

CERRO BAYO PLANT BACK IN PRODUCTION

Mandalay Resources Processing Low-Grade Stockpiles at Full Capacity

Equus Mining Limited ('Equus' or 'Company') (**ASX: EQE**) is pleased to announce reported results from Mandalay Resources ('Mandalay') for the processing of low-grade stockpiles via the commissioning of the 0.5Mtpa Cerro Bayo flotation plant at the Cerro Bayo Project, Chile.

HIGHLIGHTS

- ▶ **Cerro Bayo 0.5Mtpa flotation plant now operational and running at full capacity** with Mandalay Resources commencing processing of low-grade stockpiles in February this year.
- ▶ Mandalay have **processed a total of 65kt of ore over 44 days** of full production since re-commissioning the plant on 20 February 2021 till March 31 and **produced 43,699 ounces of silver and 724 ounces of gold¹** equating to 1,396.3ozs Au Equivalent³.
- ▶ **514 tonnes of concentrate produced with average grades of 3,137.9 g/t silver and 52.6 g/t gold**
- ▶ Average recoveries achieved of 77.23% silver and 84.05% gold in line with forecasts at these grades.
- ▶ Mandalay has permitted production of a further 1.68Mt of stockpile ore sufficient for over 3 years of production. There are significant additional volumes of low-grade stockpiles present throughout the Cerro Bayo mine district.
- ▶ Production from the low-grade stockpiles will provide important information on plant operational parameters and efficiencies to support Equus's Cerro Bayo mine restart study during 2021.
- ▶ Equus is optimally positioned to seamlessly take control of all the Cerro Bayo mine infrastructure and to continue production through exercise of the option with Mandalay Resources prior to January 2022².
- ▶ Expected cashflows from the processing of the stockpiles has the potential to assist in funding future exploration activities at Cerro Bayo following exercise of the option.

Damien Koerber, Chief Operating Officer, Equus Mining Commented:

"The commencement of processing of low-grade stockpiles by Mandalay Resources is of high importance to Equus as it enables a comprehensive review of operational aspects of the Cerro Bayo plant and pending execution of the option to acquire the entire project. This would enable Equus to quickly transform into a producer, in parallel to and supporting the path to potential development of the company's higher grade resources. The currently permitted production of 1.68Mt of stockpiled ore is sufficient for over 3 years of production.

Having established and operational infrastructure at our disposal bodes extremely well, not only from a capital expenditure perspective, but also in terms of the ability to process existing stockpiles and provide potential immediate cashflows for Equus following the exercise of our option which could provide a non-dilutive avenue for funding further exploration activity.

With further work underway on our recently announced JORC 2012 compliant inferred resource at Taitao of 302,000 gold equivalent ounces at 2.5 g/t Au equivalent³ and the remnant NI 43.101 resource at the Marcela Mine (21.8KOz gold, 2.74 Moz Oz silver with an average grade of 2.53 g/t gold, 318 g/t silver)⁴ and compelling exploration potential throughout the 295km² mining claim package, Equus's management believe the company is exceptionally well positioned to take control of a fully operational plant and realise significant value from the Cerro Bayo Project."

¹ Mandalay Resources Corporation Announces Production and Sales Results for the First Quarter of 2021

² ASX Announcement - Equus Executes Agreement to Explore and Option to Acquire Mandalay Resources Corporation's Cerro Bayo Mining Project <https://wsecure.weblink.com.au/pdf/EQE/02117478.pdf>

³ ASX Announcement - Maiden Inferred Mineral Resource Estimate, Cerro Bayo Project <https://wsecure.weblink.com.au/pdf/EQE/02325391.pdf> & Gold equivalent (AuEq) is based on the formula AuEq g/t = Au g/t + (Ag g/t/65)

⁴ Based on Mandalay Resources Corporation, Cerro Bayo Mine NI 43-101 Technical Reports dated March 21, 2017 Report #2699 and Pending dewatering permit to allow extraction

CERRO BAYO PROCESSING PLANT COMMISSIONING

Mandalay Resources commenced processing of low-grade stockpiles in late February 2021 and since commissioning the 0.5Mtpa plant at Cerro Bayo has processed a total of 65kt of ore over 44 days of full production.

Feedstock ore was provided from low-grade stockpiles located generally within 1km to the plant and Mandalay has permitted production of a further 1.68Mt of stockpiled ore sufficient for over 3 years of production. Significant additional volumes of low-grade stockpiles occur throughout the wider Cerro Bayo mine district adjacent to the historic centres of historic production.

Table 1: Cerro Bayo Plant – Low grade Stockpile Production Statistics

	Unit	31 March 2021
Processed material	t	64,598
Head grade (Ag) ⁵	g/t	32.5
Head grade (Au) ³	g/t	0.5
Concentrate production	T	514
Av. Concentrate grade (Ag)	g/t	3,137.9
Av. Concentrate grade (Au)	g/t	52.6
Recoveries (Ag)	%	77.2
Recoveries (Au)	%	84.0
Contained silver ³	Oz	43,699
Contained gold ³	Oz	724

Equus is encouraged by the recoveries achieved via processing of the low-grade stockpiles particularly in light of higher achieved average recoveries from historical production, based on higher grade ore, of approximately 93% and 91% for silver and gold respectively.⁶

Mine restart and resource inventory studies are advancing by in-country third party consultants for which the company is working to a schedule for re-start studies to be completed during 2021, prior to the end of the first 18 month option review period.

CERRO BAYO PROJECT

The Company's Flagship Cerro Bayo Project is held under a 3-year option to acquire 100% of all the Project's mining properties, resources and mine infrastructure from Mandalay Resources Corporation⁷. The project contains an existing 1,500 tpd processing plant through which historical production of 645Koz Gold and 45Moz Silver⁸ was achieved up until the mine's temporary closure in mid-2017. The Cerro Bayo Project is located central to the approximate 350km² of prospective gold-silver claim holdings held by the company (Figure 1).

⁵ Mandalay Resources Corporation Announces Production and Sales Results for the First Quarter of 2021

⁶ Mandalay Resources Management's Discussion and Analysis For the year ended December 31, 2016

⁷ ASX Announcement - 8 October 2019 Equus Executes Option to Acquire Mandalay Resources Corporation's Cerro Bayo Mining Project <https://wcsecure.weblink.com.au/pdf/EQE/02156517.pdf>

⁸ Based on Mandalay Resources Corporation, Cerro Bayo Mine NI 43-101 Technical Reports dated May 14, 2010. & March 21, 2017 Report #2699

Equus is aggressively advancing drill testing of high priority brownfields targets, many of which are located along trend of several key historic producing mines within 2km from the processing plant and infrastructure. Results from this work will be released by the Company upon the scheduled receipt of results in the coming weeks.



Figure 1 – Location plan of Equus Mining’s Cerro Bayo mining district and other projects.

- END -

This announcement has been approved by the Managing Director, John Braham.

For further information please contact:

John Braham

Managing Director

T: +61 400 852 245

E: jbraham@equusmining.com

pjn10761