

EQUATOR RESOURCES LIMITED
ACN 127 411 796

PROSPECTUS

For the Offer of up to 205,000,000 Shares each at an issue price of
\$0.01 to raise \$2,050,000

This Document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The securities offered by this Prospectus should be considered as speculative.

Lead Manager to the Offer



1. Important Information

This Prospectus is dated 16 May 2016 and was lodged with ASIC on that date. ASIC and ASX take no responsibility for the contents of this Prospectus.

No Shares will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the registered office of the Company during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 6.3).

The Company will apply to ASX within seven days of the date of this Prospectus for Official Quotation by ASX of the Shares offered by this Prospectus.

The Shares offered by this Prospectus should be considered speculative. Please refer to Section 5 for details relating to investment risks.

Applications for Shares will only be accepted on an Application Form which is attached to, or provided by the Company with a copy of this Prospectus. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

No action has been taken to permit the offer of Shares under this Prospectus in any jurisdiction other than Australia.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

2. Corporate Directory

Directors

Mr Jason Bontempo
Mr Michael Naylor
Ms Shannon Robinson

Company Secretary

Mr Michael Naylor

Registered and Corporate Office

Level 1, 35 Richardson Street
West Perth WA 6005

Telephone: (08) 9212 0104

Stock Exchange Listing

Australian Securities Exchange
ASX Code for Shares: EQU

Solicitors to the Company

Occam Legal
Unit 8, 448 Roberts Road
Subiaco WA 6008

Lead Manager to the Offer

708 Capital Pty Ltd
AFSL 386279
Level 9, 25 Bligh Street
Sydney NSW 2000

Auditor*

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

Share Registry*

Advanced Share Registry
110 Stirling Highway
Nedlands WA 6009

*This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Its name is included for information purposes only.

3. Details of the Offer

3.1 The Offer

The Company is offering pursuant to this Prospectus 205,000,000 Shares each at an issue price of \$0.01 (**Offer**).

All of the Shares offered will rank equally with Shares on issue at the date of this Prospectus. Refer to Section 6.1 for a summary of the rights attaching to the Shares.

The Offer is not underwritten.

3.2 Purpose of the Offer

The purpose of the Offer is to raise up to approximately \$2,050,000 (before costs).

The proceeds from the Offer will be used as follows:

Item	\$
Funds available	
Existing cash reserves ¹	\$45,000
Funds raised from the Offer	\$2,050,000
Total	\$2,095,000
Allocation of funds	
Transaction costs associated with the Company's reinstatement to trading on ASX	\$150,000
Further exploration expenditure and assessment of existing assets	\$600,000
Business development and evaluation of new opportunities	\$200,000
Corporate administration and overheads	\$440,000
Working capital	\$555,000
Costs of the Offer	\$150,000
Total	\$2,095,000

¹ The cash figure above assumes the Company's existing cash position at 16 May 2016.

The information in the pro-forma statement of financial position section (Section 4.3) is based on 31 December 2015 figures. Given the time period that has elapsed since then, the Company's cash at hand in the table above and the Company's pro forma cash position as at 31 December 2015 are different. In addition to matters noted in the pro forma adjustments in the Section 4.3 approximately a further \$130,000 has been expended by the Company on general operating costs incurred and payment of creditors in the ordinary course of business.

In the event the full subscription is not obtained the funds will be expended across the categories noted above except that costs of the Offer and transaction costs associated with the Company's reinstatement to trading on ASX will be settled in full in priority. The Directors will also prioritise expenditure on existing assets in order to ensure tenure is not adversely affected.

The above table is a statement of current intentions as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board of Directors reserves the right to alter the way the funds are applied on this basis.

3.3 Suspension from ASX and Reinstatement to Quotation

The Shares of the Company have been in voluntary suspension since 27 September 2013 and remain suspended as at the date of this Prospectus.

At a time following completion of the Offer, the Company intends to satisfy the requirements of ASX and apply for the reinstatement to trading of its Shares on ASX. While every endeavour will be made to comply with the requirements set down by the ASX Listing Rules, there can be no guarantee the Company will be able to raise sufficient funds to comply with the requirements of ASX or that the Shares will be reinstated to trading on ASX. In the event the Company is unable to comply with the requirements of ASX, the Shares will remain suspended from trading on ASX and there will be no market for the Shares.

Although the Company's securities are currently suspended the Company continues to be a disclosing entity for the purposes of the Corporations Act.

Due to the suspension the highest and lowest market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus is not available as there have been no sales. The last recorded closing sale price of the Shares on ASX prior to the voluntary suspension and lodgement of this Prospectus with the ASIC was \$0.015, which was also prior to 50 for 1 consolidation of the Company's issued capital. This is not a reliable indicator as to the potential value of Shares after implementation of the Offer or reinstatement to trading on ASX.

3.4 Opening and Closing Dates

The Company will accept Application Forms 9.00am WST on the date after the date of this Prospectus until 5.00pm WST on the Closing Date, being 30 May 2016 (**Closing Date**). The Directors reserve the right to close the Offer early or extend the Closing Date (as the case may be), in their absolute discretion.

3.5 Minimum subscription

There is no minimum amount sought to be raised by the Offer.

There is no provision for oversubscriptions.

3.6 Application for Shares

If you wish to subscribe for Shares pursuant to the Offer, you should complete and return the Application Form, in accordance with the instructions in the Application Form.

Payment for the Shares must be made in full at the issue price of \$0.01 per Share. Applications for Shares must be for a minimum of 200,000 Shares and thereafter in multiples of 50,000 Shares.

Completed Application Forms and Application Monies must be received by the Company prior to 5.00pm WST on the Closing Date. Cheques must be made payable to "Equator Resources Limited – Share Offer Account" and crossed "Not Negotiable". All cheques must be in Australian currency.

Application Forms should be mailed or delivered to:
Equator Resources Limited
Level 1, 35 Richardson Street
West Perth WA 6005

If you are in doubt as to the course of action, you should consult your professional advisor.

Submission of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Shares accepted by the Company. The Application Form does not need to be signed to be a binding Application for Shares.

3.7 Issue

The Company intends to issue the Shares progressively as Applications are received and in any event, will issue all Shares as soon as possible after the Closing Date. Security holder statements will be dispatched, as soon as possible after the issue of the Shares.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

3.8 Application Monies

All Application Monies received for the Shares will be held in trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Shares are issued. All Application Monies will be returned (without interest) if the Shares are not issued.

3.9 ASX quotation

Application will be made to ASX no later than seven days after the date of this Prospectus for the Official Quotation of the Shares offered under the Offer. If permission is not granted by ASX for the Official Quotation of the Shares offered by this Prospectus within three months after the date of this Prospectus (or such period as ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

3.10 Lead Manager

The Company has entered into a mandate with 708 Capital Pty Ltd pursuant to which 708 Capital Pty Ltd has agreed to act as lead manager of the Offer (**Mandate**).

Under the terms of the Mandate the Company has agreed to pay 708 Capital Pty Ltd a fee of 6% of the amount raised under the Offer as well as being reimbursed reasonable out of pocket expenses incurred in relation to the Mandate.

3.11 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by Advanced Share Registry and will contain the number of Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

3.12 Residents outside Australia

This Prospectus, and an accompanying Application Form, do not, and is not intended to, constitute an offer of Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the Shares. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

3.13 Risk factors

An investment in Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are in Section 5.

3.14 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Shares under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for Shares under this Prospectus.

3.15 Major activities and financial information

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2015 is in the Company's Annual Report which was lodged with ASX on 4 March 2016 and is available at www.asx.com.au.

The Company's continuous disclosure notices (i.e. ASX announcements) since 4 March 2016 are listed in Section 6.3.

Copies of these documents are available free of charge from the Company. The Directors strongly recommend that Shareholders review these and all other announcements prior to deciding whether or not to participate in the Offer.

3.16 Enquiries concerning Prospectus

Enquiries relating to this Prospectus should be directed to the Company by telephone on (08) 9212 0104.

3.17 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

3.18 Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.equatorresources.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must only access this Prospectus from within Australia.

The Corporations Act 2001 (Cth) prohibits any person passing onto another person an Application Form unless it is attached to, or accompanied by, the complete unaltered version of the Prospectus. If you have received this Prospectus as an electronic prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. During the offer period, any person may obtain a copy of the Prospectus (free of charge) by contacting the Company on (08) 9212 0104.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus, or any of those documents were incomplete or altered.

4. Purpose and effect of the Offer

4.1 Effect of the Offer

The principal effects of the Offer on the Company are as follows:

- (a) the Company will issue up to 205,000,000 Shares under the Offer and the total number of Shares on issue will increase (including the other issues of Shares referred to in Section 4.2) from 19,624,711 to approximately 249,624,711 Shares; and
- (b) the cash reserves of the Company will increase by approximately \$2,050,000 (less the expenses of the Offer) immediately after completion of the Offer.

4.2 Capital structure on completion of the Offer

Upon completion of the Offer (assuming the Offer is fully subscribed), the issued capital of the Company will be:

Shares	Number
Existing Shares on issue	19,624,711
Offer	205,000,000
Converting Loan Shares ¹	25,000,000
Total Shares	249,624,711
Options	Number
Unlisted Options (\$0.02, 4 years) ¹	76,000,000

¹ Further information regarding these issues is provided in the Company's notice of meeting convening the General Meeting, released to ASX on 4 March 2016. It is anticipated the Converting Loan Shares and 61,000,000 of the 76,000,000 Unlisted Options will be issued prior to the Closing of this Prospectus. The remaining 15,000,000 of the Unlisted Options were issued on 27 April 2016.

4.3 Pro forma statement of financial position

The pro-forma statement of financial position has been prepared in accordance with the draft ASIC Guide to Disclosing Pro-Forma Financial Information (issued July 2005).

The pro forma balance sheets have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The pro forma statement of financial position is based on the audited statement of financial position as at 31 December 2015 that has then been adjusted to reflect the material transactions in the notes below.

	Last audited financial statements	Recapitalisation Transactions Adjustments	Un-audited Pro Forma Post Completion of Recapitalisation Transactions
	As at 31 December 2015	A\$	A\$
Assets			
Cash and Cash Equivalents ¹	172,838	1,750,000	1,922,838
Trade and Other Receivables	24,024	-	24,024
Prepayments	6,327	-	6,327
Total Current Assets	203,189	1,750,000	1,953,189
Total Assets	203,189	1,750,000	1,953,189
Liabilities			
Trade and Other Payables ²	264,190	(56,126)	208,064
Convertible Notes ³	372,000	(372,000)	-
Total Current Liabilities	636,190	(428,126)	208,064
Total Liabilities	636,190	(428,126)	208,064
Net Assets (Net Liabilities)	(433,001)	2,178,126	1,745,125
Equity			
Issued capital	13,577,338	2,178,126	15,755,464
Accumulated losses	(14,010,339)	-	(14,010,339)
Deficiency in Equity ⁴	(433,001)	2,178,126	1,745,125

Pro-forma Adjustments

The pro forma statement of financial position has been prepared based on the audited statement of financial position as at 31 December 2015 that has been adjusted to reflect the following transactions and events:

1. The cash balance has increased by the Offer proceeds (net of costs associated with the Company's reinstatement to trading on ASX and costs of the Offer).
2. Creditor settlements resulting in issue of 17,488,140 Shares. These Shares were issued on 27 April 2016.
3. Issue of 25,000,000 Shares on conversion of convertible notes to exchange their liability for Shares.

4. The Pro Form Balance Sheet post completion of these Recapitalisation Transactions.

4.4 Market price of Shares

The Company's Shares has been suspended from trading on ASX since 27 September 2013. Accordingly, there have been no sales of the Shares during the three months immediately preceding the date of lodgement of this Prospectus with ASIC.

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the suspension of the Company's Shares were as follows:

Highest: \$0.032 per Share on 2 August, 5 August and 6 August 2013.

Lowest: \$0.012 per Share on 28 June, 1 July, 2 July, 3 July and 4 July 2013.

The latest available market sale price of the Company's Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.015 per Share on 26 September 2013, which was also prior to 50 for 1 consolidation of the Company's issued capital.

These are not reliable indicators as to the potential value of Shares after implementation of the Offer or reinstatement to trading on ASX.

4.5 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

5. Risk Factors

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

5.1 Specific risks associated with the Company

(a) ASX Suspension

As set out in Section 3.3, the Company's Shares are currently suspended from trading on ASX. As such, there is no market for Shares and the Shares offered pursuant to this Prospectus are highly illiquid.

(b) Reinstatement to Trading on ASX

At a time following completion of the Offer, the Company intends to satisfy the requirements of ASX and apply for the reinstatement to trading of its Shares on ASX. While every endeavour will be made to comply with the requirements set down by the ASX Listing Rules, there can be no guarantee the Company will be able to comply with the requirements of ASX or that the Shares will be reinstated to trading on ASX. In the event the Company is unable to comply with the requirements of ASX, the Shares will remain suspended from trading on ASX and there will be no readily available market for Shares.

(c) Financial Statements and disclaimer of audit opinion

In the Company's financial report for the financial year ending 30 June 2015, the Directors noted that they had not been able to obtain access to all written financial records to explain certain transactions and the liabilities of the Company. The Directors advised that although they had prepared the financial statements to the best of their knowledge based on the information available to them, they were of the opinion that it was not possible to state that the financial statements give a true and fair view of the Company's financial position and performance, or comply with Australian accounting standards. Similarly, the Company's auditors advised that they had not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on the financial report.

Accordingly, there is a risk that the financial position of the Company may be worse than that presented in the Company's financial report for the financial year ending 30 June 2015. If additional liabilities are discovered, it is possible that the Company's financial position may deteriorate and affect the Company's ability to operate as a going concern.

(d) Future Capital Requirements

The Company may have a need to raise funds in the future (whether by way of debt or equity). The ability of the Company to meet this future requirement, should it arise, will be dependent on the Company's continued access to credit markets, funding sources and financing facilities.

Recent developments in global financial markets have adversely affected the liquidity of global credit markets, which has resulted in an increase in the cost of funding and in certain cases a reduction in the availability of funding sources throughout global markets. Access to credit markets on less favourable terms will impact the Company's access to financing facilities should the need arise, and may have a material adverse effect on the Company's future financial performance and position.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if, and when, needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities and its solvency.

(e) Dilution

Upon implementation of the Offer the number of Shares in the Company will increase from 19,624,711 currently on issue to 249,624,711 Shares (assuming full subscription under the Offer and issue of the Converting Loan Shares prior to the Closing Date). This means existing Shareholders may have their existing Shareholdings in the Company diluted by up to approximately 93%.

5.2 Industry specific

(a) Exploration

The Company's tenements are at an early stage of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Company's tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

Whilst the Directors' will make every effort to reduce this risk, the fact remains that the discovery and development of a commercially viable resource is the exception rather than the rule.

(b) Operations

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(c) Failure to satisfy Expenditure Commitments

Interests in tenements in the Northern Territory are governed by legislation and regulations that are current in the Northern Territory and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the Company's tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

(d) Commodity price volatility and exchange rate

If the Company successfully defines a resource or reserve and subsequently achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(e) Environmental

The minerals and mining industry has become subject to increasing environmental regulations and liability. The potential for liability is an ever present risk.

The operations and proposed activities of the Company are subject to territory and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation,

regulations and licences. Significant liabilities could be imposed on the Company for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

Exploration work will be carried out in a way that has minimal impact on the environment. It may be required for the Company to conduct baseline environmental studies prior to certain exploration or mining activities, so that environmental impact can be monitored and minimised where ever possible. Whilst the Company is not aware of any endangered species of flora or fauna at this point, no baseline studies have been done to date, and such a discovery could prevent exploration and mining activity in certain areas.

(f) Native title and Aboriginal heritage

In relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

In addition, there may be areas or objects of Aboriginal heritage located on the Company's tenements, or any other tenements that may be acquired by the Company in the future. The Company must ensure that it does not breach the Commonwealth and applicable territory legislation relating to Aboriginal heritage. To ensure that it does not contravene such legislation, it would be prudent for the Company (and it would accord with industry practice and Aboriginal expectations) to conduct heritage surveys to determine if any Aboriginal heritage sites or objects exist within the area of the Company's tenements prior to commencing any activities. Any interference with these sites or objects must be in strict conformity with the provisions of the relevant legislation.

If Aboriginal heritage sites or objects do exist the Company may need to enter into agreements with the traditional owners of the sites. The ability of the Company to implement its work programme may be adversely affected in both time and cost.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

5.3 General Risks

(a) General Economic Conditions

The operating and financial performance of the Company may be influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest rates, access to debt and capital markets, international economic conditions, significant acts of terrorism, hostilities or war or natural

disasters, and government fiscal, monetary and regulatory policies. A prolonged deterioration in general economic condition, including a decrease in commodity demand, may have an adverse impact on the Company's business or financial condition. No guarantee can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factor.

(b) Global Credit and Investment Markets

In recent years global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including ASX). This may impact the price at which the Shares trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

(c) Securityholders' Margin Lending arrangements

Securityholders may, from time to time, enter into margin lending arrangements for the purchase of securities in the Company on terms and conditions not known to the Company.

The Company is unable to predict the risk of financial failure or default by a Securityholder who has entered into such an arrangement or insolvency or other managerial failure by any party who may have provided such an arrangement to the Securityholder. Such an event may lead to parcels of securities being made available for sale which may impact negatively on the price of the securities.

(d) Taxation and government regulations

Changes in taxation and government legislation in a range of areas (for example, the Corporations Act, accounting standards, and taxation law) can have a significant influence on the outlook for companies and the returns to investors.

The recoupment of taxation losses accrued by the Company from any future revenues is subject to the satisfaction of tests outlined in taxation legislation or regulations in the jurisdictions in which the Company operates. There is no guarantee that the Company will satisfy all of these requirements at the time it seeks to recoup its tax losses which may impact on the financial performance and cash flows of the Company.

(e) Securities Investment

Applicants should be aware that there are risks associated with any securities investment. The prices at which Shares trade may be above or below the issue or acquisition price, and may fluctuate in response to a number of factors.

Furthermore, the stock market, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. These factors may materially affect the market price of the Shares, regardless of the Company's operational performance.

(f) **Share market conditions**

Share market conditions may affect the value of Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) changes in investor sentiment toward particular market sectors;
- (iv) the demand for, and supply of, capital; and
- (v) terrorism or other hostilities.

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company, or any return on an investment in the Company.

5.4 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Shares pursuant to this Prospectus.

6. Additional Information

6.1 Rights attaching to Shares

A summary of the more significant rights attaching to Shares in the Company is set out below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution will be provided by the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in specific circumstances, the Shareholder should seek legal advice.

(a) Voting

At a general meeting, on a show of hands every Shareholder present in person has one vote. At the taking of a poll, every Shareholder present in person or by proxy and whose Shares are fully paid has one vote for each of his or her Shares. On a poll, the holder of a partly paid share has a fraction of a vote with respect to the Share. The fraction is equivalent to the proportion which the amount paid (not credited) bears to the total amount paid and payable (excluding amounts credited).

(b) General Meetings

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, financial statements and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the Listing Rules.

(c) Dividends

The Directors may pay to Shareholders any interim and final dividends as, in the Directors' judgement, the financial position of the Company justifies. The Directors may fix the amount, the record date for determining eligibility and the method of payment. All dividends must be paid to the Shareholders in proportion to the number of, and the amount paid on (no credited), the Shares held.

(d) Transfer of Shares

Generally, all Shares in the Company are freely transferable subject to the procedural requirements of the Constitution, and to the provisions of the Corporations Act, the Listing Rules and the ASX Operating Rules. The Directors may decline to register an instrument of transfer received where the transfer is not in registrable form or where refusal is permitted under the Listing Rules or the ASX Operating Rules. If the Directors decline to register a transfer the Company must give reasons for the refusal. The Directors must decline to register a transfer when required by the Corporations Act, the Listing Rules or the ASX Operating Rules.

(e) Variation of Rights

The Company may only modify or vary the rights attaching to any class of shares with the prior approval by a special resolution of the shareholders of the shares of that class, or with the written consent of the holders of at least three-quarters of the issued shares of that class.

(f) **Directors**

The minimum number of Directors is three. Currently, there are three Directors. Directors, other than the managing Director, must retire on a rotational basis so that one-third of Directors must retire at each annual general meeting. No Director except a Managing Director shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment. The Directors may appoint a director either in addition to existing Directors or to fill a casual vacancy, who then holds office until the next general meeting.

(g) **Decisions of Directors**

Questions arising at a meeting of Directors are decided by a majority of votes. The Chairman has a casting vote.

(h) **Issue of Further Shares**

Subject to the Constitution, the Corporations Act and the Listing Rules, the Directors may issue, or grant options in respect of, Shares to such persons on such terms as they think fit. In particular, the Directors may issue preference shares, including redeemable preference shares, and may issue shares with preferred, deferred or special rights or restrictions in relation to dividends, voting, return of capital and participation in surplus on winding up.

(i) **Alteration to the Constitution**

The Constitution can only be amended by a special resolution passed by at least 75% of Shareholders present and voting at a general meeting. At least 28 days' notice of the intention to propose the special resolution must be given.

(j) **ASX Listing Rules Prevail**

To the extent that there are any inconsistencies between the Constitution and the Listing Rules, the Listing Rules prevail.

6.2 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules of ASX.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 6.3 below).

6.3 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the issue, a copy of:

- (a) the Annual Report for the financial year ended 30 June 2015 lodged by the Company with ASX on 4 March 2016; and
- (b) the following continuous disclosure notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of

the Annual Report referred to in paragraph (a) and before the date of issue of this Prospectus are as follows:

<u>Date Lodged</u>	<u>Subject of Announcement</u>
28 April 2016	Change of Director's Interest Notice x 3
28 April 2016	Appendix 3B
28 April 2016	Quarterly Activities Report
28 April 2016	Quarterly Cashflow Report
28 April 2016	Change of Share Registry
8 April 2016	Consolidation / Split - EQU
7 April 2016	Delay in Consolidation of Share Capital Timetable
7 April 2016	Amendment to ASIC Form 484
6 April 2016	Results of 2015 Annual General Meeting
6 April 2016	Results of 2014 Annual General Meeting
6 April 2016	Results of 2013 Annual General Meeting
1 April 2016	Half Year Accounts
22 March 2016	ASIC Form for 2015 Share Cancellation
22 March 2016	Quarterly Report
4 March 2016	Notice of 2015 Annual General Meeting
4 March 2016	Notice of 2014 Annual General Meeting
4 March 2016	Notice of 2013 Annual General Meeting

The following documents are available for inspection throughout the application period of this Prospectus during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 6.9 and the consents provided by the Directors to the issue of this Prospectus.

6.4 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

6.5 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Shares under this Prospectus.

6.6 Directors' interests

- (a) Interests

Except as disclosed in this Prospectus, no Director or proposed director, and no firm in which a Director or proposed director:

- (i) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offer, or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (ii) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

(b) Directors' Holdings

Set out in the table below are details of Directors' relevant interests in the Shares and Options of the Company at the date of this Prospectus:

Director	No. of Shares Held	No. of Options Held
Jason Bontempo	Nil ¹	8,500,000
Michael Naylor	Nil	1,500,000
Shannon Robinson	Nil	4,000,000

1. It is proposed Mr Bontempo will subscribe for up to 25,000,000 Shares in the Offer.

(c) Remuneration of Directors

In accordance with the Constitution, the Shareholders have approved an aggregate amount of up to \$300,000 per annum to be paid as non-executive Directors' fees.

The amount of aggregate remuneration approved by Shareholders and the manner in which is it apportioned amongst Directors is reviewed annually. Each Director receives a fee for being a Director of the Company and is entitled to be paid an additional fee for each Board Committee on which the Director sits. The entitlement to the additional fees for serving on a committee recognizes the additional time commitment required by Directors in discharging their responsibilities to the Board.

The following table shows the total (and proposed) annual remuneration paid Directors, or their nominee companies, for the current financial year, and the preceding two financial years:

Directors	Year	Salary & Fees \$
Jason Bontempo ¹	2015/2016	\$5,000
	2014/2015	Nil
	2013/2014	Nil
Michael Naylor ²	2015/2016	\$5,000
	2014/2015	Nil
	2013/2014	Nil
Shannon Robinson ³	2015/2016	\$2,083
	2014/2015	Nil

	2013/2014	Nil
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1. Mr Bontempo was appointed a director effective 10 November 2015. On successful completion of the Offer, the Company has agreed to pay Mr Bontempo an amount \$25,000 (excluding GST) for services provided since his appointment.
2. Mr Naylor was appointed a director effective 16 February 2016. In addition, Blue Leaf Corporate Pty Ltd, an entity associated with Mr Naylor, has been paid fees of \$30,000 (excluding GST) at the date of this Prospectus in relation to company secretarial and financial management services provided.
3. Ms Robinson was appointed a director effective 10 November 2015. On successful completion of the Offer, the Company has agreed to pay Ms Robinson an amount \$25,000 (excluding GST) for services provided since her appointment.

6.7 Interests of Named Persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offer, or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Offer.

Occam Legal will be paid fees of approximately \$10,000 (plus GST) in relation to the preparation of this Prospectus. In the past two years, Occam Legal has received \$16,344 for the provision of legal services to the Company.

708 Capital Pty Ltd will be paid fees as set out in Section 3.10 in their role as lead manager to the Offer. In the past two years, 708 Capital Pty Ltd have not received any fees for the provision of services to the Company.

6.8 Expenses of issue

The estimated expenses of the issue are as follows:

Costs of the Offer	\$
ASX & ASIC fees	10,124
Lead Manager Fee	123,000
Legal expenses	10,000
Miscellaneous	6,876
Total	150,000

6.9 Consents

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgement of this Prospectus with ASIC:

Occam Legal has given, and has not withdrawn, its written consent to being named in this Prospectus as solicitors to the Company. Occam Legal has not authorised or caused the issue of this Prospectus or the making of Offer under this Prospectus. Occam Legal makes no

representation regarding, and to the extent permitted by law excludes any responsibility for, any statements in or omissions from any part of this Prospectus.

708 Capital Pty Ltd has given, and has not withdrawn, its written consent to being named in this Prospectus as lead manager to the Offer. 708 Capital Pty Ltd has not authorised or caused the issue of this Prospectus or the making of Offer under this Prospectus. 708 Capital Pty Ltd makes no representation regarding, and to the extent permitted by law excludes any responsibility for, any statements in or omissions from any part of this Prospectus.

7. Authorisation

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:

A handwritten signature in blue ink, appearing to read 'JB', with a stylized flourish extending to the right.

Jason Bontempo
Director

8. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ means Australian dollars.

Annual Report means the financial report lodged by the Company with ASIC and includes the corporate directory, Shareholder information, financial report of the Company and its controlled entities, together with a Directors' report in relation to that financial year and the auditor's report.

Applicant means a person who submits an Application Form.

Application means a valid application for Shares made pursuant to this Prospectus on an Application Form.

Application Form or **Form** means the application form sent with this Prospectus.

Application Monies means application monies for Shares received by the Company.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 129 164 and where the context permits the Australian Securities Exchange operated by ASX Limited.

ASX Settlement means ASX Settlement Pty Limited ACN 008 504 532.

Board means the Directors meeting as a board.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

CHESS means ASX Clearing House Electronic Subregister System.

Closing Date means the closing date for receipt of Application Forms under this Prospectus as set out in Section 3.4.

Company or **Equator** means Equator Resources Limited (ACN 127 411 796).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means Corporations Act (Cth) 2001.

Directors means the directors of the Company as at the date of this Prospectus.

General Meeting means the general meeting of the Company held on 6 April 2016 at 10.00am WST, at Level 1, 35 Richardson Street, West Perth, Western Australia.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Listing Rules means the Listing Rules of ASX.

Offer has the meaning in Section 3.1.

Official List means the official list of ASX.

Official Quotation means quotation of Shares on the Official List.

Option means the right to acquire one Share.

Prospectus means this prospectus.

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

WST means Western Standard Time, being the time in Perth, Western Australia.