EQUUS MINING LIMITED
and its controlled entities

A.B.N. 44 065 212 679

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Equus Mining Limited
Corporate Directory

Directors	Mark Lochtenberg	Non-Executive Chairman
	John Braham	Executive 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
	Web site:	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)	

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Dear Fellow Shareholders,

2019 was a transformative year for Equus Mining. We have a new Managing Director in John Braham, and late in the year, Equus executed a key agreement with Mandalay Resources to acquire its silver-gold Cerro Bayo Mining Project ("Cerro Bayo").

This agreement is transformative for Equus as it transitions the company from a greenfield explorer to an advanced brownfield explorer with mine infrastructure under option.

Equus Mining's focus is now primarily on Cerro Bayo, which is in the same region (approximately 25km away) as our Los Domos Project. In June 2019 Equus executed a Heads of Agreement ("HOA") to acquire the Option to purchase Cerro Bayo. It is expected that the completion of definitive documentation will be achieved by October 2019. The Option allows Equus to explore the Cerro Bayo properties, and at any stage during the option period, to acquire the Mandalay subsidiary holding all the Cerro Bayo assets. Exercising the Option and restarting the mine will depend on exploration success as there are currently insufficient resources to sustain resumption of operations. The Directors of Equus are very confident that its future exploration efforts at Cerro Bayo will produce the resources needed to restart mining operations and Equus plans to conduct an initial 10,000 metre drill campaign on vein targets identified on the Cerro Bayo properties as soon as final documentation is completed in October 2019.

It was a frustrating year for exploration at Los Domos. The 2019 drilling program was started in January, but the necessity for Equus to complete an environmental study in order to drill from additional drill platforms meant that drilling was suspended in March. Equus has subsequently completed the required environmental study and expects to be back drilling at Los Domos during the second quarter of 2020. It is anticipated that mineral resources found at Los Domos would be eventually treated at the Cerro Bayo mine.

The consolidation of these projects is consistent with the Company's focus on developing highly prospective, precious metal rich natural resource projects which are strategically located near underutilised existing mines and other infrastructure in favourable jurisdictions.

The Republic of Chile continues to rank as one of the leading destinations globally for mineral explorers and miners due to the country's stable financial and tax regimes, strong governmental support for the mining industry, reliable claim tenure licensing system and high mineral prospectivity. Despite Chile's leading position in the global minerals industry, the lack of previous modern exploration throughout many areas close to existing mining activities demonstrates that Chile remains highly attractive for 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.

I was very pleased with the market's response to the Cerro Bayo transaction, allowing Equus to raise $1.9 million after the end of FY2019. In addition, shareholders approved a further capital raising for $3.1 million to be completed in early October 2019.

With exploration efforts starting at Cerro Bayo, and Los Domos shaping up to be a high-quality project, I am optimistic about what lies ahead for the growth prospects of our 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

2019 saw Equus progress its strategy of expanding its footprint in Region XI of Chile. In June 2019, the Company executed a non-binding Heads of Agreement with Mandalay Resources Corporation (TSX:MND, OTCQB: MNDJF) for an option to acquire the mining properties, resources and mine infrastructure at Mandalay's Cerro Bayo Project located within 25km of Equus's flagship exploration project Los Domos. The signing of the definitive agreement is scheduled for the beginning of October 2019. The option agreement is potentially highly transformative as it provides the capacity to transform the Company, at very low cost, into a significant silver and gold producer. Subject to successful exploration results, the Company could be well positioned to transition to production in a proven highly prospective district within a leading global mining jurisdiction characterised by stable political and taxation policies.

Further drilling at Los Domos served to both define continuity of mineralization at the T7 Target area and define high priority followup targets along vein structures which remain untested by drilling to date. Environmental permitting required for the next phase drilling at Los Domos progressed during the year for which approvals are expected during the December 2019 quarter.

Further mapping and geochemical sampling was conducted at the Cerro Diablo Project which was focused throughout a higher priority 400m x 1000m portion of the project area, in preparation for maiden drill testing.

On 5 October 2018, the Company issued 95,000,000 new ordinary shares under a placement at an issue price of $0.02 per share for a total consideration of $1,900,000 before costs.

On 29 October 2018, the Company issued 14,100,000 new ordinary shares under a share purchase plan at an issue price of $0.02 per share for a total consideration of $282,000 before costs.

On 4 December 2018, the Company issued 5,000,000 new ordinary shares under a placement at an issue price of $0.02 per share for a total consideration of $100,000 before costs.

During the December 2018 quarter, 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.

During the December 2018 quarter the Company concluded its acquisition of 100% of the claims held by Terrane Minerals SpA at the Los Domos Project 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.

Subsequent to year-end, on 13 August 2019, following completion of a drilling program by Equus on the mining concessions owned by Patagonia Gold Sociedad Contractual Minera ('Patagonia'), a joint venture company "Equus Patagonia SpA" was incorporated, in which Equus holds 75% equity interest and Patagonia holds 25% equity interest.

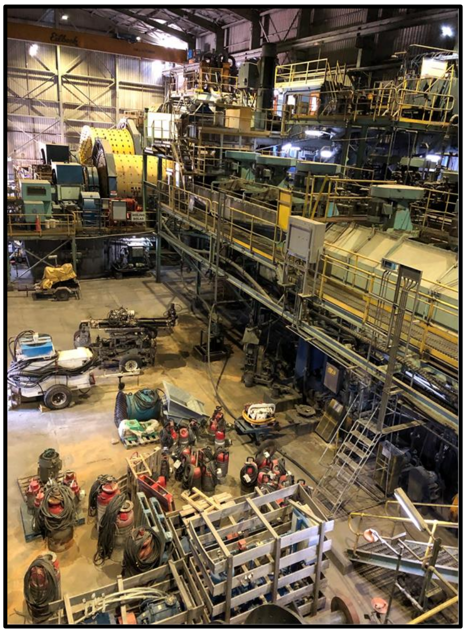
Subsequent to year-end, the Company raised $1.9 million before costs. In addition, shareholders approved a further capital raising for $3.1 million to be completed in early October 2019.

Option to Acquire Mandalay Resources Corporation's Au-Ag Cerro Bayo Mining Project

On 26th June 2019, the Company executed a non-binding Heads of Agreement with Mandalay Resources Corporation (TSX:MND, OTCQB: MNDJF) for a 3-year option to acquire Mandalay's Cerro Bayo Project in Region XI, Southern Chile.

Key aspects of the agreement include:

- The option entitles the Company to, within a 3 year period starting from the commencement of the definitive option agreement, acquire all the mining properties, resources and mine infrastructure of the entire issued share capital of Compania Minera Cerro Bayo Ltd, a wholly-owned Mandalay Resources subsidiary including:
    - Mining Properties: contiguous 29,495 hectare mining claim package optimally located with respect to the mine infrastructure accompanied with large database of surface and drill hole geochemical and geological data.
    - Resources*
    - Mine Infrastructure: includes a 1,650tpd flotation processing plant (currently on care and maintenance), permitted tailings storage facility and all power generation, stationary and mobile equipment required for eventual mine restart.
    - Mine Property Assets: surface land (1500 hectares) and surface access rights (5,600 hectares) and water rights sufficient for eventual mine restart.
- Upon a review date, designated as 18 months from commencement of the definitive option agreement period, either party may terminate the agreement whereby:
    - If neither Mandalay or the Company decide to terminate the agreement, the Company will contribute US$50,000 per month towards Care and Maintenance until the end of the Option Period.
    - If Mandalay Resources terminates the agreement after 18 months, it will grant to the Company a Right of First Refusal on terms satisfactory to Equus regarding any sale of Cerro Bayo or its assets until the expiry of the Option Agreement.
- On execution of the option by the Company at any time within the 3 year option period, the Company is to:
    - Issue Mandalay ordinary shares representing 19% of the issued share capital of the Company. In this case, Mandalay will be entitled to nominate one member of the Company´s board of directors.
    - Pay Mandalay a 2.25% NSR on gold and silver production from the Cerro Bayo Mine properties, payable once the Mine has produced at least 50,000 gold equivalent ounces.
        - The Company holds the option to repurchase the 2.25% NSR from Mandalay.
    - Contribute to 50% of the eventual Cerro Bayo mine closure liabilities (i.e. 50% of an approximate total of US$14.5m based on the current government approved closure plan).



Key aspects of the Cerro Bayo Project include:

- Cerro Bayo mine historic gold and silver production over the period April 2002 to August 2008 by Coeur Mining was 2.58 million tonnes grading 4.2 g/t Au and 346.7 g/t Ag ** (348,424 Oz Au, 28.76 Moz Ag).
- Production by Mandalay Resources Corporation from 2011 to end 2016 was 2.3 million tonnes with average grades of 1.8 g/t Au and 237 g/t Ag** (133,119 Oz Au, 17.52 Moz Ag).
- 29,495 hectare mining claim package, as identified to date**, hosts at least 90 major veins, stockworks and breccias hosting gold and silver mineralization, located in six principal areas. Throughout this package, Equus considers that good exploration potential exists for the discovery of new resources in underexplored areas.

Detailed review of historic exploration and mine data was initiated in the first half 2019 and comprehensive field based review of a portion of the currently highest ranking follow up drill targets was initiated subsequent to the 30 June 2019 year-end. Collectively this information is being integrated into a framework exploration dataset which will form the basis for the design of the Company's maiden near mine and brownfields exploration drill programs.

* Resources relate to any remaining Resources as part of those reported effective December 31, 2016 by Mandalay Resources Corporation – Cerro Bayo Project, Project #2559 according to Canadian Institute of Mining definitions in an independent National Instrument 43-101 Technical Report filed March 31, 2017. The remaining Resources have not been independently verified by Equus and no representation or warranty is made by the Company as to the existence of any remaining Resources, accuracy, completeness or reliability of the information. Equus plans as part of future work on the Cerro Bayo Project to verify remaining Resources and as per ASX listing rules, that the future reporting of ore reserves and mineral resources comply with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code").

** Reported effective December 31, 2016 by Mandalay Resources Corporation – Cerro Bayo Project, Project #2559 according to Canadian Institute of Mining definitions in an independent National Instrument 43-101 Technical Report filed March 31, 2017.

Cerro Bayo, Los Domos and Cerro Diablo are located within a world-class mineral province

The Cerro Bayo gold-silver and the Los Domos and Cerro Diablo precious and base metal projects are located in the northwest extension of the world-class epithermal gold-silver Deseado Massif mineral province. See Figures 1 & 2. This mineral province includes the Santa Cruz Province mining district in Argentina and the Cerro Bayo mine district in Chile. Gold-silver mineralisation throughout this province occurs in low to intermediate sulphidation style, epithermal vein and breccia deposits dominantly hosted by Jurassic age volcanic rocks.

The Deseado Massif hosts large gold and silver deposits in Argentina including Cerro Vanguardia, Cerro Negro, San Jose and Cerro Moro and has a combined 21.3 Moz gold and 569 Moz silver (29.8 Moz AuEq) known resource endowment combining past production and remaining resources. See Table 1. There are currently 7 operating mines throughout the province which are owned by major companies including Newmont Goldcorp, Anglo Gold Ashanti, Hochschild Mining, Yamana and Pan American Silver.

The Table 1. Projects located in the Deseado Massif

	Gold (Moz)	Silver (Moz)	**Gold Eq. (Moz)**
Cerro Vanguardia	8.0	100	**9.5**
Cerro Negro	6.7	50	**7.4**
San Jose	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	53	**1.5**
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	**0.3**
Lomada de Leiva	0.15	0	**0.15**
	21.3	569	**29.8**

Figure 1. Location of Cerro Bayo, Los Domos and Cerro Diablo Projects within the Deseado Massif

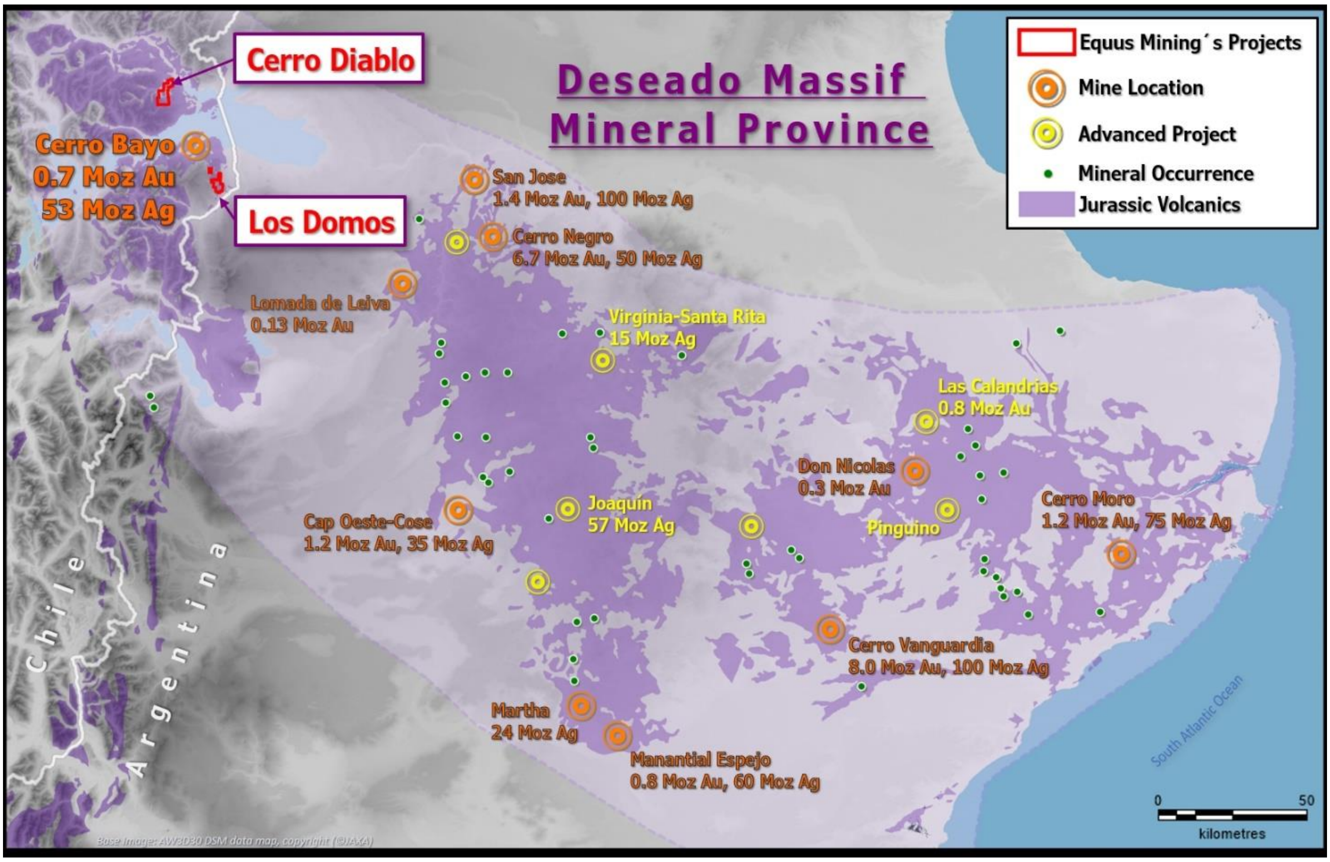
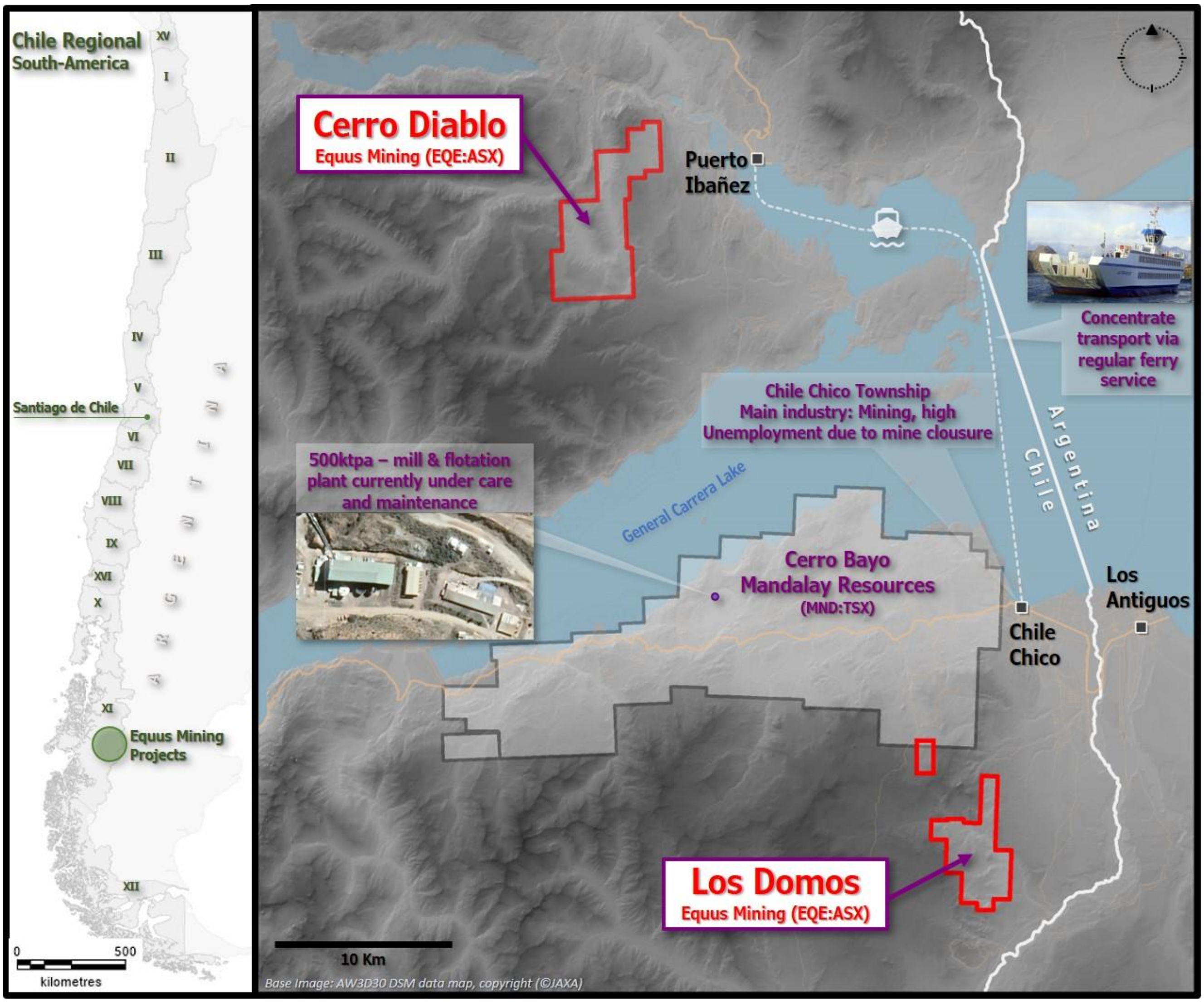


Figure 2. Cerro Bayo, Los Domos and Cerro Diablo Projects location in Chile's Region XI



Los Domos Project in detail

Since the commencement by Equus of the first exploration drilling ever conducted at the Los Domos Project area in mid-2017, the Company has successfully advanced exploration and its understanding of the Los Domos precious-base metal epithermal system. As part of this work, precious-base metal epithermal mineralisation exhibiting classic epithermal vertical zonation and alteration has been defined throughout 10 primary target host structures (T1-T10) at the Los Domos Project to date, with a cumulative strike length of approximately 12km (Figure 3).

The T7 Target structure is one of the 10 principal target structures throughout which the majority of exploration efforts has been focused to date. Scout, relatively shallow drill testing along limited extensions of some of the other structures has returned several narrow high grade interepts within wide intervals of anomalous Au-Ag and pathfinder element mineralisation. The vein textures and geochemical signatures of many of these structures are interpreted to correspond to higher level portions of the epithermal system, as compared to those at T7, and are considered by Equus to represent highly prospective drill targets at depth.

Since mid 2017, a total of 8,986m has been drilled to date throughout the Los Domos project area, 5,160m of which in a total of 23 holes has been focused on the T7 Target where a significant Au-Ag-Zn-Pb+- Cu mineralised body has been defined (See T7 Target long section in Figure 4 and intercept assay detail in Table 2). Notable high-grade true width drill intercepts from this drilling include that of drill hole LDD-035 (true width interval of 6.86m @ 17.92g/t AuEq comprising 2.6 g/t Au, 181.3 g/t Ag, 8.5% Zn, 4.2% Pb and 0.34 % Cu). The majority of drilling completed at the target, has been in the upper levels of the T7 Target structure, predominately less than 100m depth below surface, with the deepest intercept to date recorded at approximately 250m below surface.

Drilling at the T7 Target area during the reporting period totalled 911.95m which returned intercepted down hole intervals of:

- LDD-042: 0.30m @ 3.28 g/t Au, 65 g/t Ag, 2.3 % Zn, 1.7% Pb & 0.24% Cu from 422.15 to 422.45m
- LDD-043: 8.7m @ 0.18 g/t Au & 2.6 g/t Ag from 274 to 282.7m

The intercept in LDD-042 comprises a quartz vein-breccia hosted within a 10.7m downhole interval of hydrothermal brecciation that returned anomalous results of 0.14 g/t Au, 6.7 g/t Ag, 0.22% Zn, 0.08% Pb and 0.06 % Cu between 413.25-423.95m.

The intercept in LDD-043 is located 50m to the north of the intercept in hole LDD-028 and has defined a 30m extension of the host structure along strike to the northwest, which remains open. The intercept is hosted within an 18.1m downhole interval between 270.8-288.9m of hydrothermal brecciation and quartz vein breccia and stockwork hosting anomalous levels of pathfinder elements, characteristic of the upper levels of the T7 Target structure.

The significant continuity, scale and intensity of brecciation of the host structure intercepted in the two holes provides scope for it to host zones of high-grade Au-Ag-Zn in more favourable dilatant structural settings and more competent lithologies along other portions of the structure, as demonstrated by the high grade mineralisation intersected in hole LDD-035, located 60m to the southeast of the LDD-042 intercept. The limited two-hole program was only the initial phase of an original, larger drill campaign at the T7 and other targets and whilst management is disappointed that drilling didn't intersect higher grade intervals adjacent to previous intersections, the company´s improved understanding of the geological controls on mineralisation from this work will aid in directing future drilling.

The T7 Target structure comprises a wide, steeply north-east dipping fault-controlled vein breccia that has been mapped over an approximate strike length of 1,000m. Drilling to date at the T7 Target structure has defined significant and continuous Au-Ag-Zn-Pb mineralisation over a strike length of 600m, manifested as shoots developed along the fault in favourable dilatant structural settings and more competent lithologies for vein emplacement. The more significant intercepts attain an average true width of approximately 7m and importantly, the higher-grade mineralised interval is contained within a 15-30m wide, true width interval of anomalous precious, base metal and pathfinder rich mineralisation. This indicates the potential for significant scale and magnitude of mineralisation, particularly at depth and along strike of portions of the host structure, which remains untested.

The T7 Target structure hosts a multiphase, Intermediate or Low Sulphidation polymetallic epithermal style of mineralisation with significant values of Au, Ag, Pb, Zn and Cu. Petrological studies conducted during the quarter have characterised these elements to be associated with mineralogical assemblages typical for this style which include gold and silver as electrum, silver sulphide minerals such as polybasite, argentite-acanthite, stephanite and sphalerite, galena, chalcopyrite and tetrahedrite-tennantite.

At T7, effective mechanisms of Au deposition including fluid mixing, indicated by the presence of Mn rich siderite (Image 1) and hypogene kaolinite, have been recognised during a field review during in January 2019, in zones of elevated Au-Ag mineralisation. This mechanism is common in other examples of high Au-Ag grade deposits of this style, many of which are characterised by intervals of high-grade mineralisation deposited over large vertical extents of 250 to 400m e.g. Cerro Moro and San Jose Mine, Argentina and Juanacipio Mine, Mexico.

Figure 3. Los Domos Project- Plan map showing mapped epithermal vein and host fault structures

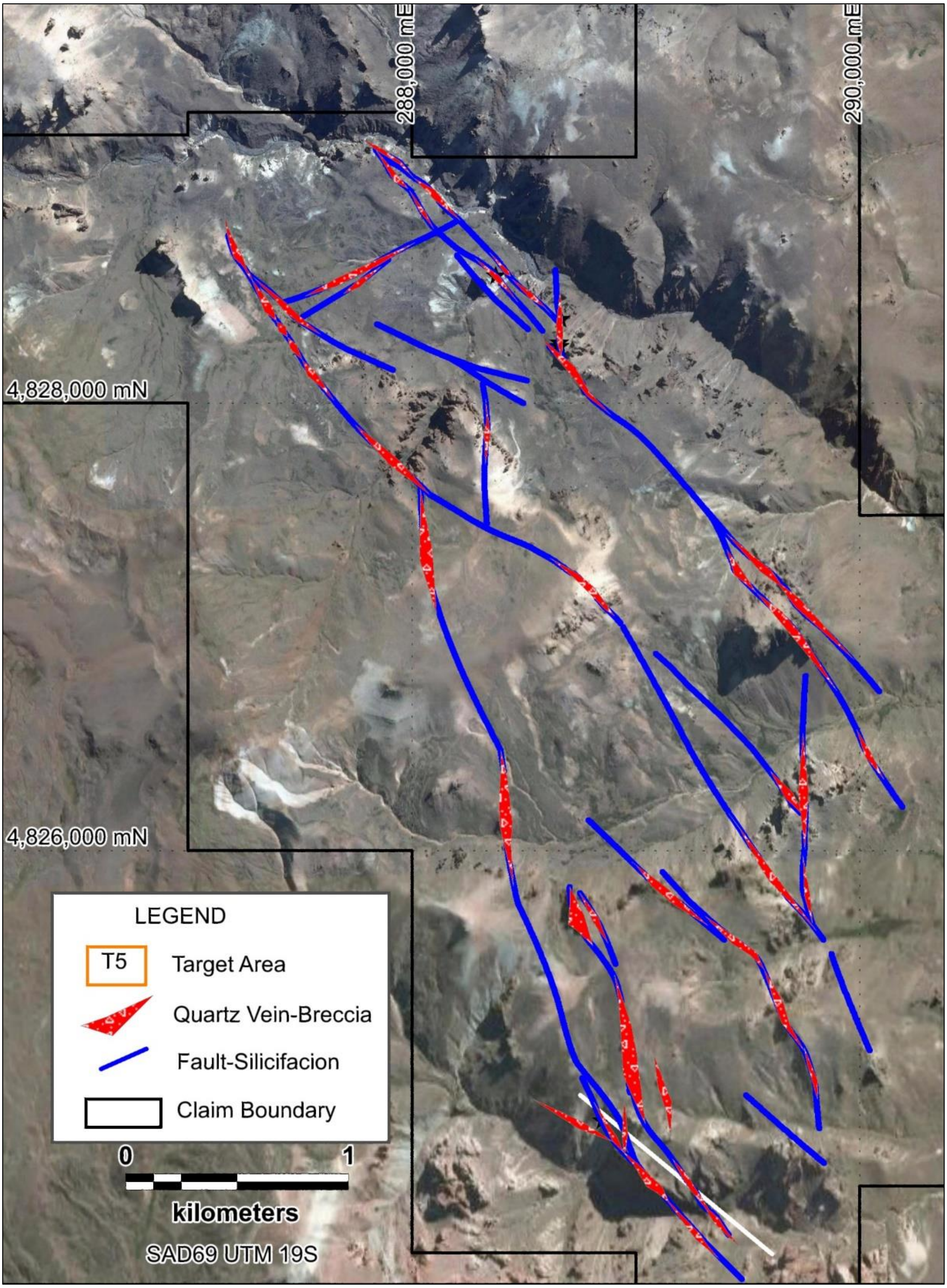
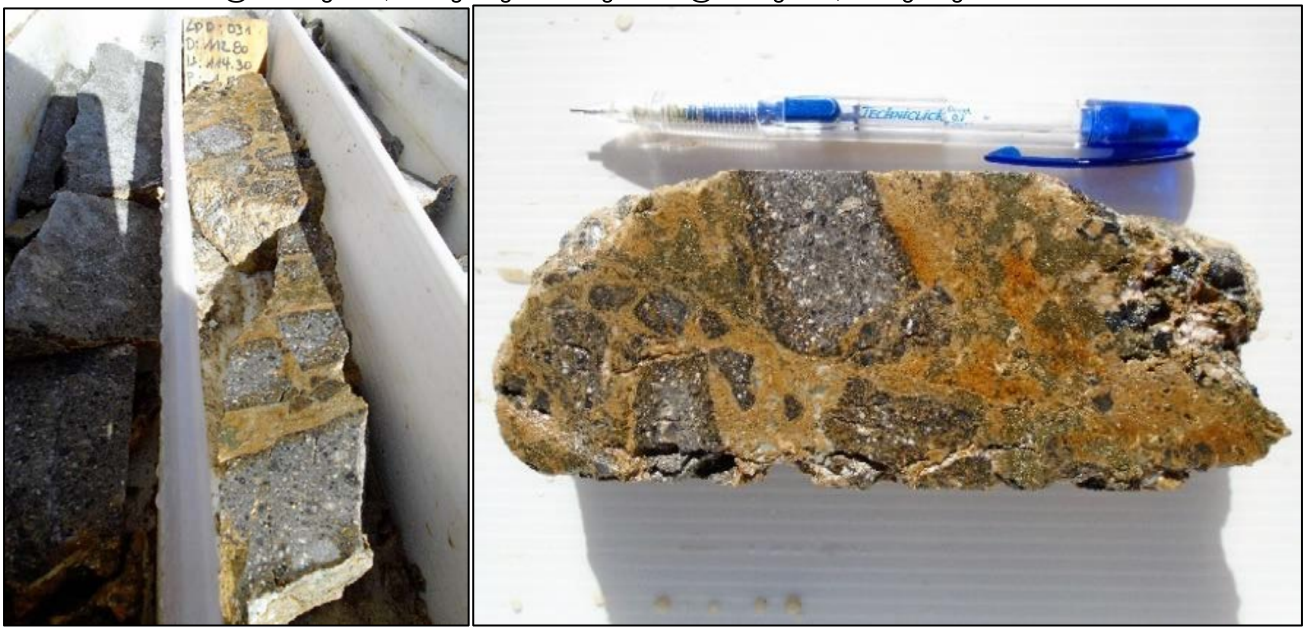


Image 1. Example of Manganese (Mn) rich siderite hydrothermal breccia matrix gangue to high-grade mineralisation in drill-hole LDD-031: 1.3m @ 27.42 g/t Au, 32.2 g/t Ag including. 0.4m @ 78.8 g/t Au, 94.7 g/t Ag



During the reporting period, integrated detailed mapping and sampling and 3D modelling of drill data collected to date was focused throughout the approximate 8 km² area extending between the Target 1 to Target 6 areas of the Los Domos Project, as part of target definition for subsequent drill testing.

The mapping defined a series of new, large scale quartz vein-breccia structures and served to better define the structural and lithological controls on gold-silver mineralisation and elevated pathfinder element geochemistry discovered to date. Particular attention during mapping was given to quartz vein +- kaolinite textures and carbonate pseudomorph replacement, alteration zonation indicated by clay mineralogy (illite-smectite) and carbonate, and presence of vein clasts in interpreted high-level phreatic breccias.

High priority followup drilling will focus on favourable structural targets comprising the inflection from north-west to north-south trending portions of the quartz-breccia structures including those mapped over an approximate 4km strike length between the T4 to the T6B Target areas and those extending between T2 and T8, all of which remain untested by drilling. These targets are characterised by elevated concentrations of Au-Ag-Sb-Pb-Mo-Hg.

The vein textures and anomalous Au-Ag and pathfinder element geochemical signatures of many of these new structures are interpreted to correspond to higher-level portions of the epithermal system and are interpreted to represent highly prospective drill targets at depth in more competent lithologies. Importantly, drilling completed to date throughout the large areal extent of Los Domos has tested a relatively minor strike and depth extension of the mapped structures.

In accordance with Chilean government mining and exploration regulations and based on the number of platforms utilised for drilling at Los Domos to date, an Environmental Impact Study (DIA) is required to conduct further drilling. Environmental permitting required for the next phase drilling at Los Domos progressed during the year for which approvals are expected during the December 2019 quarter.

Figure 4. Long section of T7 Target with interpreted true widths and Au equivalent grades, highlighting holes drilled during the reporting period

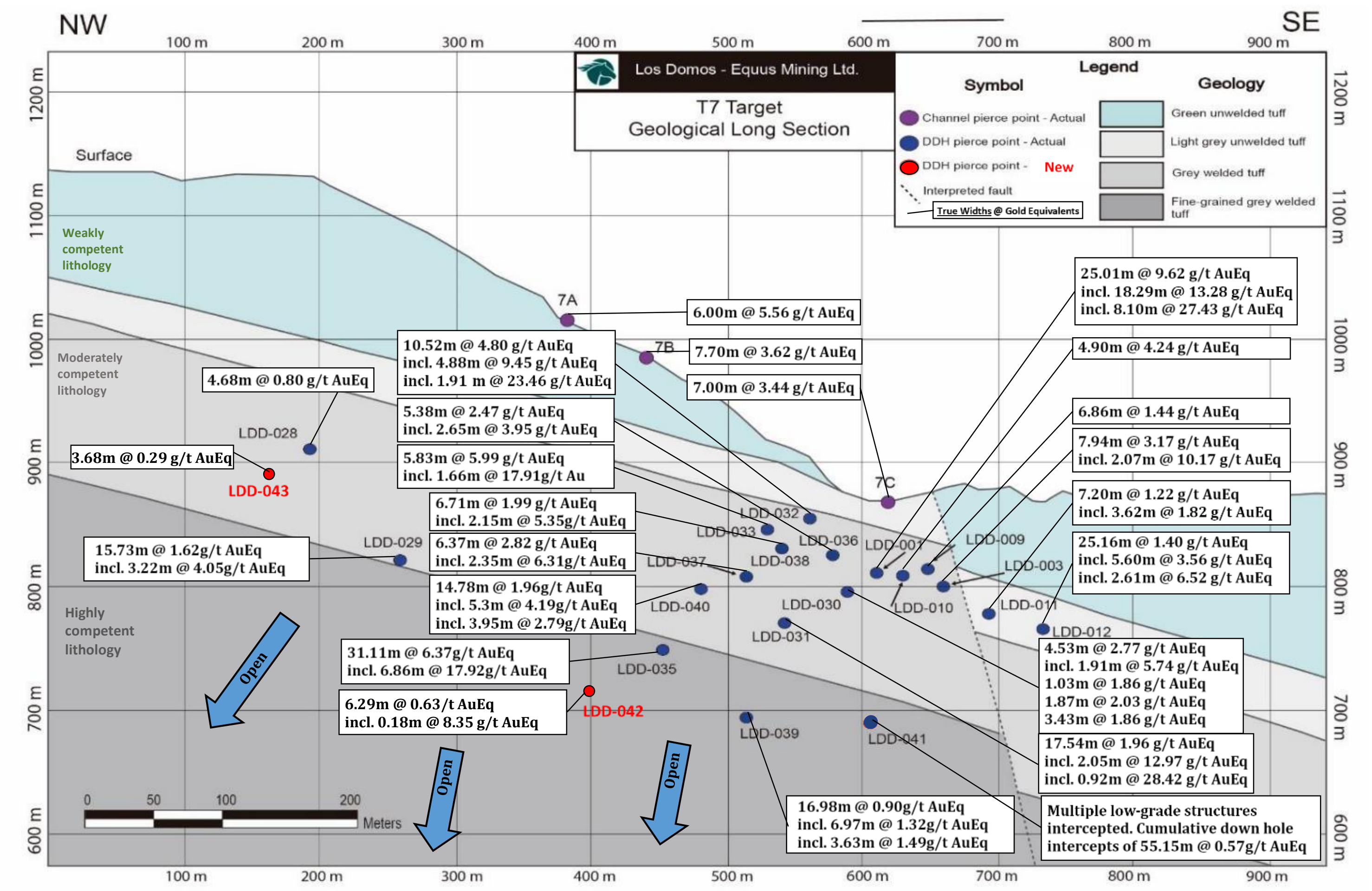


Table 2. Los Domos Project- T7 Target Drill Intercepts

Hole ID	From m	To m	Intercept m	True Width m	AuEq(x) g/t	PbEq(x) %	ZnEq(x) %	Au g/t	Ag g/t	Pb %	Zn %	Cu %
7A	0.00	6.00	6.00	6.00	5.56	7.43	5.44	2.52	123	1.32	0.08	No significant Cu grades
7B	0.00	7.70	6.00	6.00	3.62	4.83	3.54	1.18	42	2.21	0.11	
7C	0.00	7.00	6.00	6.00	3.44	4.60	3.36	0.82	18	1.40	1.26	
LDD-001	30.16	56.05	25.89	25.01	9.82	13.12	9.60	0.38	87	7.10	2.68	
incl	35.20	54.14	18.94	18.29	13.28	17.74	12.99	0.48	117	9.65	3.62	
incl	45.75	54.14	8.39	8.10	27.43	36.64	26.82	0.71	248	20.72	7.07	
	130.72	137.00	6.28	6.07	1.05	1.86	1.17	0.58	9	0.36	0.19	
LDD-003	68.00	76.45	8.45	7.94	3.17	4.24	3.10	0.32	15	1.18	1.68	
incl	68.00	70.20	2.20	2.07	10.17	13.59	9.94	0.19	48	4.37	5.82	
and	73.50	76.45	2.95	2.77	1.26	1.68	1.23	0.62	6	0.12	0.44	
	138.75	140.05	1.30	1.22	2.16	2.89	2.12	0.62	11	0.26	1.14	
LDD-009	5.45	6.85	1.40	1.35	2.13	2.85	2.09	0.56	12	1.20	0.47	
	20.15	24.70	4.55	4.39	0.78	1.04	0.76	0.30	4	0.23	0.24	
	47.50	54.60	7.10	6.86	1.44	1.92	1.41	0.49	9	0.45	0.47	
incl	50.75	54.60	3.85	3.72	1.80	2.40	1.76	0.65	10	0.64	0.50	
incl	50.75	52.25	1.50	1.45	2.97	3.97	2.90	0.75	13	1.31	1.01	
LDD-010	9.00	9.60	0.60	0.52	2.63	3.51	2.57	0.26	7	0.58	0.58	
	25.20	26.30	1.10	0.95	1.40	1.87	1.37	0.12	6	0.38	0.35	
	29.60	31.35	1.75	1.52	1.35	1.80	1.32	0.11	12	0.68	0.39	
	44.25	49.15	4.90	4.24	2.54	3.40	2.49	0.11	19	1.17	0.51	
LDD-011	75.90	78.80	2.90	2.80	1.40	1.87	1.37	0.26	7	0.58	0.58	
	85.00	86.60	1.60	1.55	0.86	1.15	0.84	0.12	6	0.38	0.35	
	89.90	97.35	7.45	7.20	1.22	1.63	1.19	0.11	12	0.68	0.39	
incl	93.60	97.35	3.75	3.62	1.82	2.43	1.78	0.11	19	1.17	0.51	
LDD-012	104.20	130.25	26.05	25.16	1.40	1.87	1.37	0.38	8	0.19	0.74	
incl	104.20	110.00	5.80	5.60	3.56	4.75	3.48	0.09	21	0.54	2.67	
incl	104.20	106.90	2.70	2.61	6.52	8.72	6.38	0.12	36	0.82	5.10	
	116.00	117.45	1.45	1.40	2.61	3.49	2.55	1.04	12	0.17	1.22	
	128.90	130.25	1.35	4.24	2.39	3.19	2.33	2.14	6	0.07	0.10	
LDD-028	237.65	242.50	4.85	4.68	0.80	1.07	0.78	0.35	6	0.20	0.15	0.03
LDD-029	324.09	345.60	21.51	15.73	1.62	2.17	1.59	0.45	14	0.39	0.48	0.11
incl	340.45	345.00	4.55	3.22	4.05	5.42	3.96	1.85	35	0.72	0.54	0.35
incl	342.50	344.40	1.90	1.34	6.31	8.43	6.17	3.37	45	0.81	0.70	0.57
LDD-030	23.90	30.30	6.40	4.53	2.77	3.70	2.72	0.92	22	0.32	0.68	0.35
incl	24.90	27.60	2.70	1.91	5.74	7.66	2.72	1.96	44	0.69	1.39	0.72
	68.70	72.15	3.45	2.44	1.04	1.39	1.02	0.59	9	0.20	0.12	0.03
incl	68.70	70.15	1.45	1.03	2.03	2.71	1.98	1.16	18	0.42	0.19	0.05
	91.55	94.20	2.65	1.87	1.87	2.50	1.83	0.85	7	0.09	0.70	0.08
	130.65	135.50	4.85	3.43	1.96	2.61	1.91	0.84	9	0.33	0.61	0.06
LDD-031	89.70	90.70	1.00	0.71	0.89	1.19	0.87	0.30	2	0.06	0.50	0.00
	100.00	124.80	24.80	17.54	1.96	2.61	1.91	1.64	4	0.06	0.15	0.03
incl	113.10	116.00	2.90	2.05	12.97	17.32	12.68	12.45	16	0.02	0.11	0.09
incl	113.10	114.40	1.30	0.92	28.42	37.97	27.79	27.42	32	0.04	0.21	0.15
LDD-032	39.10	53.90	14.80	10.47	4.80	6.41	4.69	0.26	26	2.23	2.29	0.07
incl	39.10	46.00	6.90	4.88	9.45	12.63	9.24	0.54	53	4.62	4.30	0.13
incl	42.70	45.40	2.70	1.91	23.46	31.34	22.94	1.32	132	11.42	10.71	0.32
LDD-033	48.50	56.75	8.25	5.83	5.99	8.00	5.86	0.25	35	1.31	3.92	0.13
incl	48.50	55.90	7.40	5.23	6.61	8.83	6.46	0.28	38	1.44	4.33	0.14
incl	50.55	52.90	2.35	1.66	17.91	23.93	17.52	0.67	104	3.85	11.87	0.35
LDD-035	129.90	174.75	44.85	31.71	6.37	8.51	6.23	1.00	64	1.38	2.90	0.21
incl.	151.45	174.75	23.30	16.48	10.84	14.48	10.60	1.49	109	2.41	5.22	0.30
incl.	151.45	164.40	12.95	9.16	14.96	19.99	14.63	2.18	157	3.49	6.95	0.34
incl.	151.45	161.15	9.70	6.86	17.92	23.93	17.52	2.58	181	4.15	8.48	0.41
LDD-036	61.75	72.50	10.75	5.38	2.47	3.30	2.41	0.49	9	0.47	1.37	0.05
incl	66.45	71.75	5.30	2.65	3.95	5.27	3.86	0.78	14	0.69	2.25	0.08
LDD-037	81.55	92.65	11.10	6.37	2.82	3.77	2.76	0.63	18	1.42	0.67	0.10
incl	87.55	91.65	4.10	2.35	6.31	8.43	6.17	1.34	44	3.63	1.13	0.24
LDD-038	57.75	69.45	11.70	6.71	1.99	2.66	1.94	0.37	23	0.31	0.58	0.27
incl	63.55	67.30	3.75	2.15	5.35	7.15	5.23	0.96	66	0.80	1.49	0.76
LDD-039	101.50	102.90	1.40	0.59	0.89	1.19	0.87	0.49	5	0.05	0.22	0.04
	111.90	113.70	1.80	0.76	1.11	1.48	1.08	0.74	4	0.18	0.10	0.04
	167.65	169.60	1.95	0.82	0.79	1.05	0.77	0.25	11	0.02	0.03	0.21
	205.00	209.00	4.00	1.69	1.16	1.56	1.14	0.09	23	0.06	0.06	0.38
	225.60	265.78	40.18	16.98	0.90	1.21	0.88	0.08	9	0.17	0.37	0.11
incl	245.00	261.50	16.50	6.97	1.32	1.63	1.19	0.12	14	0.18	0.55	0.17
incl	245.00	253.60	8.60	3.63	1.49	1.80	1.32	0.19	14	0.14	0.65	0.19
LDD-040	30.39	33.50	3.11	2.20	2.00	2.67	1.96	0.05	6	1.28	0.87	0.02
	81.00	81.86	0.86	0.61	1.19	1.59	1.16	0.73	11	0.08	0.14	0.04
	106.05	126.95	20.90	14.78	1.96	2.61	1.91	0.39	13	0.37	0.98	0.86
incl	120.00	127.50	7.50	5.30	4.19	5.60	4.10	0.66	32	0.86	2.18	0.71
incl	122.00	125.95	3.95	2.79	7.29	9.74	7.13	1.14	56	1.58	3.74	0.61
LDD-041	10.25	10.80	0.55	0.19	4.23	5.65	4.13	0.69	45	0.51	2.34	0.03
	79.30	95.00	15.70	5.37	0.68	0.90	0.66	0.29	4	0.12	0.16	0.04
incl	79.30	81.75	2.45	0.84	1.06	1.41	1.03	0.22	5	0.10	0.58	0.06
and	86.80	93.95	7.15	2.45	1.00	1.33	0.97	0.48	7	0.21	0.13	0.07
	175.25	178.00	2.75	0.94	1.46	1.95	1.43	0.98	8	0.02	0.04	0.19
	217.60	220.30	2.70	0.92	1.61	2.15	1.58	0.20	39	0.01	0.03	0.48
LDD-042	413.25	423.95	10.70	6.29	0.63	0.84	0.62	0.14	7	0.08	0.22	0.06
incl	422.15	422.45	0.30	0.18	8.35	11.16	8.17	3.28	66	1.69	2.33	0.24
LDD-043	274.00	282.70	8.70	3.68	0.29	0.39	0.28	0.18	3	0.01	0.01	0.03

Cerro Diablo Au-Cu-Ag-Pb Project

The Cerro Diablo Project is located in the interpreted northwest limit of the world-class Deseado Massif mineral province, where it extends into southern Chile (Refer to Figure 2), in a corridor also broadly coincident with the slightly younger Andean-type arc and back-arc tectonic belt which host epithermal, skarn, porphyry and volcanic-hosted massive sulfide (VHMS) style mineral occurrences.

The Cerro Diablo Au-Ag polymetallic project comprises a claim package totalling 4,550 hectares located approximately 25km to the north of the Cerro Bayo Mine plant. 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. During operation at the nearby Cerro Bayo Mine, mine concentrates were transported from the Cerro Bayo Mine via Puerto Ibanez to the export port facilities at Puerto Aysen.

Cerro Diablo has not received any modern-day exploration nor drilling prior to the activities by the Company despite numerous, metallic mineral occurrences having been recorded historically. There are two small historic silver-lead mines, namely Mina Alón and Mina Las Cáscaras, located within the southern area of the Cerro Diablo project.

Mineralisation at Cerro Diablo exhibits characteristics of Intermediate Sulphidation style epithermal precious and base metal mineralisation. The project area features extensive hydrothermal alteration and hosts outcropping precious-base metal bearing veins and breccias within Jurassic aged volcanic and volcano-sedimentary rocks and felsic domes (See Images 4). Other significant Intermediate Sulphidation style epithermal precious and base metal deposits in similar geological settings globally include the Hot Maden gold-copper deposit in Turkey.

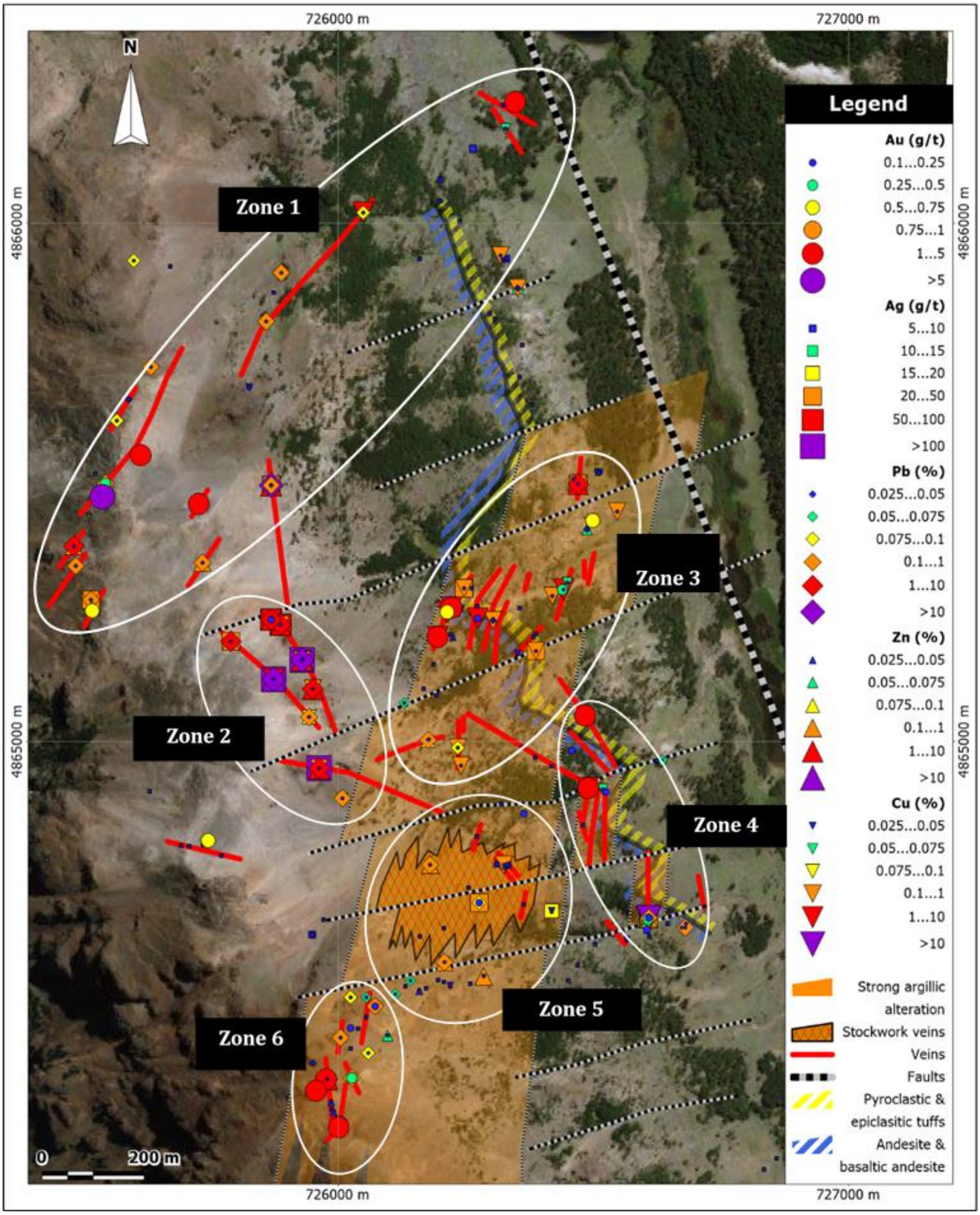
Mapping and sampling to date has defined multiple zones of extensive, largely structurally controlled hydrothermal alteration and precious-base metal epithermal mineralisation throughout a 2.1km x 1.2km area. During the reporting period, additional mapping and data analysis has further defined the geometries and models of high-grade mineralisation throughout the higher priority zones 1-6 spanning an approximate 800m x 1200m area (Figure 5), in preparation for maiden scout drill testing. These zones occur within an array of dominantly northeast to northwest trending mineralised corridors which host multiphase quartz-chalcopyrite-pyrite ± jasperoid vein-breccias mapped over +300m strike length and up to 10m wide.

Significant historic higher-grade rock chip results reported previously from these zones include:

- Zone 1: 5.4 g/t Au, 6.2 g/t Ag (Sample No. D00071)
- Zone 2: 100.0 g/t Ag, 1.12% Cu, 20.79% Pb, 19.01% Zn (Sample No. D10041)
- Zone 3: 1.73 g/t Au, 13.7 g/t Ag, 1.1% Cu (Sample No. D10050)
- Zone 4: 1.47 g/t Au, 31.1 g/t Ag, 2.69 % Cu (Sample No. D10138)
- Zone 5: 4.91 g/t Au, 3.8 g/t Ag (Sample No. D00060)

Image 2. Cerro Diablo- Example of mineralized quartz vein breccia structures, Zones 1- 6

Figure 5. Cerro Diablo Project-main target mineralised zones



Coal Assets

Equus Mining maintained interests in the Magallanes coal basin until March 2019. However, no work was undertaken at the Company's Mina Rica and Rubens thermal coal projects during the 2019 year. The Company discontinued pursuing strategic options in relation to the assets and claim tenure has lapsed. 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 and Cerro Diablo precious and base metal project is based on information compiled by Damien Koerber. Mr Koerber is a fulltime employee of 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 a shareholder of Equus Mining Limited 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.

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**

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

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

(x)<u>**Gold and Zinc Equivalent Calculation Formulae & Assumptions – Intermediate Sulphidation Epithermal**</u>

<table>
<tr><th>Metal</th><th>Price *</th><th>Recovery</th><th></th></tr>
<tr><td>Gold</td><td>US$1200 per ounce</td><td>93.2%</td><td rowspan="6">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 mineralisation whereby a new dominant metal emerges for a target, equivalent metal reporting will change to reflect that new dominant metal.</td></tr>
<tr><td>Silver</td><td>US$18 per ounce</td><td>99.6%</td></tr>
<tr><td>Lead</td><td>US$2700 per tonne</td><td>99.7%</td></tr>
<tr><td>Zinc</td><td>US$3700 per tonne</td><td>99.4%</td></tr>
<tr><td>Copper</td><td>US$6300 per tonne</td><td>90.0%</td></tr>
<tr><td colspan="3">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</td></tr>
</table>

(xi) 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.

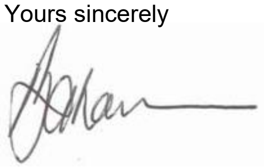
(xv) All the material assumptions underpinning exploration results for historical samples D00001 – D00157 as outlined in Table 1 and Appendix 1 in the report titled Newly Acquired Cerro Diablo Project Augments Equus Mining's Strategy at Los Domos (see ASX release dated 19 February 2018) continue to apply 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.

(xx) All the material assumptions underpinning exploration results for sample numbers LDD2339 to LDD2411 are outlined in Table 1 in the report titled Latest Drill Results Demonstrates Extension of T7 Target at Los Domos Project (see ASX release dated 29 April 2019) continue to apply and have not materially changed.

Yours sincerely



John Braham
Executive Director

Dated this 27th day of September 2019

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 2019 corporate governance statement is dated 27 September 2019 and reflects the corporate governance practices throughout the 2019 financial year. The board approved the 2019 corporate governance on 18 September 2019. 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 2019 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 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.

Mr Lochtenberg is currently Non-Executive Director of public listed company Nickel Mines Limited and a Director of Australian Transport, Energy Corridor Pty Limited, (ATEC). 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.

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

John Richard Braham, Executive Director

Director since 13 November 2018

Mr Braham 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.

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

Mr 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

Dr 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.

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 – 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.

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	6	6
John R. Braham	3	3
Juerg M. Walker	6	4
Robert A. Yeates	6	6

DIRECTORS' INTERESTS

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

Director	Fully Paid Ordinary Shares	Options over ordinary shares
Mark H. Lochtenberg	36,360,781	-
John R. Braham	5,000,000	-
Juerg M. Walker	8,297,861	-
Robert A. Yeates	3,340,909	-

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.

At the General Meeting held on 18 September 2019, the Company received shareholders' approval to issue 15,000,000 unlisted options to John Braham as remuneration post year end. At the date of this report, the options are yet to be issued.

Unissued shares under option

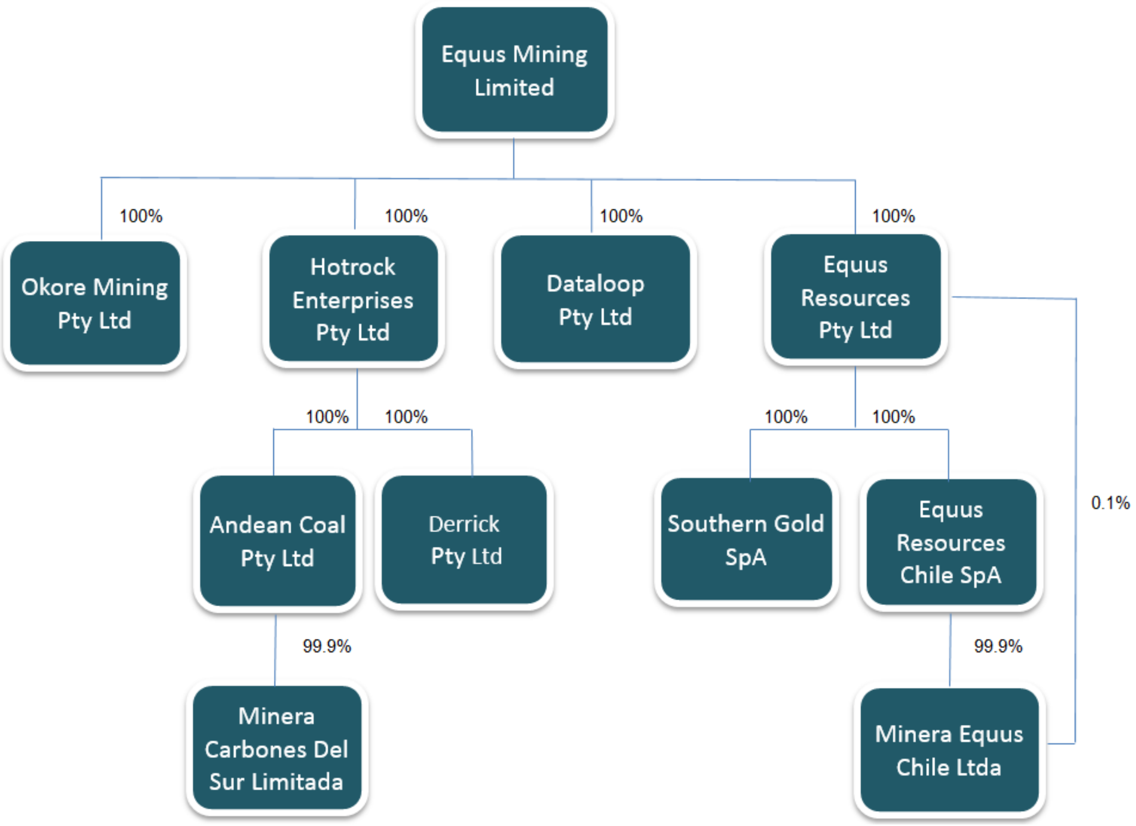
At the date of this report, the Company does not have options on issue over ordinary shares (2018: nil options)

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 2019 is outlined below.

EQUUS MINING LIMITED – GROUP STRUCTURE AT 30 JUNE 2019



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

PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year included the:

- Execution of a non-binding Heads of Agreement with Mandalay Resources Corporation for a 3-year option to acquire all the mining properties, resources and mine infrastructure of the Cerro Bayo Mine which is owned by Compania Minera Cerro Bayo Ltd, a wholly-owned subsidiary of Mandalay Resources. Prior to execution, a comprehensive review of mine and exploration data was initiated to confirm the interpretation of the Group that significant potential for the discovery of further resources exists throughout the mine properties.
- Exploration including drilling and environmental studies required for permits for further drilling at the Company's Los Domos gold-silver project located in Chile's XI Region. Additionally, conclusion of the acquisition of 100% interest in exploration claims held by Terrane Minerals SpA and, subsequent to the financial year-end, the Company incorporated a Joint Venture company with Patagonia Gold SCM titled Equus Patagonia SpA, which completed the novation of the Company´s 75% interest in mining concessions owned by Patagonia Gold SpA, earned via the acquisition of Terrane Minerals SpA.
- Further exploration at the Cerro Diablo Project comprising detailed mapping and rock-chip geochemistry in preparation for maiden drill testing.

FINANCIAL RESULTS

The consolidated loss after income tax attributable to members of the Company for the year was $942,751 (2018: $2,142,214 loss).

REVIEW OF OPERATIONS

A review of the Group's operations for the year ended 30 June 2019 is set out on pages 2 to 14 of this Annual Report.

DIVIDENDS

The Directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2019. No dividends have been paid or declared during the financial year (2018 - $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 2019 were as follows:

- On 5 October 2018, the Company issued 95,000,000 new ordinary shares under a placement at an issue price of $0.02 per share for a total consideration of $1,900,000 before costs.
- On 29 October 2018, the Company issued 14,100,000 new ordinary shares under a share purchase plan at an issue price of $0.02 per share for a total consideration of $282,000 before costs.
- On 13 November 2018, Mr John Braham was appointed as Executive Director of the Equus and Mr Edward Leschke resigned as Managing Director of the Company.
- On 4 December 2018, the Company issued 5,000,000 new ordinary shares under a placement at an issue price of $0.02 per share for a total consideration of $100,000 before costs.
- On 31 December 2018, the Company issued 28,812,500 new ordinary shares at an issue price of $0.012 per share in consideration for the acquisition of the Electrum exploration licences in Los Domos Project.
- On 25 June 2019, the Company executed a non-binding heads of agreement with Mandalay Resources Corporation for an option to acquire Mandalay's Cerro Bayo mine project in Chile.

Other than the matters detailed above, there were no other significant changes in the affairs of the Company during the year.

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. Prior to the recommencement of drilling at the Los Domos Project, approval of an Environmental Impact Statement (DIA) is required. Environmental and related studies as part of the Environmental Impact Statement are being finalized in the period subsequent to the financial year-end, for which approvals are expected during the December 2019 quarter.

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.

LIKELY DEVELOPMENTS

During the course of the 2020 financial year, and pending signing of the definitive agreement for the option to acquire the Cerro Bayo Mine, the Company will focus on drilling programs throughout the Cerro Bayo, Los Domos and potentially the Cerro Diablo Project and its ongoing strategic assessment of additional areas of exploration interest in the vicinity of the Cerro Bayo Mine infrastructure. The Directors expect to receive results of future exploration programs at Cerro Bayo, Los Domos and the Cerro Diablo gold-silver and polymetallic projects, 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 have not been included in this report because disclosure of this information would be likely to result in unreasonable prejudice to the Group.

EVENTS SUBSEQUENT TO BALANCE DATE

On 1 August 2019, the Company announced a placement to institutional investors to raise up to $4.5 million by the issue of 450 million shares at an issue price of $0.01. The placement is made up of two tranches, tranche one completed on 8 August 2019 raised $1,345,915 before costs by the issue of 134,591,529 ordinary shares. For tranche two, the Company obtained approval at a shareholders' meeting for the issue of 315,408,471 ordinary shares at $0.01 to raise $3,154,085. The issue of the shares under tranche 2 is expected to be completed in October 2019.

On 1 August 2019, the Company announced a Non-Renounceable rights issue offer to existing shareholders to subscribe for 1 share for every 17 shares held. The shares were offered at $0.01 per share and the offer was fully subscribed. The company issued 52,780,992 ordinary shares and raised $527,810 before costs.

On 13 August 2019, following completion of a drilling program of 1,179 metres by Equus on the mining concessions owned by Patagonia Gold Sociedad Contractual Minera ('Patagonia'), the parties incorporated a joint venture company "Equus Patagonia SpA". Equus by completing the drilling program earned 75% equity interest in the newly formed company and Patagonia transferred title of three mining concessions, Pedregoso I, Pedregoso VII and Honda 20 as consideration for payment for 25% equity interest.

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.

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.

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 2019, or in the prior year. The remuneration disclosed below represents the cost to the Group for services provided under these arrangements.

John Braham and Mark Lochtenberg are paid through the Company's payroll. All other Directors services are paid by way of an arrangement with related parties.

There were no remuneration consultants used by the Company during the year ended 30 June 2019, or in the prior year.

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.

	2019 **$**	**2018** **$**	**2017** **$**	**2016** **$**	**2015** **$**
Net loss attributable to equity holders of the parent	942,751	2,142,214	899,548	3,573,850	1,048,648
Dividends paid	-	-	-	-	-
Change in share price	(0.02)	-	0.02	(0.01)	0.01

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

REMUNERATION REPORT – Audited (Con't)

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 $
Executive Directors						
John Braham [2]	**2019**	**75,333**	**5,890**	**-**	-	**81,223**
	2018	**-**	**-**	**-**	-	**-**
Edward Leschke [3]	**2019**	**62,899**	**5,243**	**-**	-	**68,142**
	2018	157,437	14,250	-	[1]2,302	173,989
Non-Executive Directors						
Robert Yeates	**2019**	**30,000**	**-**	**-**	**-**	**30,000**
	2018	30,000	-	-	-	30,000
Juerg Walker	**2019**	**30,000**	**-**	**-**	**-**	**30,000**
	2018	30,000	-	-	-	30,000
Mark Lochtenberg	**2019**	**30,000**	**2,850**	**-**	**-**	**32,850**
	2018	30,000	2,850	-	-	32,850
Total all directors	**2019**	**228,232**	**13,983**	**-**	**-**	**242,215**
	2018	247,437	17,100	-	2,302	266,839

(1) Represents amounts accrued for long service leave entitlements.
(2) Appointed as Director on 13 November 2018.
(3) Resigned as Director on 13 November 2018.

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.

Executive Directors

During the financial year ended 30 June 2019, only John Braham was considered an Executive Director. His remuneration for the year ended 30 June 2019 comprised of fixed remuneration plus 9.5% statutory superannuation paid through the Company's payroll. Subsequent to year end, the Company received shareholder approval to issue 15,000,000 unlisted options to Mr Braham as part of his remuneration. The terms and conditions of the options are outlined below. At the date of this report, the options are yet to be issued.

Non Executive Directors

During the financial year ended 30 June 2019, 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.

REMUNERATION REPORT – Audited (Con't)

Options granted as compensation

There were no options over ordinary shares granted to Directors as remuneration during the year ended 30 June 2019 or 2018.

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 2019 and 2018 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 2019 and 2018 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.

At the General Meeting held on 18 September 2019, the Company received shareholders' approval to issue 15,000,000 unlisted options to John Braham as equity based remuneration. The terms of the options are:

- The options may be allotted immediately following shareholder approval and in any event, within one month following the close of the General Meeting. The options are yet to be allotted at the date of this report;
- Each Option entitles the holder to subscribe for and be allotted one fully paid ordinary share. The options are exercisable at any time after the vesting date and before the expiry date;
- The vesting date of the options is immediately following shareholder approval of the grant;
- The exercise price and expiry date of the options is as follows;
  - $0.03 for the first tranche of 5,000,000 options expiring on 13 November 2020;
  - $0.05 for the second tranche of 5,000,000 options expiring on 13 November 2021;
  - $0.07 for the third tranche of 5,000,000 options expiring on 13 November 2023.

Loans to key management personnel and their related parties

There were no loans made to key management personnel or their related parties during the 2019 and 2018 financial years and no amounts were outstanding at 30 June 2019 (2018 - $nil).

Other transactions with key management personnel

There were no other transactions with key management personnel or their related parties during 2019.

At 30 June 2019, the amount outstanding for salaries, superannuation and directors fees was $7,500 (2018: $ Nil).

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 personnel, including their related parties, is as follows:

Fully paid ordinary shareholdings and transactions - 2019

Key management personnel	Held at 30 June 2018	Purchases	Sales	Other	Held at 30 June 2019
Mark H. Lochtenberg	**31,360,781**	5,000,000	-	-	**36,360,781**
John R. Braham *	**N/A**	-	-	5,000,000	**5,000,000**
Edward J. Leschke **	**34,768,889**	200,000	-	-	**N/A**
Juerg M. Walker	**8,297,861**	-	-	-	**8,297,861**
Robert A. Yeates	**2,590,909**	750,000	-	-	**3,340,909**

* Number of shares held at date of appointment as a Director
** Number of shares held up until date of resignation as a Director

End of remuneration report.

NON-AUDIT SERVICES

During the year ended 30 June 2019 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.

	2019 $	2018 $
Services other than audit and review of financial statements:		
Other services	**-**	-
Audit and review of financial statements	**82,920**	77,700
	82,920	77,700

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 2019.

Signed at Sydney this 27th day of September 2019
in accordance with a resolution of the Board of Directors:

Mark H. Lochtenberg
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 audit for the financial year ended 30 June 2019 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 contravention of any applicable code of professional conduct in relation to the audit.

KPMG

Jason Adams
Partner

Brisbane
27 September 2019

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 Professional Standards Legislation.

Equus Mining Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2019

	Notes	2019	2018 *Restated
		$	$
CONTINUING OPERATIONS			
Other income	4	**-**	52,230
Expenses			
Employee, directors and consultants costs		**(521,602)**	(446,839)
Impairment exploration expenditure	10	**-**	(1,454,070)
Travel expenses		**(16,001)**	(40,572)
Other expenses	4	**(418,164)**	(341,138)
Results from operating activities		**(955,767)**	(2,230,389)
Finance income	5	**13,016**	88,175
Finance costs	5	**-**	-
Net finance income/(expense)		**13,016**	88,175
Loss before tax		**(942,751)**	(2,142,214)
Tax benefit/(expense)	6	**-**	-
Loss for the year		**(942,751)**	(2,142,214)
Other comprehensive income for the year			
Items that may be classified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	13	**65,682**	262,660
		65,682	262,660
Items that will not be classified subsequently to profit or loss			
Net change in fair value of equity instruments at fair value through other comprehensive income	13	**73,427**	(63,422)
		73,427	(63,422)
Total other comprehensive income		**139,109**	199,238
Total comprehensive loss for the year		**(803,642)**	(1,942,976)
Earnings per share			
Basic and diluted loss per share (dollars)	14	**(0.001)**	(0.003)

* Restated on initial application of AASB 9 – refer note 9

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

Equus Mining Limited
Consolidated Statement of Financial Position
As at 30 June 2019

	Notes	2019	2018
			*RESTATED
		$	$
Current Assets			
Cash and cash equivalents	7	**398,819**	658,568
Receivables	8	**14,513**	19,095
Total Current Assets		**413,332**	677,663
Non-Current Assets			
Other financial assets	9	**370,179**	305,660
Exploration and evaluation expenditure	10	**5,228,559**	3,689,281
Total Non-Current Assets		**5,598,738**	3,994,941
Total Assets		**6,012,070**	4,672,604
Current Liabilities			
Payables	11	**190,343**	585,236
Total Current Liabilities		**190,343**	585,236
Total Liabilities		**190,343**	585,236
Net Assets		**5,821,727**	4,087,368
Equity			
Share capital	12	**116,371,685**	113,833,684
Fair value reserve	13	**745,532**	672,105
Foreign currency translation reserve	13	**(203,983)**	(269,665)
Accumulated losses		**(111,091,507)**	(110,148,756)
Total Equity		**5,821,727**	**4,087,368**

* Restated on initial application of AASB 9 – refer note 9

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

Equus Mining Limited
Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2019

	Share Capital	Accumulated Losses	Other Reserves	Foreign Currency Translation Reserve	Total Equity
	$	$		$	$
Balance at 1 July 2017	**110,921,315**	**(107,647,008)**	**434,405**	**(532,325)**	**3,176,387**
Restated AASB9 (note 9)	-	(359,534)	359,534	-	-
Restated balance at 1 July 2017	**110,921,315**	**(108,006,542)**	**793,939**	**(532,325)**	**3,176,387**
Profit/(Loss) for the year	-	(2,142,214)	-	-	(2,142,214)
Total other comprehensive income / (loss)	-	-	(63,422)	262,660	199,238
Total comprehensive profit/(loss) for the year	**-**	**(2,142,214)**	**(63,422)**	**262,660**	**(1,942,976)**
Transactions with owners recorded directly in equity					
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
Balance at 30 June 2018	**113,833,684**	**(110,148,756)**	**672,105**	**(269,665)**	**4,087,368**
Balance at 1 July 2018	**113,833,684**	**(110,148,756)**	**672,105**	**(269,665)**	**4,087,368**
Profit/(Loss) for the year	-	(942,751)	-	-	(942,751)
Total other comprehensive income / (loss)	-	-	73,427	65,682	139,109
Total comprehensive profit/(loss) for the year	**-**	**(942,751)**	**73,427**	**65,682**	**(803,642)**
Transactions with owners recorded directly in equity					
Ordinary shares issued	2,627,750	-	-	-	2,627,750
Transaction costs on issue of shares	(89,749)	-	-	-	(89,749)
Balance at 30 June 2019	**116,371,685**	**(111,091,507)**	**745,532**	**(203,983)**	**5,821,727**

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

Equus Mining Limited
Consolidated Statement of Cash Flows
For the Year Ended 30 June 2019

	Notes	2019 $	2018 $
Cash flows from operating activities			
Cash payments in the course of operations		**(904,289)**	(895,347)
Net cash used in operations		**(904,289)**	(895,347)
Interest received		**11,179**	18,060
Net cash used in operating activities	15	**(893,110)**	(877,287)
Cash flows from investing activities			
Payments for exploration and development expenditure		**(1,569,635)**	(2,704,387)
Proceed from sale of financial assets		**8,908**	252,382
Net cash used in investing activities		**(1,560,727)**	(2,452,005)
Cash flows from financing activities			
Proceeds from share issues		**2,282,000**	3,017,844
Share issue expenses		**(89,749)**	(163,887)
Net cash provided by financing activities		**2,192,251**	2,853,957
Net increase / (decrease) in cash held		**(261,586)**	(475,335)
Cash and cash equivalents at 1 July		**658,568**	1,120,683
Effects of exchange rate fluctuations on cash held		**1,837**	13,220
Cash and cash equivalents at 30 June	15	**398,819**	658,568

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 2019 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 27 September 2019.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain 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 $2,192,251 (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 $942,751 for the year ended 30 June 2019 and has accumulated losses of $111,091,507 as at 30 June 2019. The Group has cash on hand of $398,819 at 30 June 2019 and used $2,462,745 of cash in operations, including payments for exploration and evaluation, for the year ended 30 June 2019.

Since the end of the financial year, Equus raised $1,873,725 through a rights issue and tranche one of a two tranche share placement. On 18 September 2019, the Company obtained approval from shareholders at a General Meeting for tranche two of the share placement which allows it to raise further funding of $3,154,085, The additional funding will be required to enable the Group to pursue its plans for the Cerro Bayo project and meet the Group's projected cash outflows for a period of 12 months from the date of the directors' declaration.

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 completes tranche 2 of the share placement to enable it to pursue its plans for the Cerro Bayo project. If such funding is not achieved, the Group plans to reduce expenditure to the level of funding available.

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. These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

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.

(e) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with AASBs 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.

2. BASIS OF PREPARATION (Cont.)

(e) Use of estimates and judgements (Cont.)

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 10 - Exploration and evaluation expenditure.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Changes in 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, 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 9). 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 asses 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.

(b) Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income. 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. 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

Recognition and initial measurement

The Group initially recognises trade receivables on the date that they are originated. All other financial assets 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.

Classification and subsequent measurement – Policy applicable from 1 July 2018

On initial recognition, a financial asset is classified as measured at:
- Amortised cost;
- Fair value through other comprehensive income – equity investment; or
- Fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as fair value through profit or loss:
- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value through OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent measurement and gains and losses – Policy applicable from 1 July 2018

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity instruments at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends 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 other comprehensive income and are never reclassified to profit or loss.

(d) Financial instruments (Cont.)

Non-derivative financial assets (Cont.)

Classification and subsequent measurement – Policy before 1 July 2018

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise, they are classified as non-current. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which take into account any dividend income, are recognised in profit or loss.

Amortised cost

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.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

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

Financial liabilities are measured at amortised cost.

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 loans and borrowings and trade and other payables.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(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

The Group recognises loss allowances to an amount equal to lifetime expected credit losses (ECLs), except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have a low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECL's are discounted at the effective interest rate of the financial asset.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(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.

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 the reporting 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 investments in equity securities designated as FVOCI, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(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.

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 Executive 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 Executive 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 Executive 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.

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) 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.

	2019 $	2018 $
4. LOSS FROM OPERATING ACTIVITIES		
Other income		
Recognised in profit or loss		
Gain on disposal of subsidiary	**-**	52,230
	-	52,230
Other expenses		
Administration costs	**71,745**	44,736
Audit and review services – KPMG	**82,920**	77,700
Accounting and secretarial fees	**45,407**	44,610
Legal fees	**70,665**	37,244
Commissions	**-**	10,691
Insurance	**32,108**	13,915
ASIC and ASX fees	**40,761**	34,779
Share registry fees	**14,558**	17,463
Rent	**60,000**	60,000
	418,164	341,138
5. FINANCE INCOME AND FINANCE COSTS		
Recognised in profit and loss		
Interest income on cash deposits	**11,179**	18,060
Gain on settlement of other financial asset	**-**	56,895
Foreign exchange gain / (loss)	**1,837**	13,220
	13,016	88,175
Net finance income/(costs) recognised in profit or loss	**13,016**	88,175
Recognised in other comprehensive income		
Net change in fair value of equity instruments at fair value	**73,427**	(63,422)
Finance cost recognised in other comprehensive income, net of tax	**73,427**	(63,422)

	2019	2018 *RESTATED
	$	$
6. INCOME TAX EXPENSE		
Current tax expense		
Current year	**79,023**	(197,285)
Overprovision in prior year	**-**	-
Losses not recognised	**(79,023)**	197,285
	-	-
Numerical reconciliation of income tax expense to prima facie tax payable:		
Loss before tax	**942,751**	2,142,214
Prima facie income tax benefit at the Australian tax rate of 27.5%	**(259,257)**	(589,109)
Decrease in income tax benefit due to:		
- non-deductible expenses	**44,970**	478,563
- effect of deferred tax asset (DTA) for capital losses not brought to account	**-**	245,911
- effect of DTA for tax losses not brought to account	**183,266**	237,136
- effect of DTA for temporary differences not brought to account	**31,021**	(372,501)
Income tax expense/(benefit)	**-**	-
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Capital losses	**6,131,868**	6,394,158
Tax losses	**3,613,649**	3,430,383
Net deductible temporary differences	**43,531**	68,739
Potential tax benefit at 27.5%	**9,789,048**	9,893,280

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.

	2019	2018
	$	$
7. CASH AND CASH EQUIVALENTS		
Cash at bank	**141,714**	278,934
Deposits at call	**257,105**	379,634
	398,819	658,568
8. RECEIVABLES		
Current		
Sundry debtors	**14,513**	**19,095**

Trade and sundry debtors are non-interest bearing and generally on 30-day terms.

9. INVESTMENTS

At 30 June 2019, the Group holds 1,368,300 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$0.19 at 30 June 2019 (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:

	30 June 2019 $	30 June 2018 $
Equity instruments at fair value through other comprehensive income		
Equity securities – Investment in Blox Inc.	**370,179**	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.

Impact of AASB 9	30 June 2018 (originally presented)	Adoption of AASB 9	30 June 2018 (restated)
Statement of profit or loss and other comprehensive income	$	$	$
Finance Income	335,511	(247,336)	88,175
Finance Costs	(102,424)	102,424	-
Loss for the year	(1,997,302)	(144,912)	(2,142,214)
Net change in fair value of avaliable for sale financial assets	30,906	(30,906)	-
Net change in fair value transferred to profit or loss on disposal of avaliable for sale financial assets	(239,240)	239,240	-
Net change in fair value of equity insturments at fair value through other comprehensive income	-	(63,422)	(63,422)
Total other comprehensive income	54,326	144,912	199,238
Statement of Financial Position			
Fair Value Reserve	167,659	504,446	672,105
Accumulated Losses	(109,644,310)	(504,446)	(110,148,756)

The initial application of AASB 9 had no impact on the Group's cash flow statement in the current or comparative period.

	2019	2018
	$	$
Movement during the period		
Opening balance	**305,660**	403,093
Additions	**-**	218,348
Disposal	**(8,908)**	(252,359)
Net change in fair value	**73,427**	(63,422)
Equity securities – at fair value through other comprehensive income	**370,179**	305,660

	2019	2018
	$	$
10. EXPLORATION AND EVALUATION EXPENDITURE		
Carbones del Sur	**-**	-
Los Domos gold-silver	**5,173,477**	3,650,684
Cerro Diablo gold-silver	**55,082**	38,597
Net Book Value	**5,228,559**	3,689,281
Carbones del Sur		
Carrying amount at the beginning of the year	-	1,395,431
Additions	-	3,883
Impairment	-	(1,454,070)
Foreign currency translation movement	-	54,756
Balance carried forward	-	-
Los Domos gold-silver		
Carrying amount at the beginning of the year	**3,650,684**	501,607
Additions	**1,441,309**	3,121,704
Foreign currency translation movement	**81,484**	27,373
Balance carried forward	**5,173,477**	3,650,684
Cerro Diablo gold-silver		
Carrying amount at the beginning of the year	**38,597**	-
Additions	**15,603**	38,593
Foreign currency translation movement	**882**	4
Net book value	**55,082**	38,597
Balance carried forward	**5,228,559**	3,689,281

During the year, the Company issued 28,812,500 ordinary shares to Terrane Minerals SpA as consideration for the acquisition of the Electrum exploration licences in Los Domos gold-silver project.

During the prior 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

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.

	2019	2018
	$	$
11. TRADE AND OTHER PAYABLES		
Current liabilities		
Trade creditors and accruals	**180,356**	575,496
Employee leave entitlements	**9,987**	9,740
	190,343	585,236

	2019	2018
	$	$
12. ISSUED CAPITAL		
897,276,863 (2018: 754,364,363) fully paid ordinary shares	116,371,685	113,833,684

	2019		2018	
	Nº	**$**	Nº	$
(a) Fully paid ordinary shares				
Balance at beginning of financial year	**754,364,363**	**113,833,684**	668,206,427	110,921,315
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
Issued ordinary shares 5 October 2018 for $0.02	**95,000,000**	**1,900,000**	-	-
Issued ordinary shares 29 October 2018 for $0.02	**14,100,000**	**282,000**	-	-
Issued ordinary shares 4 December 2018 for $0.02	**5,000,000**	**100,000**	-	-
Issued ordinary shares 31 December 2018 for $0.012	**28,812,500**	**345,750**	-	-
Less cost of issue	**-**	**(89,749)**	-	(176,703)
	897,276,863	**116,371,685**	754,364,363	113,833,684

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 2019, the Company did not issue options and no options remain on issue (2018 option nil).

	2019	2018
	$	$
13. RESERVES		*RESTATED
Fair value reserve (a)	**745,532**	672,105
Foreign currency translation reserves (b)	**(203,983)**	(269,665)
Equity based compensation reserve (c)	**-**	-
	541,549	402,440
Movements during the period:		
(a) Fair value reserve		
Balance at beginning of period	**672,105**	735,527
Net change in fair value	**73,427**	(63,422)
Balance at end of period	**745,532**	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 in profit or loss	**-**	215,782
Currency translation differences	**65,682**	46,878
Balance at end of period continuing operations	**(203,983)**	(269,665)
(c) Equity based compensation reserve		
Balance at beginning of period	**-**	58,412
Sahre based payment – vested share options	**-**	12,817
Exercised options	**-**	(71,229)
Balance at end of period continuing operations	**-**	-

Nature and purpose of reserves

Fair value reserve:
The fair value reserve comprises the cumulative net change in the fair value of equity securities designated at fair value through other comprehensive income.

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.

	2019	2018
	$	$
14. LOSS PER SHARE		*RESTATED
Basic and diluted loss per share has been calculated using:		
Net loss for the year attributable to equity holders of the parent	**(942,751)**	(2,142,214)
Weighted average number of ordinary shares (basic and diluted)		
Issued ordinary shares at beginning of year	**754,364,363**	668,206,427
Effect of shares issued (Note 12)	**96,580,941**	56,966,205
Weighted average ordinary shares at the end of the year	**850,945,304**	725,172,632

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

15. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2019 $	2018 $ *RESTATED
Cash flows from operating activities		
Loss for the year	**(942,751)**	(2,142,214)
Non-cash items		
Gain on settlement of other financial asset	**-**	(56,895)
Foreign currency exchange loss/(gain)	**(1,837)**	(13,220)
Impairment of exploration and evaluation expenditure	**-**	1,454,070
Gain on disposal of subsidiary	**-**	(52,230)
Employee benefit provision	**248**	9,739
Changes in assets and liabilities		
Decrease/(increase) in receivables	**4,582**	17,159
Decrease/(increase) in other assets	**-**	86,347
(Decrease)/Increase in payables	**46,648**	(180,043)
Net cash used in operating activities	**(893,110)**	(877,287)

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:

	2019	2018
Cash and cash equivalents	**398,819**	658,568

16. 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 2019 and 2018, 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.

17. 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.

	2019	2018
	$	$
Key management personnel compensation		
Primary fees/salary	**228,232**	247,437
Superannuation	**13,983**	17,100
Long service leave	**-**	2,302
	242,215	266,839

At 30 June 2019 $7,500 fees were outstanding (2018 – $2,500). 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.

18. 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 $398,819 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						
30 June 2019	**180,356**	**(180,356)**	**(180,356)**	**-**	**-**	**-**
30 June 2018	575,496	(575,496)	(575,496)	-	-	-

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

18. 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:

	2019	2018
	$	$
Cash and cash equivalents	**398,819**	658,568
Receivables	**14,513**	19,095
	413,332	677,663

Cash and cash equivalents

At 30 June 2019, the Group held cash and cash equivalents of $398,819 (2018: $658,568), 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 2019, 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:

	2019	2018
	$	$
Cash and cash equivalents	**398,819**	658,568

There are no fixed rate instruments (2018 - $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.

Currency risk

The Group is exposed to currency risk on bank account denominated in USD totalling $63,624 at 30 June 2019 (2018 – US$33,190).

Sensitivity analysis
A 10% strengthening of the Australian dollar against the United States dollar at 30 June 2019 would have decreased post-tax profit and net assets of the Group by $8,236. 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 $10,066, on the basis that all other variables remain constant.

18. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS DISCLOSURE (Cont.)

Currency risk (Cont.)

Exchange rates applied:

	Reporting date spot rate	
	2019	2018
AUD/USD	**0.7023**	0.7405

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	
	2019	2018	**2019**	2018
	$	$	**$**	$
Blox-Inc. - 10% bid price increase	**-**	-	**37,019**	30,566
Blox-Inc. - 10% bid price decrease	**-**	-	**(33,652)**	(27,786)

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.

Financial instruments carried at fair value

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**
	$	**$**	**$**	**$**
Equity instruments at fair value through other comprehensive income				
30 June 2019	**-**	**370,179**	**-**	**370,179**
30 June 2018	-	305,660	-	305,660

The financial assets held at 30 June 2019 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.

19. 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	
		2019	2018
		%	%
Hotrock Enterprises Pty Ltd (i)	Australia	**100**	**100**
Okore Mining Pty Ltd	Australia	**100**	**100**
Dataloop Pty Ltd	Australia	**100**	**100**
Equus Resources Pty Ltd (ii)	Australia	**100**	**100**
(i) Subsidiary of Hotrock Enterprises Pty Ltd			
Derrick Pty Ltd	Australia	**100**	**100**
Andean Coal Pty Ltd (iii)	Australia	**100**	**100**
(iii) Subsidiary of Andean Coal Pty Ltd			
Minera Carbones Del Sur Limitada	Chile	**99.9**	**99.9**
(ii) Subsidiary of Equus Resources Pty Ltd			
Equus Resources Chile SpA (iv)	Chile	**100**	**100**
Minera Equus Chile Ltda	Chile	**99.9**	**99.9**
Southern Gold SpA	Chile	**100**	**100**
(iv) Subsidiary of Equus Resources Chile SpA			
Minera Equus Chile Ltda	Chile	**0.1**	**0.1**

20. COMMITMENTS

Exploration expenditure commitments

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

21. SUBSEQUENT EVENTS

On 1 August 2019, the Company announced a placement to institutional investors to raise up to $4.5 million by the issue of 450 million shares at an issue price of $0.01. The placement is made up of two tranches, tranche one completed on 8 August 2019 raised $1,345,915 before costs by the issue of 134,591,529 ordinary shares. For tranche two, the Company obtained approval at a shareholders meeting for the issue of 315,408,471 ordinary shares at $0.01 to raise $3,154,085. The issue of the shares under tranche 2 is expected to be completed in October 2019.

On 1 August 2019, the Company announced a Non-Renounceable rights issue offer to existing shareholders to subscribe for 1 share for every 17 shares held. The shares were offered at $0.01 per share and the offer was fully subscribed. The company issued 52,780,992 ordinary shares and raised $527,810 before costs.

On 13 August 2019, following completion of a drilling program of 1,179 metres by Equus on the mining concessions owned by Patagonia Gold Sociedad Contractual Minera ('Patagonia'), the parties incorporated a joint venture company "Equus Patagonia SpA". Equus by completing the drilling program earned 75% equity interest in the newly formed company and Patagonia transferred title of three mining concessions, Pedregoso I, Pedregoso VII and Honda 20 as consideration for payment for 25% equity interest.

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.

22. 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 2019, 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 2019, to recognise the investment in Blox Inc., as a separate operating segment.

	Mineral Exploration $	Investing $	Total $
30 June 2019			
External revenues	-	-	**-**
Reportable segment profit /(loss) before tax	(110,170)	-	**(110,170)**
Interest income	98	-	**98**
Interest expense	-	-	**-**
Other material non-cash items:			
Reportable segment assets	5,257,625	370,179	**5,627,804**
Reportable segment liabilities	74,846	-	**74,846**
30 June 2018			
External revenues	-	-	**-**
Reportable segment profit /(loss) before tax	(1,534,295)	-	**(1,534,295)**
Interest income	123	-	**123**
Interest expense	-	-	**-**
Other material non-cash items:			
Reportable segment assets	3,878,076	305,660	**4,183,736**
Reportable segment liabilities	459,793	-	**459,793**

Reconciliations of reportable segment revenues and profit or loss	**2019** **$**	2018 $
Revenues		
Total revenue for reportable segments	**-**	-
Total revenue unallocated	**-**	-
Consolidated revenue	**-**	-
Profit or loss		
Total loss for reportable segments	**(110,170)**	(1,534,295)
Unallocated amounts:		
Other income	**-**	52,230
Net finance income	**12,918**	88,052
Net other corporate expenses	**(845,499)**	(748,201)
Consolidated loss before tax from continuing operations	**(942,751)**	(2,142,214)

22. OPERATING SEGMENTS (Cont.)

	2019	2018
	$	$
Reconciliations of reportable segment revenues and profit or loss (Cont.)		
Assets		
Total assets for reportable segments	**5,627,804**	4,183,736
Unallocated corporate assets	**384,266**	488,868
Consolidated total assets	**6,012,070**	4,672,604
Liabilities		
Total liabilities for reportable segments	**74,846**	459,793
Unallocated corporate liabilities	**115,497**	125,443
Consolidated total liabilities	**190,343**	585,236

Geographical information

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

	2019		2018	
	Revenue	**Non-current assets**	Revenues	Non-current assets
	$	**$**	$	$
Australia	**-**	**-**	-	-
Chile	**-**	**5,228,559**	-	3,689,281
United States of America	**-**	**370,179**	-	305,660

23. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2019 the parent entity of the Group was Equus Mining Limited.

	Company	
	2019	2018
	$	$
Result of the parent entity		
Net (loss)/profit	**(2,641,565)**	(3,808,955)
Other comprehensive income	**-**	-
Total comprehensive profit/(loss)	**(2,641,565)**	(3,808,955)
Financial position of the parent entity at year end		
Current assets	**384,266**	488,868
Non-current assets	**370,179**	305,660
Total assets	**754,445**	794,528
Current liabilities	**115,497**	125,443
Non-current liabilities	**-**	-
Total liabilities	**115,497**	125,443
Net assets	**638,948**	669,085
Equity		
Share capital	**116,371,685**	113,833,684
Accumulated losses	**(116,478,269)**	(113,836,704)
Reserve	**745,532**	672,105
Total equity	**638,948**	669,085

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 there to, set out on pages 27 to 51, and the Remuneration Report as set out on pages 22 to 24 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 2019 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 2019.

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 27th day of September 2019 in accordance with a resolution of the Board of Directors:

Mark H. Lochtenberg
Director

John R. Braham
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 Equus Mining Limited 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 2019 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 2019;
- 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 Equus Mining Limited 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.

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 Professional Standards Legislation.

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 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 including the expected impact of planned capital raisings 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 ($5,228,559)	
Refer to Note 10 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: • The significance of the activity to the Group's business and the balance (being 87% of total assets); and • The greater level of audit effort to evaluate the Group's application of the requirements of the industry specific accounting standard AASB 6 *Exploration for and Evaluation of Mineral Resources*, in particular the conditions allowing capitalisation of relevant 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. In assessing the conditions allowing capitalisation of relevant expenditure, we focused on: • the determination of the areas of interest (areas); • documentation available regarding rights to tenure, via licencing, and compliance with relevant conditions to maintain current rights to an area of interest; • the Group's intention and capacity to continue the relevant E&E activities; and • the Group's determination of whether the E&E meets the carry forward conditions of AASB 6 including whether the E&E is expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale. In assessing the presence of impairment indicators, we focused on those that may draw into question the commercial continuation of E&E activities for areas of interest where significant capitalised E&E exists. In addition to the	Our procedures included: • Evaluating the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard; • 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 technical conditions, contractual agreements, and planned work programmes; • 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; • We tested the Group's additions to E&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; • We evaluated Group documents, such as minutes of directors' meetings, for consistency with its stated intentions for continuing E&E in certain areas. We corroborated this through interviews with key operational and finance personnel; • 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&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;

assessments above, we paid particular attention to: • the strategic direction of the Group and its intent to continue exploration activities in each area of interest; • the ability of the Group to fund the continuation of activities in each area of interest; and • Results from latest activities regarding the existence or otherwise of economically recoverable reserves for each area of interest.	• 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; • 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.

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 and will 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; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. 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 this 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. 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 2019, 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 24 of the Directors' Report for the year ended 30 June 2019.

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
27 September 2019

EQUUS MINING LIMITED
ADDITIONAL STOCK EXCHANGE INFORMATION

Additional information as at 4 September 2019 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 4 September 2019 was as follows:

Range	Total Shareholders	Total Number of Shares
1 - 1,000	258	116,347
1,001 - 5,000	301	844,631
5,001 - 10,000	276	2,484,043
10,001 - 100,000	750	26,463,353
100,001 and over	577	1,054,741,010
Total	2,162	1,084,649,384

Less than Marketable Parcels

On 4 September 2019, 1,295 shareholders held less than marketable parcels of 31,249 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	66,627,420
Gerard C Toscan Management Pty Limited <Gerard C Toscan Fam No2 A/C>	112,913,168

Twenty Largest Shareholders

As at 4 September 2019, the twenty largest quoted shareholders held 45.17% of the fully paid ordinary shares as follows:

	Name	Number	%
1	Gerard C Toscan Management Pty Limited <Gerard C Toscan Fam No2 A/C>	52,572,418	4.85
2	Permgold Pty Ltd	46,627,420	4.30
3	Mark Hamish Lochtenberg & Michael Lochtenberg <The Rigi Super Fund A/C>	38,499,651	3.55
4	Gerard C Toscan Management Pty Limited <Gerard C Toscan Fam No2 A/C>	32,961,864	3.04
5	Augusta Enterprises Pty Ltd	32,881,138	3.03
6	HSBC Custody Nominees (Australia) Limited	31,043,973	2.86
7	Terrane Minerals SpA	30,507,353	2.81
8	Citicorp Nominees Pty Limited	26,020,851	2.40
9	John Wardman & Associates Pty Ltd <The Wardman Super Fund A/C>	24,004,653	2.21
10	Altinova Nominees Pty Ltd	20,000,000	1.84
11	Ringwood Management Pty Limited <Ringwood Super Fund A/C>	19,210,355	1.77
12	DRYCA Pty Ltd <DRYC Employees Ret/F A/C>	18,347,793	1.69
13	Northcliffe Holdings Pty Ltd < Northcliffe Holdings A/C>	17,834,824	1.64
14	Sambas Energy Pty Ltd	16,000,000	1.48
15	Rosignol Pty Ltd <Nightingale Family A/C>	15,750,000	1.45
16	JP Morgan Nominees Australia Limited	15,589,281	1.44
17	Peter John Bartter	15,006,431	1.38
18	Levuka Pastoral Pty Ltd <The Levuka A/C>	13,750,000	1.27
19	Perrin Legal Pty Ltd <Super Fund A/C>	13,734,236	1.27
20	Francis William Regan	9,639,023	0.89

The number of holders in each class of securities

As at 4 September 2019, 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	2,162	1,084,649,384

Substantial Optionholders in the Company

As at 4 September 2019, there were no option holders.

Escrow securities

As at 4 September 2019, there were escrow securities.

Group Mineral Concession Interests at 4 September 2019

The Company provides the following information regarding its mining tenements:

Project	Location	Tenement	Ownership	% interest	Type of Tenement
Los Domos	Chile	Electrum 3A 1-24	Southern Gold SpA	100	[1] Mining Concession
	Chile	Electrum 4A 1-26	Southern Gold SpA	100	[1] Mining Concession
	Chile	Electrum 5A 1-42	Southern Gold SpA	100	[1] Mining Concession
	Chile	Electrum 6A 1-32	Southern Gold SpA	100	[1] Mining Concession
	Chile	Electrum 7A 1-44	Southern Gold SpA	100	[1] Mining Concession
	Chile	Electrum 6A	Southern Gold SpA	100	Exploration
	Chile	Electrum 7A	Southern Gold SpA	100	Exploration
	Chile	Electrum 8	Southern Gold SpA	**100**	Exploration
	Chile	Electrum 10	Southern Gold SpA	100	Exploration
	Chile	Electrum 11	Southern Gold SpA	100	Exploration
	Chile	Pedregoso I	Equus Patagonia SpA	75	[2] Mining Concession
	Chile	Pedregoso VIII	Equus Patagonia SpA	75	[2] Mining Concession
	Chile	Honda 20	Equus Patagonia SpA	75	[2] Mining Concession
Cerro Diablo	Chile	Diablo 1	Minera Equus Chile Limitada	100	Exploration
	Chile	Diablo 2	Minera Equus Chile Limitada	100	Exploration
	Chile	Diablo 3	Minera Equus Chile Limitada	100	Exploration
	Chile	Diablo 4	Minera Equus Chile Limitada	100	Exploration
	Chile	Diablo 5	Minera Equus Chile Limitada	100	Exploration
	Chile	Diablo 6	Minera Equus Chile Limitada	100	Exploration
	Chile	Diablo 7	Minera Equus Chile Limitada	100	Exploration
	Chile	Diablo 8	Minera Equus Chile Limitada	100	Exploration
	Chile	Diablo 9	Minera Equus Chile Limitada	100	Exploration
	Chile	Diablo 10	Minera Equus Chile Limitada	100	Exploration
	Chile	Diablo 11	Minera Equus Chile Limitada	100	Exploration
	Chile	Diablo 12	Minera Equus Chile Limitada	100	Exploration
	Chile	Diablo 13	Minera Equus Chile Limitada	100	Exploration

[1] In December 2018, the Company's wholly-owned subsidiary, Southern Gold SpA completed the acquisition of 100% of the Los Domos gold-silver project Electrum exploration claims held by Terrane Minerals SpA. Four of the original exploration claims are undergoing a conversion process to mining claims.

[2] Additionally, the acquisition by the Company of Terrane Minerals SpA included the initial 75% interest held by Terrane Minerals in three Mining Concessions controlled by Patagonia Gold SCM. The 75% interest was gained via the drilling of 1,179m by Southern Gold SpA on behalf of Terrane Minerals, throughout those respective concessions between the 1st June 2017 and 31 December 2017.

During August 2019, the Company incorporated Equus Patagonia SpA, a joint venture company with Patagonia Gold SCM. Equus owns 75% equity interest and Patagonia Gold SCM owned 25% equity interest. The new joint venture Company owns the two Pedregoso and the Honda 20 mining concessions.

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