

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDED 30 SEPTEMBER 2021

Equus Mining Limited ('Equus' or 'Company') (**ASX: EQE**) is pleased to provide an update on its activities for the September 2021 Quarter. The Company's focus for the reporting period includes the ongoing maiden drill program at the Pegaso Targets and the stockpile processing by Mandalay Resources at the Cerro Bayo Project, Chile.

HIGHLIGHTS FOR THE SEPTEMBER 2021 QUARTER

PEGASO TARGET BROWNFIELDS DRILLING

- ▶ Final assay results were received for holes CBD051-CBD057 totalling 1858.65m completed over an approximate 600m long central portion of the 1km long Pegaso II target.¹
- ▶ Four principal subparallel veins were intersected by this drilling, which returned high-grade gold and silver results including:
 - ▶ **14.05m @ 0.48 g/t Au and 139.21 g/t Ag (2.62 g/t Au equivalent²) from 53.15**
 - ▶ **Incl. 2.77m @ 1.09 g/t Au, 263.34 g/t Ag (5.14 g/t Au equivalent²) from 55.95m**
 - ▶ **0.7m @ 1.35 g/t Au and 324.79 g/t Ag (6.35 g/t Au equivalent²) from 74.85m**
 - ▶ **0.68m @ 2.25 g/t Au and 201.0 g/t Ag (5.34 g/t Au equivalent²) from 87.47m**
 - ▶ **0.53m @ 3.17 g/t Au and 297.0 g/t Ag (7.74 g/t Au equivalent²) from 133.27m**
- ▶ Second DD rig has been contracted to advance the testing of high priority near mine targets.

CERRO BAYO PROJECT

- ▶ Option Agreement executed to acquire the Cerro Bayo Project.³
 - ▶ Fully operational 0.5Mtpa processing plant currently processing low-grade stockpiles.
 - ▶ Expansive 295km² mining claim with significant potential to define additional feedstock for the plant by converting higher-grade Inferred Mineral Resources to Ore Reserves and exploring numerous high potential Brownfields and Greenfields exploration targets.
- ▶ Key Financial & Production Statistics for three months ended 30 June 2021 (Mandalay's first full quarter of production:⁴
 - ▶ **Gold Produced: 1,807ozs**
 - ▶ **Silver Produced: 87,062ozs**
 - ▶ **Gold Equivalent Production: 3,084ozs**
 - ▶ **Cash Cost: US\$1,097/oz**
 - ▶ **All in sustaining cost: US\$1,110/oz**
 - ▶ **Adjusted EBITDA: US\$1.8M**
- ▶ Key Financial & Production Statistics for three months ended 30 September 2021:⁵
 - ▶ **Gold Produced: 1,763**
 - ▶ **Silver Produced: 85,279**
 - ▶ **Gold Equivalent Production: 2,925**
- ▶ Mandalay has permitted production of a further 1.55Mt of stockpile ore sufficient for over 3 years of production with significant additional volumes of low-grade stockpiles present throughout the Cerro Bayo mine district.
- ▶ Cashflow from the processing of stockpiles has the potential to assist in funding future exploration and resource development activities at Cerro Bayo.

¹ ASX Announcement 5 August 2021 – Further High Grade Gold Silver Results at Pegaso

² Gold equivalent (AuEq) is based on the formula $AuEq\ g/t = Au\ g/t + (Ag\ g/t/65)$

³ ASX Announcement 11 October 2021- Equus Executes Option Agreement to Acquire the Cerro Bayo

⁴ ASX Announcement 12 August 2021 – Production Results from Cerro Bayo

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

Corporate

- ▶ Expenditure incurred on exploration and related activities during the September 2021 Quarter totalled \$1,547,000. The grand majority of this expenditure was spent on exploration activities at the Cerro Bayo Project, whereby approximately \$1,390,000 was spent on costs relating to drilling, downhole surveys, geochemical analysis, vehicles and staffing. A further \$120,000 was spent on engineering, environmental and permitting studies. The balance was expended on sundry exploration and tenement, legal, accounting and administration related costs.
- ▶ No expenditure was incurred during the Quarter on mining production and development activities.
- ▶ During the September quarter, the aggregate payments to related parties of the entity and their associates totalled \$147,500. All of this was payments to Directors or Directors related entities for Director's consulting fees and superannuation.
- ▶ Mr John Sadek appointed as Chile Country Manager.
- ▶ Mr Richard Tapia appointed as Vice President of Finance.⁶

PEGASO II TARGET DRILLING

During the period, final assay results were received for (CBD051-CBD057) totalling 1858.65m completed over an approximate 600m long central portion of the 1km long Pegaso II target (Figure 1). A further 684.60m was drilled in three holes CBD061-63 for which results remain outstanding.¹

Significant results reported to date include:

CBD051

- ▶ **0.2m @ 4.49 g/t Au and 182 g/t Ag (7.29 g/t Au equivalent²)** from 258.95m

CBD053

- ▶ **0.24m @ 7.07 g/t Au and 63.8 g/t Ag (8.05 g/t Au equivalent²)** from 187.56m

CBD054

- ▶ **0.38m @ 5.84 g/t Au and 656 g/t Ag (15.93 g/t Au equivalent²)** from 169.27m

CBD056

- ▶ **14.05m @ 0.48 g/t Au and 139.21 g/t Ag (2.62 g/t Au equivalent²)** from 53.15
 - ▶ Incl. **2.77m @ 1.09 g/t Au, 263.34 g/t Ag (5.14 g/t Au equivalent²)** from 55.95m
- ▶ **0.7m @ 1.35 g/t Au and 324.79 g/t Ag (6.35 g/t Au equivalent²)** from 74.85m
- ▶ **0.68m @ 2.25 g/t Au and 201.0 g/t Ag (5.34 g/t Au equivalent²)** from 87.47m
- ▶ **0.53m @ 3.17 g/t Au and 297.0 g/t Ag (7.74 g/t Au equivalent²)** from 133.27m

Drilling to date has confirmed the extension of high-grade mineralisation in multiple structures along a significant portion of the 1km long Pegaso II trend to the northwest and along trend within 250m of the Delia NW mine (Figure 1).

⁶ ASX Announcement 1 October 2021 – Corporate Update

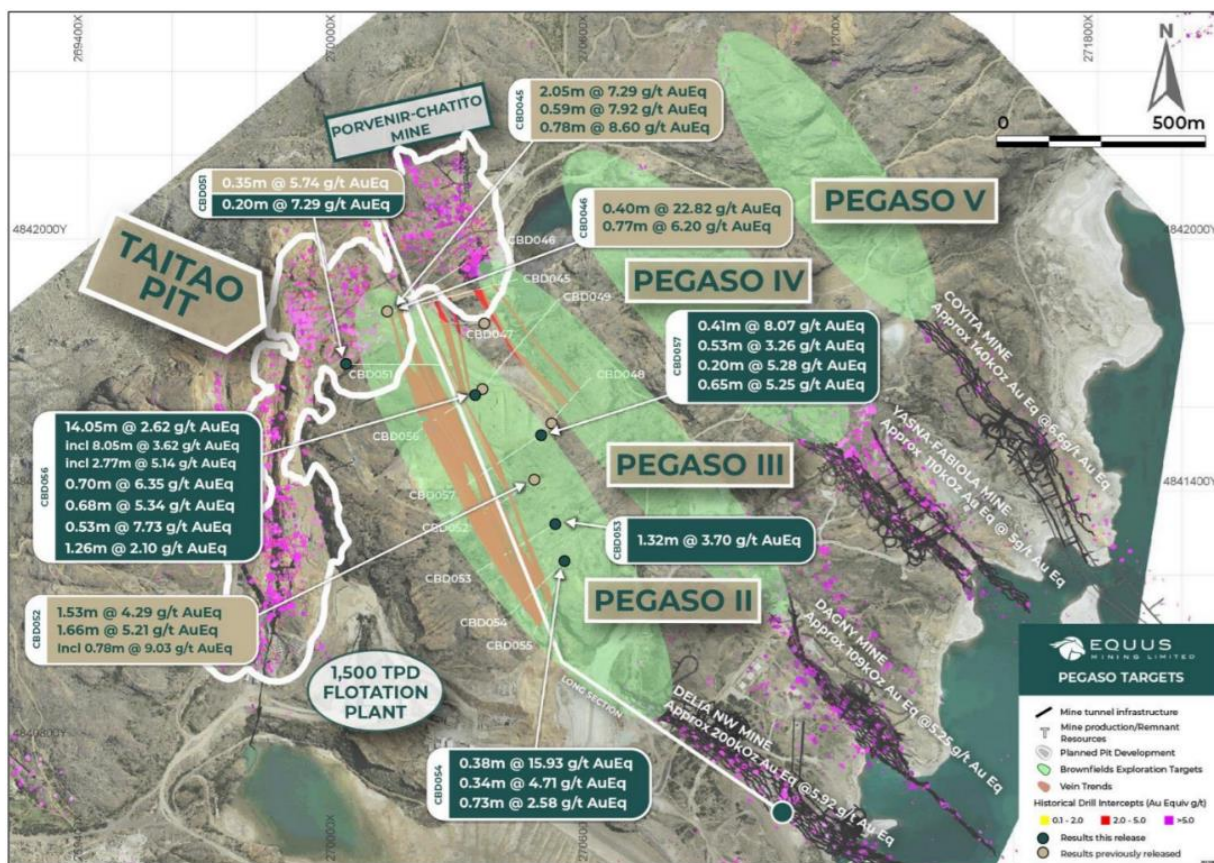


Figure 1 – Plan view showing summary drill results and interpreted veining intersected in the Pegaso II and III structures, Taitao Mineral Resource reporting pit shell limits and historic underground mine workings of the Delia NW, Dagny, Fabiola and Coyita Mines

Results from holes CBD051-CBD057 and visual observations of veining for those holes with pending results correlate well with the mineralised intercepts from the sparse historic drilling⁷ along the Pegaso II trend (Figure 2) which include:

- ▶ DCO001: 7.04m @ 3.37 g/t Au, 153.6 g/t Ag (5.73 g/t Au equivalent²) from 69.51m incl. 1.23m @ 7.57 g/t Au, 304.9 g/t Ag (12.26 g/t Au equivalent²) from 69.51m
- ▶ DCO005: 1.32m @ 1.90 g/t Au, 508.61 g/t Ag (9.72 g/t Au equivalent²) from 29.8m
- ▶ DCO009: 1.9m @ 1.33 g/t Au, 400.43 g/t Ag (7.49 g/t Au equivalent²) from 191.7m
- ▶ DCO010: 1.05m @ 21.04 g/t Au, 265.74 g/t Ag (25.12 g/t Au equivalent²) from 130.9m
- ▶ DCO015: 1.4m @ 5.23 g/t Au, 597.9 g/t Ag (14.42 g/t Au equivalent²) from 129.75m incl. 0.45m @ 14.95 g/t Au, 1620.4 g/t Ag (39.88 g/t Au equivalent²) from 130.70m
- ▶ DLV13-049: 4.10m @ 6.74 g/t Au, 40.10 g/t Ag (7.36 g/t Au equivalent²) from 156.8m
- ▶ BPR260: 2m @ 4.41 g/t Au, 112.0 g/t Ag (6.13 g/t Au equivalent²) from 58.0m

⁷ Details regarding the reporting of these historical results can be found on page 8 of this announcement

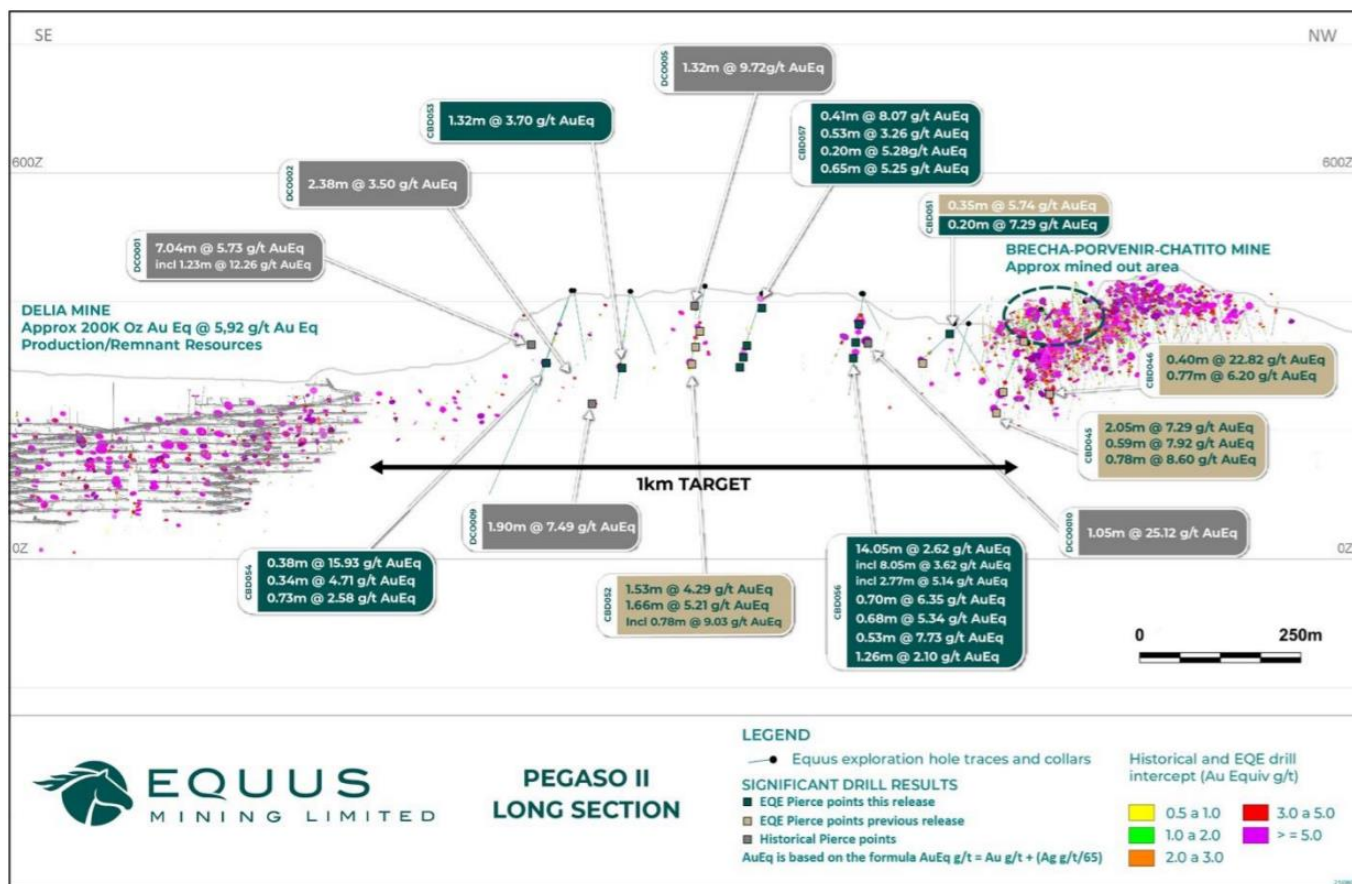


Figure 2 - Pegaso II Long Section: showing drill hole vein pierce points based on Equus and historical drill results.

PEGASO III-V TARGET DRILLING

During the Quarter, further wide spaced drilling was completed focusing on interpreted shallow portions of the Pegaso III, IV and V Target structures comprising a total of 4 holes (CBD058-CBD060, CBD064) for 993.6m which intersected encouraging visual indications of high-level mineralisation for which results remain pending.

EXECUTION OF OPTION AGREEMENT TO ACQUIRE THE CERRO BAYO PROJECT

After the reporting period, the Company executed its option with Mandalay Resources ('Mandalay') for the Cerro Bayo Project. The transaction will complete an important transition for the Company from explorer to producer with the operating mine and infrastructure central to its larger exploration package and existing resources.³

Following the Closing Date (1 December 2021) Equus will acquire and control the entire Cerro Bayo project area including existing Mineral Resources, exploration ground and all mine infrastructure. This includes:

- ▶ Fully operational 0.5Mtpa processing plant currently processing low-grade stockpiles.
- ▶ Expansive 295km² mining claim package with significant potential to define additional feedstock for the plant by converting higher-grade Inferred Mineral Resources to Ore Reserves and exploring numerous high potential Brownfields and Greenfields exploration targets.

Key Terms of the Option³

- ▶ The transaction is subject to Shareholder Approval scheduled for late Nov 2021 for a planned Closing Date of 1 December 2021. Consideration for completion of the acquisition, will be the issue to Mandalay of Equus shares such that Mandalay will have a 19% shareholding in Equus at the Closing Date and a 2.25% NSR on production from the Cerro Bayo mining claims subsequent to production of 50,000 oz Aueq.

- ▶ Equus holds the right to repurchase the NSR at any time by paying Mandalay US\$4M and issuing US\$2M in ordinary shares.
- ▶ Equus will assume the closure costs at Cerro Bayo with a guarantee from Mandalay covering 50% of the closure costs at the Closing Date

Processing Plant Production Overview

Mandalay Production & Financial Statistics – Ended 30th June

Following the successful recommissioning of the Cerro Bayo 0.5Mtpa flotation plant and commencement of processing of low-grade stockpiles in late February 2021, Mandalay have delivered positive production and financial results.⁴

Since recommissioning the 0.5Mtpa plant at Cerro Bayo on 20 February 2021, Mandalay has processed a total 183kt of ore (please refer to Table 1 & Table 2 for full financial and production statistics).

Table 1: Mandalay Resources Cerro Bayo Financial Results⁸

	Three months ended		Six months ended	
	June-30		June-30	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Revenue	5,411	-	5,411	-
Cost of sales	3,576	-	3,695	-
Income from operations (excl. depreciation & depletion)	1,835	-	1,716	-
General and administrative costs (a)	36	41	31	85
Adjusted EBITDA (b,d)	1,835	-	1,759	8
Depreciation & depletion	-	142	-	311
Adjusted EBIT (c)	1,799	-183	1,685	-396
Care and maintenance	-	488	383	1,093
Revision of reclamation liability	-	-5,783	-	-5,783
Finance costs, foreign exchange and others(3)	208	335	-248	523
Income before tax	1,591	4,777	1,550	3,771
Current tax expense	-	5	-	5
Adjusted net income (loss) after tax and before special items (d)	1,591	-1,499	1,167	-3,110
Consolidated net income after tax	1,591	4,772	1,550	3,766
Total capital expenditure (Capital purchases)	40	26	40	26

- A. Includes intercompany transfer pricing recharge costs of \$36,000 and \$74,000 for three and six months ended June 30, 2021 and \$41,000 and \$93,000 for the same period of 2020.
- B. Does not include intercompany transfer pricing recharge costs.
- C. Others includes such items as intercompany transfer pricing recharge for marketing fees and stock-based compensation of \$109,000 and \$110,000 for the three and six months ending June 30, 2021, and \$nil for the corresponding period of 2020.
- D. Income from operations (excl. depreciation & depletion) and Adjusted EBITDA, Adjusted EBIT and Adjusted net income are nonIFRS

⁸ Mandalay Resources Corporation Announces Financial Results for the three and six months ended June 30, 2021

Feedstock ore was provided from low-grade stockpiles located generally within 1km to the plant and Mandalay has permitted production of a further 1.55Mt 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 2: Mandalay Resources Cerro Bayo Operating Results⁸

	Unit	Three months ended Jun-30		Six months ended Jun-30	
		2021	2020	2021	2020
Processed ore	t	128,905	-	183,029	-
Processed ore mill head grade Au	g/t	0.53	-	0.52	-
Processed ore mill head grade Ag	g/t	27.67	-	29.11	-
Recovery Au	%	83.25	-	83.32	-
Recovery Ag	%	77.25	-	77.99	-
Saleable Au produced	oz	1,807	-	2,531	-
Saleable Ag produced	oz	87,062	-	130,761	-
Saleable Au equivalent produced	oz	3,084	-	4,447	-
Processing cost per tonne ore	\$/t	15.51	-	16.77	-
Au sold	oz	1,728	-	1,728	-
Ag sold	oz	90,024	-	90,024	-
Au equivalent sold	oz	3,049	-	3,049	-

Mandalay Production Statistics – Ended 30th September

Table 3: Third Quarter and Nine Months Operating Results for 2021 and 2020⁹

	Unit	Three months ended Sep-30		Nine months ended Sep-30	
		2021	2020	2021	2020
Saleable Au Produced	oz	1,763	-	4,294	-
Saleable Au Produced	oz	85,279	-	216,040	-
Saleable Ag Produced	oz	2,925	-	7,372	-
Saleable Au Equivalent Produced	oz	2,008	-	3,736	-
Au Sold	oz	2,008	-	3,736	-
Ag Sold	oz	95,198	-	185,222	-
Au equivalent Sold	oz	3,305	-	6,354	-

⁹ Mandalay Resources Corporation Announces Production and Sales Results for the Third Quarter of 2021

DECEMBER 2021 QUARTER – PLANNED ACTIVITY

- ▶ Brownfield and greenfields exploration drilling programs on high-priority targets including Pegaso, Taitao and Simmental
- ▶ Resource evaluation and optimisation studies of the Taitao Inferred Resource,¹⁰ potential remnant resources peripheral to historic mines and low grade stockpiles.
- ▶ Baseline environmental studies encompassing exploration and resource targets areas including Pegaso, Taitao and Simmental.

CORPORATE

Mr John Sadek was appointed as Country Manager after the reporting period. Mr Sadek has extensive knowledge in both open pit and underground mining and has held management roles in junior and major mining companies that focused on gold, silver, base metals, and uranium which included Newmont, Sunshine Silver Mines Corp and Americas Silver Corporation. Mr Sadek most recently served as Director of Operations at Minas de Aguas Teñidas (MATSA).⁶

Mr Richard Tapia was appointed as Vice president of Finance after the reporting period. Richard Tapia holds a degree in Accounting and Auditing, International Accounting and Commercial Engineering. Mr Tapia has more than 20 years of experience as head of accounting and finance in international mining companies including Anglo American, Codelco and Antofagasta Minerals. Most recently Mr Tapia served as Head of Corporate Accounting and Finance at Enami.⁶

REPORTING OF HISTORIC RESULTS FROM PEGASO AND DROUGHTMASTER TARGET AREAS

The above historical results include exploration results collected between approximately 2000-2013. The mining and exploration activity was undertaken up until approximately 2009 by Coeur d'Alene Mines Corporation (now Coeur Mining or "Coeur") and Mandalay Resources from 2010 to 2013. As per ASX requirements, Equus notes that a minor portion of the drill results dating prior to 2005 are not reported in accordance with the National Instrument 43.101 or JORC Code 2012; a competent person has not done sufficient work to disclose the corresponding exploration results in accordance with the JORC Code 2012; it is possible that following further evaluation and/or exploration work that the confidence in the prior reported exploration results may be reduced when reported under the JORC Code 2012; that nothing has come to the attention of Equus that questions the accuracy or reliability of the former owner's exploration results, but Equus is in the process of independently validating the former owner's exploration results and therefore is not to be regarded as reporting, adopting or endorsing those results.

The levels of gold and silver reported, from past drilling activity, is a key factor in guiding Equus's exploration strategy. The previous drilling activity, which produced these results, involved multiple reverse circulation and diamond drill holes and check assaying, providing Equus with confidence that the results are reliable, relevant and an accurate representation of the available data and studies undertaken by previous exploration activity. Proposed verification work includes further drilling and resampling of historical drill core which Equus is currently undertaking using existing funds.

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 Corporation¹¹. The project contains an existing 1,500 tpd processing plant through which historical production of 645Koz Gold and 45Moz Silver¹² 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 3).

¹⁰ ASX Announcement – 22 Dec 2020 Maiden Inferred Resource Estimate at Cerro Bayo <https://wcsecure.weblink.com.au/pdf/EQE/02325391.pdf>

¹¹ 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>

¹² Based on Mandalay Resources Corporation, Cerro Bayo Mine NI 43-101 Technical Reports dated May 14, 2010. & March 21, 2017 Report #2699



Figure 3 – Location plan of Equus Mining’s Cerro Bayo mining district and other projects.

LOS DOMOS AND CERRO DIABLO PROJECTS

In parallel with the primary focus on work at the company’s flagship Cerro Bayo project, further geochemical sampling and mapping is planned for each of these strategically located projects to further define drill targets.

EQUUS MINING PROJECTS AND INTERESTS

Equus Mining (ASX: EQE) is a Sydney-based precious metals exploration Company with a focus on the Cerro Bayo Mine District, located in Southern Chile. With 350km² of prospective Gold-Silver landholdings, the Company’s Flagship Cerro Bayo Project contains a 1,500tpd existing Gold-Silver processing plant, tailings storage facility and power generation, and most of the stationary and mobile equipment required for a potential eventual restart of underground mine operations.

The Company is principally focused on advancing brownfield and greenfields exploration drilling programs on high-priority targets within proximity to the Cerro Bayo processing plant, resource evaluation and optimisation studies of the Taitao Inferred Resource¹⁰ (302,000 gold equivalent ounces at 2.5 g/t Au equivalent) and peripheral to centres of historic production, and the current production from the low grade stockpiles of the Cerro Bayo Project.

2021 SEPTEMBER QUARTER – ASX ANNOUNCEMENTS

This Quarterly Activities Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (“2012 JORC Code”). Further details (including 2012 JORC Code reporting tables where applicable) of exploration results referred to in this Quarterly Activities Report can be found in the following announcements lodged on the ASX:

05 August 2021	Further High Grade Gold Silver Results at Pegaso
12 August 2021	Production Results from Cerro Bayo
01 October 2021	Corporate Update
11 October 2021	Equus Executes Option to Acquire Cerro Bayo

These announcements are available for viewing on the Company’s website www.equusmining.com - under the Investors tab.

TABLE 1. TENEMENT STATUS – SEPTEMBER QUARTER 2021

Project	Tenement as at 30 June 2021	Tenements added during the quarter	Tenements disposed during the quarter	Tenement as at 30 September 2021	% Interest	Type of tenement
Los Domos	Electrum 3A 1 - 24			Electrum 3A 1 - 24	100	Mining Concession
	Electrum 4A 1 - 26			Electrum 4A 1 - 26	100	Mining Concession
	Electrum 5A 1 - 42			Electrum 5A 1 - 42	100	Mining Concession
	Electrum 6A 1 - 32			Electrum 6A 1 - 32	100	Mining Concession ¹
	Electrum 7A 1 - 44			Electrum 7A 1 - 44	100	Mining Concession ¹
	Electrum 8B			Electrum 8B	100	Exploration ²
	Electrum 10 1-20			Electrum 10 1-20	100	Mining Concession ¹
	Electrum 11B			Electrum 11B	100	Exploration ²
	Pedregoso I 1 - 30			Pedregoso I 1 - 30	Note 1	Mining Concession
	Pedregoso VII 1 - 30			Pedregoso VII 1 - 30	Note 1	Mining Concession
	Honda 20 1 - 20			Honda 20 1 - 20	Note 1	Mining Concession
Cerro Diablo	Diablo 1			Diablo 1	100	Exploration
	Diablo 2			Diablo 2	100	Exploration
	Diablo 3			Diablo 3	100	Exploration
	Diablo 4			Diablo 4	100	Exploration
	Diablo 5			Diablo 5	100	Exploration
	Diablo 6			Diablo 6	100	Exploration
	Diablo 7			Diablo 7	100	Exploration
	Diablo 8			Diablo 8	100	Exploration
	Diablo 9			Diablo 9	100	Exploration
	Diablo 10			Diablo 10	100	Exploration
	Diablo 11			Diablo 11	100	Exploration
	Diablo 12			Diablo 12	100	Exploration
	Diablo 13			Diablo 13	100	Exploration

Notes to Table 1:

¹ Converted from exploration to mining claim

² Renewed Exploration claims

The Company incorporated effective 12 August 2019 a joint venture company titled Equus Patagonia SpA with Patagonia Gold SCM, the Chilean subsidiary of Patagonia Gold Corp (TSXV: PGDC). This entity incorporates the Company’s 75% interest in mining concessions owned by Patagonia Gold SCM, which form part of the Los Domos Project. Southern Gold SpA can acquire a further 20% interest in the Mining Concessions via sole funding exploration through the Equus Patagonia SpA joint venture company at which point Patagonia Gold SCM has the right to retain a 5% free carried interest or convert its equity into a 1.5% NSR.

- END -

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

For further information please contact:

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Managing Director

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The Company confirms it is not aware of any new information or data that materially affects the information included in this quarterly activities report and that all material assumptions and technical parameters underpinning the exploration activities in this market announcements continue to apply and have not materially changed.

COMPETENT PERSON'S STATEMENT:

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