other things that they will continue to be successful in securing additional funds through share placements. The Group's auditor, BDO Audit (WA) Pty Ltd, has included a disclaimer conclusion in the review report relating to incomplete records.

REVIEW OF OPERATIONS

LIBERIAN OPERATIONS

The Company acquired Bukon Jedeh Holdings and its gold projects in Liberia, West Africa in June 2011 and had, up to May 2013, focused its exploration activities on the 1,536 sq km of highly prospective ground in the south east of the country. All exploration was directed at the Bukon Jedeh permit with the completion of the second phase drill programme and limited soil sampling.

The primary targets of the drilling program where the 99 Steps and Ballah Camp prospects in the Bukon Jedeh licence area. A total of 31 holes, consisting of 28 holes at 2,800m RC and 3 holes at 280m diamond drilling, for a total of 3,080m.

The planned programme continued on from the June 2012 drilling and is focused on the prospective areas not previously accessible. Notwithstanding the completion of this second phase drilling program the Company was unable to raise any additional funding to support its working capital requirements and planned ongoing exploration program.

Directors' Report

AUSTRALIAN OPERATIONS

ASX listed TUC Resources purchased a 100% interest in the Company's Acacia-Frazer project area, with Equator Resources retaining an option to buy back into the project. The tenements were transferred back to Equator in 2014 and remain as assets of the Company.

CORPORATE

On 27 September 2013 the Company requested and was granted voluntary suspension by the ASX. Since that time the Company was unable to raise any significant funding which would allow it to come out of suspension.

On the 24 June 2015 the shareholders of Equator approved the disposal of all the share capital of the Company's wholly owned subsidiary Bukon Jedeh Holdings Pty Ltd which in turn held all of the Liberia exploration assets. This brought to an end the Company's involvement in exploration in Liberia.

EVENTS SUBSEQUENT TO REPORTING DATE

- On 23 May 2014, 3,000,000 Options lapsed, on 30 May 2014, 2,000,000 Options lapsed, on 7 December 2014, 1,500,000 Options lapsed, on 31 December 2014, 5,000,000 Options lapsed, on 10 January 2015, 1,000,000 Options lapsed and on 11 July 2015, 1,500,000 Options lapsed.
- On 11 August 2015, both Mr Niles Helmboldt and Mr Charles Waterman resigned the Board as non-executive directors.
- On 5 October 2015, Mr Neville Cridge resigned as non-executive director.
- On 11 November 2015, Mr Michael Roberts resigned as non-executive director and both Jason Bontempo and Shannon Robinson joined the Board as non-executive directors.
- On the 24 June 2015, Equator's shareholders approved the disposal of the Company's wholly owned subsidiaries Bukon Jedeh Holdings Ltd, Bukon Jedeh Resources Inc. These subsidiaries held Equator's Liberian exploration assets.
- On the 11 November 2015, the Company announced changes to the Board and recapitalisation proposal which included;
 - Raising up to \$250,000 via Convertible Loans from sophisticated and professional investors;
 - The conversion of approximately \$800,000 of existing creditors to shares in the Company; and
 - Raising a further \$1.75m at \$0.01 pursuant to a rights issues and placement to sophisticated investors under a prospectus subject to shareholder approval.
- On the 3 December 2015, the Company announced the completion of the Convertible Loan debt raise of \$250,000.
- The Acacia tenements were transferred back to Equator in 2014 and remain as assets of the Company.

No other matter or circumstance has arisen that has significantly affected, or may significantly affect, the operations of Equator Resources, the results of those operations or the state of affairs of Equator Resources in subsequent years that is not otherwise disclosed in the consolidated financial statements.

INCOMPLETE RECORDS

The Half Year Report for the six months ended 31 December 2013 has been prepared without the benefit of complete information being available to the Equator Resources Limited and its subsidiaries. To prepare the half year report, the Directors have constructed the financial records of Equator and its subsidiaries using data extracted from the Group's accounting system for the financial year. However, there may be information that the Directors have not been able to obtain, the impact of which may or may not be material on the accounts.

This Half Year Report may not contain all the required information or disclosures in relation to transactions undertaken by Equator and its subsidiaries, and the disclosures regarding its business, environmental and health, safety and CSR, as this information is not fully available.

Directors' Report

Consequently, although the Directors have prepared the Half Year Report to the best of their knowledge based on the information made to them, they are of the opinion that it is not possible to state that this Half Year Report has been prepared in accordance with the Australian Accounting Standards including Australian interpretations, other authoritative pronouncements of the Australian Accounting Standard Board and the Corporations Act 2001, nor is it possible to state that this Half Year Report gives a true and fair view of the Group's financial position as at 31 December 2013 and the year then ended.

AUDITOR INDEPENDENCE

Section 370C of the Corporation Act 2001 requires our auditors, BDO Audit (WA) Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the review of the consolidated financial report. This Independence Declaration is disclosed on page 6 of this report and forms part of this directors' report for the half-year ended 31 December 2013.

Signed in accordance with a resolution of the directors



Jason Bontempo
Non-Executive Director

3 March 2016

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF EQUATOR RESOURCES LIMITED

As lead auditor for the review of Equator Resources Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 3 March 2016

Consolidated Statement of Profit or Loss and Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

| | | Consolidated | |
|--|-------|------------------|--------------------|
| | | 2013 | 2012 |
| | Notes | \$ | \$ |
| Revenue | 2 | 305 | 8,669 |
| Other income | | - | - |
| Foreign exchange gain | | - | - |
| Directors' and Employee benefit expenses | | | |
| - Share based payments | | - | (132,328) |
| - Wages and salaries | | (33,158) | (260,316) |
| - Superannuation | | - | (14,976) |
| Consultants expenses | | (1,118) | (75,006) |
| Compliance costs | | (54,992) | (73,863) |
| Depreciation expense | | - | (75,457) |
| Insurance costs | | (6,256) | (11,339) |
| Interest expense | | (39,233) | (7,049) |
| Site access expense | | | (35,075) |
| Tenement impairment expenses | | (5,408) | (826) |
| Other expenses | | (5,800) | (520,259) |
| Loss before income tax expense | | (145,660) | (1,197,825) |
| Income tax benefit/(expense) | | - | - |
| Net loss for the period | | (145,660) | (1,197,825) |
| Other comprehensive loss | | | |
| Items that will be transferred to profit or loss: | | | |
| Exchange differences on translation of foreign operations | | (2,563) | (46,052) |
| Other comprehensive loss for the half year net of tax | | (2,563) | (46,052) |
| Total comprehensive loss attributable to members of Equator Resources Ltd | | (148,223) | (1,243,877) |
| Loss per share for the half year attributable to members of Equator Resources Ltd | | | |
| Basic loss per share (cents) | 4 | (0.11) | (0.98) |

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

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2013

| | | Consolidated | |
|--|--------------|-----------------------------|---------------------|
| | | 31 December 2013 | 30 June 2013 |
| | Notes | \$ | \$ |
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | | 54,144 | 70,415 |
| Trade and other receivables | | 3,001 | 13,988 |
| Total Current Assets | | 57,145 | 84,403 |
| Non-Current Assets | | | |
| Deferred exploration expenditure | 6 | - | - |
| Plant and equipment | | - | - |
| Total Non Current Assets | | - | - |
| Total Assets | | 57,145 | 84,403 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | | 631,085 | 549,353 |
| Loans and borrowings | 7 | 740,483 | 701,250 |
| Advance share proceeds | | 125,925 | 125,925 |
| Total Current Liabilities | | 1,497,493 | 1,376,528 |
| Total Liabilities | | 1,497,493 | 1,376,528 |
| Net Assets /(Liabilities) | | (1,440,348) | (1,292,125) |
| Equity | | | |
| Issued capital | 5 | 13,231,831 | 13,231,831 |
| Reserves | | 1,934,157 | 1,936,720 |
| Accumulated losses | | (16,606,336) | (16,460,676) |
| Total Equity / (Deficiency in Equity) | | (1,440,348) | (1,292,125) |

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

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

| | Consolidated | |
|--|---------------------|-------------|
| | 2013 | 2012 |
| | \$ | \$ |
| Cash Flows from Operating Activities | | |
| Interest received | 305 | 9,598 |
| Payments to suppliers and employees | (16,576) | (1,023,589) |
| Net cash used in operating activities | (16,271) | (1,013,991) |
| Cash Flows from Investing Activities | | |
| Payment for exploration and evaluation | - | (464,218) |
| Proceeds from sale of mineral tenements | - | - |
| Payment for property, plant and equipment | - | (910) |
| Payment of security deposits | - | - |
| Net cash used in investing activities | - | (465,128) |
| Cash Flows from Financing Activities | | |
| Proceeds from borrowings | - | 740,483 |
| Net cash used in financing activities | - | 740,483 |
| Decrease in cash and cash equivalents | (16,271) | (738,636) |
| Cash and cash equivalents at beginning of half-year | 70,415 | 1,648,928 |
| Effect of exchange rate fluctuations on cash held | - | - |
| Cash and Cash Equivalents at end of half-year | 54,144 | 910,292 |

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

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

| | Issued Capital | Share Based Payments Reserve | Foreign Currency Translation Reserve | Convertible Loans | (Accumulated losses) | Total |
|---|-------------------|------------------------------------|---|----------------------|-------------------------|-------------|
| Consolidated | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2012 | 12,197,347 | 1,321,615 | (7,896) | - | (6,359,581) | 7,151,485 |
| Comprehensive loss | | | | | | |
| Loss for the period | - | - | - | - | (1,197,825) | (1,197,825) |
| Exchange differences arising on translation of foreign operations | - | - | (46,052) | - | - | (46,052) |
| Total comprehensive loss | - | - | (46,052) | - | (1,197,825) | (1,243,877) |
| Transactions with equity holders in their capacity as equity holders | | | | | | |
| Issue of share capital | 959,483 | - | - | - | - | 959,483 |
| Equity component of convertible loans | - | - | - | 91,458 | - | 91,458 |
| Share based payments | - | 132,328 | - | - | - | 132,328 |
| Balance at 31 December 2012 | 13,156,830 | 1,453,943 | (53,948) | 91,458 | (7,557,406) | 7,090,877 |
| Balance at 1 July 2013 | 13,231,831 | 1,453,943 | 391,319 | 91,458 | (16,460,676) | (1,292,125) |
| Comprehensive loss | | | | | | |
| Loss for the period | - | - | - | - | (145,660) | (145,660) |
| Exchange differences arising on translation of foreign operations | - | - | (2,563) | - | - | (2,563) |
| Total comprehensive loss | - | - | (2,563) | - | (145,660) | (148,223) |
| Transactions with equity holders in their capacity as equity holders | | | | | | |
| Issue of share capital | - | - | - | - | - | - |
| Equity component of convertible loans | - | - | - | - | - | - |
| Share based payments | - | - | - | - | - | - |
| Balance at 31 December 2013 | 13,231,831 | 1,453,943 | 388,756 | 91,458 | (16,606,336) | (1,440,348) |

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

Notes to the Consolidated Half-year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

a) Basis of Preparation

This general purpose financial report for the half-year ended 31 December 2013 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the most recent annual financial report for the period ended 30 June 2013.

It is also recommended that the half-year financial report be considered together with any public announcements made by Equator Resources and its controlled entities during the half-year ended 31 December 2013 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

The Half Year Report for the six months ended 31 December 2013 has been prepared without the benefit of complete information being available to the Equator Resources Limited and its subsidiaries. To prepare the half year report, the Directors have constructed the financial records of Equator and its subsidiaries using data extracted from the Group's accounting system for the financial year. However, there may be information that the Directors have not been able to obtain, the impact of which may or may not be material on the accounts.

This Half Year Report may not contain all the required information or disclosures in relation to transactions undertaken by Equator and its subsidiaries, and the disclosures regarding its business, environmental and health, safety and CSR, as this information is not fully available.

Consequently, although the Directors have prepared the Half Year Report to the best of their knowledge based on the information made to them, they are of the opinion that it is not possible to state that this Half Year Report has been prepared in accordance with the Australian Accounting Standards including Australian interpretations, other authoritative pronouncements of the Australian Accounting Standard Board and the *Corporations Act 2001*, nor is it possible to state that this Half Year Report gives a true and fair view of the Group's financial position as at 31 December 2013 and the year then ended.

The half-year financial report was authorised for issue by the directors on 3 March 2016.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial statements and corresponding interim period.

(b) Significant accounting judgements and key estimates

The preparation of half-year financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing this half-year report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2013.

Going concern basis

The interim financial statements have been prepared on the going concern basis of accounting which assumes that the consolidated entity will be able to meet its commitments, realise its assets and discharge its liabilities in the ordinary course of business. In arriving at this position, the Directors recognise the consolidated entity is dependent on various funding alternatives to meet these commitments mainly via share placements.

The Directors believe that at the date of signing the financial report there are reasonable grounds to believe that having regard to the matters set out above, the consolidated entity will be able to raise sufficient funds to meet its obligations as and when they fall due.

In the event that the Group does not achieve the matters set out above, there is significant uncertainty whether the consolidated entity will continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in this interim financial report.

Notes to the Consolidated Half-year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

Other than the impairment assessments undertaken, the financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or classifications of liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

(c) Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2013, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2013.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2013. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

| | Consolidated | |
|-------------------|---------------------|-------------|
| | 2013 | 2012 |
| | \$ | \$ |
| 2. REVENUE | | |
| Interest revenue | 305 | 8,669 |

3. SEGMENT INFORMATION

Management has determined that the Company has two reportable segments, being gold and base metals exploration in Australia and Liberia. During the prior reporting period the Company operated in one geographic region being Liberia. Following the acquisition of Bukon Jedeh Holdings Ltd in June 2011 the Company operated in two geographic regions being Australia and Liberia. As the Company is focused on gold and base metals exploration, the Board monitors the Company based on actual versus budgeted exploration expenditure incurred by area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date and capital available to the Company. As outlined in the Directors report the Company disposed of its subsidiary Bukon Jehed Holdings Limited which held its Liberian gold project following shareholder approval on the 24 June 2015.

| | 2013 | 2013 | 2012 | 2012 |
|---------------------|-----------------|------------------|----------------|------------------|
| | Liberia | Australia | Liberia | Australia |
| | \$ | \$ | \$ | \$ |
| Segment loss | - | (322) | (35,075) | (826) |
| Segment assets | 9,390 | 7,859 | 9,111 | 8,181 |
| Segment liabilities | (96,974) | - | (94,009) | - |

Notes to the Consolidated Half-year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

| | Consolidated | |
|--|---------------------|---------------------|
| | 2013 | 2012 |
| | \$ | \$ |
| Reconciliation of reportable segment loss | | |
| Reportable segment loss | (322) | (35,901) |
| Interest income | 301 | 8,669 |
| Unallocated – corporate expenses | (145,639) | (1,170,593) |
| Loss before income tax | (145,660) | (1,197,825) |
| | | |
| | 31 Dec 2013 | 30 June 2013 |
| | \$ | \$ |
| Reconciliation of reportable segment assets | | |
| Reportable segment assets | 17,249 | 17,292 |
| Unallocated – corporate current assets | 39,897 | 67,111 |
| Unallocated – corporate non-current assets | - | - |
| Total assets | 57,146 | 84,403 |
| | | |
| Reconciliation of reportable segment liabilities | | |
| Reportable segment liabilities | (96,974) | (94,009) |
| Unallocated – corporate current liabilities | (1,400,519) | (1,282,519) |
| Total liabilities | (1,497,493) | (1,376,528) |

4. LOSS PER SHARE

Loss used in the calculation of basic and diluted earnings per share

| | Consolidated | |
|--|-------------------------|-------------------------|
| | 31 December 2013 | 31 December 2012 |
| | \$ | \$ |
| | (145,660) | (1,197,825) |

Weighted average number of ordinary shares for the purposes of basic earnings per share.

| | Consolidated | |
|--|-------------------------|---------------------|
| | 31 December 2013 | 30 June 2013 |
| | \$ | \$ |
| | 130,098,286 | 122,502,027 |

Notes to the Consolidated Half-year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

On 23 May 2014 3,000,000 Options lapsed, on 30 May 2014 2,000,000 Options lapsed, on 7 December 2014 1,500,000 Options lapsed, on 31 December 2014 5,000,000 Options lapsed, on 10 January 2015 1,000,000 Options lapsed, on 11 July 2015 1,500,000 Options lapsed.

Other than listed above there have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

| | Consolidated | |
|-----------------------------|-------------------------|---------------------|
| | 31 December 2013 | 30 June 2013 |
| | \$ | \$ |
| 5. ISSUED CAPITAL | | |
| b) Issue and Paid Up | | |
| Issued and fully paid | 13,231,831 | 13,231,831 |
| Total | 13,231,831 | 13,231,831 |

| | 31 December 2013 | | 31 December 2012 | |
|---------------------------------------|-------------------------|-----------------------|-------------------------|-----------------------|
| | Number of Shares | Amount Paid \$ | Number of Shares | Amount Paid \$ |
| b) Movement in shares on issue | | | | |
| At 1 July | 130,098,286 | 13,231,831 | 119,102,590 | 12,197,347 |
| Issue of shares as consideration | - | - | 7,995,696 | 959,483 |
| At 31 December | 130,098,286 | 13,231,831 | 127,098,286 | 13,156,830 |

| | 31 December 2013 |
|--|--------------------------|
| | Number of Options |
| c) Movement in share options on issue | |
| At 1 July | 14,000,000 |
| Granted during the period | - |
| At 31 December | 14,000,000 |

Options

Options to subscribe for ordinary fully paid shares were granted during the year as follows:

The following unlisted options to subscribe for ordinary fully paid shares are outstanding at 31 December 2013:

- 1,500,000 options exercisable at \$0.25 each and expiring on 11 July 2015.
- 1,000,000 options exercisable at \$0.20 each and expiring on 10 January 2015.
- 3,000,000 options exercisable at \$0.04 each and expiring on 23 May 2014.
- 5,000,000 options exercisable at \$0.20 each and expiring on 31 December 2014.
- 1,500,000 options exercisable at \$0.20 each and expiring on 7 December 2014.
- 2,000,000 options exercisable at \$0.20 each and expiring on 30 June 2014.

No unlisted options lapsed or were forfeited during the half-year.

d) Performance shares

The Company had previously issued a Class B Performance Share and subsequent to approved by Shareholders at the 9 June 2011 General Meeting.

Notes to the Consolidated Half-year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

The Class B Performance Share was converted after the Company reports a JORC resource in respect of the Bukon Jedeh Concession of greater than one (1) million ounces of gold.

On the 24 June 2015 the shareholders of Equator approved of the disposal of all the share capital of the Company's wholly owned subsidiary Bukon Jedeh Holdings Pty Ltd which in turn held all of the Liberia exploration assets. This brought to an end the Company's involvement in exploration in Liberia. As part of this process the Class B Performance Share was also cancelled.

5. COMMITMENTS & CONTINGENCIES

There were no significant changes to commitments and contingencies during the period.

| | Consolidated | |
|---|------------------|--------------|
| | 31 December 2013 | 30 June 2013 |
| | \$ | \$ |
| 6. DEFERRED EXPLORATION EXPENDITURE | | |
| Costs carried forward in respect of: | | |
| Explorations and Evaluations Phase – At Cost | | |
| Balance at beginning of the half-year | - | 6,378,518 |
| Expenditure incurred | - | 1,601,701 |
| Expenditure written off | - | (7,980,219) |
| Total Exploration Expenditure | - | - |

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas. Expenditure written off represents tenements relinquished once initial exploration revealed low grade mineralisation thought not to be able to be commercially exploited.

Notes to the Consolidated Half-year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

| | Consolidated | |
|---|-------------------------|---------------------|
| | 31 December 2013 | 30 June 2013 |
| | \$ | \$ |
| 7. LOANS AND BORROWINGS | | |
| Convertible Loans | | |
| Carrying amount of liability at beginning of period | 701,250 | - |
| Proceeds received for convertible loans | - | 740,483 |
| Amount classified as equity component | - | (91,458) |
| Interest expense | 39,233 | 52,225 |
| Carrying amount of liability at end of period | 740,483 | 701,250 |

As announced on 4 December 2012 loan funds received from the Lenders will be convertible into fully paid ordinary shares in the Company at a price of \$0.05 per share.

On the 24 June 2015 the shareholders of Equator approved of the disposal of all the share capital of the Company's wholly owned subsidiary Bukon Jedeh Holdings Pty Ltd which in turn held all of the Liberia exploration assets. This brought to an end the Company's involvement in exploration in Liberia.

Furthermore, pursuant to various agreements signed in February 2015 with the BJO Investors, the convertible notes (BJO Notes) totalling \$446,610 owing to various BJO Investors by Equator were cancelled and no longer payable following shareholder approval on the 24 June 2015.

The balance of Convertible Notes are also to be restructured as announced on 11 November 2015. Upon completion of this restructure and the effect of the disposal of the Company's subsidiary Bukon Jedeh Holdings Pty Ltd, the total of Convertible Loans will reduce to \$60,000 excluding any new Convertible Loans of up to \$250,000 noted in that same announcement.

8. RELATED PARTY TRANSACTIONS

No related party transactions.

9. EVENTS AFTER THE REPORTING DATE

- On 23 May 2014, 3,000,000 Options lapsed, on 30 May 2014, 2,000,000 Options lapsed, on 7 December 2014, 1,500,000 Options lapsed, on 31 December 2014, 5,000,000 Options lapsed, on 10 January 2015, 1,000,000 Options lapsed and on 11 July 2015, 1,500,000 Options lapsed.
- On 11 August 2015, both Mr Niles Helmboldt and Mr Charles Waterman resigned the Board as non-executive directors.
- On 5 October 2015, Mr Neville Cridge resigned as non-executive director.
- On 11 November 2015, Mr Michael Roberts resigned as non-executive director and both Jason Bontempo and Shannon Robinson joined the Board as non-executive directors.
- On the 24 June 2015, Equator's shareholders approved the disposal of the Company's wholly owned subsidiaries Bukon Jedeh Holdings Ltd, Bukon Jedeh Resources Inc. These subsidiaries held Equator's Liberian exploration assets.
- On the 11 November 2015, the Company announced changes to the Board and recapitalisation proposal which included;
 - Raising up to \$250,000 via Convertible Loans from sophisticated and professional investors;
 - The conversion of approximately \$800,000 of existing creditors to shares in the Company; and
 -

Notes to the Consolidated Half-year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

- Raising a further \$1.75m at \$0.01 pursuant to a rights issues and placement to sophisticated investors under a prospectus subject to shareholder approval.
- On the 3 December 2015, the Company announced the completion of the Convertible Loan debt raise of \$250,000.
- The Acacia tenements were transferred back to Equator in 2014 and remain as assets of the Company.

Other than the above, no matter or circumstance has arisen that has significantly affected, or may significantly affect, the operations of Equator Resources, the results of those operations or the state of affairs of Equator Resources in subsequent years that is not otherwise disclosed in the consolidated financial statements.

10. DIVIDENDS

No dividends were paid or declared by the Company during the half-year.

Directors' Declaration

In the Director's opinion:

1. As detailed in note 1, although the Directors have prepared the attached financial statements and notes thereto to the best of their knowledge based on the information available to them, they are of the opinion that it is not possible to state that the financial statements and notes thereto are in accordance with the Corporations Regulations 2001, including:
 - giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half year ended on that date; and
 - complying with Accounting Standard AASB 134 "Interim Financial Reporting" and Corporations Regulations 2001 and other mandatory professional requirements.
2. Subject to the matters set out in note 1, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.



Jason Bontempo
Director

3 March 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Equator Resources Limited

Report on the Half-Year Financial Report

We were engaged to review the accompanying half-year financial report of Equator Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of 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's 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 control as the directors determine is 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 conducting 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*. Because of the matters described in the basis for disclaimer of conclusion paragraph, however, we were not able to obtain sufficient appropriate evidence as a basis for expressing a conclusion on the half-year financial report.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Equator Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Basis for Disclaimer Conclusion

Investment in Subsidiary

During the half-year ended 31 December 2013 and comparative year ended 30 June 2013, Equator Resources Limited held a 100% interest in Bukon Jedeh Holdings Ltd and its subsidiary Bukon Jedeh Resources Inc (BJH Group).



The BJH Group represents over 5% of the entity's net liabilities as at 31 December 2013 and 30 June 2013 respectively. We were not able to access management and the books and financial records of BJH Group. As a result, we were unable to determine whether any adjustments were necessary in respect of BJH Group's assets, liabilities and income and expenses for the year, and the elements making up the statement of changes in equity and the statement of cash flows.

Liabilities

The Directors of the company do not have access to written financial records that correctly record and explain the liabilities reflected in the consolidated statement of financial position as the directors were not appointed to office during the financial year ended 30 June 2013 and half year ended 31 December 2013.

Consequently, we were unable to determine whether any adjustments might have been found necessary in respect of the liabilities.

Disclaimer of Conclusion

Due to the significance of the matters described in the Basis for Disclaimer of Conclusion paragraph, we were unable to obtain sufficient appropriate evidence to form a conclusion on the accompanying half-year financial report. Accordingly, we do not express a conclusion on these financial statements.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Dean Just', written over a faint, stylized 'BDO' logo.

Dean Just
Director

Perth, 3 March 2016