

EQUUS MINING LIMITED

ABN 44 065 212 679

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Page

Directors' Report	1
Lead Auditor's Independence Declaration	7
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	8
Condensed Consolidated Interim Statement of Financial Position	9
Condensed Consolidated Interim Statement of Changes in Equity	10
Condensed Consolidated Interim Statement of Cash Flows	11
Notes to the Condensed Consolidated Interim Financial Statements	12
Directors' Declaration	19
Independent Auditor's Review Report.....	20
Corporate Directory	22

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

The Directors of Equus Mining Limited ('Equus' or the 'Company') and its subsidiaries (the 'Group') present their report together with the condensed consolidated interim financial report and the auditor's review report thereon for the half year ended 31 December 2018.

Directors

The names and particulars of the Directors of the Company at any time during or since the end of the half year are:

Mark Hamish Lochtenberg, Non-Executive Chairman

Director since 10 October 2014.

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 Lochtenberg 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).

John Richard Braham, Executive Director

Director since 13 November 2018.

John is an experienced Mining Finance and Investment professional with a 24-year career at Macquarie Bank, the last 11 of which were as an Executive Director within the Mining Finance Division.

John built and ran a successful mining finance business in New York for Macquarie Bank from 2001 to 2008, providing capital to the junior mining industry. This involved providing debt and equity to exploration companies and mine developers in both North and South America including companies operating in Argentina, Peru and Chile.

On returning to Australia, John built from scratch a successful bulk commodity finance business for Macquarie Bank which he ran from 2008 to 2015 based in Sydney. He was made co-head of Macquarie's global Mining Finance business in 2016. John left Macquarie Bank in 2017 to be Principal of JR Braham Consulting Pty Ltd which provides advice to junior resource companies seeking capital.

Juerg Marcel Walker, Non-Executive Director

Director since 20 May 2002.

Juerg Walker is a European portfolio manager and investor. He has over 35 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.

DIRECTORS' REPORT

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 from 2016 to 2019 he was a director of Watagan Mining Ltd and in 2018 became a director of Montem Resources Limited.

Edward Jan Leschke - BAppScAppGeo, Managing Director and Chief Executive Officer

Director from 5 September 2012 – resigned 13 November 2018.

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.

Review of Operations

Corporate Activities

During the period ended 31 December 2018, the Group completed a sampling and drilling program at the Los Domos Gold-Silver project located in Chile's XI region, adjacent to the Mandalay Resource's Cerro Bayo gold-silver mine.

During the same period the Company rearranged its Board of Directors with the resignation of Managing Director Ted Leschke, and the appointment of John Braham as Executive Director and acting Managing Director.

Following the end of the Period, from January 1 2019, Damien Koerber became an employee of the Company and Chief Operating Officer, and ceased to be a consulting geologist to the Company.

The Company concluded its acquisition of 100% of the Los Domos project from Terrane Minerals SpA through the issue to Terrane Minerals SpA of 28,812,500 fully paid ordinary shares in Equus Mining Limited in consideration for the Electrum exploration licences.

The Company also completed the novation from Terrane Minerals SpA of a right to 75% interest in mining concessions owned by Patagonia Gold Sociedad Contractual Minera which form part of the Los Domos Project. The incorporation of a new Joint Venture company with Patagonia Gold Sociedad Contractual Minera, will be concluded during the March quarter.

During the period Equus invested a total of \$746,176 in exploration.

During the half year ended 31 December 2018, the Company issued 100,000,000 new ordinary shares in two tranches under a placement at an issue price of \$0.02 per share for a total consideration of \$2,000,000 before costs.

The Company raised an additional \$282,000 under a Share Purchase Plan resulting in the allotment of 14,100,000 new ordinary shares at \$0.02 per share.

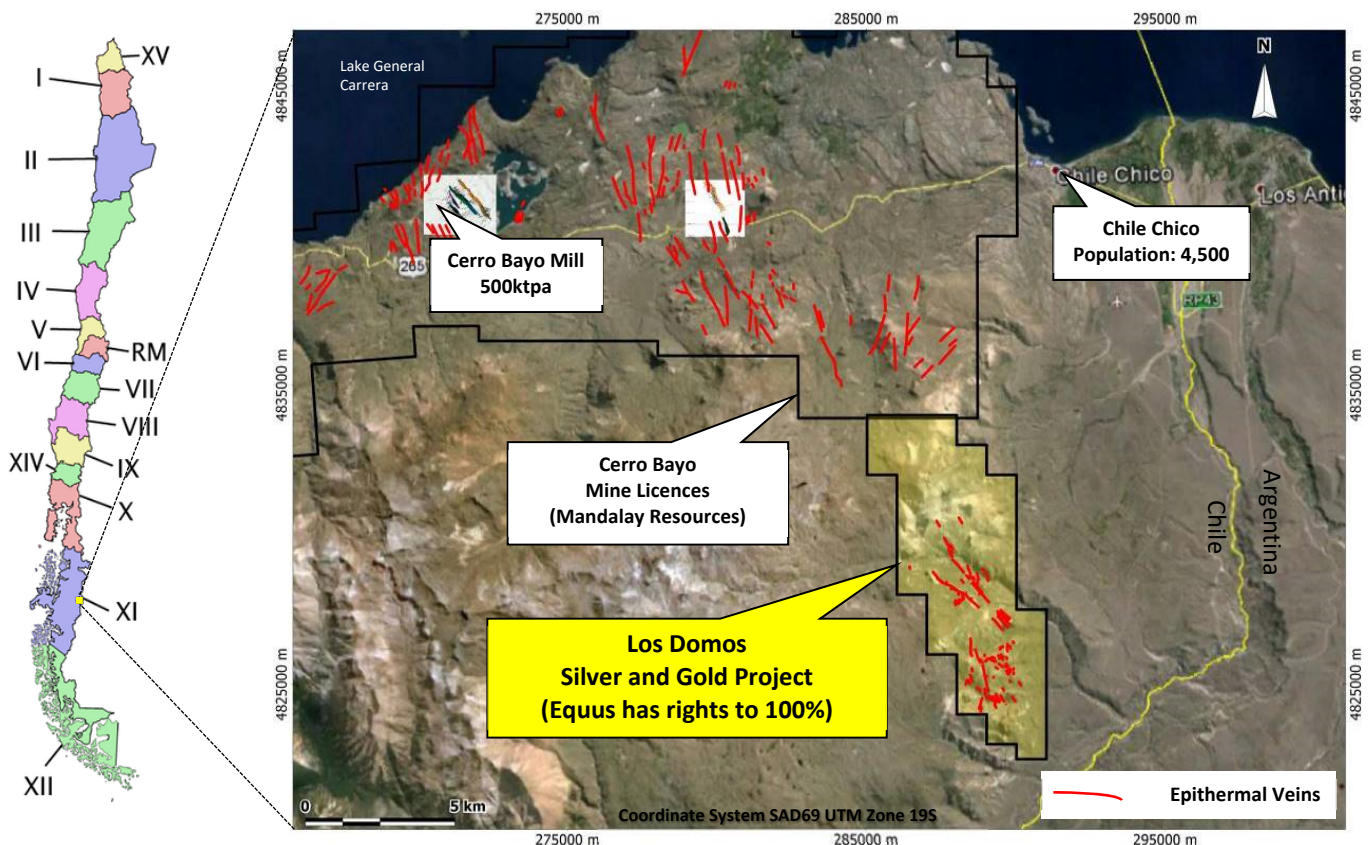
Financial position and performance

The Group recognised a loss for the half year period ended 31 December 2018 of \$422,972 (31 December 2017: Loss \$1,797,564). The net assets of the Group at 31 December 2018 were \$6,099,300 (30 June 2018: \$4,087,368) including cash of \$1,668,877 (30 June 2018: \$658,568).

Los Domos Gold-Silver Project

The Los Domos gold-silver project is located 15km south of the township of Chile Chico, Region XI, Chile. The project area's altitude range of 800-1200m and a dry, moderate climate permits year-round exploration. The project area is located 20km southeast of the Cerro Bayo gold-silver mine and treatment plant which is owned by Mandalay Resources and is currently on care and maintenance with mining suspended following an accident in June 2017.

Map 1. Los Domos Gold-Silver Project Location



Los Domos – Focus on High-Grade T7 Target Discovery

Stage II drilling at EQE's Los Domos epithermal project was completed during the September quarter. Significant intercepts ^(*) from drilling to date include:

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**
Including **5.80m @ 3.56g/t AuEq**

Drilling at Los Domos has been concentrated on the high grade T7 Target. T7 hosts a polymetallic Au-Ag multiphase, Intermediate Sulphidation epithermal style of mineralisation with significant values of Au, Ag, Pb, Zn and Cu which is hosted in at least two, west-northwest to northwest trending structures. The host structures outcrop at relatively high topographic levels in strongly brecciated, low competency rock units over an approximate strike length between 800-1,000m respectively.

Interpretations of metal zonation from drilling to date indicate that a Au-Ag and Zn rich mineralisation phase is becoming increasingly dominate to the north and northwest, and at depth, within the host structures. The drilling also indicates that thick, more competent rock units occur at depth which are more favourable for hosting wider quartz vein-breccia style, high grade mineralisation.

Drilling of the T7 Target commenced following the end of the December quarter during January 2019. This drilling is designed to test for higher grade extensions at depth and along strike to mineralisation intersected in relatively shallow, wide spaced drilling completed to date along an approximate 600m strike length.

The host structures at the T7 Target structure comprise two of at least 11 major structures defined throughout the Los Domos project that host a cumulative strike length of mapped epithermal veining of approximately 12km. To date, scout drilling of 5 of these structures has returned wide, highly anomalous precious-base metal and pathfinder element mineralised intervals which are interpreted to correspond to higher level portions of the epithermal system as compared to those at T7.

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

The Cerro Diablo project comprises a 4,554-hectare area which was staked in 2017. Mapping and sampling to date has defined multiple zones of extensive hydrothermal alteration and precious-base metal mineralisation throughout a 2.1km x 1.2km area.

During the December 2018 quarter, further mapping has further defined the geometries of high-grade mineralisation at the project in preparation for initial drill testing.

Cerro Diablo is EQE's second strategic discovery after Los Domos with both located in the Chilean portion of the world class Deseado Massif mineral province.

DIRECTORS' REPORT

Los Domos and Cerro Diablo Projects – strategically well located

The Los Domos gold-silver project is located 15km south of the township of Chile Chico and adjacent to the Cerro Bayo gold-silver mine owned by Mandalay Resources Corporation. The Cerro Diablo project is located 25 kilometres north-northwest of the mine. Up until June 2017, this mine was producing approximately 2 Mozpa of silver and 20 Kozpa gold with nominal flotation plant capacity of 500ktpa throughput. Production was suspended and a force majeure declared following a mine flooding event in June 2017 which has exacerbated high unemployment throughout the region. 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.

Equus Thermal Coal Project

Equus Mining has discontinued with its Mina Rica Thermal Coal project, and is considering options for its Rubens Coal Project. The Company's sole focus is its precious- base metal prospects in Region XI.

(*)Gold Equivalent Calculation Formulae & Assumptions – Polymetallic Au-Ag Epithermal mineralization

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

Metal	Price *	Recovery	
Gold	US\$1200 per ounce	93.2%	Metallurgical recoveries of 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 reasonable potential to be recovered and commercialized. Drill intercepts across the T7 Target structure show differing dominant metal bearing zones. The distribution of the different dominant metals is interpreted to be a function of the differing geochemical phases of mineralisation emplaced throughout a broadly vertically zoned epithermal system in the T7 structure. As such, management have opted to report results on an Au equivalent basis as that metal is currently the most dominant and the focus of exploration 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.
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 *Metal prices are of July 2018			

COMPETENT PERSON'S 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. During the period, Mr Koerber was 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 Company will engage a new Competent Person following this period.

NO MATERIAL CHANGES

Equus Mining confirms that it is not aware of any new information or data that would materially affect the information included in the quarterly activities report market announcements dated 31 October 2018 and 31 January 2019 and that all material assumptions and technical parameters in the market announcements continue to apply and have not materially changed.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Subsequent Events

Subsequent to the Half Year, Equus Mining has been informed by Government authorities in Chile that, a DIA (Environmental Impact Statement) is now being required to continue drilling which has caused a suspension to the current drilling program whilst DIA approval is sought and granted by the relevant government department (SERNAGEOMIN). The Group has commenced actions to obtain the relevant approvals.

No other matters or circumstances have arisen since the end of the reporting period, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

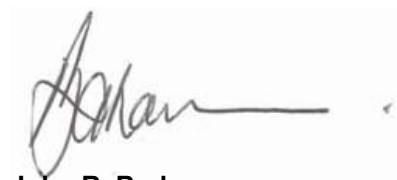
Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 7 and forms part of the Directors' Report for the half year ended 31 December 2018.

Signed at Sydney this 15th day of March 2019
in accordance with a resolution of the Board of Directors:



Mark H. Lochtenberg
Non-Executive Chairman



John R. Braham
Executive 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 review of Equus Mining Limited for the half-year ended 31 December 2018 there have been:

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

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that reads 'Jason Adams'.

Jason Adams
Partner

Brisbane
15 March 2019

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2018

	Notes	Consolidated 31 December 2018 \$	31 December 2017 Restated* \$
CONTINUING OPERATIONS			
Other income	3	<u>20,586</u>	8,490
Expenses			
Employee, directors and consultants costs		(209,245)	(218,550)
Impairment of exploration expenditure	5	-	(1,450,652)
Travel expenses		(32,823)	(17,033)
Gain on disposal of subsidiary		-	52,230
Other expenses		<u>(201,490)</u>	<u>(172,049)</u>
Loss before income tax		(422,972)	(1,797,564)
Income tax benefit/(expense)		-	-
Loss for the period		<u>(422,972)</u>	<u>(1,797,564)</u>
Other comprehensive income for the period			
Items that may be classified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(46,739)	125,858
Exchange differences on translation of foreign operations reclassified to profit or loss		-	215,782
		<u>(46,739)</u>	<u>341,640</u>
Items that will not be classified to profit or loss			
Net change in fair value of equity instruments at fair value through other comprehensive income	4	<u>(56,358)</u>	182,509
Total other comprehensive gain/(loss)		<u>(103,097)</u>	524,149
Total comprehensive loss for the period		<u>(526,069)</u>	<u>(1,273,415)</u>
Earnings per share			
Basic and diluted loss per share		(0.06) cents	(0.26) cents

* Restated on initial application of AASB 9 – refer note 2(c) and 4

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

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

Condensed Consolidated Interim Statement Of Financial Position
As at 31 December 2018

		Consolidated	
	Notes	31 December 2018	30 June 2018 Restated*
		\$	\$
Current Assets			
Cash and cash equivalents		1,668,877	658,568
Receivables		28,547	19,095
Total Current Assets		1,697,424	677,663
Non-Current Assets			
Other financial assets	4	257,813	305,660
Exploration and evaluation expenditure	5	4,275,803	3,689,281
Total Non-Current Assets		4,533,616	3,994,941
Total Assets		6,231,040	4,672,604
Current Liabilities			
Payables		131,740	585,236
Total Current Liabilities		131,740	585,236
Total Liabilities		131,740	585,236
Net Assets		6,099,300	4,087,368
Equity			
Issued capital	6	116,371,685	113,833,684
Fair value reserve	7	615,747	672,105
Foreign currency translation reserve	7	(316,404)	(269,665)
Accumulated losses		(110,571,728)	(110,148,756)
Total Equity		6,099,300	4,087,368

* Restated on initial application of AASB 9 – refer note 2(c) and 4

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

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

Condensed Consolidated Interim Statement Of Changes In Equity
For the half year ended 31 December 2018

Consolidated	Issued Capital	Accumulated Losses	Fair Value Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$		\$
Balance at 1 July 2017	110,921,315	(107,647,008)	434,405	(532,325)	3,176,387
Loss for the period	-	(1,797,564)	-	-	(1,797,564)
Total other comprehensive income	-	-	182,509	341,640	524,149
Total comprehensive loss for the period	-	(1,797,564)	182,509	341,640	(1,273,415)
Transactions with owners recorded directly in equity					
Ordinary shares issued	2,817,844	-	-	-	2,817,844
Ordinary shares issued on exercise of options	232,777	-	(58,412)	-	174,365
Transaction costs on issue of shares	(162,049)	-	-	-	(162,049)
Balance at 31 December 2017	113,809,887	(109,258,218)	558,502	(190,685)	4,733,132
Balance at 1 July 2018	113,833,684	(110,148,756)	672,105	(269,665)	4,087,368
Loss for the period	-	(422,972)	-	-	(422,972)
Total other comprehensive income	-	-	(56,358)	(46,739)	(103,097)
Total comprehensive loss for the period	-	(422,972)	(56,358)	(46,739)	(526,069)
Transactions with owners recorded directly in equity					
Ordinary shares issued	2,627,750	-	-	-	2,627,750
Ordinary shares issued on exercise of options	-	-	-	-	-
Transaction costs on issue of shares	(89,749)	-	-	-	(89,749)
Balance at 31 December 2018	116,371,685	(110,571,728)	615,747	(316,404)	6,099,300

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

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Interim Statement Of Cash Flows
For the half year ended 31 December 2018

	Consolidated	
	31	31
	December	December
	2018	2017
	\$	\$
Cash flows from operating activities		
Cash payments in the course of operations	(447,841)	(426,151)
Net cash used in operations	(447,841)	(426,151)
Interest received	5,274	8,490
Net cash used in operating activities	(442,567)	(417,661)
 Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(746,176)	(1,234,313)
Proceeds from sale of property	-	-
Proceeds from sale of financial assets	6,801	196,512
Net cash used in investing activities	(739,375)	(1,037,801)
 Cash flows from financing activities		
Proceeds from share issues	2,282,000	2,992,209
Transaction costs on share issue	(89,749)	(162,049)
Net cash provided by financing activities	2,192,251	2,830,160
Net (decrease)/increase in cash held	1,010,309	1,374,698
Cash at the beginning of the reporting period	658,568	1,120,683
Cash and cash equivalents at 31 December	1,668,877	2,495,381

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

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS
31 December 2018

1. REPORTING ENTITY

Equus Mining Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements, of the Company as at and for the half year ended 31 December 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 gold-silver and coal resource opportunities in southern Chile, South America.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2018 are available upon request from the Company's registered office at Level 2, 66 Hunter Street, Sydney, NSW, 2000 or at www.equusmining.com.

2. BASIS OF PREPARATION

(a) Statement of compliance

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2018. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

This condensed consolidated interim financial report was approved by the Board of Directors on 15 March 2019.

(b) Going concern

The condensed consolidated interim 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 period the Company raised \$2,192,251 (net of associated cash costs) through share placements.

For the half-year ended 31 December 2018 the Group has incurred a loss of \$422,972 and has accumulated losses of \$110,571,728 as at 31 December 2018. The Group used \$1,181,942 of cash in operations, including payments for exploration and evaluation activities totalling \$746,176, for the half year ended 31 December 2018 and has cash on hand of \$1,668,877 at 31 December 2018.

On 12 March 2019, the Group issued an ASX announcement stating that drilling at the Los Domos tenement has been temporarily suspended pending submission and approval of a DIA (Environmental Impact Statement) by the relevant Chilean government department. The Directors of the Group are implementing actions to obtain the relevant approvals and to preserve cash during this period.

The Directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. The 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.

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 operations 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.

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.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS
31 December 2018

2. BASIS OF PREPARATION (continued)

(c) Estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements for the year ended 30 June 2018.

(d) Changes in Accounting Policies

The accounting policies used are consistent with those applied in the 30 June 2018 financial report, except for the adoption of new standards effective as of 1 July 2018. The Group applies, for the first time, AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*.

Adoption of AASB 9 impacted how the Group classifies certain financial instruments (refer note 4). Assets previously classified as available for sale financial assets are now classified as equity instruments at fair value through other comprehensive income (FVOCI). The change in accounting policy has been applied retrospectively and comparative information has been restated. There were no changes to the measurement of the Group's financial assets except that changes in the fair value of equity instruments at FVOCI are no longer permitted to be reclassified to profit or loss upon derecognition. There were no changes in the classification or measurement of the Group's financial liabilities.

AASB 15 establishes a framework for determining whether, how much and when revenue from contracts with customers is recognised. The core principle is that revenue must be recognised when control of the goods or services is transferred to the customer, at the transaction price. The Group's accounting policies in relation to revenue have been aligned to the new standard, which has had no impact on the financial report of the Group.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS
31 December 2018

3. LOSS BEFORE INCOME TAX

	Consolidated	
	31 December	31 December
	2018	2017
	\$	\$
Interest income on cash deposits	5,274	8,490
Foreign exchange gain	15,312	-
Total	20,586	8,490

The following items are relevant in explaining the financial performance for the half year:

4. INVESTMENTS

At 31 December 2018, the Group holds 1,376,300 shares (30 June 2018: 1,396,300) in Blox Inc., a US over the counter traded company at which had a closing share price of US\$0.1321 at 31 December 2018 (30 June 2018: US\$0.1621).

AASB 9 requires that, subject to initial recognition, an entity recognises its financial assets at amortised cost or fair value, depending on the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. Following the adoption of AASB 9, the Group classifies its investments as follows:

	31 December	30 June
	2018	2018
	\$	\$
<i>Equity instruments at fair value through other comprehensive income</i>		
Equity securities – Investment in Blox Inc	257,813	305,660

Equity instruments at fair value through other comprehensive income are equity instruments which the Group intends to hold for the foreseeable future, and for which an irrevocable election to classify as such upon transition to AASB 9 has been made. Any dividends received are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in the fair value reserve in OCI and are never reclassified to profit or loss.

	31 December	Adoption of	31
	2017	AASB 9	December
	(originally		2017
	presented)		(restated)
	\$	\$	\$
<i>Statement of profit or loss and other comprehensive income</i>			
Finance income	(186,354)	186,354	-
Net gain on available for sale financial assets reclassified through profit or loss	186,354	(186,354)	-

The initial application of AASB 9 had no impact on retained earnings at 1 July 2017 or on the Group's cash flow statement in the current or comparative period.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS
31 December 2018

5. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2018 \$	30 June 2018 \$
Carbones del Sur	-	-
Los Domos gold-silver	4,236,977	3,650,684
Cerro Diablo	38,826	38,597
Net Book Value	<u>4,275,803</u>	<u>3,689,281</u>
Carbones del Sur (coal)		
Balance at beginning of the period	-	1,395,431
Additions	-	3,883
Impairment	-	(1,454,070)
Foreign currency translation movement	-	54,756
Net book value	<u>-</u>	<u>-</u>
Los Domos (gold-silver)		
Balance at beginning of the period	3,650,684	501,607
Additions	628,110	3,121,704
Impairment	-	-
Foreign currency translation movement	(41,817)	27,373
Net book value	<u>4,236,977</u>	<u>3,650,684</u>
Cerro Diablo (gold-silver)		
Balance at beginning of the period	38,597	-
Additions	640	38,593
Impairment	-	-
Foreign currency translation movement	(411)	4
Net book value	<u>38,826</u>	<u>38,597</u>

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.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS
31 December 2018

6. ISSUED CAPITAL

(a) Issued and paid-up share capital

	Consolidated			
	31 December 2018		30 June 2018	
	Number	\$	Number	\$
Ordinary shares, fully paid at 1 July	754,364,363	113,833,684	668,206,427	110,921,315
<i>Movement in Ordinary Shares:</i>				
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)
Issued ordinary shares 5 October 2018 for \$0.020	95,000,000	1,900,000	-	-
Issued ordinary shares 29 October 2018 for \$0.020	14,100,000	282,000	-	-
Issued ordinary shares 4 December 2018 for \$0.020	5,000,000	100,000	-	-
Issued ordinary shares 31 December 2018 – non cash ¹	28,812,500	345,750	-	-
Less cost of issue	-	(89,749)	-	-
	897,276,863	116,371,685	754,364,363	113,833,684

¹ Shares issued on 31 December 2018 related to the acquisition of the remaining 49% equity interest in the Electrum exploration licences at Los Domos gold-silver project.

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

(b) Share Options

There were no options issued by the Company during the period (half-year ended 31 December 2017: nil).

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS
31 December 2018

7. RESERVES

	Consolidated	
	31 December 2018	30 June 2018
	\$	\$
Fair value reserve	615,747	672,105
Foreign currency translation reserves	(316,404)	(269,665)
	299,343	367,817
(a) Fair value reserve		
Balance at beginning of period	672,105	558,502
Net change in fair value of available-for-sale financial assets	(56,358)	113,603
Balance at end of period	615,747	672,105
(b) Foreign currency translation reserves		
Balance at beginning of period	(269,665)	(532,325)
Transfer of foreign currency translation reserve to gain on disposal of subsidiary to profit and loss	-	215,782
Currency translation differences	(46,739)	46,878
Balance at end of period	(316,404)	(269,665)

8. OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (the chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on a geographical basis which involves the exploration of minerals in the Republic of Chile. Operating segments are determined on the basis of financial information reported to the board which is at the consolidated entity level.

Accordingly, management currently identifies the Group as having only one reportable segment, being mineral exploration. The financial results from this segment are equivalent to the financial statements of the consolidated Group as a whole.

9. EVENTS OCCURRING SUBSEQUENT TO 31 DECEMBER 2018

Subsequent to the Half Year, Equus Mining has been informed by Government authorities in Chile that, a DIA (Environmental Impact Statement) is now being required to continue drilling which has caused a suspension to the current drilling program whilst DIA approval is sought and granted by the relevant government department (SERNAGEOMIN). The Group has commenced actions required to obtain the relevant approvals.

No other matters or circumstances have arisen since the end of the reporting period, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

10. RELATED PARTIES

Transactions with key management personnel

No director has entered into a material contract with the Group in the previous financial year and there were no material contracts involving directors' interests existing at 31 December 2018.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS
31 December 2018

11. FINANCIAL INSTRUMENTS

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2018.

Carrying amounts versus fair values

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

Financial instruments carried at fair value

Fair value hierarchy

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – 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 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<i>Financial assets</i>				
31 December 2018	-	257,813	-	257,813
30 June 2018	-	305,660	-	305,660

The financial assets held at 31 December 2018 and 30 June 2018 relate to investments held in quoted equity securities and were designated as equity instruments at fair value through other comprehensive income.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION

31 December 2018

In the opinion of the directors of Equus Mining Limited (the 'Company'):

- (a) the financial statements and notes set out on pages 8 to 18, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting* 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.

Signed at Sydney this 15th day of March 2019
in accordance with a resolution of the Board of Directors:



Mark H. Lochtenberg
Chairman



John R. Braham
Executive Director



Independent Auditor's Review Report

To the shareholders of Equus Mining Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Equus Mining Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Equus Mining Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2018;
- Consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date;
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Equus Mining Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year period.

Material uncertainty related to going concern – emphasis of matter

We draw attention to Note 2(b) "Going Concern" in the Interim Financial Report. The conditions disclosed in Note 2(b) 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 Interim Financial Report. Our conclusion is not modified in respect of this matter.



Responsibilities of the Directors for the Interim Financial Report

The Directors of the Group are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Equus Mining Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Brisbane
15 March 2019

Jason Adams
Partner

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

CORPORATE DIRECTORY

Directors:

Mr Mark H. Lochtenberg (Chairman)
Mr John R. Braham (Executive Director)
Mr Juerg M. Walker (Non Executive Director)
Mr Robert A. Yeates (Non Executive Director)

Company Secretary:

Mr Marcelo Mora

Principal Place of Business and Registered Office:

Level 2, 66 Hunter Street
SYDNEY NSW 2000

Phone: 61-2 9300 3366
Fax: 61-2 9221 6333
Email: info@equusmining.com
Homepage: www.equusmining.com

Auditors:

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

Share Registrar:

Advance Share Registry Limited
110 Stirling Highway
Nedlands Western Australia 6009

Phone: 61-8 9389 8033
Fax: 61-8 9262 3723

Solicitors:

Minter Ellison
88 Phillip Street
SYDNEY NSW 2000