

19 October 2018

The Manager Companies  
ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000

(81 pages by email)

Dear Sir/Madam

**ANNUAL REPORT AND NOTICE OF AGM**

In accordance with Listing Rule 4.7 and 3.17, I attach the Company's Annual Report for the year ended 30 June 2018 and the Company's Notice of Annual General Meeting to be held at 11 am on 28 November 2018.

Yours sincerely



Marcelo Mora  
Company Secretary

pjn9633



## 2018 Annual Report



**EQUUS MINING LIMITED**  
and its controlled entities

ABN 44 065 212 679



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## Directors

Mark Lochtenberg	Non-Executive Chairman
Edward Leschke	Managing Director
Juerg Walker	Non-Executive Director
Robert Yeates	Non-Executive Director

## Company Secretary

Marcelo Mora

## Principal Place of Business and Registered Office

Level 2  
66 Hunter Street  
Sydney NSW 2000  
Australia  
Telephone: (61 2) 9300 3366  
Facsimile: (61 2) 9221 6333  
Email address: [info@equusmining.com](mailto:info@equusmining.com)  
Web site: [www.equusmining.com](http://www.equusmining.com)

## Share Registry

Advanced Share Registry Limited  
110 Stirling Highway  
Nedlands, Western Australia 6009  
Telephone: (61 8) 9389 8033  
Facsimile: (61 8) 9262 3723

## Auditors

KPMG  
Level 16, Riparian Plaza  
71 Eagle Street  
Brisbane QLD 4000

## Stock Exchange Listings

Australian Securities Exchange  
(Code – EQE)  
Berlin and Frankfurt Securities Exchanges  
(Third Market Segment)



Dear Fellow Shareholders,

**Equus Mining's focus during the year was exploration drilling of the Los Domos polymetallic project and early stage surface exploration work at the newly acquired Cerro Diablo polymetallic project, both located in Chile's XI Region and adjacent to the Cerro Bayo silver-gold mine.**

In addition to the Los Domos and Cerro Diablo project's significant prospectivity, the position of these projects is consistent with the Company's focus on developing natural resource projects strategically located near existing mines and other infrastructure.

Approximately half of the 8,000m drilled to date at Los Domos has been on the T7 Target where significant and continuous high-grade polymetallic mineralisation has been defined and, with additional drilling, should lead to an inaugural JORC resource being defined as well as testing for extensions. The 9 other defined structures at Los Domos remain very attractive targets having either returned initial high-grade gold and silver mineralisation and base metal values in initial drilling and surface sampling, or anomalous gold and silver values and elevated epithermal pathfinder metals typically found above target epithermal precious metal zones.

The surface exploration activities at Cerro Diablo has resulted in excellent and encouraging high grade precious and base metals results with several targets having been defined. This project is now ready for preliminary drilling.

The Republic of Chile ranks as one of the leading destinations globally for mineral explorers and miners due to the country's sound licensing system and high mineral prospectivity. Despite Chile's leading position in the global minerals industry the paucity of previous modern exploration in many areas close to existing mining activities demonstrates what Chile has to offer in terms of attractive mineral exploration and development opportunities.

To that end, Equus continues to assess new and prospective opportunities within Chile, in particular those opportunities where the entry costs are minimal for a quality project. Unlike Australia, Chile's secure licencing system with no minimum exploration expenditure requirements means there is not the same time pressure to spend large amounts of capital.

Equity markets for the junior resources sector have continued to be subdued throughout most of the 2018 fiscal year. Reasonable world growth coupled with an absence of new metal supply (stemming from a dearth of new mining projects across the globe) did see an improvement in commodity prices throughout the year however macro demand factors such as trade protectionism initiatives have seen commodity price paired back.

With Los Domos shaping up to be a high quality project and the anticipated eventual return of improving commodity prices and investor sentiment, I am optimistic about what lies ahead for our growing Company.

Finally, on behalf of the Board of Directors I would like to thank our many shareholders for their continued support as we look forward to what promises to be a highly exciting next 12 months.



**Mark H. Lochtenberg**  
Chairman



## MANAGING DIRECTOR'S REVIEW OF OPERATIONS

### Corporate Activities

During the first half of the year ended 30 June 2018, the Group completed a systematic surface sampling and 2,091 metres drilling program and earned the rights to 51% interest in Los Domos Gold-Silver project located in Chile's XI region, adjacent to the Cerro Bayo gold-silver mine.

During February 2018, the Group was granted the exploration licences over the prospective Cerro Diablo precious and base metal project. The Cerro Diablo project was secured through making relatively low cost Exploration Licence applications over an area of 4,554 hectares. The project is located near existing mine and other infrastructure and augments the potential synergies with the Company's nearby Los Domos project.

On 20 September 2017, the Company issued 6,974,618 new ordinary shares by the exercise of 6,974,618 unlisted options at an exercise price of \$0.02 per option raising \$139,492 before costs.

On 27 October 2017, the Company issued 64,549,828 new ordinary shares under a placement at an issue price of \$0.037 per share for a total consideration of \$2,388,344 before costs.

On 15 November 2017, the Company issued 7,054,054 new ordinary shares under a placement at an issue price of \$0.037 per share for a total consideration of \$261,000 before costs.

On 15 December 2017, the Company issued 4,554,054 new ordinary shares under a placement at an issue price of \$0.037 per share for a total consideration of \$168,500 before costs.

On 18 December 2017, the Company issued 1,743,655 new ordinary shares by the exercise of 1,743,655 unlisted options at an exercise price of \$0.02 per option raising \$34,873 before costs.

On 1 May 2018, the Company issued 1,281,727 new ordinary shares by the exercise of 1,281,727 unlisted options at an exercise price of \$0.02 per option raising \$25,634 before costs.

### Los Domos and Cerro Diablo Au-Ag-Zn-Pb-Cu Projects

The Los Domos gold-silver project is well located 15km south of the township of Chile Chico and adjacent to the Cerro Bayo gold-silver mine. The Cerro Diablo project is located 25 kilometres north-northwest of the mine. See Figure 1 & 2. This mine was until recently producing approximately 2 Mozpa of silver and 20 Kozpa gold or approximately two thirds nominal flotation plant capacity of 500ktpa throughput. Production has been suspended indefinitely and force majeure declared following a mine flooding event in June 2017. Resulting in crippling unemployment throughout the region (>50% unemployment in Chile Chico). Unlike Australia, the system of unemployment benefits is very limited. For these reasons, the Chilean Ministry of the Economy has identified Los Domos as a sustainable investment project and one that is key for generating economic growth in Chile's XI region (see [www.economia.gob.cl/oficina-de-gestion-de-proyectos-sustentables](http://www.economia.gob.cl/oficina-de-gestion-de-proyectos-sustentables)). With an altitude range of 800m to 1,200m and a dry, moderate climate, the Los Domos Project is able to be explored year-round. Cerro Diablo has a similar altitude range with slightly higher precipitation.

# Review of Operations

## Los Domos and Cerro Diablo – located within a world class mineral province

The Cerro Diablo precious and base metal project, like Los Domos, is located within the world class Deseado Massif mineral province. See Figure 1. This mineral province includes the Santa Cruz Province mining district in Argentina and the Cerro Bayo mine district in Chile, the latter of which is where EQE’s projects are located, and throughout which mineralisation is dominantly hosted by Jurassic age volcanic rocks.

The Deseado Massive hosts large gold and silver deposits in Argentina including Cerro Vanguardia, Cerro Negro, San Jose & Cerro Moro and has a current combined 29.8 Moz AuEq known resource endowment. See Table 1.

	Gold (Moz)	Silver (Moz)	Gold Eq. (Moz)
Cerro Vanguardia	8.0	100	9.5
Cerro Negro	6.7	50	7.4
San Jose (Huevos Verdes)	1.4	100	2.9
Cerro Moro	1.2	75	2.3
Cap Oeste-Cose	1.2	35	1.7
Manantial Espejo	0.8	60	1.7
Cerro Bayo	0.7	68	1.7
Joaquin	0.0	57	0.9
Las Calandrias	0.8	0	0.8
Martha	0.0	24	0.4
Virginia-Santa Rita	0.0	15	0.2
Don Nicolas	0.3	0	0.2
Lomada de Leiva	0.1	0	0.1
<b>Total</b>	<b>21.2</b>	<b>585</b>	<b>29.8</b>

Table 1. Projects Located in the Deseado Massif

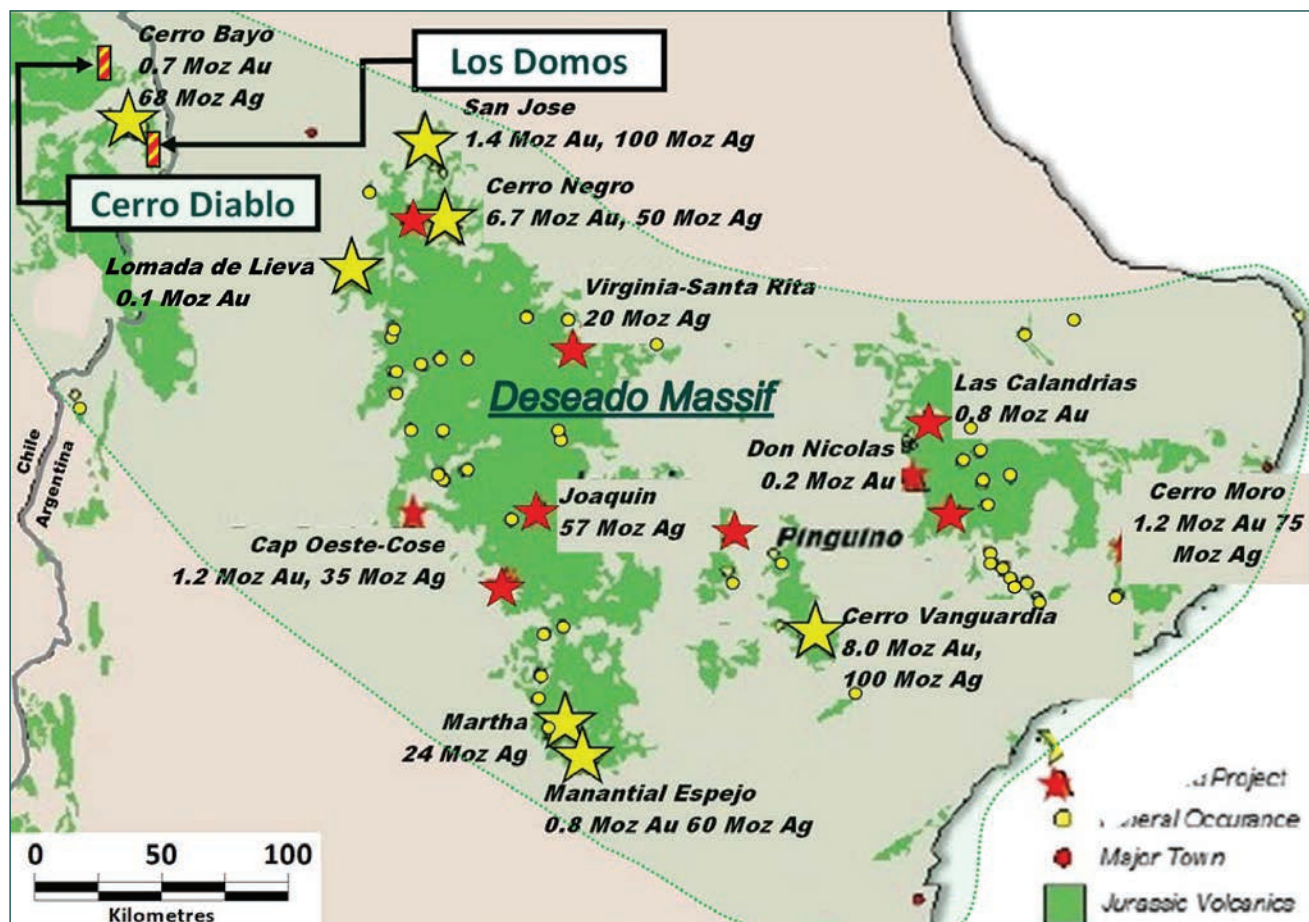


Figure 1. Cerro Diablo and Los Domos projects are both located within the Deseado Massif

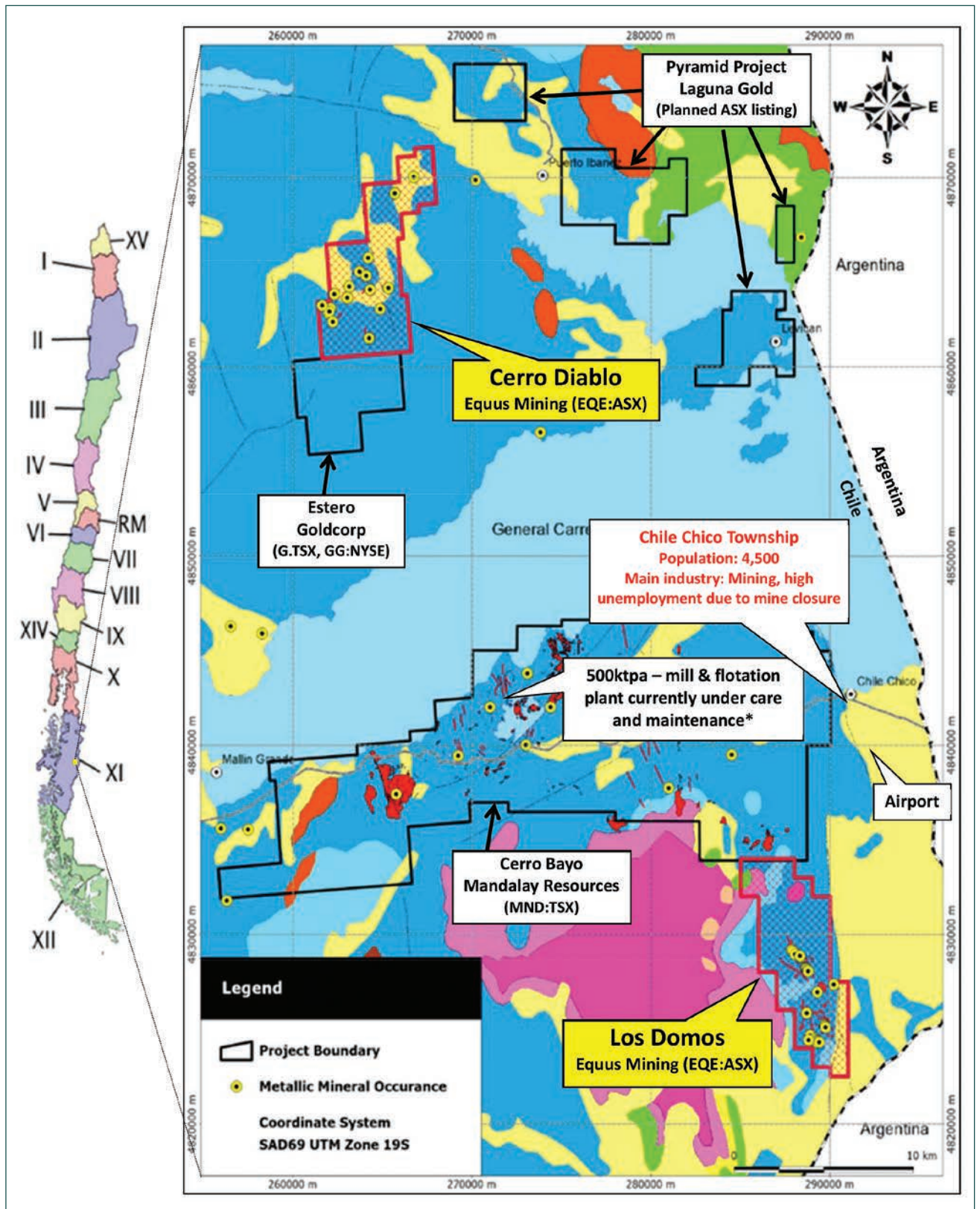


Figure 2. Los Domos and Cerro Diablo Projects Location in Chile's Region XI



## Los Domos is a High-Grade Discovery

EQE carried out reconnaissance work from mid-2016 to mid-2017 and identified at least 10 major target structures with a cumulative strike length approximately 12km. These structures host epithermal sheeted and stockwork veins and hydrothermal breccias

LDD-035 intercepted down hole **44.85m @ 6.37 g/t AuEq**  
Including **23.30m @ 10.84 g/t AuEq**  
Including **9.70m @ 17.92 g/t AuEq**

LDD-001 intercepted down hole **25.89m @ 9.82 g/t AuEq**  
Including **18.94m @ 13.28 g/t AuEq**  
Including **8.39m @ 27.43 g/t AuEq**

LDD-032 intercepted down hole **14.80m @ 4.80 g/t AuEq**  
Including **6.90m @ 9.45g/t AuEq**  
Including **2.70m @ 23.46g/t AuEq**

LDD-033 intercepted down hole **8.25m @ 5.99 g/t AuEq**  
Including **2.35m @ 17.91g/t AuEq**

## Los Domos in Detail

Drilling to date at the Los Domos T7 Target has defined significant and continuous mineralisation over a strike length of 600m and an average true width of approximately 7m for the main intercepts. Importantly, the higher-grade mineralised interval is contained within a 15-30m wide, true width interval of strongly anomalous precious and base metal rich mineralisation. This indicates the potential for significant magnitude, particularly at depth and along strike of portions of the host structure, which remains untested. Several significantly mineralised, parallel structures were also intersected.

The majority of drilling completed at the target, has been in the upper levels of the T7 structure, predominately less than 100m depth below surface, with the deepest intercept to date recorded at approximately 250m below surface. Average weighted grade to date of the main intercepts in all T7 drill holes is 5.3g/t AuEq. See T7 Target long section in Figure 3 and intercept assay detail in Table 2.

The T7 target structure hosts a polymetallic multiphase, Intermediate Sulphidation epithermal style of mineralisation with significant values of Au, Ag, Pb, Zn and Cu, and in more recent deeper drill holes, increasing proportions of Zn and Cu. Preliminary interpretations of metal zonation from the more recent results suggest that a Au and Zn rich mineralisation phase is becoming

and show classic epithermal vertical zonation. A total of 8,000 has been drilled to date of which just over half has focussed on the T7 Target where a significant Au-Ag-Zn-Pb mineralised body has been discovered. Numerous high-grade drill intercepts include:

LDD-031 intercepted down hole **24.80m @ 1.96 g/t AuEq**  
Including **2.90m @ 12.97g/t AuEq**

LDD-040 intercepted down hole **20.90m @ 1.96 g/t AuEq**  
Including **7.50m @ 4.19 g/t AuEq**  
Including **3.95m @ 7.29 g/t AuEq**

LDD-012 intercepted down hole **26.05m @ 1.40 g/t AuEq**  
Including **5.80m @ 3.56g/t AuEq**

LDD-039 intercepted down hole **40.18m @ 0.90 g/t AuEq**  
Including **16.50m @ 1.32g/t AuEq**

LDD-029 intercepted down hole **21.51m @ 1.62 g/t AuEq**  
Including **4.55m @ 4.05g/t AuEq**

increasingly dominate to the northwest, towards an anticlinal hinge zone, and at depth along the T7 target structure in more competent lithologies which are more favourable for hosting wider, high grade mineralisation.

Assay results to date have intercepted mineralisation where either Au or Zn (previously Pb) is the dominant metal by value. This, together with recently completed flotation tests, allows assays to be reported in both Au and Zn equivalents so as to more simply demonstrate overall metal values. See T7 Target mineral intensity long section in Figure 4 and intercept assay equivalent detail in Table 2.

The T7 target structure is a major west-northwest trending, steeply north east dipping fault structure that has been mapped over an approximate strike length of 1,000m. The T7 target structure remains open along strike in both directions, and particularly at depth down plunge towards north-west.

The T7 target structure is one of at least 10 major structures defined throughout the Los Domos project that host a cumulative strike length of mapped epithermal veining of approximately 12km. To date, these structures have returned wide, highly anomalous mineralised intervals from scout drilling (individual intervals of up to 3.46 g/t Au and 318 g/t Ag) which were

intersected at relatively higher elevations as compared to those at T7. The understanding of the zonation of high grade mineralisation at T7 will be used to guide future drilling at optimum elevations throughout these structures. This exploration methodology has been successfully executed recently at the Silica Cap prospect of Goldcorp's Cerro Negro Mine, Argentina. ([www.goldcorp.com/English/investors/news-releases/news-](http://www.goldcorp.com/English/investors/news-releases/news-release-details/2018/Goldcorp-Provides-Second-Quarter-2018-Exploration-Update/default.aspx)

[release-details/2018/Goldcorp-Provides-Second-Quarter-2018-Exploration-Update/default.aspx](http://www.goldcorp.com/English/investors/news-releases/news-release-details/2018/Goldcorp-Provides-Second-Quarter-2018-Exploration-Update/default.aspx)).

The broad dimensions of the mineralisation outlined to date at Los Domos is becoming increasingly analogous to a number of other well known, large epithermal deposits such as the La Blanca epithermal vein deposit (Palmarejo project, Mexico).

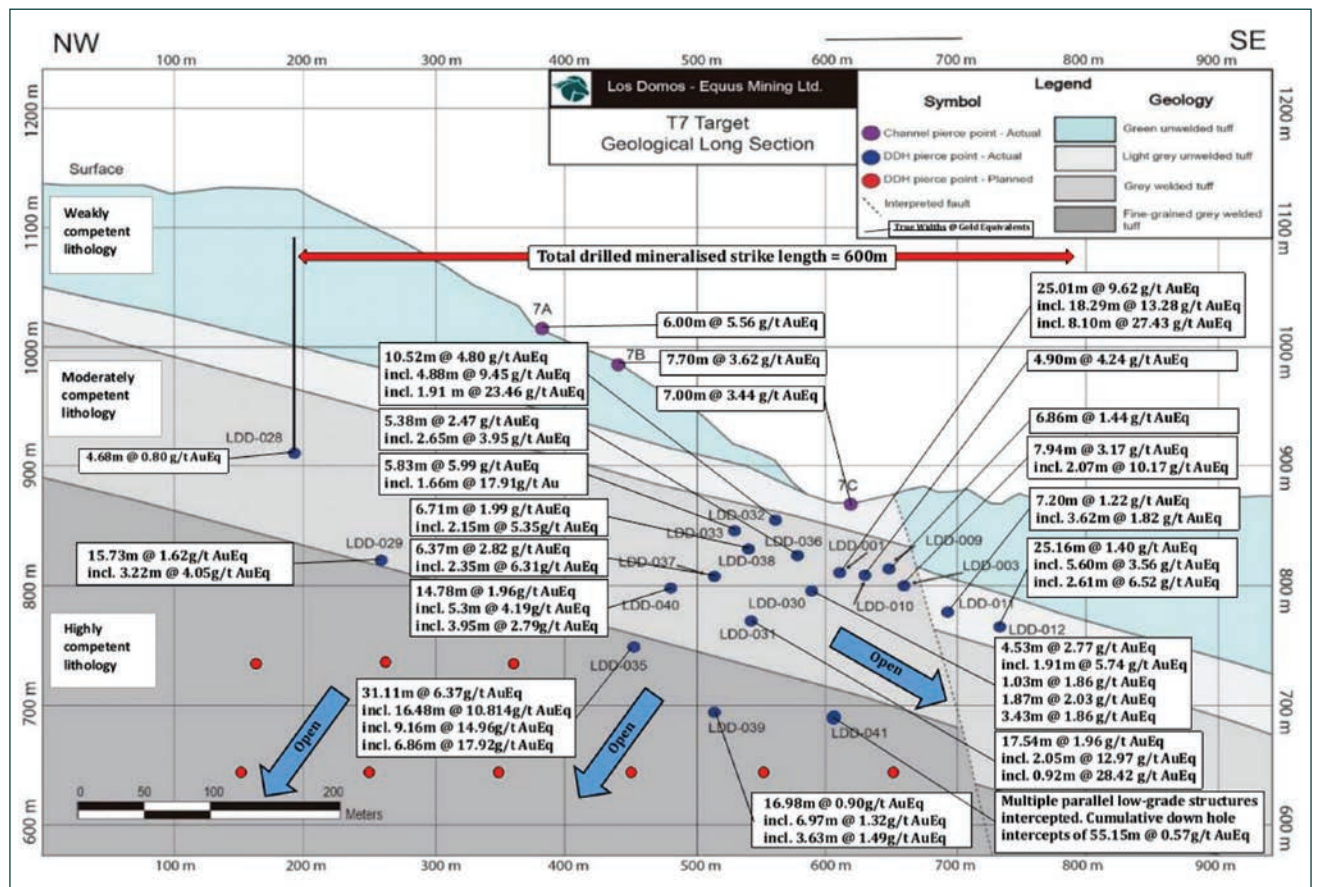


Figure 3. Long section of T7 Target with interpreted true widths and Au equivalent grades



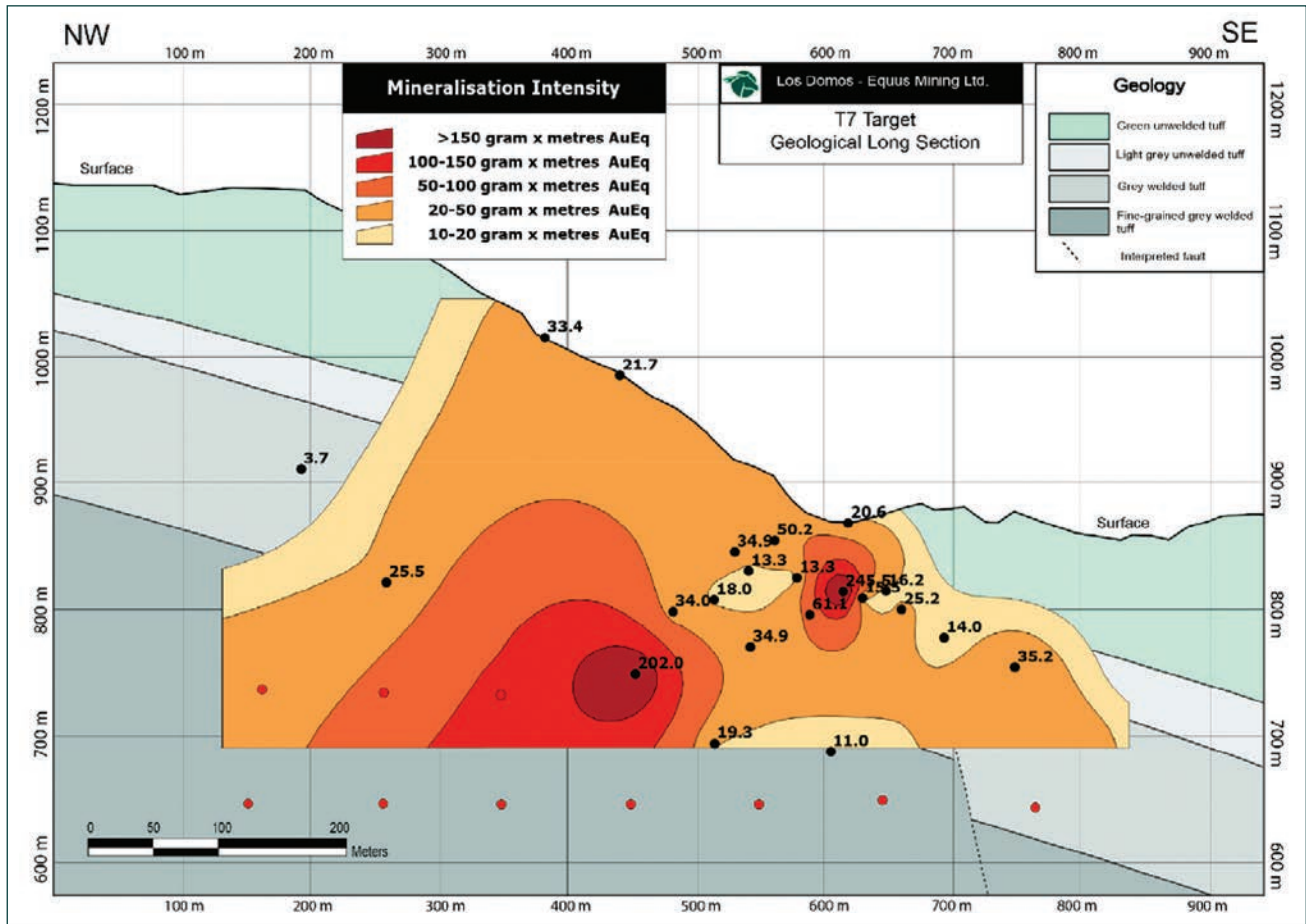


Figure 4. Long Section Mineral Intensity of T7 Target, Los Domos project – preliminary Au equivalent grade x m distribution



Image 1. Drilling action at Los Domos

Hole ID	From m	To m	Intercept m	True Width m	AuEq <sup>(x)</sup> g/t	ZnEq <sup>(x)</sup> %	Au g/t	Ag g/t	Pb %	Zn %	Cu %
7A	0.00	6.00	6.00	6.00	5.56	5.44	2.52	123	1.32	0.08	
7B	0.00	7.70	6.00	6.00	3.62	3.54	1.18	42	2.21	0.11	
7C	0.00	7.00	6.00	6.00	3.44	3.36	0.82	18	1.40	1.26	
LDD-001	30.16	56.05	25.89	25.01	9.82	9.60	0.38	87	7.10	2.68	
incl	35.20	54.14	18.94	18.29	13.28	12.99	0.48	117	9.65	3.62	
incl	45.75	54.14	8.39	8.10	27.43	26.82	0.71	248	20.72	7.07	
	130.72	137.00	6.28	6.07	1.05	1.17	0.58	9	0.36	0.19	
LDD-003	68.00	76.45	8.45	7.94	3.17	3.10	0.32	15	1.18	1.68	
incl	68.00	70.20	2.20	2.07	10.17	9.94	0.19	48	4.37	5.82	
and	73.50	76.45	2.95	2.77	1.26	1.23	0.62	6	0.12	0.44	
	138.75	140.05	1.30	1.22	2.16	2.12	0.62	11	0.26	1.14	
LDD-009	5.45	6.85	1.40	1.35	2.13	2.09	0.56	12	1.20	0.47	
	20.15	24.70	4.55	4.39	0.78	0.76	0.30	4	0.23	0.24	
	47.50	54.60	7.10	6.86	1.44	1.41	0.49	9	0.45	0.47	
incl	50.75	54.60	3.85	3.72	1.80	1.76	0.65	10	0.64	0.50	
incl	50.75	52.25	1.50	1.45	2.97	2.90	0.75	13	1.31	1.01	
LDD-010	9.00	9.60	0.60	0.52	2.63	2.57	0.26	7	0.58	0.58	
	25.20	26.30	1.10	0.95	1.40	1.37	0.12	6	0.38	0.35	
	29.60	31.35	1.75	1.52	1.35	1.32	0.11	12	0.68	0.39	
	44.25	49.15	4.90	4.24	2.54	2.49	0.11	19	1.17	0.51	
LDD-011	75.90	78.80	2.90	2.80	1.40	1.37	0.26	7	0.58	0.58	
	85.00	86.60	1.60	1.55	0.86	0.84	0.12	6	0.38	0.35	
	89.90	97.35	7.45	7.20	1.22	1.19	0.11	12	0.68	0.39	
incl	93.60	97.35	3.75	3.62	1.82	1.78	0.11	19	1.17	0.51	
LDD-012	104.20	130.25	26.05	25.16	1.40	1.37	0.38	8	0.19	0.74	
incl	104.20	110.00	5.80	5.60	3.56	3.48	0.09	21	0.54	2.67	
incl	104.20	106.90	2.70	2.61	6.52	6.38	0.12	36	0.82	5.10	
	116.00	117.45	1.45	1.40	2.61	2.55	1.04	12	0.17	1.22	
	128.90	130.25	1.35	4.24	2.39	2.33	2.14	6	0.07	0.10	
LDD-028	237.65	242.50	4.85	4.68	0.80	0.78	0.35	6	0.20	0.15	0.03
LDD-029	324.09	345.60	21.51	15.73	1.62	1.59	0.45	14	0.39	0.48	0.11
incl	340.45	345.00	4.55	3.22	4.05	3.96	1.85	35	0.72	0.54	0.35
incl	342.50	344.40	1.90	1.34	6.31	6.17	3.37	45	0.81	0.70	0.57
LDD-030	23.90	30.30	6.40	4.53	2.77	2.72	0.92	22	0.32	0.68	0.35
incl	24.90	27.60	2.70	1.91	5.74	2.72	1.96	44	0.69	1.39	0.72
	68.70	72.15	3.45	2.44	1.04	1.02	0.59	9	0.20	0.12	0.03
incl	68.70	70.15	1.45	1.03	2.03	1.98	1.16	18	0.42	0.19	0.05
	91.55	94.20	2.65	1.87	1.87	1.83	0.85	7	0.09	0.70	0.08
	130.65	135.50	4.85	3.43	1.96	1.91	0.84	9	0.33	0.61	0.06
LDD-031	89.70	90.70	1.00	0.71	0.89	0.87	0.30	2	0.06	0.50	0.00
	100.00	124.80	24.80	17.54	1.96	1.91	1.64	4	0.06	0.15	0.03
incl	113.10	116.00	2.90	2.05	12.97	12.68	12.45	16	0.02	0.11	0.09
incl	113.10	114.40	1.30	0.92	28.42	27.79	27.42	32	0.04	0.21	0.15
LDD-032	39.10	53.90	14.80	10.47	4.80	4.69	0.26	26	2.23	2.29	0.07
incl	39.10	46.00	6.90	4.88	9.45	9.24	0.54	53	4.62	4.30	0.13
incl	42.70	45.40	2.70	1.91	23.46	22.94	1.32	132	11.42	10.71	0.32
LDD-033	48.50	56.75	8.25	5.83	5.99	5.86	0.25	35	1.31	3.92	0.13
incl	48.50	55.90	7.40	5.23	6.61	6.46	0.28	38	1.44	4.33	0.14
incl	50.55	52.90	2.35	1.66	17.91	17.52	0.67	104	3.85	11.87	0.35
LDD-035	129.90	174.75	44.85	31.71	6.37	6.23	1.00	64	1.38	2.90	0.21
incl.	151.45	174.75	23.30	16.48	10.84	10.60	1.49	109	2.41	5.22	0.30
incl.	151.45	164.40	12.95	9.16	14.96	14.63	2.18	157	3.49	6.95	0.34
incl.	151.45	161.15	9.70	6.86	17.92	17.52	2.58	181	4.15	8.48	0.41
LDD-036	61.75	72.50	10.75	5.38	2.47	2.41	0.49	9	0.47	1.37	0.05
incl	66.45	71.75	5.30	2.65	3.95	3.86	0.78	14	0.69	2.25	0.08
LDD-037	81.55	92.65	11.10	6.37	2.82	2.76	0.63	18	1.42	0.67	0.10
incl	87.55	91.65	4.10	2.35	6.31	6.17	1.34	44	3.63	1.13	0.24
LDD-038	57.75	c	11.70	6.71	1.99	1.94	0.37	23	0.31	0.58	0.27
incl	63.55	67.30	3.75	2.15	5.35	5.23	0.96	66	0.80	1.49	0.76
LDD-039	101.50	102.90	1.40	0.59	0.89	0.87	0.49	5	0.05	0.22	0.04
	111.90	113.70	1.80	0.76	1.11	1.08	0.74	4	0.18	0.10	0.04
	167.65	169.60	1.95	0.82	0.79	0.77	0.25	11	0.02	0.03	0.21
	205.00	209.00	4.00	1.69	1.16	1.14	0.09	23	0.06	0.06	0.38
	225.60	265.78	40.18	16.98	0.90	0.88	0.08	9	0.17	0.37	0.11
incl	245.00	261.50	16.50	6.97	1.32	1.19	0.12	14	0.18	0.55	0.17
incl	245.00	253.60	8.60	3.63	1.49	1.32	0.19	14	0.14	0.65	0.19
LDD-040	30.39	33.50	3.11	2.20	2.00	1.96	0.05	6	1.28	0.87	0.02
	81.00	81.86	0.86	0.61	1.19	1.16	0.73	11	0.08	0.14	0.04
	106.05	126.95	20.90	14.78	1.96	1.91	0.39	13	0.37	0.98	0.86
incl	120.00	127.50	7.50	5.30	4.19	4.10	0.66	32	0.86	2.18	0.71
incl	122.00	125.95	3.95	2.79	7.29	7.13	1.14	56	1.58	3.74	0.61
LDD-041	10.25	10.80	0.55	0.19	4.23	4.13	0.69	45	0.51	2.34	0.03
	79.30	95.00	15.70	5.37	0.68	0.66	0.29	4	0.12	0.16	0.04
incl	79.30	81.75	2.45	0.84	1.06	1.03	0.22	5	0.10	0.58	0.06
and	86.80	93.95	7.15	2.45	1.00	0.97	0.48	7	0.21	0.13	0.07
	175.25	178.00	2.75	0.94	1.46	1.43	0.98	8	0.02	0.04	0.19
	217.60	220.30	2.70	0.92	1.61	1.58	0.20	39	0.01	0.03	0.48

No significant Cu grades

Table 2. T7 Target Drill Intercepts



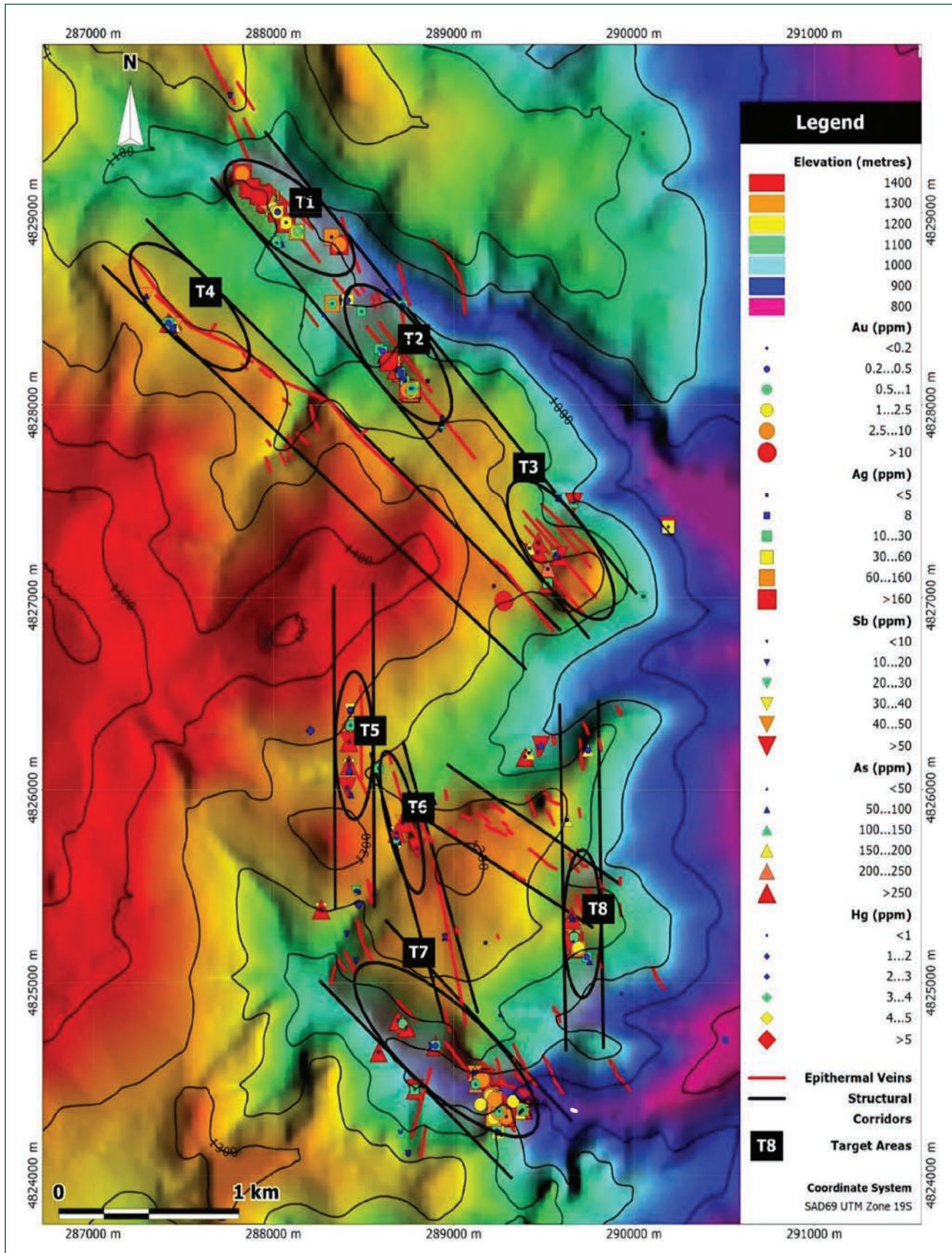


Figure 5. Plan map showing multiple epithermal vein structures at Los Domos



## Cerro Diablo Cu-Au-Ag-Zn-Pb Project

The Cerro Diablo project was secured via strategic open ground staking of a 4,554-hectare area hosting zones of extensive hydrothermal alteration during late 2017. Mapping and sampling has discovered significant widespread high-grade mineralisation at the Cerro Diablo precious and base metal project. See Figures 6 & 7 and Table 3.

Mineralisation at Cerro Diablo is interpreted to be of a largely structurally controlled intermediate sulphidation epithermal precious and base metal style. The project area features extensive hydrothermal argillic alteration and hosts outcropping precious–base metal veins within Jurassic aged felsic domes and volcanics (See Images 2, 3 & 4). The project is interpreted to be located within a NNW trending structural corridor featuring dextral strike slip faulting which has resulted in preferentially orientated NNE dilational structures hosting precious and base metal mineralisation.

Cerro Diablo has not received any modern-day exploration despite numerous, metallic mineral occurrences having been recorded historically. Individual veins up to 10m wide have been mapped over +300m strike extensions. Recent sampling and mapping has focussed on an area with dimensions 2,000m x 1,000m where widespread outcropping primary high grade mineralisation has never been exploited. There are two small historic mines, namely Mina Alón and Mina Las Cáscaras, located within the southern area of the Cerro Diablo project.

Access to the Cerro Diablo project is via 10km of established roads and tracks from the township of Puerto Ibanez located on the north shore of Lake General Carrera across which mine concentrates were historically transported from the Cerro Bayo Mine to the export port facilities at Puerto Aysen. Field work including detailed mapping and rock chip sampling is continuing in preparation for 1st phase drill testing in Q3/2018.

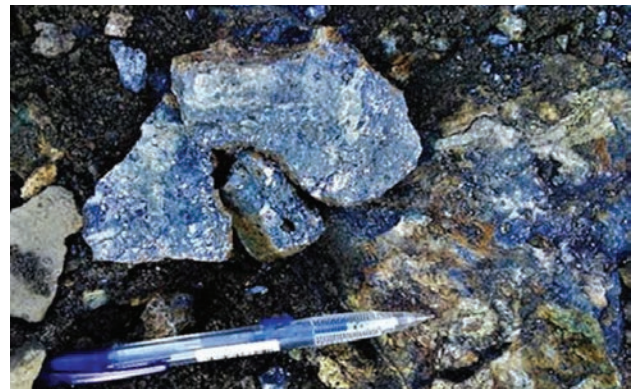
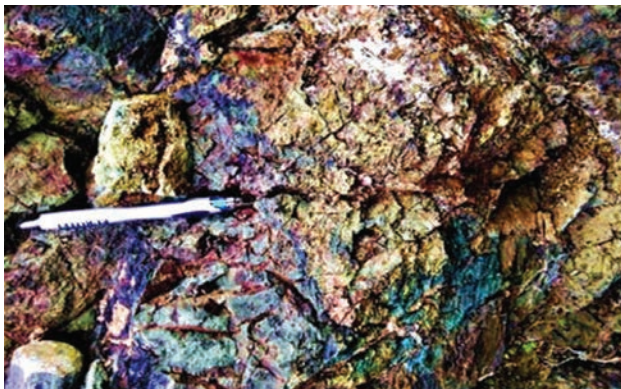


Image 2 & 3. Outcropping high grade copper mineralisation and high-grade silver-lead mineralisation



Image 4. Extensive hydrothermal argillic/FeOx alteration at Mineralised Zone 6, Cerro Diablo



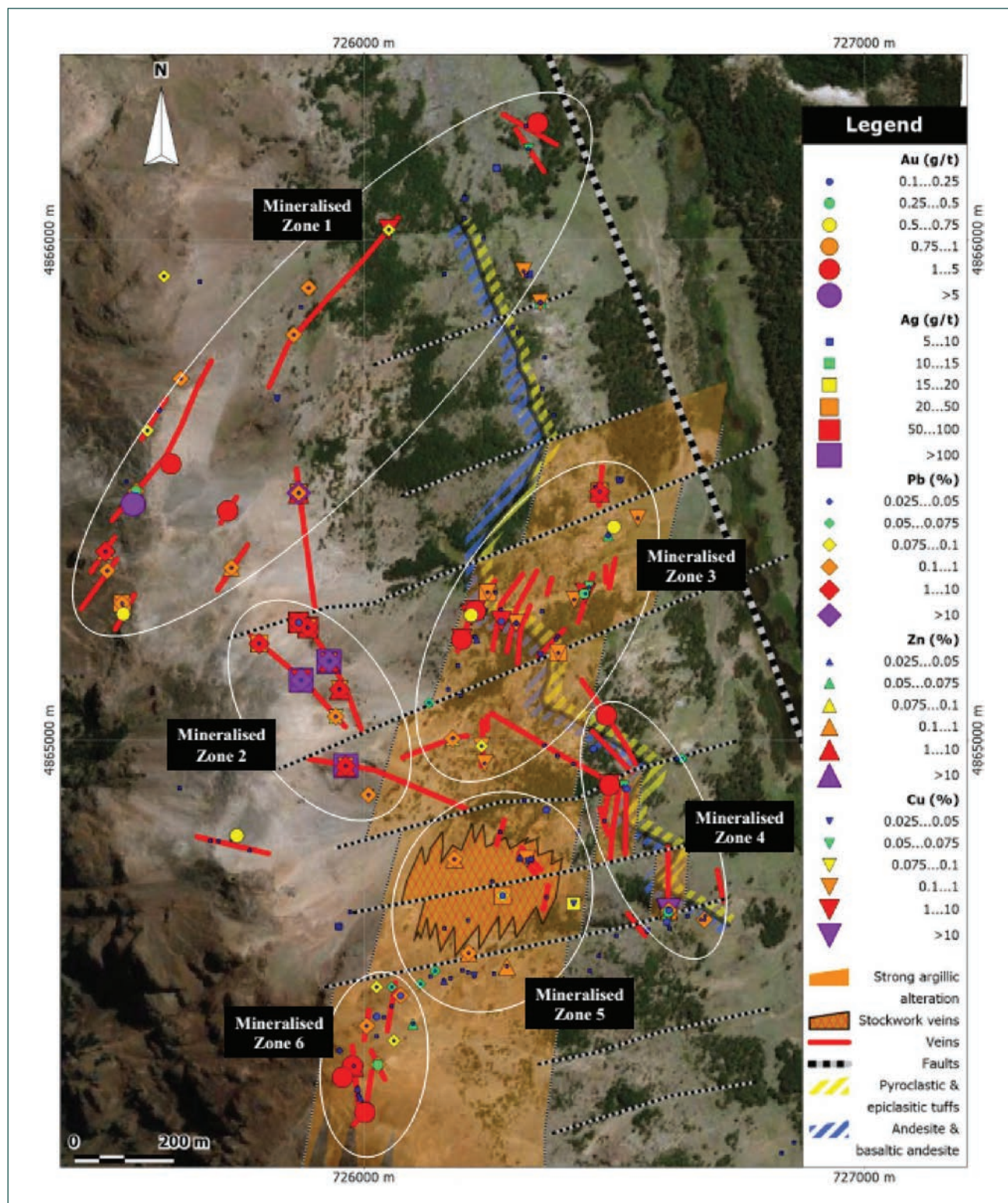


Figure 6. Cerro Diablo project mineralised zones

Mineralised Zone 1						Mineralised Zone 4					
Sample Number	Au ppm	Ag ppm	Cu %	Pb %	Zn %	Sample Number	Au ppm	Ag ppm	Cu %	Pb %	Zn %
D00071	5.40	6.2	0.00	0.06	0.00	D10102	0.26	30.8	20.06	0.17	0.38
D00024	3.93	12.2	0.00	0.02	0.01	D10103	0.15	24.6	16.20	0.11	0.18
D00082	2.51	1.6	0.00	0.02	0.00	D10138	1.47	31.1	2.69	0.06	0.00
D10114	0.01	10.4	1.33	0.09	0.01	D10093	1.35	0.2	0.00	0.00	0.01
D10119	2.16	1.9	0.00	0.03	0.00	D10020	0.00	8.3	0.00	0.36	0.01
D00072	0.07	14.6	0.05	1.97	0.29	D10023	0.21	0.4	0.06	0.01	0.03
D00074	0.09	32.7	0.17	0.20	0.02	D00093	0.19	1.5	0.01	0.00	0.00
D10123	0.67	2.6	0.01	0.22	0.00	D10146	0.01	0.7	0.07	0.00	0.01
D00070	0.36	4.1	0.02	0.35	0.01	D10134	0.13	0.5	0.02	0.00	0.00
D10043	0.00	3.0	0.02	0.27	0.23	D10017	0.03	1.6	0.05	0.01	0.01

Mineralised Zone 2						Mineralised Zone 5					
Sample Number	Au ppm	Ag ppm	Cu %	Pb %	Zn %	Sample Number	Au ppm	Ag ppm	Cu %	Pb %	Zn %
D10041	0.01	100.0	1.12	20.79	19.01	D10143	0.01	5.2	0.32	0.01	0.00
D10088	0.01	112.0	0.35	35.01	7.95	D10148	0.12	25.5	0.00	0.08	0.02
D10087	0.03	54.7	0.33	7.00	9.74	D00089	0.02	4.3	0.01	0.52	0.20
D00084	0.07	84.8	0.78	5.66	7.21	D10030	0.03	11.6	0.01	0.19	0.17
D10100	0.05	136.0	0.96	5.46	3.98	D10027	0.05	17.1	0.04	0.02	0.02
D00083	0.14	86.7	2.02	3.58	1.67	D10012	0.02	2.8	0.03	0.02	0.02
D10042	0.00	38.6	0.03	2.23	0.64	D00063	0.02	4.0	0.01	0.07	0.01
D10040	0.01	10.8	0.19	1.10	1.10	D10014	0.00	0.3	0.00	0.01	0.13
D00085	0.01	5.3	0.09	0.19	0.08	D10142	0.01	1.1	0.06	0.01	0.00
D10004	0.01	9.2	0.06	0.12	0.01	D00068	0.02	3.0	0.00	0.06	0.01

Mineralised Zone 3						Mineralised Zone 6					
Sample Number	Au ppm	Ag ppm	Cu %	Pb %	Zn %	Sample Number	Au ppm	Ag ppm	Cu %	Pb %	Zn %
D10049	0.53	11.7	6.79	0.01	0.02	D10151	0.02	9.2	0.05	1.45	8.47
D00026	0.03	34.1	0.64	8.18	2.31	D00060	4.91	3.8	0.01	0.06	0.00
D10048	1.76	33.7	2.20	0.24	0.07	D00061	1.36	2.7	0.00	0.01	0.00
D10039	0.12	7.1	2.37	0.01	0.01	D10156	1.14	2.2	0.01	0.07	0.00
D10050	1.73	13.7	1.10	0.01	0.01	D10155	0.97	0.5	0.00	0.01	0.00
D10035	0.04	5.0	1.70	0.01	0.01	D10150	0.38	4.0	0.01	0.10	0.01
D10038	0.07	5.2	0.97	0.04	0.02	D00062	0.10	2.4	0.01	0.25	0.00
D00030	0.07	25.9	0.70	0.00	0.02	D00066	0.11	3.3	0.01	0.14	0.02
D10046	0.01	26.4	0.20	0.01	0.01	D10006	0.07	6.9	0.02	0.10	0.01
D10036	0.04	2.5	0.40	0.00	0.00	D00058	0.13	1.8	0.01	0.01	0.00

Table 3. Cerro Diablo surface rock chip sample results – precious-base metal values from key mineralised zones



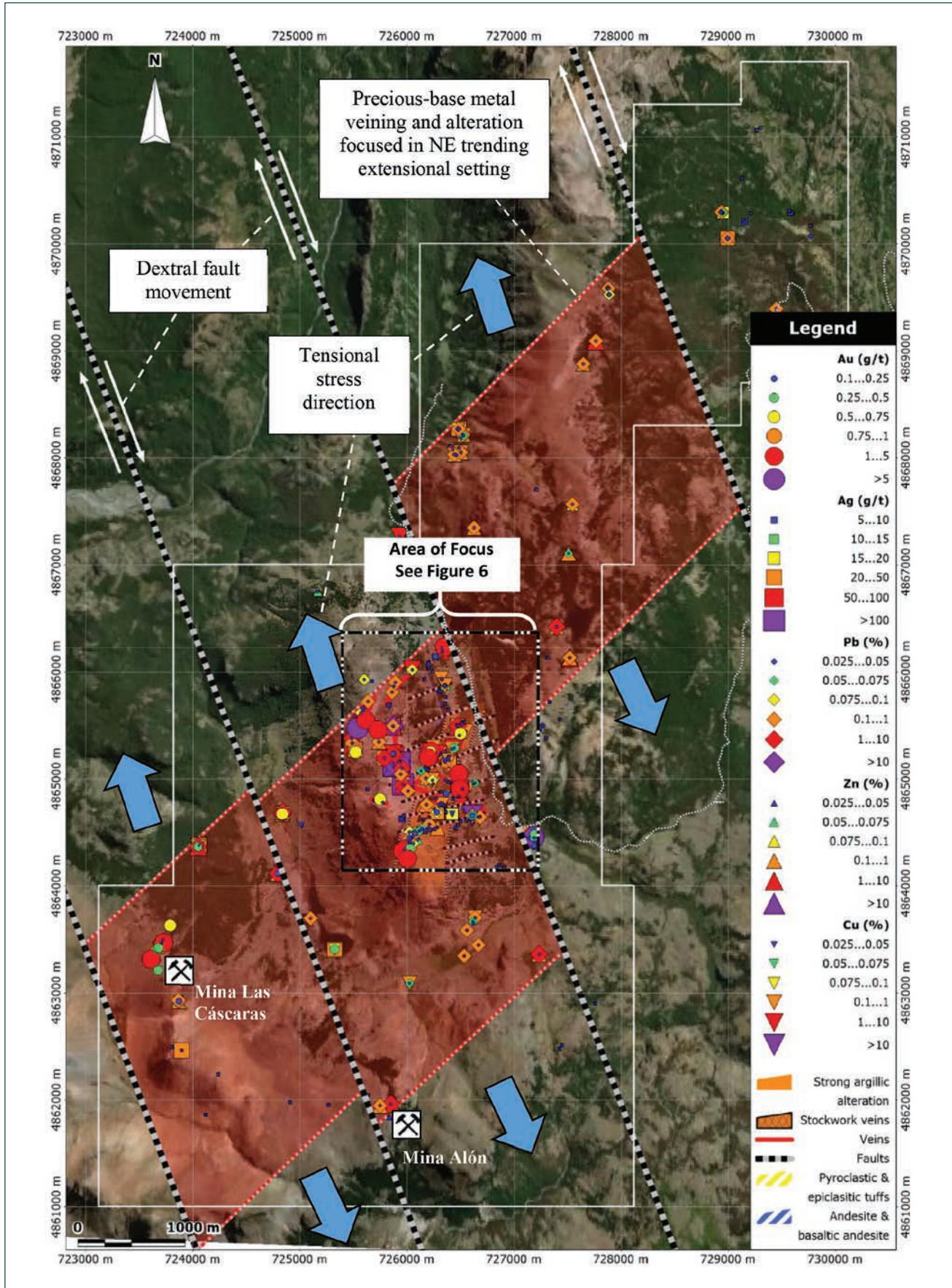


Figure 7. Cerro Diablo project

## Mina Rica Thermal Coal Project

Equus Mining has continued to maintain a presence in the Magallanes coal basin, both through existing exploration licences and making new exploration licence applications. Equus Mining is assessing its options in progressing its thermal coal assets. While this assessment takes place the Group has impaired the carrying value of its exploration asset relating to the Carbones del Sur project.

### Compliance statement

The information in this report that relates to Exploration Results for the Los Domos Gold-Silver project is based on information compiled by Damien Koerber. Mr Koerber is a geological consultant to the Company. Mr Koerber is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Koerber has a beneficial interest as shareholder and Director of Terrane Minerals SpA ('vendor') in Los Domos Gold-Silver project and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results for the Cerro Diablo precious and base metal project is based on information compiled by Jason Beckton. Mr Beckton is a geological consultant to the Company. Mr Beckton is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Beckton has a beneficial interest as shareholder of Equus Mining Limited and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

## No Material Changes

Equus Mining Limited confirms that it is not aware of any new information or data that materially affects the information included in this Annual Report and that all information continues to apply.

*(i) All the material assumptions underpinning exploration results for sample numbers LD00001 to LD00102 are outlined in Table 1 and Appendix 1 in the initial public report titled Los Domos Gold-Silver project (see ASX release dated 25 October 2016) and continue to apply and have not materially changed.*

*(ii) All the material assumptions underpinning exploration results for sample numbers LD00103 to LD00205 are outlined in Table 1 and Appendix 1 in the December 2016 Quarterly Activities Report (see ASX release dated 31 January 2017) continue to apply and have not materially changed.*

*(iii) All the material assumptions underpinning exploration results for sample numbers LD00206 to LD00382 are outlined in Table 1 and Appendix 1 in the report titled Los Domos Gold-Silver Project High Grade Assay Results (see ASX release dated 3 March 2017) continue to apply and have not materially changed.*

*(iv) All the material assumptions underpinning exploration results for sample numbers LD00283 to LD00400 are outlined in Table 1 and Appendix 1 in the report titled Los Domos Gold-Silver Project Yields Further High-Grade Assay Results (see ASX release dated 31 March 2017) continue to apply and have not materially changed.*

*(v) All the material assumptions underpinning exploration results for sample numbers LDD0001 to LDD00050 are outlined in Table 1 in the report titled Significant High-Grade Assays From Shallow Depth Intercept In First Drill Hole At Los Domos Gold-Silver Project (see ASX release dated 12 July 2017) continue to apply and have not materially changed.*

*(vi) Metallurgical recoveries for Intermediate Sulphidation epithermal mineralisation are based on initial metallurgical tests as outlined in a report titled Initial Metallurgical Tests Show Potential for High Recoveries and Grades of Silver, Lead and Zinc in Concentrates (see ASX release dated 7 August 2017).*



(vii) All the material assumptions underpinning exploration results for sample numbers LDD0051 to LDD00572 are outlined in Table 1 in the report titled *First Phase Drilling Confirms Potential For Large Scale Intermediate Sulphidation Mineralised System At Los Domos Precious And Base Metal Project* (see ASX release dated 10 October 2017) continue to apply and have not materially changed.

(viii) All the material assumptions underpinning exploration results for sample numbers LDD0620 to LDD00789 are outlined in Table 1 in the report titled *400M Mineralised Structure Defined at T7 Target and Commencement of 7,500M Phase 2 Drill Programme at Los Domos Project* (see ASX release dated 20 November 2017) continue to apply and have not materially changed.

(ix) All the material assumptions underpinning exploration results for sample numbers LDD0791 to LDD01251 are outlined in Table 1 in the report titled *Significant Drill Defined Extensions of Ag, Pb, Zn, Au Mineralisation at T7 Target, Los Domos Project* (see ASX release dated 16 April 2018) continue to apply and have not materially changed.

#### (x) Gold and Zinc Equivalent Calculation Formulae & Assumptions – Intermediate Sulphidation Epithermal

$$\begin{aligned} \text{AuEq (g/t)} &= \text{Au (g/t)} + \text{Pb(\%)} \times \frac{\text{Price per 1 Pb(\%)} \times \text{Pb Recovery(\%)}}{\text{Price per 1 Au(g/t)} \times \text{Au Recovery(\%)}} \\ &+ \text{Ag (g/t)} \times \frac{\text{Price per 1 Ag(g)} \times \text{Ag Recovery(\%)}}{\text{Price per 1 Au(g/t)} \times \text{Au Recovery(\%)}} \\ &+ \text{Zn(\%)} \times \frac{\text{Price per 1 Zn(\%)} \times \text{Zn Recovery(\%)}}{\text{Price per 1 Au(g/t)} \times \text{Au Recovery(\%)}} \\ &+ \text{Cu(\%)} \times \frac{\text{Price per 1 Cu(\%)} \times \text{Cu Recovery(\%)}}{\text{Price per 1 Au(g/t)} \times \text{Au Recovery(\%)}} \end{aligned}$$

$$\begin{aligned} \text{ZnEq(\%)} &= \text{Zn(\%)} + \text{Au (g/t)} \times \frac{\text{Price per 1 Au(\%)} \times \text{Pb Recovery(\%)}}{\text{Price per 1 Zn(g/t)} \times \text{Zn Recovery(\%)}} \\ &+ \text{Ag (g/t)} \times \frac{\text{Price per 1 Ag(g)} \times \text{Ag Recovery(\%)}}{\text{Price per 1 Zn(g/t)} \times \text{Zn Recovery(\%)}} \\ &+ \text{Pb(\%)} \times \frac{\text{Price per 1 Pb(\%)} \times \text{Pb Recovery(\%)}}{\text{Price per 1 Zn(g/t)} \times \text{Zn Recovery(\%)}} \\ &+ \text{Cu(\%)} \times \frac{\text{Price per 1 Cu(\%)} \times \text{Cu Recovery(\%)}}{\text{Price per 1 Zn(g/t)} \times \text{Zn Recovery(\%)}} \end{aligned}$$

Metal	Price *	Recovery
Gold	US\$1200 per ounce	93.2%
Silver	US\$18 per ounce	99.6%
Lead	US\$2700 per tonne	99.7%
Zinc	US\$3700 per tonne	99.4%
Copper	US\$6300 per tonne	90.0%

Recovery weighted 1 Au g/t : 1 Ag g/t price ratio = 1 : 62.4  
 Recovery weighted 1 Au g/t : 1 Pb% price ratio = 1 : 1.34  
 Recovery weighted 1 Au g/t : 1 Zn% price ratio = 1 : 0.98  
 Recovery weighted 1 Au g/t : 1 Cu% price ratio = 1 : 0.63  
 Recovery weighted 1 Zn% : 1 Ag g/t price ratio = 1 : 63.8  
 Recovery weighted 1 Zn% : 1 Au g/t price ratio = 1 : 1.02  
 Recovery weighted 1 Zn% : 1 Pb% price ratio = 1 : 1.37  
 Recovery weighted 1 Zn% : 1 Cu% price ratio = 1 : 0.65

\*Metal prices are of July 2018

Metallurgical recoveries Au, Ag, Pb and Zn are based on initial metallurgical tests as outlined in a report titled *Initial Metallurgical Tests Show Potential for High Recoveries and Grades of Silver, Lead and Zinc in Concentrates* (see ASX release dated 7 August 2017). Quantitative evaluation of minerals by scanning electron microscopy has determined that Cu is contained within chalcopyrite which is readable recovered by standard floatation techniques and a relative lower 90% recovery factor has been assumed. It is EQE's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold. Drilling intercepts across the T7 Target structure shows differing dominant metal bearing zones. The varying distribution of the different dominant metals is interpreted to be both a function of the differing vertical depth within the epithermal system and differing time phases of mineralisation emplacement. As such, management have opted to report results on both an Au and Zn equivalent basis as those two metals are currently the most dominant at the T7 target in accordance with JORC reporting standards. If subsequent drilling intersects mineralization whereby a new dominant metal emerges for a target, equivalent metal reporting will change to reflect that new dominant metal.

(xi) [www.mandalayresources.com](http://www.mandalayresources.com)

(xii) All the material assumptions underpinning exploration results for sample numbers LDD01447 to LDD01585 and LDD01630 to LDD01687 are outlined in Table 1 in the report titled *Significant Drill Results from T7 Target, Los Domos Project* (see ASX release dated 10 May 2018) continue to apply and have not materially changed.

(xiii) All the material assumptions underpinning exploration results for sample numbers LDD01586 to LDD1629, LDD1699 to LDD1751 and LDD1769 to LDD1830 are outlined in Table 1 in the report titled *Further High-Grade Drill Results from T7 Target, Los Domos Project* (see ASX release dated 5 June 2018) continue to apply and have not materially changed.

(xiv) All the material assumptions underpinning exploration results for sample numbers LDD01831 to LDD1869 and LDD1930 to LDD2337 are outlined in Table 1 in the report titled *Latest Drill Results Extend Defined Mineralisation at Los Domos* (see ASX release dated 6 August 2018) continue to apply and have not materially changed.

(xv) All the material assumptions underpinning exploration results for historical samples D00001 – D00157 as outlined in Table 1 and Appendix 1 in the report titled *Newly Acquired Cerro Diablo Project Augments Equus Mining's Strategy at Los Domos* (see ASX release dated 19 February 2018) continue to apply and have not materially changed.

(xvi) All the material assumptions underpinning exploration results for historical samples D10001 – D10085 as outlined in Table 1 and Appendix 1 in the report titled *Widespread Mineralisation Confirmed At Newly Acquired Cerro Diablo Project* (see ASX release dated 18 April 2018) continue to apply and have not materially changed.

(xvii) All the material assumptions underpinning exploration results for historical samples D10087 – D10156 as outlined in Table 1 and Appendix 1 in the report titled *Further Widespread High-Grade Mineralisation Discovered at Cerro Diablo Project* (see ASX release dated 18 June 2018) continue to apply and have not materially changed.

Yours sincerely



Ted Leschke  
Managing Director  
Dated this 24th day of September 2018

## CORPORATE GOVERNANCE STATEMENT

The Board is committed to maintaining the highest standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2018 corporate governance statement is dated 24 September 2018 and reflects the corporate governance practices throughout the 2018 financial year. The board approved the 2018 corporate governance on 11 September 2018. A description of the Company's current corporate governance practices is set out in the Company's corporate governance statement, which can be viewed at <http://www.equusmining.com/corporate-governance/>.



**The Directors present their report, together with the consolidated financial statements of the Group, comprising of Equus Mining Limited ('Equus' or 'the Company') and its controlled entities for the financial year ended 30 June 2018 and the auditor's report thereon.**

## DIRECTORS

The names and details of the Directors in office during or since the end of the previous financial year are as follows. Directors were in office for the entire year unless otherwise stated.

**Mark Hamish Lichtenberg, Non-Executive Chairman**  
Director since 10 October 2014

Mr Lichtenberg graduated with a Bachelor of Law (Hons) degree from Liverpool University, U.K. and has been actively involved in the coal industry for more than 30 years.

Mark Lichtenberg is Non Executive Director of recently listed Nickel Mines Limited and is the former Executive Chairman and founding Managing Director of ASX-listed Baralaba Coal Company Limited (formerly Cockatoo Coal Limited). He was a principal architect of Cockatoo's inception and growth from an early-stage grassroots explorer through to an emerging mainstream coal producer. He was also formerly the co-head of Glencore International AG's worldwide coal division, where he spent 13 years overseeing a range of trading activities including the identification, due diligence, negotiation, acquisition and aggregation of the coal project portfolio that would become Xstrata Coal.

Prior to this Mark established a coal "swaps" market for Bain Refco, (Deutsche bank) after having served as a senior coal trader for Hansen Neuerburg AG and as coal marketing manager for Peko Wallsend Limited.

He was Managing Director of Pacific American Coal Limited and has previously been a Director of ASX-listed Cumnock Coal Limited and of privately held United Collieries Pty Limited and is currently a Director of Australian Transport, Energy Corridor Pty Limited, (ATEC).

He has not served as a director of any other listed company during the past three years.

**Edward Jan Leschke, Managing Director**  
Director since 5 September 2012

Mr. Leschke graduated with a Bachelor of Applied Science – Applied Geology degree from the Queensland University of Technology. During a 23 year professional career Mr Leschke initially worked as a mine geologist at the Elura zinc-lead-silver mine in central New South Wales as well as holding geological positions in a number of locations such as the Central Queensland coal fields, South Australia and Papua New Guinea.

Mr Leschke made the transition to the financial sector specialising in mining investment, analysis and corporate finance and has worked for a number of financial institutions including BZW Stockbroking, Aberdeen Asset Management and Shaw Stockbroking. Mr Leschke has been responsible for the inception of Equus Resources Ltd and the two wholly owned subsidiaries in the Republic of Chile.

He has not served as a director of any other listed company during the past three years.

**Juerg Marcel Walker, Non-Executive Director**  
Director appointed 20 May 2002

Juerg Walker is a European portfolio manager and investor. He has over 30 years' experience in the Swiss banking industry, operating his own portfolio management company after leaving his position as senior vice president of a private bank in Zurich.

He has not served as a director of any other listed company during the past three years.

## Robert Ainslie Yeates, Non-Executive Director

Director since 20 July 2015

Rob Yeates is a graduate of the University of NSW, completing a Bachelor of Engineering (Honours 1) in 1971 and a PhD in 1977 and then an MBA in 1986 from Newcastle University. He began his career with Peko Wallsend working in a variety of roles including mining engineering, project management, mine management and marketing.

He became General Manager Marketing for Oakbridge Pty Limited in 1989 following a merger with the Peko Wallsend coal businesses and went on to become Managing Director of Oakbridge, which was the largest coal mining company in NSW at that time, operating one open cut and five underground coal mines.

Dr Yeates also has gained operating, business development and infrastructure experience as a director of Port Waratah Coal Services (Newcastle Port), Port Kembla Coal Terminal, Great Northern Mining Corporation NL and Cyprus Australia Coal and for the past 20 years has been principal of his own mine management consultancy, providing a wide range of technical, management and strategic planning services to the mining industry. Until 2014 he was also Project Director then CEO of Newcastle Coal Infrastructure Group, which has developed and is operating coal export facilities in Newcastle.

Dr Yeates was until 2015 and for the prior ten years a director in ASX-listed Baralaba Coal Company Limited (formerly Cockatoo Coal Limited), and since 2016 he has been a director of Watagan Mining Ltd and in 2018 became a director of Montem Resources Limited.

He has not served as a director of any other listed company during the past three years.

## COMPANY SECRETARY

### Marcelo Mora

Company Secretary since 16 October 2012

Marcelo Mora holds a Bachelor of Business degree and Graduate Diploma of Applied Corporate Governance. Mr Mora has been an accountant for more than 30 years and has experience in resources and mining companies both in Australia and internationally, providing financial reporting and company secretarial services to a range of publicly listed companies.

## DIRECTORS' MEETINGS

The number of Directors' meetings and number of meetings attended by each of the Directors (while they were a Director) of the Company during the year are:

Director	Board Meetings	
	Held	Attended
Mark H. Lochtenberg	1	1
Edward J. Leschke	1	1
Juerg M. Walker	1	1
Robert A. Yeates	1	1

## Enquiry

## DIRECTORS' INTERESTS

Directors' beneficial shareholdings at the date of this report are:

Director	Fully Paid	Options
	Ordinary Shares	over ordinary shares
Mark H. Lochtenberg	31,360,781	-
Edward J. Leschke	34,768,889	-
Juerg M. Walker	8,297,861	-
Robert A. Yeates	2,590,909	-

## OPTION HOLDINGS

### *Options granted to directors' and officers'*

The Company did not grant any options over unissued ordinary shares during or since the end of the financial year to directors as part of their remuneration. The Directors do not hold any options over unissued shares at the date of this report nor did they hold any at the reporting date.

The Company has not granted any options over unissued ordinary shares during or since the end of the financial year to officers as part of their remuneration.

### *Unissued shares under option*

At the date of this report, the Company does not have options on issue over ordinary shares (2017: 8,718,273 options)

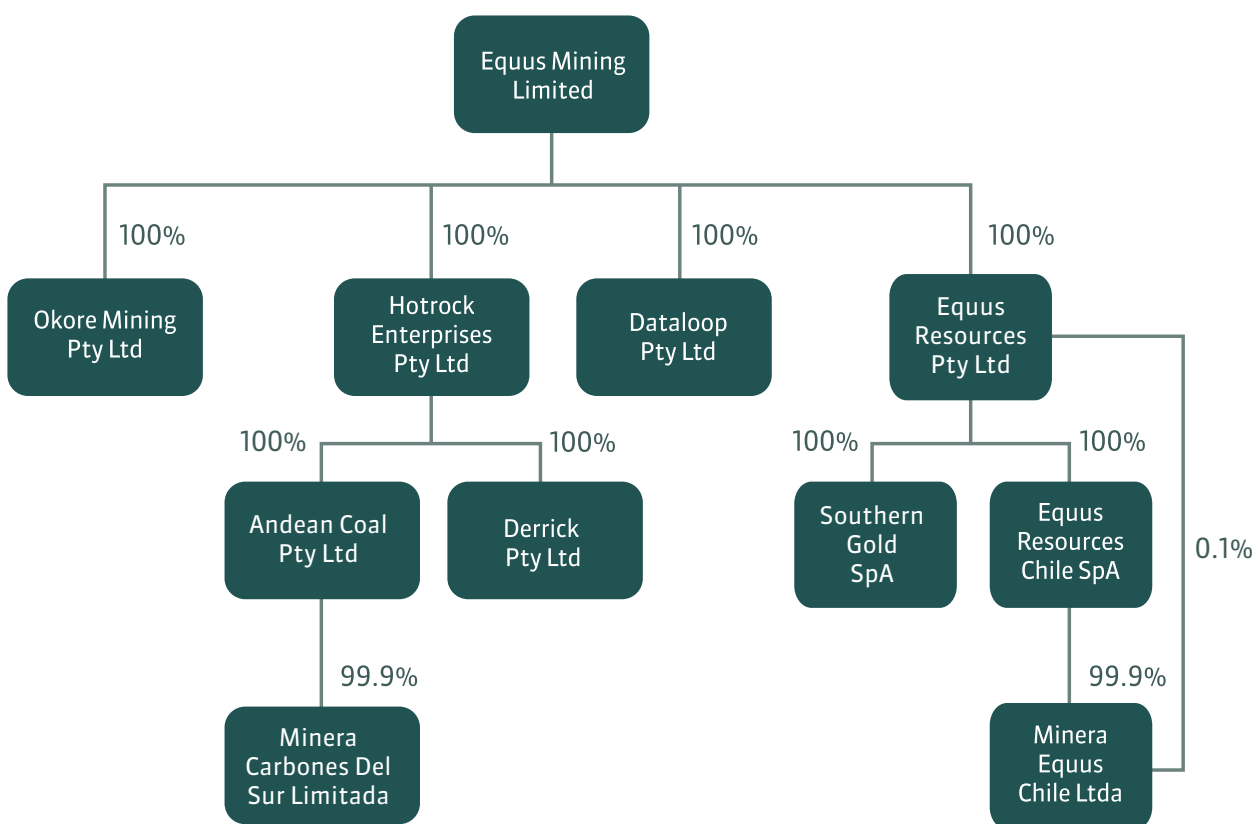


## CORPORATE INFORMATION

### Corporate Structure

Equus Mining Limited is a limited liability company that is incorporated and domiciled in Australia. It has prepared a consolidated financial report incorporating the entities that it controlled during the financial year. The Group's structure at 30 June 2018 is outlined below.

### EQUUS MINING LIMITED – GROUP STRUCTURE AT 30 JUNE 2018



The Companies referred above comprise the “Consolidated Entity” for the purposes of the Financial Statements included in this report.

## PRINCIPAL ACTIVITIES

The principal activity of the Group during the course of the financial year was the drilling program at the Company's Los Domos gold-silver project located in Chile's XI region and earned the rights to 51% interest in the project. The Company expects to complete the formal transfer of the exploration licences for the Los Domos project to the Group under the terms of the farm-in agreement during the year ending 30 June 2019. During the second half of the year, the Company was granted the prospective exploration project over the Cerro Diablo project over an area of 4,554 hectares.

## FINANCIAL RESULTS

The consolidated loss after income tax attributable to members of the Company for the year was \$1,997,302 (2017: \$899,548 loss).

## REVIEW OF OPERATIONS

A review of the Group's operations for the year ended 30 June 2018 is set out on pages 2 to 17 of this Annual Report.

## DIVIDENDS

The Directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2018. No dividends have been paid or declared during the financial year (2017 - \$nil).

## CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, significant changes in the state of affairs of the Group that occurred during the year ended 30 June 2018 were as follows:

- The Group completed a systematic surface sampling and 2,091 metres drilling program and earned the rights to 51% interest in Los Domos Gold-Silver project located in Chile's XI region, adjacent to the Cerro Bayo gold-silver mine.
- Equus applied and was granted exploration licences over the prospective Cerro Diablo precious and base metal project over an area of 4,554 hectares and the project is located in Chile's XI region nearby the Company's Los Domos project.
- On 20 September 2017, the Company issued 6,974,618 new ordinary shares by the exercise of 6,974,618 unlisted options at an exercise price of \$0.02 per option raising \$139,492 before costs.
- On 27 October 2017, the Company issued 64,549,828 new ordinary shares under a placement at an issue price of \$0.037 per share for a total consideration of \$2,388,344 before costs.
- On 15 November 2017, the Company issued 7,054,054 new ordinary shares under a placement at an issue price of \$0.037 per share for a total consideration of \$261,000 before costs.
- On 15 December 2017, the Company issued 4,554,054 new ordinary shares under a placement at an issue price of \$0.037 per share for a total consideration of \$168,500 before costs.
- On 18 December 2017, the Company issued 1,743,655 new ordinary shares by the exercise of 1,743,655 unlisted options at an exercise price of \$0.02 per option raising \$34,873 before costs.
- On 18 April 2018, the Company issued 1,281,727 new ordinary shares by the exercise of 1,281,727 unlisted options at an exercise price of \$0.02 per option raising \$25,634 before costs.

## ENVIRONMENTAL REGULATIONS

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

The Group's exploration activities in Chile are subject to environmental laws, regulations and permit conditions as they apply in the country of operation. There have been no breaches of environmental laws or permit conditions while conducting operations in Chile during the year.

The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

## EVENTS SUBSEQUENT TO BALANCE DATE

No other matters or circumstances have arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.



## LIKELY DEVELOPMENTS

Equus considers growth as a vital strategy for the Company taking into consideration its existing operations in southern Chile. The addition of Cerro Diablo precious and base metal project during 2018 augments the potential synergies with the Company's Los Domos gold-silver project adding substantial value to the Company in addition to the coal exploration licences in the Magellan Basin.

During the course of 2019 financial year, the Company will focus on its drilling program at Los Domos, fieldwork at Cerro Diablo and its ongoing strategic assessment of its coal assets in the Magellan basin. The Directors expect to receive results of future exploration programs at Los Domos gold-silver project and Cerro Diablo, which they will make public in accordance with ASX listing rules once the information is received.

Further information as to likely developments in the operations of the Group and the expected results of those operations in subsequent years has not been included in this report because disclosure of this information would be likely to result in unreasonable prejudice to the Group.

## INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During or since the end of the financial, the Company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company against a liability incurred as such by an officer or auditor. The Group has not paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

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## REMUNERATION REPORT - Audited

### *Principals of compensation - Audited*

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the directors of the Company. No other employees have been deemed to be key management personnel.

The remuneration policy of Directors and senior executives is to ensure the remuneration package properly reflects the persons' duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board is responsible for reviewing its own performance. The evaluation process is designed to assess the Group's business performance, whether long-term strategic objectives are being achieved, and the achievement of individual performance objectives.

The Constitution and ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The latest determination was at a shareholders meeting on 29 November 2005 when the shareholders approved an aggregate remuneration of \$200,000 per year.

Remuneration generally comprises of salary and superannuation. Long-term incentives are able to be provided through the Company's share option program, which acts, to align the Director's and senior executive's actions with the interests of the shareholders, no options were granted or outstanding to key management personnel for the year ended 30 June 2018, or in the prior year. The remuneration disclosed below represents the cost to the Group for services provided under these arrangements.

Edward Leschke and Mark Lichtenberg are paid through the Company's payroll. All other Directors services are paid by way of arrangement with related parties.

There were no remuneration consultants used by the Company during the year ended 30 June 2018, or in the prior year.

**REMUNERATION REPORT – Audited (Con't)***Consequences of performance on shareholders' wealth - Audited*

In considering the Group's performance and benefits for shareholders' wealth, the Board has regard to the following indices in respect of the current financial year and the previous four financial years.

	2018 \$	2017 \$	2016 \$	2015 \$	2014 \$
Net loss attributable to equity holders of the parent	1,997,302	899,548	3,573,850	1,048,648	9,856,444
Dividends paid	-	-	-	-	-
Change in share price	-	0.02	(0.01)	0.01	(0.02)

The overall level of key management personnel's compensation has been determined based on market conditions, advancement of the Group's projects and the financial performance of the Group.

Details of the nature and amount of each major element of the remuneration of each Director of the Company and other key management personnel of the Company and Group are:

	Year	Primary Salary / Fees \$	Superannuation \$	Share Based Payments Options \$	Other Long Term \$	Total \$
<i>Executive Directors</i>						
Edward Leschke	2018	157,437	14,250	-	<sup>(1)</sup> 2,302	173,989
	2017	150,000	14,250	-	-	164,250
<i>Non-Executive Directors</i>						
Robert Yeates	2018	30,000	-	-	-	30,000
	2017	30,000	-	-	-	30,000
Juerg Walker	2018	30,000	-	-	-	30,000
	2017	30,000	-	-	-	30,000
Mark Lochtenberg	2018	30,000	2,850	-	-	32,850
	2017	30,000	2,850	-	-	32,850
Total all directors	2018	247,437	17,100	-	2,302	266,839
	2017	240,000	17,100	-	-	257,100

<sup>(1)</sup> Represents amounts accrued for long service leave entitlements.

*Remuneration Structure*

In accordance with best practice corporate governance, the structure of Executive Director and Non-Executive Director remuneration is separate and distinct.

*Service contracts*

In accordance with best practice corporate governance the company provided each key management personnel with a letter detailing the terms of appointment, including their remuneration.



## **REMUNERATION REPORT – Audited (Con't)**

### *Executive Directors*

During the financial year ended 30 June 2018, only Edward Leschke was considered an Executive Director. His salary comprised of fixed remuneration plus 9.5% statutory superannuation paid through the Company's payroll.

### *Non Executive Directors*

During the financial year ended 30 June 2018, the following Directors were considered Non-Executive Directors:

- Mark Lochtenberg;
- Juerg Walker;
- Robert Yeates.

The salary component of Non-Executive Directors was made up of:

- fixed remuneration;
- 9.5% statutory superannuation for Australian resident directors pay through the Company's payroll; and
- an entitlement to receive options, subject to shareholders' approval.

The services of non-executive directors who are not paid through the Company's payroll system are provided by way of arrangements with related parties.

### *Options granted as compensation*

There are no options held by Directors over ordinary shares.

### *Modification of terms of equity-settled share-based payment transactions*

No terms of equity-settled share-based payment transactions (including options granted as compensation to a key management person) have been altered or modified by the issuing entity during the 2018 and 2017 financial years.

### *Exercise of options granted as compensation*

There were no shares issued to Directors on the exercise of options previously granted as compensation during the 2018 and 2017 financial years.

### *Options and rights over equity instruments*

Directors or Key management personnel do not hold any options over unissued shares at the date of this report nor did they hold any at the reporting date.

### *Loans to key management personal and their related parties*

There were no loans made to key management personnel or their related parties during the 2018 and 2017 financial years and no amounts were outstanding at 30 June 2018 (2017 - \$nil).

### *Other transactions with key management personnel*

There were no other transactions with key management personnel or their related parties during 2018.

At 30 June 2018, the amount outstanding for salaries, superannuation and directors fees was Nil (2017: \$ Nil).

**REMUNERATION REPORT – Audited (Con't)***Movements in shares*

The movement during the reporting period in the number of ordinary shares in the Company held directly, indirectly or beneficially by each key management person, including their related parties, is as follows:

Fully paid ordinary shareholdings and transactions - 2018

Key management personnel	Held at 1 July 2017	Purchases	Sales	Held at 30 June 2018
Mark H. Lochtenberg	27,306,727	4,054,054	-	31,360,781
Edward J. Leschke	34,368,889	400,000	-	34,768,889
Juerg M. Walker	8,297,861	-	-	8,297,861
Robert A. Yeates	2,090,909	500,000	-	2,590,909

End of remuneration report.

**NON-AUDIT SERVICES**

During the year ended 30 June 2018 KPMG, the Group's auditor, did not perform other services in addition to the audit and review of the financial statements.

Details of the amounts paid to the auditor of the Group, KPMG, and its network firms for audit and non-audit services provided during the year are set out below.

	2018 \$	2017 \$
Services other than audit and review of financial statements:		
<i>Other services</i>	-	-
<b>Audit and review of financial statements</b>	<b>77,700</b>	<b>80,100</b>
	<b>77,700</b>	<b>80,100</b>

**AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration is set out on page 26 and forms part of the Directors' Report for the financial year ended 30 June 2018.

Signed at Sydney this 24<sup>th</sup> day of September 2018

in accordance with a resolution of the Board of Directors:



**Mark H. Lochtenberg**  
Chairman



**Edward J. Leschke**  
Managing Director



## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Equus Mining Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'KPMG' in a cursive, stylized font.

KPMG

A handwritten signature in black ink that reads 'Jason Adams' in a cursive, stylized font.

Jason Adams  
Partner

Brisbane  
24 September 2018

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Profession Standards Legislation.



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2018

	Notes	2018 \$	2017 \$
<b>CONTINUING OPERATIONS</b>			
Other income	4	52,230	-
<b>Expenses</b>			
Employee, directors and consultants costs		(446,839)	(437,100)
Impairment exploration expenditure	11	(1,454,070)	(165,878)
Travel expenses		(40,572)	(8,319)
Other expenses	4	(341,138)	(327,486)
<b>Results from operating activities</b>		<b>(2,230,389)</b>	<b>(938,783)</b>
Finance income	5	335,511	39,607
Finance costs	5	(102,424)	(372)
<b>Net finance income/(expense)</b>		<b>233,087</b>	<b>39,235</b>
<b>Profit/(loss) before tax</b>		<b>(1,997,302)</b>	<b>(899,548)</b>
Tax benefit/(expense)	6	-	-
<b>Loss for the year</b>		<b>(1,997,302)</b>	<b>(899,548)</b>
<b>Other comprehensive income for the year</b>			
<b>Items that may be classified subsequently to profit or loss:</b>			
Exchange differences on translation of foreign operations	14	262,660	(66,746)
Net change in fair value of available-for-sale financial assets	14	30,906	410,741
Net change in fair value transferred to profit or loss on disposal of available-for-sale financial assets	14	(239,240)	(34,748)
<b>Total other comprehensive income/(loss)</b>		<b>(54,326)</b>	<b>309,247</b>
<b>Total comprehensive loss for the year</b>		<b>(1,942,976)</b>	<b>(590,301)</b>
<b>Loss for the year attributable to:</b>			
Equity holders of the Company		(1,997,302)	(899,548)
Non-controlling Interests		-	-
		<b>(1,997,302)</b>	<b>(899,548)</b>
<b>Total comprehensive loss attributable to:</b>			
Equity holders of the Company		(1,942,976)	(590,301)
Non-controlling Interests		-	-
		<b>(1,942,976)</b>	<b>(590,301)</b>
<b>Earnings per share</b>			
Basic and diluted loss per share attributable to ordinary equity holders (dollars)	15	(0.003)	(0.002)

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

# Consolidated Statement of Financial Position

As at 30 June 2018

	Notes	2018 \$	2017 \$
<b>Current Assets</b>			
Cash and cash equivalents	7	658,568	1,120,683
Receivables	8	19,095	36,255
Other	9	-	1,369
<b>Total Current Assets</b>		<b>677,663</b>	<b>1,158,307</b>
<b>Non-Current Assets</b>			
Available-for-sale financial assets	10	305,660	403,093
Exploration and evaluation expenditure	11	3,689,281	1,897,038
Other	9	-	84,978
<b>Total Non-Current Assets</b>		<b>3,994,941</b>	<b>2,385,109</b>
<b>Total Assets</b>		<b>4,672,604</b>	<b>3,543,416</b>
<b>Current Liabilities</b>			
Payables	12	585,236	367,029
<b>Total Current Liabilities</b>		<b>585,236</b>	<b>367,029</b>
<b>Total Liabilities</b>		<b>585,236</b>	<b>367,029</b>
<b>Net Assets</b>		<b>4,087,368</b>	<b>3,176,387</b>
<b>Equity</b>			
Share capital	13	113,833,684	110,921,315
Reserves	14	167,659	434,405
Foreign currency translation reserve	14	(269,665)	(532,325)
Accumulated losses		(109,644,310)	(107,647,008)
<b>Total Equity</b>		<b>4,087,368</b>	<b>3,176,387</b>

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

# Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2018

	Share Capital \$	Accumulated Losses \$	Other Reserves \$	Foreign Currency Translation Reserves \$	Total Equity \$
<b>Balance at 1 July 2016</b>	<b>108,545,219</b>	<b>(106,747,460)</b>	-	<b>(465,579)</b>	<b>1,332,180</b>
Profit/(Loss) for the year	-	(899,548)	-	-	(899,548)
Total other comprehensive income / (loss)	-	-	375,993	(66,746)	309,247
<b>Total comprehensive profit/(loss) for the year</b>	-	<b>(899,548)</b>	<b>375,993</b>	<b>(66,746)</b>	<b>(590,301)</b>
<b>Transactions with owners recorded directly in equity</b>					
Ordinary shares issued	2,600,000	-	-	-	2,600,000
Transaction costs on issue of shares	(223,904)	-	-	-	(223,904)
Share options	-	-	58,412	-	58,412
<b>Balance at 30 June 2017</b>	<b>110,921,315</b>	<b>(107,647,008)</b>	<b>434,405</b>	<b>(532,325)</b>	<b>3,176,387</b>
<b>Balance at 1 July 2017</b>	<b>110,921,315</b>	<b>(107,647,008)</b>	<b>434,405</b>	<b>(532,325)</b>	<b>3,176,387</b>
Profit/(Loss) for the year	-	(1,997,302)	-	-	(1,997,302)
Total other comprehensive income / (loss)	-	-	(208,334)	262,660	54,326
<b>Total comprehensive profit/(loss) for the year</b>	-	<b>(1,997,302)</b>	<b>(208,334)</b>	<b>262,660</b>	<b>(1,942,976)</b>
<b>Transactions with owners recorded directly in equity</b>					
Ordinary shares issued	2,957,336	-	-	-	2,957,336
Transaction costs on issue of shares	(176,703)	-	-	-	(176,703)
Exercise of options	131,736	-	(58,412)	-	73,324
<b>Balance at 30 June 2018</b>	<b>113,833,684</b>	<b>(109,644,310)</b>	<b>167,659</b>	<b>(269,665)</b>	<b>4,087,368</b>

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



# Consolidated Statement of Cash Flows

For the Year Ended 30 June 2018

	Notes	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		-	-
Cash payments in the course of operations		(895,347)	(949,226)
Net cash used in operations		(895,347)	(949,226)
Interest received		18,060	4,487
<b>Net cash used in operating activities</b>	16	<b>(877,287)</b>	<b>(944,739)</b>
<b>Cash flows from investing activities</b>			
Payments for exploration and development expenditure		(2,704,387)	(481,410)
Proceeds from sale of property		-	75,530
Proceed from sale of financial assets		252,382	17,667
<b>Net cash used in investing activities</b>		<b>(2,452,005)</b>	<b>(388,213)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issues		3,017,844	2,450,000
Share issue expenses		(163,887)	(117,492)
<b>Net cash provided by financing activities</b>		<b>2,853,957</b>	<b>2,332,508</b>
<b>Net increase / (decrease) in cash held</b>		<b>(475,335)</b>	<b>999,556</b>
Cash and cash equivalents at 1 July		1,120,683	119,261
Effects of exchange rate fluctuations on cash held		13,220	1,866
<b>Cash and cash equivalents at 30 June</b>	16	<b>658,568</b>	<b>1,120,683</b>

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

## 1. REPORTING ENTITY

Equus Mining Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is Level 2, 66 Hunter Street, Sydney, NSW, 2000. The consolidated financial statements of the Company as at and for the year ended 30 June 2018 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for-profit entity and is primarily engaged in identifying and evaluating mineral resource opportunities in southern Chile, South America.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards ('IFRSs') and interpretations adopted by the International Accounting Standards Board ('IASB').

The consolidated financial statements were authorised for issue by the Directors on 24 September 2018.

### (b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for available-for-sale financial assets which are measured at fair value.

### (c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

### (d) Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

During the year, the Company raised \$2,841,140 (net of associated costs) through the issue of ordinary shares via placements and exercise of options.

The Group recorded a loss attributable to equity holders of the Company of \$1,997,302 for the year ended 30 June 2018 and has accumulated losses of \$109,644,310 as at 30 June 2018. The Group has cash on hand of \$658,568 at 30 June 2018 and used \$3,581,674 of cash in operations, including payments for exploration and evaluation, for the year ended 30 June 2018. Additional funding will be required to meet the Group's projected cash outflows for a period of 12 months from the date of the directors' declaration.

These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. The ongoing operation of the Group is dependent upon the Group raising additional funding from shareholders or other parties and/or the Group reducing expenditure in-line with available funding.

The Directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. These cash flow projections assume the Group obtains sufficient additional funding from shareholders or other parties. If such funding is not achieved, the Group plans to reduce expenditure to the level of funding available.

In the event that the Group does not obtain additional funding and/or reduce expenditure in line with available funding, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

## 2. BASIS OF PREPARATION (Cont.)

### (e) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described in the following notes:

- Note 2(d) - Going concern;
- Note 6 - Unrecognised deferred tax assets; and
- Note 11 - Exploration and evaluation expenditure.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by entities in the Group.

### (a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entities and the revenue can be reliably measured.

### (b) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, losses on disposal of available-for-sale financial assets and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

### (c) Exploration and evaluation expenditure

Exploration and evaluation expenditure, including the costs of acquiring licences, are capitalised as intangible exploration and evaluation assets on an area of interest basis, less any impairment losses. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in profit or loss.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.



## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

### (c) Exploration and evaluation expenditure (Cont.)

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to developing mine properties.

### (d) Financial instruments

#### *Non-derivative financial assets*

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories:

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. They are included in current assets, except for those with maturities greater than 12 months after the reporting period, which are classified as non-current assets. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

#### *Available-for-sale financial assets*

The Group's investments in equity securities are classified as available-for-sale financial assets. Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss is reclassified to profit or loss.

#### *Non-derivative financial liabilities*

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Other financial liabilities comprise trade and other payables.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

### (d) Financial instruments (Cont.)

#### Share Capital

##### *Ordinary Shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

### (e) Basis of consolidation

#### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### *Transactions eliminated on consolidation*

Intra-group balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

### (f) Trade and other receivables and payables

Trade receivables and payables are carried at amortised cost. For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables and payables are discounted to determine the fair value.

### (g) Impairment

#### *Non-derivative financial assets*

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

For an investment in an equity security classified as available-for-sale, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group consider a decline of 20 per cent to be significant and a period of 9 months to be prolonged.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

### (g) Impairment (Cont.)

#### *Financial assets measured at amortised cost*

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised within profit or loss. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### *Available-for-sale financial assets*

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss recognised previously in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

#### *Non-financial assets*

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Impairment losses are recognised in profit or loss.

#### *Reversals of impairment*

An impairment loss in respect of a financial asset carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of non-financial assets, an impairment loss is reversed if there has been a conclusive change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### (h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

### (i) Income tax

Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

#### *Current tax*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.



# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

### (i) Income tax (Cont.)

#### *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; or
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### (j) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

### (k) Foreign operations

The assets and liabilities of foreign operations are translated to Australian dollars at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in the foreign currency translation reserve ('FCTR'), a separate component of equity.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

### (k) Foreign operations (Cont.)

Foreign exchange gains and losses arising from a monetary item receivable or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in the FCTR.

Any references to functional currency, unless otherwise stated, are to the functional currency of the Company, Australian dollars.

When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

### (l) Segment reporting

#### *Determination and presentation of operating segments*

The Group determines and presents operating segments based on the information that is provided internally to the Managing Director, who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

### (m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

### (n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

### (o) Employee benefits

#### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### *Share-based payment transactions*

The grant-date fair value of share-based payment awards granted is recognised as an employee and consultants expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

### (p) Provision site restoration

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

### (q) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### *Investments in equity securities*

The fair values of investments in equity securities are determined with reference to the quoted market price that is most representative of the fair value of the security at the measurement date.

#### *Share-based payment transactions*

The fair value of the share options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), expected dividends, and the risk-free interest rate (based on government bonds).

The grant-date fair value of share-based payment awards is recognised as an expense, with a corresponding increase in equity, over the period that the recipient unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. Service and non-market performance conditions are not taken into account in determining fair value.



## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

### (r) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

#### *AASB 9 Financial Instruments*

AASB 9 replaces the existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for the Group's annual reporting period beginning 1 July 2018. The Group has performed an assessment of the effect these changes will have on the Group's financial statements on initial adoption on 1 July 2018. Based on this assessment, the Group does not believe that the new classification requirements will have a material impact on the accounting for its cash, receivables and payables. At 30 June 2018, the Group had equity investments classified as available-for-sale with a fair value of \$305,660 that are not held for trading. Under AASB 9, the Group has designated these investments as measured at fair value through other comprehensive income (OCI). Consequently, all fair value gains and losses will be reported in OCI, no impairment losses will be recognised in profit or loss and no gains or losses will be reclassified to profit or loss on disposal. Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except that the Group expects it will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement changes.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

	2018 \$	2017 \$
<b>4. LOSS FROM OPERATING ACTIVITIES</b>		
<b>Other income</b>		
<b>Recognised in profit or loss</b>		
Gain on disposal of subsidiary (refer note 24)	52,230	-
	<u>52,230</u>	<u>-</u>
<b>Other expenses</b>		
Administration costs	53,146	44,996
Audit and review services – KPMG	77,700	80,100
Accounting and secretarial fees	44,610	35,771
Legal fees	37,244	60,711
Commissions	10,691	186
Insurance	13,915	11,300
ASIC and ASX fees	34,779	19,904
Share registry fees	17,463	18,291
Other expenses	51,590	56,227
	<u>341,138</u>	<u>327,486</u>
<b>5. FINANCE INCOME AND FINANCE COSTS</b>		
<b>Recognised in profit and loss</b>		
Interest income on cash deposits	18,060	4,487
Profit on sale of financial assets	239,217	35,120
Gain on settlement of other financial asset	56,895	-
Foreign exchange gain on available for sale investments	8,119	-
Foreign exchange gain / (loss)	13,220	(372)
	<u>335,511</u>	<u>39,235</u>
Impairment of available-for-sale investments reclassified to profit or loss	(102,424)	-
Net finance income/(costs) recognised in profit or loss	<u>233,087</u>	<u>39,235</u>
<b>Recognised in other comprehensive income</b>		
Net change in fair value of available-for-sale financial assets	30,906	410,741
Net change in fair value transferred to profit or loss on disposal of available-for-sale financial assets	(239,240)	(34,748)
Finance cost recognised in other comprehensive income, net of tax	<u>(208,334)</u>	<u>375,993</u>

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

## 6. INCOME TAX EXPENSE

### Current tax expense

	2018 \$	2017 \$
Current year	(237,136)	(205,668)
Overprovision in prior year	-	-
Losses not recognised	237,136	205,668
	-	-

### Numerical reconciliation of income tax expense to prima facie tax payable:

Loss before tax	1,997,302	899,548
Prima facie income tax benefit at the Australian tax rate of 27.5%	(549,258)	(247,376)
Decrease in income tax benefit due to:		
- non-deductible expenses	478,563	66,934
- effect of deferred tax asset (DTA) for capital losses not brought to account	206,060	-
- effect of DTA for tax losses not brought to account	237,136	196,113
- effect of DTA for temporary differences not brought to account	(372,501)	(15,671)
Income tax expense/(benefit)	-	-

### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

Capital losses	6,394,158	6,188,097
Tax losses	3,430,383	3,193,247
Net deductible temporary differences	68,739	331,582
Potential tax benefit at 27.5%	9,893,280	9,712,926

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there-from.

## 7. CASH AND CASH EQUIVALENTS

	2018 \$	2017 \$
Cash at bank	278,934	80,462
Deposits at call	379,634	1,040,221
	658,568	1,120,683

## 8. RECEIVABLES

### Current

Sundry debtors	19,095	36,255
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Trade and sundry debtors are non-interest bearing and generally on 30-day terms.

## 9. OTHER ASSETS

### Prepayments

Current	-	1,369
Non-current	-	84,978
	-	86,347



# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

	2018 \$	2017 \$
<b>10. INVESTMENTS</b>		
Opening balance	403,093	27,976
Additions	218,348	-
Disposal	(252,382)	(34,748)
Revaluation	30,906	410,741
Impairment	(102,424)	-
Foreign currency translation movement	8,119	(876)
Equity securities - available-for-sale at fair value	<u>305,660</u>	<u>403,093</u>

At 30 June 2018 the Group holds 1,396,300 shares (2017: 1,722,550) in Blox Inc., a US over the counter traded company at which had a closing share price of US\$0.1621 at 30 June 2018 (2017: US\$0.018).

	2018 \$	2017 \$
<b>11. EXPLORATION AND EVALUATION EXPENDITURE</b>		
Carbones del Sur	-	1,395,431
Los Domos gold-silver	3,650,684	501,607
Cerro Diablo gold-silver	38,597	-
Net Book Value	<u>3,689,281</u>	<u>1,897,038</u>

## Carbones del Sur

Carrying amount at the beginning of the year	1,395,431	1,534,227
Additions	3,883	61,596
Impairment	(1,454,070)	(165,878)
Foreign currency translation movement	54,756	(34,514)
Net book value	<u>-</u>	<u>1,395,431</u>

## Los Domos gold-silver

Carrying amount at the beginning of the year	501,607	-
Additions	3,121,704	523,398
Foreign currency translation movement	27,373	(21,791)
Balance carried forward	<u>3,650,684</u>	<u>501,607</u>

## Cerro Diablo gold-silver

Carrying amount at the beginning of the year	-	-
Additions	38,593	-
Foreign currency translation movement	4	-
Net book value	<u>38,597</u>	<u>-</u>
Balance carried forward	<u>3,689,281</u>	<u>1,897,038</u>

During the year, the Group has recognised \$1,454,070 impairment in relation to the Thermal Coal project, Carbones del Sur because the criteria outlined in note 3(c) to carry forward the expenditure as an exploration asset were no longer satisfied.

During the year, the Company completed the drilling program at Los Domos gold-silver project and earned the rights to 51% interest in the project. The Company expects to complete the formal transfer of the exploration licences for the Los Domos project to the Group under the terms of the farm-in agreement during the year ending 30 June 2019.

The ultimate recoupment of exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively sale of the respective areas of interest.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

	2018 \$	2017 \$
<b>12. TRADE AND OTHER PAYABLES</b>		
Current liabilities		
Trade creditors and accruals	575,496	367,029
Employee leave entitlements	9,740	-
	<u>585,236</u>	<u>367,029</u>

## 13. ISSUED CAPITAL

754,364,363 (2016: 668,206,427) fully paid ordinary shares	<u>113,833,684</u>	<u>110,921,315</u>
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	2018		2017	
	N°	\$	N°	\$
<b>(a) Fully paid ordinary shares</b>				
Balance at beginning of financial year	668,206,427	110,921,315	434,873,094	108,545,219
Issued ordinary shares 4 November 2016 for \$0.010	-	-	100,000,000	1,000,000
Issued ordinary shares 27 March 2017 for \$0.012	-	-	43,487,309	521,848
Issued ordinary shares 3 May 2017 for \$0.012	-	-	89,846,024	1,078,152
Less cost of issue	-	-	-	(223,904)
Issued ordinary shares 20 September 2017 for \$0.020	6,974,618	139,492	-	-
Issued ordinary shares 27 October 2017 for \$0.037	64,549,828	2,388,344	-	-
Issued ordinary shares 15 November 2017 for \$0.037	7,054,054	261,000	-	-
Issued ordinary shares 15 December 2017 for \$0.037	4,554,054	168,500	-	-
Issued ordinary shares 18 December 2017 for \$0.020	1,743,655	34,873	-	-
Issued ordinary shares 1 May 2018 for \$0.020	1,281,727	25,634	-	-
Transfer from other reserves on exercise of options (b)	-	71,229	-	-
Less cost of issue	-	(176,703)	-	-
	<u>754,364,363</u>	<u>113,833,684</u>	<u>668,206,427</u>	<u>110,921,315</u>

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholders meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

### (b) Share Options

During the year ended 30 June 2018 the 8,718,273 options granted on 4 November 2016 were exercised and the grant date fair value of the options totalling \$58,412 was transferred from the equity based compensation reserve to share capital.

On 18 April 2018, the Company issued the remaining 1,281,727 unlisted options as part consideration for the capital raising completed on 4 November 2016. The options vested immediately and expired on 4 May 2018. Each option entitles the holder to subscribe for and be allotted one ordinary share in Equus Mining Limited at an exercise price of \$0.02 per option.

The fair value of the options granted on 18 April 2018 was \$12,817 and the Black-Scholes formula model inputs applied were the Company's share price of \$0.03 at the grant date, a volatility factor of 92.62% based on historic share price performance, a risk free rate of 2.12% based on government bonds, and a dividend yield of 0%

The options granted on 18 April 2018 were exercised on 1 May 2018 and the grant date fair value of the options totalling \$12,817 was transferred from the equity based compensation reserve to share capital. No options remaining on issue at 30 June 2018 (30 June 2017: 8,718,273).

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

	2018 \$	2017 \$
<b>14. RESERVES</b>		
Equity based compensation reserve (a)	-	58,412
Fair value reserve (b)	167,659	375,993
Foreign currency translation reserves (c)	(269,665)	(532,325)
	<u>(102,006)</u>	<u>(97,920)</u>
<b>Movements during the period:</b>		
<b>(a) Equity based compensation reserve</b>		
Balance at beginning of period	58,412	-
Share base payment - vested share options	12,817	58,412
Exercised options	(71,229)	-
Balance at end of period	<u>-</u>	<u>58,412</u>
<b>Movements during the period:</b>		
<b>(b) Fair value reserve</b>		
Balance at beginning of period	375,993	-
Net change in fair value of available-for-sale financial assets	30,906	375,993
Fair value movement transferred to profit or loss on disposal	(239,240)	-
Balance at end of period	<u>167,659</u>	<u>375,993</u>
<b>(c) Foreign currency translation reserves</b>		
Balance at beginning of period	(532,325)	(465,579)
Transfer of foreign currency translation reserve to gain on disposal of subsidiary in profit or loss	215,782	-
Currency translation differences	46,878	(66,746)
Balance at end of period continuing operations	<u>(269,665)</u>	<u>(532,325)</u>

## Nature and purpose of reserves

### Equity based compensation reserve:

The equity based compensation reserve is used to record the fair value of options issued but not exercised.

### Fair value reserve:

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale investments until the assets are derecognised or impaired.

### Foreign currency translation reserve:

The foreign currency translation reserve records the foreign currency differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

## 15. LOSS PER SHARE

Basic and diluted loss per share has been calculated using:

	2018 \$	2017 \$
Net loss for the year attributable to equity holders of the parent	<u>(1,997,302)</u>	<u>(899,548)</u>

### *Weighted average number of ordinary shares (basic and diluted)*

Issued ordinary shares at beginning of year	668,206,427	434,873,094
Effect of shares issued (Note 13)	<u>56,966,205</u>	<u>90,800,997</u>
Weighted average ordinary shares at the end of the year	<u>725,172,632</u>	<u>525,674,091</u>

As the Group is loss making, none of the potentially dilutive securities are currently dilutive in the calculation of total earnings per share.

## 16. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

### Cash flows from operating activities

Loss for the year	<u>(1,997,302)</u>	<u>(899,548)</u>
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### Non-cash items

Gain on sale of property	-	(6,011)
Gain on sale of available for sale financial assets	(239,217)	(34,748)
Impairment of available for sale financial assets	102,424	-
Gain on settlement of other financial asset	(56,895)	-
Foreign currency exchange loss/(gain)	(21,339)	5,366
Impairment of exploration and evaluation expenditure	1,454,070	165,878
Gain on disposal of subsidiary	(52,230)	-
Employee benefit provision	9,739	-

### Changes in assets and liabilities

Decrease/(increase) in receivables	17,159	(22,877)
Decrease/(increase) in other assets	86,347	(84,324)
(Decrease)/Increase in payables	<u>(180,043)</u>	<u>(68,475)</u>
<b>Net cash used in operating activities</b>	<u><b>(877,287)</b></u>	<u><b>(944,739)</b></u>

### Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and cash on deposit net of bank overdrafts and excluding security deposits. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

<b>Cash and cash equivalents</b>	<u><b>658,568</b></u>	<u><b>1,120,683</b></u>
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# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

## 17. RELATED PARTIES

### Parent and ultimate controlling party

Equus Mining Limited is both the parent and ultimate controlling party of the Group.

### Key management personnel and director transactions

During the year ended 30 June 2018 and 2017, No key management persons, or their related parties, held positions in other entities that provide material professional services resulting in them having control or joint control over the financial or operating policies of those entities.

## 18. KEY MANAGEMENT PERSONNEL DISCLOSURES

Information regarding individual key management personnel's compensation and some equity instruments disclosures as permitted by Corporations Act and Corporations Regulations 2M.3.03 are provided in the Remuneration Report section of the Director's Report.

	2018	2017
	\$	\$
<b>Key management personnel compensation</b>		
Primary fees/salary	247,437	240,000
Superannuation	17,100	17,100
Long service leave	2,302	-
	<u>266,839</u>	<u>257,100</u>

At 30 June 2018 \$2,500 fees were outstanding (2017 – nil). There were no loans made to key management personnel or their related parties during the 2018 and 2017 financial years.

The Board reviews remuneration arrangements annually based on services provided. Apart from the details disclosed in this note, there were no material contracts involving Directors' interest's existing at year-end.

## 19. SHARE BASED PAYMENTS

The Company makes share based payments to consultants and/or service providers from time to time, not under any specific plan. The Company also may issue options to directors of the parent entity. Specific shareholder approval is obtained for any share based payments to directors of the parent entity.

### Movement of options during the year ended 30 June 2018

Grant date	Outstanding at the beginning of the year	Granted during the year	Cancelled during the year	Exercised during the year	Expired during the year	Outstanding at the end of the year	Exercisable at the end of the year
4 November 2016	8,718,273	1,281,727	-	10,000,000	-	-	-

### Options outstanding at 30 June 2018

There were no options outstanding at 30 June 2018.

### Movement of options during the year ended 30 June 2017

Grant date	Outstanding at the beginning of the year	Granted during the year	Cancelled during the year	Exercised during the year	Expired during the year	Outstanding at the end of the year	Exercisable at the end of the year
4 November 2016	8,718,273	8,718,273	-	-	-	8,718,273	8,718,273

## 19. SHARE BASED PAYMENTS (Cont.)

Options outstanding at 30 June 2017

Grant date	Number of options	Exercise price	Fair value at grant date	Vesting Date	Expiry date
4 November 2016	8,718,273	\$0.02	\$0.0067	4 November 2016	4 May 2018

### Weighted average exercise price of options

Year	Outstanding at the beginning of the year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the year	Outstanding at the end of the year	Exercisable at the end of the year
2018	-	\$0.02	-	\$0.02	-	-	-
2017	-	\$0.02	-	-	-	\$0.02	\$0.02

### Fair value of options

The fair value of options granted is measured at grant date and recognised as an expense over the period during which the option holder become unconditionally entitled to the options. The fair value of the options granted is measured using an appropriate option valuation methodology, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of options that vest.

During the year ended 30 June 2018, all options were exercised (2017: no options expired unexercised).

The fair value of the 8,718,273 options granted on 4 November 2016 was \$58,412. The options were issued to Bell Potter Nominees Ltd. The options were valued using the Black-Scholes formula. The valuation inputs were the Company's share price of \$0.014 at the grant date, a volatility factor of 124% (based on historical share price performance), a life of 18 months, a risk-free interest rate of 1.65% based on the 2 year government bond rate and a dividend yield of 0%. The exercise price of \$0.02. These options had a non-market performance vesting condition and hence the options fully vested on grant date.

The fair value of the 1,281,727 options granted on 18 April 2018 was \$12,817. The options were issued to Bell Potter Nominees Ltd. The options were valued using the Black-Scholes formula. The valuation inputs were the Company's share price of \$0.03 at the grant date, a volatility factor of 91.62% (based on historical share price performance), a life of 16 days, a risk-free interest rate of 2.12% based on the 2 year government bond rate and a dividend yield of 0%. The exercise price of \$0.02. These options had a non-market performance vesting condition and hence the options fully vested on grant date.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

## 20. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS DISCLOSURE

The Group's financial instruments comprise deposits with banks, receivables, trade and other payables and from time to time short term loans from related parties. The Group does not trade in derivatives.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risks. This note presents information about the Group's exposure to each of these risks, its objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

### Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions and the Group's activities. The primary responsibility to monitor the financial risks lies with the Managing Director and the Company Secretary under the authority of the Board.

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligation as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors rolling forecasts of liquidity based on expected fund raisings, trade payables and other obligations for the ongoing operation of the Group. At balance date, the Group has available funds of \$658,568 for its immediate use.

The following are the contractual maturities of financial liabilities:

Financial liabilities	Carrying amount \$	Contractual cash flows \$	Less than 6 months \$	6 to 12 months \$	1 to 5 years \$	More than 5 years \$
Trade and other payables						
<b>30 June 2018</b>	<b>575,496</b>	<b>(575,496)</b>	<b>(575,496)</b>	-	-	-
30 June 2017	367,029	(367,029)	(367,029)	-	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

## 20. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS DISCLOSURE (Cont.)

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The carrying amount of the Group's financial assets represents the maximum credit risk exposure as follows:

	2018	2017
	\$	\$
Cash and cash equivalents	658,568	1,120,683
Receivables	19,095	36,255
	<u>677,663</u>	<u>1,156,938</u>

### Cash and cash equivalents

At 30 June 2018, the Group held cash and cash equivalents of \$658,568 (2017: \$1,120,683), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with reputable banks and financial institution counterparties, which are rated AA- to AAA+, based on rating agency 'Moody's rating'.

### Receivables

For the year ended 30 June 2018, the Group does not hold a significant value of trade receivables, and therefore has minimal exposure to credit risk.

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### Interest Rate Risk

The Group's income statement is affected by changes in interest rates due to the impact of such changes on interest income and expenses.

At year-end, the interest rate risk profile of the Group's interest bearing financial instruments was:

	2018	2017
	\$	\$
Cash and cash equivalents	<u>658,568</u>	<u>1,120,683</u>

There are no fixed rate instruments (2017 - \$nil).

The Group does not have interest rate swap contracts. The Group has two interest bearing accounts from where it draws cash when required to pay liabilities as they fall due. The Group normally invests its funds in the two interest bearing accounts to maximise the available interest rates. The Group analyses its interest rate exposure when considering renewals of existing positions including alternative financing arrangements.

### Sensitivity analysis

A change of 100 basis points in interest rates at the current and prior reporting date would have increased/(decreased) equity and loss for the period by an immaterial amount.



# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

## 20. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS DISCLOSURE (Cont.)

### Currency risk

The Group is exposed to currency risk on bank account denominated in USD totalling \$33,190 at 30 June 2018 (2017 – US\$16,926) and equity investments in shares in the United States totalling US\$226,340 (2017 – US\$310,059). The Group's gross financial position exposure to foreign currency risk at balance date was US\$259,530 (2017 - US\$326,985).

### Sensitivity analysis

A 10% strengthening of the Australian dollar against the United States dollar at 30 June 2018 would have decreased post-tax profit and net assets of the Group by \$27,787. A 10% weakening of the Australian dollar against the United States dollar at 30 June 2018 would have an increased post-tax profit and net assets of the Group by \$30,566, on the basis that all other variables remain constant.

Exchange rates applied:

	Reporting date spot rate	
	2018	2017
AUD/USD	0.7405	0.7692

### Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the balance sheet as available-for-sale.

The Group's investments are publicly traded on the Over-The-Counter-Market ('OTC market') in the USA.

The table below summarises the impact of increases/decreases of the bid price on the Group's post-tax profit for the year and on equity

	Impact on post-tax profit		Impact on Total equity	
	2018	2017	2018	2017
	\$	\$	\$	\$
Blox-Inc. - 10% bid price increase	-	-	30,566	40,309
Blox-Inc. - 10% bid price decrease	-	-	(27,786)	(40,309)

### Capital management

Management aim to control the capital of the Group in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital supported by financial assets. There are no externally imposed capital requirements on the Group.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of cash levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

## 20. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS DISCLOSURE (Cont.)

### Estimation of Fair Values

The carrying amounts of financial assets and financial liabilities included in the balance sheet approximate fair values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - fair value measurements are those instruments valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - fair value measurements are those instruments valued based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - fair value measurements are those instruments valued based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Available-for-sale financial assets				
30 June 2018	-	305,660	-	305,660
30 June 2017	-	403,093	-	403,093

All available for sale financial assets relate to investments held in quoted equity securities and were designated as available-for-sale financial assets.

## 21. CONTROLLED ENTITIES

### Parent entity

Equus Mining Limited is an Australian incorporated company listed on the Australian Securities Exchange.

Wholly owned controlled entities	Country of incorporation	Ownership Interest	
		2018 %	2017 %
Hotrock Enterprises Pty Ltd (i)	Australia	100	100
Okore Mining Pty Ltd (ii)	Australia	100	100
Dataloop Pty Ltd	Australia	100	100
Equus Resources Pty Ltd (iii)	Australia	100	100
<b>(i) Subsidiary of Hotrock Enterprises Pty Ltd</b>			
Derrick Pty Ltd	Australia	100	100
Andean Coal Pty Ltd (iv)	Australia	100	100
<b>(iv) Subsidiary of Andean Coal Pty Ltd</b>			
Minera Carbones Del Sur Limitada	Chile	99.9	99.9
<b>(ii) Subsidiary of Okore Mining Pty Ltd</b>			
Leo Shield Exploration Ghana Ltd	Ghana	-	100
<b>(iii) Subsidiary of Equus Resources Pty Ltd</b>			
Equus Resources Chile SpA (v)	Chile	100	100
Minera Equus Chile Ltda	Chile	99.9	99.9
Southern Gold SpA	Chile	100	100
<b>(v) Subsidiary of Equus Resources Chile SpA</b>			
Minera Equus Chile Ltda	Chile	0.1	0.1

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

## 22. COMMITMENTS

### Exploration expenditure commitments

The Group does not have any minimum expenditure commitments in relation to its mineral interests in the Magallanes Basin in southern Chile or at Los Domos Gold-Silver project at the date of this report.

## 23. OPERATING SEGMENTS

The Group's chief operating decision maker has considered the requirements of AASB 8, Operating Segments, and has concluded that, during the year ended 30 June 2018, the Group operated in the mineral exploration within the geographical segments of Australia and Chile. The Company holds shares in Blox Inc., a US over the counter traded company and has concluded that during the year ended 30 June 2018, to recognise the investment in Blox Inc., as a separate operating segment.

	Mineral Exploration \$	Investing \$	Total \$
<b>30 June 2018</b>			
External revenues	-	-	-
Reportable segment profit /(loss) before tax	(1,534,295)	162,849	(1,371,446)
Interest income	123	17,937	18,060
Interest expense	-	-	-
Other material non-cash items:			
Impairment of investment	-	(102,424)	(102,424)
Reportable segment assets	3,878,076	305,660	4,183,736
Reportable segment liabilities	459,793	-	459,793
<b>30 June 2017</b>			
External revenues	-	-	-
Reportable segment profit /(loss) before tax	(235,613)	39,325	(196,288)
Interest income	80	4,407	4,487
Interest expense	-	-	-
Other material non-cash items:			
Impairment of investment	-	-	-
Reportable segment assets	2,001,894	403,093	2,404,987
Reportable segment liabilities	153,478	-	153,478

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

## 23. OPERATING SEGMENTS (Cont.)

Reconciliations of reportable segment revenues and profit or loss	2018	2017
	\$	\$
<b>Revenues</b>		
Total revenue for reportable segments	-	-
Total revenue unallocated	-	-
Consolidated revenue	-	-
<b>Profit or loss</b>		
Total loss for reportable segments	(1,371,446)	(196,288)
Unallocated amounts:		
Other income	52,230	-
Net finance income	70,115	-
Net other corporate expenses	(748,201)	(703,260)
Consolidated loss before tax from continuing operations	(1,997,302)	(899,548)
<b>Assets</b>		
Total assets for reportable segments	4,183,736	2,404,987
Unallocated corporate assets	488,868	1,138,429
Consolidated total assets	4,672,604	3,543,416
<b>Liabilities</b>		
Total liabilities for reportable segments	459,793	153,478
Unallocated corporate liabilities	125,443	213,551
Consolidated total liabilities	585,236	367,029

### Geographical information

In presenting information on the basis of geography, segment revenue and segment assets are based on the geographical location of the operations.

	2018		2017	
	Revenue	Non-current assets	Revenues	Non-current assets
	\$	\$	\$	\$
Australia	-	-	-	-
All foreign locations				
- Chile	-	3,689,281	-	1,514,768
- United States of America	-	305,660	-	403,093



# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

## 24. DISPOSAL OF SUBSIDIARY

On 30 September 2017, the Group completed the sale of Leo Shields, the subsidiary located in Ghana. The Group received consideration totalling \$261,465 in exchange for the 100% shareholding of the subsidiary. The consideration comprised the following:

- \$100,000 deposit received in a prior year and at 30 June 2017 was recognised as income received in advance in payables.
- A right to receive 550,000 shares in Blox. Inc. which had a fair value of \$161,465 on the date of the disposal. The shares were issued to Equus Mining Limited during April 2018 with a fair value at that date of \$218,348.

On 30 September 2017 the subsidiary had net liabilities of \$6,547 and there were \$215,782 of foreign currency losses accumulated in the Foreign Currency Translation Reserve relating to subsidiary. These losses were transferred to the profit or loss on disposal, and a net gain of \$52,230 was recognised in respect of the sale for the period ended 30 June 2018.

## 25. SUBSEQUENT EVENTS

No other matters or circumstances have arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

## 26. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2018 the parent entity of the Group was Equus Mining Limited.

	Company	
	2018	2017
	\$	\$
<b>Result of the parent entity</b>		
Net (loss)/profit	(3,304,509)	(1,213,686)
Other comprehensive income	-	-
<b>Total comprehensive profit/(loss)</b>	<b>(3,304,509)</b>	<b>(1,213,686)</b>
<b>Financial position of the parent entity at year end</b>		
Current assets	488,868	1,138,429
Non-current assets	305,660	403,093
<b>Total assets</b>	<b>794,528</b>	<b>1,541,522</b>
Current liabilities	125,443	213,551
Non-current liabilities	-	-
<b>Total liabilities</b>	<b>125,443</b>	<b>213,551</b>
<b>Net assets</b>	<b>669,085</b>	<b>1,327,971</b>
<b>Equity</b>		
Share capital	113,833,684	110,921,315
Accumulated losses	(113,332,258)	(110,027,749)
Reserve	167,659	434,405
<b>Total equity</b>	<b>669,085</b>	<b>1,327,971</b>

The Directors are of the opinion that no commitments or contingent liabilities existed at, or subsequent to year end.

1. In the opinion of the Directors of Equus Mining Limited (the 'Company'):
  - (a) the consolidated financial statements and notes thereto, set out on pages 27 to 54, and the Remuneration Report as set out on pages 22 to 25 of the Directors' Report are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance, for the financial year ended on that date;
    - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required under section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2018.
3. The Director's draw attention to Note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed at Sydney this 24th day of September 2018 in accordance with a resolution of the Board of Directors:



**Mark H. Lochtenberg**  
Director



**Edward J. Leschke**  
Director



## Independent Auditor's Report

To the Directors of Equus Mining Limited

### Report on the audit of the Financial Report

#### Opinion

We have audited the **Financial Report** of Equus Mining Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2018;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

#### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

#### Material uncertainty related to going concern

We draw attention to Note 2(d), "Going Concern" in the financial report. The conditions disclosed in Note 2(d), indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.



In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. This included:

- Analysing the cash flow projections by:
  - Evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Group's intentions, and past results and practices;
  - Assessing the planned levels of operating and capital expenditures for consistency of relationships and trends to the Group's historical results, results since year end, and our understanding of the business, industry and economic conditions of the Group;
- Assessing significant non-routine forecast cash inflows and outflows for feasibility, quantum and timing. We used our knowledge of the client, its industry and current status of those initiatives to assess the level of associated uncertainty;
- Reading minutes of directors' meetings and relevant correspondence with the Group's advisors to understand the Group's ability to raise additional shareholder funds, and assess the level of associated uncertainty; and
- Evaluating the Group's going concern disclosures in the Financial Report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions, and accounting standard requirements. We specifically focused on the principle matters giving rise to the material uncertainty.

## Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the Key Audit Matter.

Exploration and evaluation expenditure (\$3,689,281)	
Refer to Note 11 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
Exploration and evaluation expenditure capitalised (E&E) is a key audit matter due to: <ul style="list-style-type: none"> <li>• the significance of the activity to the Group's business and the balance (being 79% of total assets); and</li> <li>• the greater level of audit effort to evaluate the Group's application of the requirements of the industry specific accounting standard <i>AASB 6 Exploration for and Evaluation of Mineral Resources</i>, in particular the conditions allowing capitalisation of relevant</li> </ul>	Our procedures included: <ul style="list-style-type: none"> <li>• We evaluated the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard;</li> <li>• We assessed the Group's determination of its areas of interest for consistency with the definition in the accounting standard. This involved analysing the licenses in which the Group holds an interest and the exploration programmes planned for those for consistency with documentation such as license related</li> </ul>





<p>expenditure and presence of impairment indicators. The compliance with these requirements necessitates a detailed analysis by the Group and therefore gives criticality to the scope and depth of our work. We involved senior team members to challenge the Group's determination of its compliance with the accounting standard.</p> <p>In assessing the conditions allowing capitalisation of relevant expenditure, we focused on:</p> <ul style="list-style-type: none"> <li>• the determination of the areas of interest (areas);</li> <li>• documentation available regarding rights to tenure and compliance with relevant conditions to maintain current rights to an area of interest with additional complexity arising in relation to the Los Domos project where the rights are held under a contractual agreement;</li> <li>• the Group's intention and capacity to continue the relevant E&amp;E activities; and</li> <li>• the Group's determination of whether the E&amp;E meets the carry forward conditions of AASB 6 including whether the E&amp;E is expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale.</li> </ul> <p>In assessing the presence of impairment indicators, we focused on those that may draw into question the commercial continuation of E&amp;E activities for areas of interest where significant capitalised E&amp;E exists. In addition to the assessments above, we paid particular attention to:</p> <ul style="list-style-type: none"> <li>• the strategic direction of the Group and their intent to continue exploration activities in each area of interest;</li> <li>• the ability of the Group to fund the continuation of activities in each area of interest; and</li> <li>• results from latest activities regarding the existence or otherwise of economically recoverable reserves for each area of interest.</li> </ul> <p>Where impairment indicators are present, the Group's determination of the recoverable amount of the area of interest is based on assessments which require judgement and can</p>	<p>technical conditions, contractual agreements, and planned work programmes;</p> <ul style="list-style-type: none"> <li>• For each area of interest, we assessed the Group's current rights to tenure by corroborating the ownership of the relevant license to government registries or government correspondence and evaluating agreements in place with other parties. We also tested for compliance with conditions;</li> <li>• We tested the Group's additions to E&amp;E for the year by evaluating a statistical sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Group's accounting policy and the requirements of the accounting standard;</li> <li>• We evaluated Group documents, such as minutes of directors' meetings, for consistency with their stated intentions for continuing E&amp;E in certain areas. We corroborated this through interviews with key operational and finance personnel;</li> <li>• We obtained project and corporate budgets identifying areas with existing funding and those requiring alternate funding sources. We compared this for consistency with areas with E&amp;E, for evidence of the ability to fund continued activities. We identified those areas relying on alternate funding sources and evaluated the capacity of the Group to secure such funding;</li> <li>• We analysed the Group's activities in each area of interest, and assessed the Group's documentation of planned future activities including work programmes and project budgets for each area of interest to determine whether carry forward conditions of AASB 6 have been satisfied;</li> <li>• We assessed each area of interest for one or more of the indicators of impairment for areas of interest that may indicate the carrying value of capitalised expenditure exceeds its recoverable amount. We did this through testing the status of the Group's tenure and documented planned future activities, considering the results of exploration programmes completed to date, and discussion with management;</li> <li>• We evaluated the Group's determination to</li> </ul>
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<p>be inherently difficult. In the current year, the Group determined that there were indicators of impairment in relation to the Carbones del Sur area of interest and impaired the carrying value of the related E&amp;E.</p>	<p>impair the carrying value of the Carbones del Sur area of interest through testing the status of the Group's tenure and documented planned future activities, reading board minutes, considering the results of exploration programmes completed to date, and discussion with key personnel.</p>
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## Other Information

Other Information is financial and non-financial information in Equus Mining Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.



## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf). This description forms part of our Auditor's Report.

## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Equus Mining Limited for the year ended 30 June 2018, complies with *Section 300A of the Corporations Act 2001*.

### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

### Our responsibilities

We have audited the Remuneration Report included in pages 22 to 25 of the Directors' Report for the year ended 30 June 2018.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Jason Adams  
Partner

Brisbane  
24 September 2018

Additional information as at 31 August 2018 required by the Australian Stock Exchange Listing Rules and not disclosed elsewhere in this report.

## Home Exchange

The Company is listed on the Australian Securities Exchange. The Home Exchange is Sydney.

## Audit Committee

As at the date of the Directors' Report, an audit committee of the Board of Directors is not considered warranted due to the composition of the Board and the size, organisational complexity and scope of operations of the Group.

## Class of Shares and Voting Rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote on a show of hands and one vote for each share held on a poll.

A member holding partly paid shares is entitled to a fraction of a vote equivalent to the proportion, which the amount paid up bears to the issue price for the share.

## Distribution of Shareholders

The total distribution of fully paid shareholders as at 31 August 2018 was as follows:

Range	Total Shareholders	Total Number of Shares
1 - 1,000	274	126,352
1,001 - 5,000	311	881,491
5,001 - 10,000	292	2,646,459
10,001 - 100,000	848	29,806,502
100,001 and over	426	720,903,559
<b>Total</b>	<b>2,151</b>	<b>754,364,363</b>

## Less than Marketable Parcels

On 31 August 2018, 1,119 shareholders held less than marketable parcels of 17,241 shares.

## On Market Buy Back

There is no current on-market buy-back.

## Substantial Holders

The name of the substantial shareholders in Equus Mining Limited as advised to the Company are set out below.

	Number of Ordinary Shares
Norm Seckold	65,877,420
Gerard C Toscan Management Pty Limited <Gerard C Toscan Fam No2 A/C>	86,394,672



# Additional Stock Exchange Information

## Twenty Largest Shareholders

As at 31 August 2018, the twenty largest quoted shareholders held 50.68% of the fully paid ordinary shares as follows:

	Name	Number	%
1	Permgold Pty Ltd	45,877,420	6.32
2	Gerard C Toscan Management Pty Limited <Gerard C Toscan Fam No2 A/C>	43,756,964	5.80
3	Augusta Enterprises Pty Ltd	33,619,471	4.46
4	Mark Hamish Lochtenberg & Michael Lochtenberg <The Rigi Super Fund A/C>	31,360,781	4.16
5	HSBC Custody Nominees (Australia) Limited	26,582,952	3.52
6	Peter John Bartter	20,500,000	2.72
7	Altinova Nominees Pty Ltd	20,000,000	2.65
8	JP Morgan Nominees Australia Limited	19,252,472	2.55
9	Gerard C Toscan Management Pty Limited <Gerard C Toscan Fam No2 A/C>	18,273,427	2.42
10	John Wardman & Associates Pty Ltd <The Wardman Super Fund A/C>	18,000,000	2.39
11	Sambas Energy Pty Ltd	16,000,000	2.12
12	Ringwood Management Pty Limited <Ringwood Super Fund A/C>	15,443,113	2.05
13	Northcliffe Holdings Pty Ltd < Northcliffe Holdings A/C>	14,700,000	1.95
14	Rosignol Pty Ltd <Nightingale Family A/C>	12,500,000	1.66
15	DRYCA Pty Ltd <DRYC Employees Ret/F A/C>	10,000,000	1.33
16	James Christopher Toscan	9,000,000	1.19
17	Francis William Regan	7,853,521	1.04
18	Kate Elise Cappello and Gavin Maurice Cappello	6,577,000	0.88
19	Serlett Pty Ltd <Diligent Inv Super Fund A/C>	6,550,000	0.86
20	John Desmond Martin	6,500,000	0.85

## The number of holders in each class of securities

As at 31 August 2018, the numbers of holders in each class of securities on issue were as follows:

Type of security	Number of holders	Number of securities
Ordinary shares	2,151	754,364,363

## Substantial Optionholders in the Company

As at 31 August 2018, there were no option holders.

## Escrow securities

As at 31 August 2018, there were escrow securities.

## Group Mineral Concession Interests at 31 August 2018

The Company provides the following information regarding its mining tenements:

Project	Location	Tenement	Ownership	% interest	Type of Tenement
<b>Mina Rica</b>	Chile	Mina Rica 12	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 15	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 16	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 19	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 20	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 23	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 26	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 29	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 30	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 31	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 32	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 33	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 34	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 35	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 36	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 37	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 38	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 39	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 40	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 41	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 42	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 43	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 44	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 45	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 46	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 47	Minera Carbones Del Sur Limitada	100	Exploration
Chile	Brunswick 3A	Minera Carbones Del Sur Limitada	100	Exploration	
Chile	Brunswick 4A	Minera Carbones Del Sur Limitada	100	Exploration	
<b>Rubens</b>	Chile	Glo 1	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Glo 2	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Glo 3	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Glo 4	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Glo 5	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Glo 6	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Glo 7	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Glo 8	Minera Carbones Del Sur Limitada	100	Exploration

## Additional Stock Exchange Information

Project	Location	Tenement	Ownership	% interest	Type of Tenement
Los Domos	Chile	Electrum 1A	Terrane Minerals SpA	-	Exploration
	Chile	Electrum 2A	Terrane Minerals SpA	-	Exploration
	Chile	Electrum 3A	Terrane Minerals SpA	-	Exploration
	Chile	Electrum 4A	Terrane Minerals SpA	-	Exploration
	Chile	Electrum 5A	Terrane Minerals SpA	-	Exploration
	Chile	Electrum 6A	Terrane Minerals SpA	-	Exploration
	Chile	Electrum 7A	Terrane Minerals SpA	-	Exploration
	Chile	Electrum 8	Terrane Minerals SpA	-	Exploration
	Chile	Electrum 9	Terrane Minerals SpA	-	Exploration
	Chile	Electrum 10	Terrane Minerals SpA	-	Exploration
	Chile	Electrum 11	Terrane Minerals SpA	-	Exploration
	Chile	Electrum 12A	Terrane Minerals SpA	-	Exploration
	Chile	Pedregoso I	Patagonia Gold SC.	-	Mining Concession
	Chile	Pedregoso VIII	Patagonia Gold SC.	-	Mining Concession
	Chile	Honda 20	Patagonia Gold SC.	-	Mining Concession

The Company's wholly owned subsidiary, Southern Gold SpA has an option to acquire 100% of the Los Domos gold-silver project. The Company has earned the right to 51% interest in the project through the drilling program of 1,000 metres.

As part of Los Domos gold-silver project, Terrane Mineral SpA has an option to acquire 100% of the Mining Concessions from Patagonia Gold SC.



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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of members is to be convened at Level 5, 56 Pitt Street, Sydney, NSW, 2000 on 28 November 2018 at 11 am Eastern Daylight Saving Time (EDST).

### AGENDA

#### ORDINARY BUSINESS

##### Financial Statements

To receive and consider the Company's Annual Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2018.

To consider and, if thought fit, pass the following resolutions, with or without amendment:

##### **Resolution 1 Adoption of the Remuneration Report**

To consider and, if thought fit, to pass with or without amendment, as an **advisory resolution** the following:

*'That the Remuneration Report for the year ended 30 June 2018 be and is hereby adopted.'*

##### **Resolution 2 Re-election of Mr. Mark Lochtenberg as a Director**

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

*'That Mark H. Lochtenberg having retired in accordance with the Company's Constitution and the Listing Rules, and being eligible, offers himself for re-election, be re-elected as a Director of the Company with immediate effect.'*

##### **Resolution 3 Ratification of 7,054,054 Shares - Listing Rule 7.4**

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

*'That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders hereby ratify and approve the issue and allotment of 7,054,054 fully paid ordinary shares issued under Listing Rule 7.1 on 15 November 2017, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.'*

##### **Resolution 4 Ratification of 1,281,727 Shares - Listing Rule 7.4**

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

*'That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders hereby ratify and approve the issue and allotment of 1,281,727 fully paid ordinary shares issued under Listing Rule 7.1 on 1 May 2018, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.'*

**Resolution 5 Ratification of 95,000,000 Shares - Listing Rule 7.4**

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

*'That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders hereby ratify and approve the issue and allotment of 95,000,000 fully paid ordinary shares issued under Listing Rule 7.1 on 5 October 2018, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.'*

**Resolution 6 Approval of the Proposed Issue of Shares to Mark Lichtenberg**

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

*'That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 5,000,000 Shares to a director, Mr Mark Lichtenberg and/or his nominee, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.'*

**Resolution 7 Approval of the Proposed Issue of Shares**

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

*'That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, shareholders approve the issue and allotment of 37,500,000 fully paid ordinary shares to Terrane Minerals SpA ('Terrane') and/or their nominees, as consideration to the vendors of Los Domos project on the terms and conditions as set out in the explanatory memorandum accompanying this Notice of Meeting.'*

**Resolution 8 Approval of 10% Placement Facility**

To consider and, if thought fit, to pass with or without amendment, as a **special resolution** the following:

*"That pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) on the terms and conditions set out in the Explanatory Memorandum."*

To transact any other business that may be brought forward in accordance with the Company's Constitution.

**By order of the Board**

**Marcelo Mora**

**Company Secretary**

19 October 2018

## **Explanatory Memorandum to the Notice of Annual General Meeting**

This Explanatory Memorandum has been prepared to assist members to understand the business to be put to members at the Annual General Meeting to be held at Level 5, 56 Pitt Street, Sydney, NSW, on Wednesday, 28 November 2018 at 11 am Eastern Daylight Saving Time (EDST).

### **Financial Report**

The Financial Report, Directors' Report and Auditor's Report for the Company for the year ended 30 June 2018 will be laid before the meeting. There is no requirement for shareholders to approve these reports, however, the Chair of the meeting will allow a reasonable opportunity to ask the auditor questions about the conduct of the audit and the content of the Auditor's Report.

### **Resolution 1 Adoption of Remuneration Report**

The Remuneration Report, which forms part of the Directors' Report in the Company's 2018 Annual Report, contains certain prescribed details, sets out the policy adopted by the Board of Directors and discloses the payments to Directors.

In accordance with section 250R of the Corporations Act, a resolution that the Remuneration Report be adopted must be put to the vote. The resolution is advisory only and does not bind the Directors or the Company.

Shareholders will be given a reasonable opportunity at the meeting to comment on and ask questions about the Company's Remuneration Report.

The Chair intends to exercise all undirected proxies in favour of Resolution 1. If the Chair of the Meeting is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention.

### ***Voting Exclusion Statement***

Any member of the key management personnel of the Company's consolidated group whose remuneration details are included in the Remuneration Report (or closely related party of any such member), may not vote, and the Company will disregard any votes cast in favour by or on behalf of such persons on Resolution 1, unless the vote is cast:

- as a proxy appointed in writing which specifies how the proxy is to vote on Resolution 1; or
- the proxy is the Chairman of the meeting, and;
  - the appointment does not specify the way the proxy is to vote on the resolution; and
  - the appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of the key management personnel.

**The Directors recommend that you vote IN FAVOUR of this advisory Resolution 1.**

**The Chair of the Meeting intends to vote undirected proxies IN FAVOUR of Resolution 1.**

### **Resolution 2 Re-election of Mr. Mark Lochtenberg as a Director**

In accordance with Article 3.6 of the Company's Constitution and the Corporations Act, Mark Lochtenberg who retires by rotation and, being eligible, offers himself for re-election.

Mr Lochtenberg graduated with a Bachelor of Law (Hons) degree from Liverpool University, U.K. and has been actively involved in the coal industry for more than 30 years.

Mark Lichtenberg is Non-Executive Director of recently listed Nickel Mines Limited and is the former Executive Chairman and founding Managing Director of ASX-listed Baralaba Coal Company Limited (formerly Cockatoo Coal Limited). He was a principal architect of Cockatoo's inception and growth from an early-stage grassroots explorer through to an emerging mainstream coal producer. He was also formerly the co-head of Glencore International AG's worldwide coal division, where he spent 13 years overseeing a range of trading activities including the identification, due diligence, negotiation, acquisition and aggregation of the coal project portfolio that would become Xstrata Coal.

Prior to this Mark established a coal "swaps" market for Bain Refco, (Deutsche bank) after having served as a senior coal trader for Hansen Neuerburg AG and as coal marketing manager for Peko Wallsend Limited.

He was Managing Director of Pacific American Coal Limited and has previously been a Director of ASX-listed Cumnock Coal Limited and of privately held United Collieries Pty Limited and is currently a Director of Australian Transport, Energy Corridor Pty Limited, (ATEC).

**The Directors recommend that you vote IN FAVOUR of Resolution 2.**

**The Chair of the Meeting intends to vote undirected proxies IN FAVOUR of Resolution 2.**

### **Resolution 3, 4 and 5 Ratification of Prior Issue of Securities - Listing Rule 7.4**

Resolutions 3, 4 and 5 seeks the approval of Shareholders of the prior issues of ordinary shares that have occurred in the 12 months prior to the date of this Notice that have not already been approved by Shareholders for the purposes of Listing Rule 7.4.

Under Listing Rule 7.4, an issue of Securities under Listing Rule 7.1 will be treated as having been made with the approval of Shareholders if the issue did not breach the Listing Rules and Shareholders subsequently approve the issue of the Securities. The Company confirms that the issue of the Placement Shares did not breach Listing Rule 7.1.

The Company is now seeking Shareholders ratification for the purposes of ASX Listing Rules 7.4. This ratification will provide the Company with the ability to raise further funds, if required, will maximise the flexibility of the Company's funds management and will facilitate planning for the Company's ongoing activities.

Details of the issue, as required by ASX Listing Rule 7.5 are as follows:

By way of background, the Company has issued the following Shares under the Company's 15% placement capacity.

All shares issued rank equally with all other existing ordinary shares.

- (a) As announced on 15 November 2017, pursuant to its then available listing rule 7.1 capacity, the Company issued 7,054,054 Shares at \$0.037 per share to professional and sophisticated investors (none of whom were related parties of the Company), the proceeds of which were used in the drilling program at Los Domos Gold-Silver project in Chile and for general working capital purposes.

### ***Voting Exclusion Statement***

The Company will disregard any votes cast in favour on this Resolutions by or on behalf of a person who participated in the placements and any of their associates.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

**The Directors recommend that you vote IN FAVOUR of Resolutions 3.**

**The Chairman of the Meeting intends to vote undirected proxies IN FAVOUR of Resolutions 3.**

(b) As announced on 1 May 2018, pursuant to its then available listing rule 7.1 capacity, the Company issued 1,281,727 Shares from the exercise of 1,281,727 unlisted options at \$0.02 per share to a professional and sophisticated investor (who is not a related party of the Company), the proceeds of which were used in the drilling program at Los Domos Gold-Silver project in Chile and for general working capital purposes.

***Voting Exclusion Statement***

The Company will disregard any votes cast in favour on this Resolutions by or on behalf of a person who participated in the placements and any of their associates.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

**The Directors recommend that you vote IN FAVOUR of Resolutions 4.**

**The Chairman of the Meeting intends to vote undirected proxies IN FAVOUR of Resolutions 4.**

(c) As announced on 5 October 2018, pursuant to its then available listing rule 7.1 capacity, the Company issued 95,000,000 Shares at \$0.02 per share to professional and sophisticated investors (none of whom were related parties of the Company), the proceeds will be use to further advance the Company's Los Domos gold-silver project toward a JORC defined resource by conducting a drilling campaign of up to 5,000 meters, the preparation for initial drilling testing at Cerro Diablo project and for general corporate and working capital purposes.

***Voting Exclusion Statement***

The Company will disregard any votes cast in favour on this Resolutions by or on behalf of a person who participated in the placements and any of their associates.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

**The Directors recommend that you vote IN FAVOUR of Resolutions 5.**

**The Chairman of the Meeting intends to vote undirected proxies IN FAVOUR of Resolutions 5.**



## **Resolution 6 Approval of Directors Participation in Tranche 2 Placement**

Resolutions 6 seeks the approval by shareholders of the issue and allotment of 5,000,000 fully paid ordinary shares in the Company as soon as practicable after the date of this Annual General Meeting, and in any event, within 1 month of the date of this Annual General Meeting for the purposes of ASX Listing Rule 10.11. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

This proposed issue, which was announced to the ASX on 27 September 2018 and in conjunction with the placement as announced to the ASX on 5 October 2018, will provide funding to continue with the drilling program at the Los Domos Gold-Silver project in Chile, the preparation for initial drilling testing at Cerro Diablo and for general corporate and working capital purposes.

Shareholder approval is required in accordance with Listing Rule 10.11 and Section 228 of the Corporations Act because Directors and former Directors of the Company that ceased to be directors in the last 6 months prior to this notice of meeting are related parties. If approved, the shares are issue on the same terms and conditions as the placement announced on 27 September 2018.

Furthermore, Shareholder approval of the issue placement to the Directors means that these issues will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

Details of the issue, as required by ASX Listing Rule 10.11 are as follows:

- Number of securities to be allotted: 5,000,000.
- Issue price: \$0.02 per share.
- Terms: Fully paid ordinary shares ranking pari passu with existing ordinary shares.
- Names of allottees: Mark Lochtenberg or his nominee 5,000,000 ordinary shares.
- Allotment date: Within one month of the date of this Annual General Meeting.
- Intended use of funds: The cash will use for the 5,000 metres drilling program at Los Domos, preparation for the drilling testing at Cerro Diablo and for general corporate and working capital purposes.

### ***Voting Exclusion Statement***

The Company will disregard any votes cast in favour of Resolutions 6 by Mark Lochtenberg or his nominee any of his associates.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**The Directors recommend that you vote IN FAVOUR of Resolutions 6.**

**The Chair of the Meeting intends to vote undirected proxies IN FAVOUR of Resolutions 6.**

## **Resolution 7 Approval to issue 37,500,000 ordinary shares**

Resolution 7 seeks the approval by shareholders to issue 37,500,000 fully paid ordinary shares in the capital of Equus Mining Limited ('Equus') to the vendors of the Los Domos gold-silver project, Terrane Minerals SpA or its nominee as consideration for 49% equity interest in the project. Southern Gold SpA a subsidiary of Equus Mining Limited during 2017 earned the right to 51% interest in the Los Domos gold-silver project by completing a 1,000 metres drilling campaign.

As announced on 25 October 2016, Equus secured the rights to acquire 100% of Los Domos gold-silver project via an earn-in and purchase agreement in two tranches. On 10 October 2017 Equus announced that it has met the requirements of tranche one and earned the right to 51% interest in Los Domos gold-silver project. The Company is now seeking approval under Listing Rule 7.1 to issue 37,500,000 under tranche two to acquire the remaining 49% equity interest in the Los Domos gold-silver project.

Details of the issue, as required by ASX Listing Rule 7.3 are as follows:

- Number of securities to be allotted: 37,500,000.
- Issue price: There is no issue price for the securities as the propose issue is as consideration for the acquisition of 49% interest in the Los Domos gold-silver project.
- Terms: Fully paid ordinary shares ranking pari passu with existing ordinary shares.
- Names of allottees: Terrane Minerals SpA or its nominee.
- Allotment date: Within three months of the date of this Annual General Meeting.
- Intended use of funds: No funds will be raise, the issue is in consideration for the acquisition of the remaining 49% interest in the Los Domos gold-silver project.

### ***Voting Exclusion Statement***

The Company will disregard any votes cast in favour of Resolution 7 by Terrane Minerals SpA or its nominee and any of its associates.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

**The Directors recommend that you vote IN FAVOUR of Resolution 7.**

**The Chair of the Meeting intends to vote undirected proxies IN FAVOUR of Resolution 7.**

## **Resolution 8 Approval of 10% Placement Facility**

ASX Listing Rule 7.1A enables the Company to issue equity securities up to 10% of its issued share capital through placements over a 12 month period after the AGM ('10% Placement Facility'). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1. Listed entities with a market cap of \$300 million or less are eligible to seek shareholder approval under Listing Rule 7.1A and the Company's approximate market cap at the time of this Notice of Meeting is \$ 16.1 million.

Resolution 8, which is a Special Resolution requiring 75% of votes cast to be in favour of the resolution, seeks shareholder approval for the Company to have the ability to issue equity securities under the 10% Placement Facility on the following terms:

### **(a) Placement Period**

Shareholder approval of the 10% Placement Facility is valid from the date of the AGM and expires on the earlier of:

- (i) the date that is 12 months after the date of the AGM; or
- (ii) the date of the approval by shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

### **(b) Equity Securities**

Any equity securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company which, in the Company's case, are fully paid ordinary shares.

### **(c) Formula for calculating 10% Placement Facility**

The maximum number of shares that can be issued under the 10% Placement Facility is calculated as follows:

$(A \times D) - E$

Where: *A* is the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid ordinary shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- (ii) plus the number of partly paid ordinary shares that became fully paid in the 12 months;
- (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4;
- (iv) less the number of fully paid shares cancelled in the 12 months.

*D* is 10%.

*E* is the number of fully paid ordinary shares issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rules 7.1 or 7.4.

The current maximum number of shares, as at the date of this notice of meeting, that can be issued under the 10% Placement Facility is 74,602,858. The Company's current capacity to issue securities as at the date of this notice meeting pursuant to listing rule 7.1 is 8,568,506.

### **(d) Minimum Issue Price**

The minimum issue price of equity securities issued for the purpose of Listing Rule 7.1.A.3 must be not less than 75% of the volume weighted average price of equity securities in the same class calculated over the 15 trading days on which trades were recorded immediately before:

- (i) the date on which the price at which the equity securities are to be issued is agreed; or
- (ii) if the equity securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the equity securities are issued.

### (e) Risk of Economic and Voting Dilution

If Resolution 8 is approved by shareholders and the Company issues equity securities under the 10% Placement Facility, the existing shareholders' voting power in the Company will be diluted as shown in the table below. Further, there is a risk that:

- (i) the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the AGM; and
- (ii) the equity securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date.

Because Variable A in the formula for calculating 10% Placement Facility, and consequently the number of shares that can be issued under the 10% Placement Facility, can change during the Placement Period, the table below shows a matrix of scenarios of the potential dilution of existing shareholders as at the date of the AGM on the basis of:

- (i) the issue price of equity securities being the current approximate market price of fully paid ordinary shares, plus 50% and minus 50%; and
- (ii) the maximum number of shares that can be issued under the 10% Placement Facility in accordance with the definition of Variable A in the formula for calculating 10% Placement Facility increasing by 50% and 100%.

Variable A in 10% Placement Facility under ASX Listing Rule 7.1A.2	Voting Dilution and Placement Facility Capacity	Issue Price and Funds Raised		
		50% Decrease in Current Approximate Market Price \$0.010	Current Approximate Market Price \$0.020*	50% Increase in Current Approximate Market Price \$0.030
<b>Current Variable A</b> 849,364,363 shares	9.09% 84,936,436 Shares	\$849,364	\$1,698,729	\$2,548,093
<b>50% increase in current Variable A</b> 1,274,046,545 shares	13.04% 127,404,654 Shares	\$1,274,047	\$2,548,093	\$3,822,140
<b>100% increase in current Variable A</b> 1,698,728,726 shares	16.67% 169,872,873 shares	\$1,698,729	\$3,397,457	\$5,096,186

As an example, if Variable A is increased to 1,698,728,726 shares, the 10% Placement Facility capacity is 169,872,873 shares and therefore the dilution of existing shares as at the date of the AGM, being 746,028,582 shares, is calculated as:

$$169,872,873 \div (849,364,363 + 169,872,873) = 16.67\%$$

### (f) Other Matters

The approval under Listing Rule 7.1A ceases to be valid the date that is 12 months after the date of the AGM or in the event that shareholders approve a transaction under Listing Rule 11.1.2 or 11.2.

The Company may issue equity securities under the 10% Placement Facility for cash consideration to support the Company's ongoing exploration activities and working capital or non-cash consideration for the acquisition of compatible business opportunities which may arise. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. As there is no issue currently proposed, the identity of the allottees is not currently known and will be determined on a case-by-case basis at the time of allotment, having regard to factors including, but not limited to, the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the equity securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not currently been determined but may include existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.

The Company obtained shareholder approval under ASX Listing Rule 7.1A at its 2017 Annual General Meeting, but no equity securities have been issued under the 10% Placement Facility during the past 12 months.

The Company issued a total of 102,579,436 equity securities in the past 12 months preceding the date of this notice of Annual General Meeting which based on the number of Equity Securities on issue at the commencement of that period represents 13.74% of the Company's Equity Securities.

Further details of the issues of Equity Securities by the Company during the 12 months period preceding the date of this notice of meeting are set out in Appendix "A" on page 8 of this Explanatory Memorandum.

Information relating to the issue of Equity Securities in the preceding 12 months is as follows:

- Number of securities issued: 102,579,436;
- Class of securities issued: Ordinary fully paid shares;
- Issued of the Securities: To professional and sophisticated investors and Directors of the Company;
- Issue price:
  - 4,554,054 shares were issued at \$0.037 per share and the closing price on the date of the issue was \$0.035;
  - 1,743,655 shares were issued at \$0.02 per share and the closing price on the date of the issue was \$0.035;
  - 1,281,727 shares were issued at \$0.02 per share and the closing price on the date of the issue was \$0.024;
  - 95,000,000 shares were issued at \$0.02 per share and the closing price on the date of the issue was \$0.020;
- The issue was for cash: The total cash consideration received was \$2,129,008 and 89% was received 5 October 2018, the cash will use for the 5,000 metres drilling program at Los Domos, preparation for the drilling testing at Cerro Diablo and for general corporate and working capital purposes.

#### **Voting Exclusion:**

The Company will disregard any votes cast in favour on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associate of that person.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

**The Directors recommend that you vote IN FAVOUR of Resolution 8.**

**The Chair of the Meeting intends to vote undirected proxies IN FAVOUR of Resolution 8.**



**Appendix "A"**

**Issue of Equity Securities since 30 November 2017**

<b>Date</b>	<b>Number of Equity Securities</b>	<b>Class of Equity Securities and summary of terms</b>	<b>Names of recipients or basis on which recipients determined</b>	<b>Issue price of Equity Securities and discount to market price on the trading day prior to the issue</b>	<b>Form of Consideration</b>
15 December 2017	4,554,054	Ordinary shares	Directors of the Company	\$0.037 Represent a premium of 5.7% to the market price	Cash consideration of \$168,500 was used to further advance the exploration program of the Los Domos project in Chile and for general corporate and working capital purposes.
15 December 2017	1,743,655	Ordinary shares	Bell Potter Nominees Ltd	\$0.020 Represent a discount of 42.9% to the market price	Cash consideration of \$34,873 was used to further advance the exploration program of the Los Domos project in Chile and for general corporate and working capital purposes.
1 May 2018	1,281,727	Ordinary shares	Bell Potter Nominees Ltd	\$0.020 Represent a discount of 16.7% to the market price	Cash consideration of \$25,635 was used to further advance the exploration program of the Los Domos project in Chile and for general corporate and working capital purposes.
5 October 2018	95,000,000	Ordinary shares	To professional and sophisticated investors who participated in the placement the subject of the announcement dated 27/9/2018.	\$0.020 There was no discount or premium to the market price	The total cash consideration of \$1,900,000 will be use for the second phase of the drilling program at Los Domos project, preparation for the drilling testing at Cerro Diablo and for general corporate and working capital purposes.

At the date of this notice the Company holds 89% of the cash raised attributable to the placement dated 5 October 2018. The balance of the cash received was used on the drilling program undertaken at Los Domos project in Chile and for general corporate and working capital purposes.

**FORM OF PROXY**

Sub-Register	ISSUER
HIN/SRN	

I/we .....  
of .....  
being a member/members of Equus Mining Limited HEREBY APPOINT

the Chair of the Meeting (mark box)

OR if you are not appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Equus Mining Limited to be held at Level 5, 56 Pitt Street, Sydney, NSW, 2000 on Wednesday 28 November 2018 at 11 am (AEDT) and at any adjournment or postponement of that Meeting.

**The Chair of the Meeting is authorised to exercise undirected proxies on remuneration related matter (Resolution 1):** If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default, by signing and submitting this form I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of Resolution 1 (except where I/we have indicated a different voting intention above) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel for Equus Mining Limited, which includes the Chair.

**The Chair of the Meeting intends to vote all undirected proxies in favour of each resolution (including Resolution 1).** If you have appointed the Chair of the Meeting as your proxy (or the Chair of the Meeting becomes your proxy by default), and you wish to give the Chair specific voting directions on an item, you should mark the appropriate box/es opposite those resolutions below (directing the Chair to vote for, against or to abstain from voting).

If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

RESOLUTIONS	FOR	AGAINST	ABSTAIN
1. Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Mr. Mark Lochtenberg as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Ratification of 7,054,054 Shares - Listing Rule 7.4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Ratification of 1,281,727 Shares- Listing Rule 7.4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Ratification of 95,000,000 Shares- Listing Rule 7.4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval of the Proposed Issue of Shares to Mark Lochtenberg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Approval of the Proposed issue of shares to Terrane Minerals SpA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Signature of Securityholder(s)** *This section must be completed.*

Dated this ..... day of ..... 2018

Signatures of Securityholder(s)

Individual or Securityholder 1

Sole Director and  
Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director

## PROXY INSTRUCTIONS

### 1. Appointment of a Proxy

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chair of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company.

### 2. Appointment of a Second Proxy

A member entitled to attend and vote and is entitled to appoint not more than 2 proxies to attend the meeting and vote on a poll.

Where more than 1 proxy is appointed, each proxy must be appointment to represent a specified proportion of the member's voting rights. If you appoint 2 proxies and the appointment does not specify the proportion or number of your votes the proxy may exercise, each proxy may exercise half of the votes.

A proxy need not be a member.

This Proxy form (and the original or certified copy of any power of attorney under which this proxy form is signed) must be received at an address given below no later than 48 hours before the time appointed for holding the meeting:

### 3. Voting

The vote on the resolutions will be decided on a show of hands unless a poll is demanded. On a show of hands, every shareholder who is present in person or by proxy, or by representative or by attorney, will have one vote. Upon a poll, every shareholder who is present in person or by proxy, or by representative or by attorney, will have one vote for each Share held by that shareholder.

### 4. Signing Instructions

All joint holders must sign.

Where the company has a Sole Director and Company Secretary, that person must sign. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary.

All executors of deceased estates must sign.

### 5. Persons entitle to attend and vote

The Company has determined, in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that the Company's shares quoted on the ASX Limited at 7.00 pm Sydney time on 26 November 2018 are taken, for the purposes of the Annual General Meeting to be held by the persons who held them at that time. Accordingly, those persons are entitled to attend and vote (if not excluded) at the meeting.

### 6. Corporate Representatives

If a representative of the corporation is to attend the meeting. The representative must bring to the Annual General Meeting evidence of his or her appointment, including any authority under which it was signed in accordance with section 253B of the Corporations Act 2001.

- in person or by mail at the Company's registered office, Level 2, 66 Hunter Street, Sydney, NSW 2000 Australia; or
- by facsimile on +61 2 9221 6333.