

Activities Report for the December 2015 Quarter

The last activities report lodged with the ASX by Equator Resources Limited ("Equator" or the "Company") was June 2013.

On the 27 September 2013 the Company requested and was granted voluntary suspension by the ASX and since that time it has been unable to raise any new funding in order to continue with its exploration activities. Funds raised by the Company over this period have been used for general working capital and maintaining the Northern Territory exploration assets in good standing.

No further exploration activities have been undertaken.

EXPLORATION

Liberia

No further exploration activities have been undertaken in relation to the Company's Liberian assets. In addition, the Equator subsidiaries that held the Liberian exploration assets were sold on 24 June 2015 (refer corporate section below).

Northern Territory

The Company through its subsidiary Acacia Resources Pty Ltd continues to hold the Acacia-Frazer project in the Northern Territory;

It's the Company's intention to continue to review and undertake further evaluation of these exploration assets.

CORPORATE

Overview

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.

The last quarterly report lodged by the Company with the ASX was June 2013.

Sale of Liberian Assets

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.

The key features of the agreement, which was approved by shareholders were:

- Cancellation of all of the BJO Investor Shares held by the BJO Investors in Equator being 40,208,440 shares and one B Performance Share as outlined in the Notice of Meeting held on the 24 June 2015.
- Assumption by the BJO Investors of the agreed approved creditors relating to the BJR Exploration Licences and Liberian in-country costs (estimated at \$1,248,940 as at 30 June 2014).
- 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 will be cancelled and no longer payable.

Cash

As at 31 December 2015, the Company held \$172,838 in cash. Refer to the Appendix 5B for the movements in cash for the 6 months ended 31 December 2015.

On 11 November 2015 the Company announced a recapitalisation proposal which included;

- Raising up to \$250,000 via Convertible Loans from sophisticated and professional investors;
- The conversion of the majority of the existing creditors to shares in the Company; and
- Raising a further \$1.75m at \$0.01 pursuant to a prospectus subject to shareholder approval.

On 3 December 2015 the Company announced the completion of the Convertible Loan debt raising \$250,000.

Board Changes

Mr Niles Helmboldt, Mr Neville Cridge, and Mr Michael Roberts resigned as Directors and were replaced by Mr Jason Bontempo and Ms Shannon Robinson as Non-Executive Directors.

Jason Bontempo has 18 years' experience in public company management, corporate advisory, investment banking and public company accounting, qualifying as a chartered accountant with Ernst & Young. Mr Bontempo has worked primarily in Australia and the UK providing corporate advice and the financing of resource companies on both the ASX and AIM markets including resource asset acquisitions and divestments. Mr Bontempo has also served on the board and the executive management of minerals and resources public companies focusing on advancing and developing mineral resource assets and business development. Mr Bontempo is also currently a director of ASX listed companies Red Emperor Resources and Orca Energy Ltd.

Shannon Robinson (LLB, B.Com, AAICD, GIA(cert)) is a former corporate lawyer specialising in providing corporate and strategic advice in relation to acquisitions and mergers, capital raisings, listing of companies on stock exchanges (ASX & AIM), due diligence reviews and legal compliance. Ms Robinson is currently a director of Spookfish Limited (ASX: SFI), Fastbrick Robotics Limited (ASX: FBR) and Southern Crown Resources Limited (ASX: SWR).

Subsequent to the end of the quarter, Mr Robert Marusco has resigned as a Non-Executive Director and Company Secretary and Mr Michael Naylor was appointed as a Non-Executive Director and Company Secretary for the Group effective 15 February 2016.

EQUATOR RESOURCES LIMITED TENEMENTS

Northern Territory (Acacia 100%)		
Tenement	Status	Tenement Area(km²)
EL 25027	Granted	4
EL 26777	Granted	4
EL27282	Granted	31
EL27349	Granted	6
EL27747	Granted	62

Tenements disposed during the quarter: Nil

Beneficial percentage interests held in farm-in or farm-out agreements during the quarter: Nil

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed during the quarter: Nil

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Equator Resources Limited

ABN

50 127 411 796

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

		Current quarter \$A	Year to date (6 months) \$A
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(3,992)	(11,286)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(87,208)	(116,380)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	237	238
1.5	Interest and other costs of finance paid	-	-
1.6	R&D refund	-	-
1.7	Other	-	-
Net Operating Cash Flows		(90,963)	(127,428)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		-	-
1.13	Total operating and investing cash flows (carried forward)	(90,963)	(127,428)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(90,963)	(127,428)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	250,000	282,000
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – share issue costs	-	-
	Net financing cash flows	250,000	282,000
	Net increase (decrease) in cash held	159,037	154,572
1.20	Cash at beginning of quarter/year to date	13,801	18,266
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	172,838	172,838

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A
1.23	Aggregate amount of payments to the parties included in item 1.2	32,340
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

No payments to current Directors are included in this amount, it all relates to payments to previous Directors of the Company or entities associated with previous Directors.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

A number of creditor settlement deeds were executed in October 2015 where creditors agreed to payments in shares in lieu of cash. Refer to 2015 Notice of Annual General Meeting lodged on 4 March 2016 for more details.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A	Amount used \$A
3.1 Loan facilities	-	-
3.2 Convertible Notes	642,000	642,000

Estimated cash outflows for next quarter

	\$A
4.1 Exploration and evaluation	4,000
4.2 Development	-
4.3 Production	-
4.4 Administration	50,000
Total	54,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A	Previous quarter \$A
5.1 Cash on hand and at bank	172,838	13,801
5.2 Deposits at call	-	
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	172,838	13,801

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities	-	-		
7.2	Changes during quarter				
7.3	+Ordinary securities	106,826,829	106,826,829		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities				
7.6	Changes during quarter				
7.7	Options			<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures	-	-		
7.12	Unsecured notes	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 21 March 2016
Company secretary

Print name: Michael Naylor

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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