

Quarterly Activities Report March 2014

Equus Mining Limited (ASX: EQE) is pleased to report on its activities for the quarter ended 31 March 2014.

Summary of Activities

Chile - Yerba Project, Naltagua Copper District

- Naltagua Purchase Option Agreement period extended by 2 years (to September 2017) for no change in total payment and no other additional consideration.
- Joint Venture interest has been received from a number of parties including international mining companies.
- Work done to date, including a seven hole programme, has confirmed classic manto style copper mineralisation at Naltagua and draws geological similarities to the large, manto-type, Anglo American-owned, El Soldado Cu-Ag deposit.

Project Generation

- Numerous new projects opportunities have been assessed over the last few quarters. These projects have been short listed primarily on prospectivity, pricing and suitability of joint venture partner. It is anticipated that a new project will be added to the Company during the June quarter.

Non-Core Assets Held For Sale

- Equus Mining has received a formal purchase offer for the ZJ20 (XJ650) Drilling Rig Package. It is anticipated that Sales Purchase agreement will be signed in May.

Chile - Yerba Project, Naltagua Copper District

Exploration activities were limited during the March 2014 quarter at the Yerba Project Area located in the Naltagua Copper District, 80 kilometres by road southwest of Santiago, Chile (Figure 1).

Drilling was suspended during the December Quarter whilst the Chilean Government processed Equus's application to modify its drill platform configuration. Subsequently government authorisation has been received however weak equity markets have necessitated the need to seek alternative funding for further drilling at Naltagua. Joint venture interest has been received from a number of parties including international mining companies.

A total of \$15,000 was invested in exploration during the quarter.

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In order to attract a suitable joint venture partner it was essential that the Naltagua Purchase Option Agreement period be extended. The option period has now been extended by 2 years (to September 2017) for no change in total payment (US\$5 million) and no other additional consideration. The new option payment schedule is September 2014 – US\$100,000, September 2015 – US\$300,000, September 2016 – US\$500,000, and September 2017 – US\$3.4 million. US\$700,000 has previously been paid.

Date	Previous Purchase Option Agreement	New Purchase Option Agreement
September 2011 - Paid	US\$500,000	US\$500,000
September 2012 - Paid	US\$100,000	US\$100,000
September 2013 - Paid	US\$100,000	US\$100,000
September 2014	US\$500,000	US\$100,000
September 2015	US\$3,800,000	US\$300,000
September 2016		US\$500,000
September 2017		US\$3,400,000
Total	US\$5,000,000	US\$5,000,000

Work done to date, including a seven hole programme, has confirmed classic manto style copper mineralisation at Naltagua and draws geological similarities to the large, manto-type, Anglo American-owned, El Soldado Cu-Ag deposit (200 million tonne @ 1.35% Cu) located 135 kilometres north of Naltagua.

Equus commenced its inaugural diamond drilling program in April 2013 to test the northern-end of a 1,200m-long target zone defined by IP chargeability and resistivity anomalies, hydrothermal alteration (silica-albite-epidote-calcite) and several zones of outcropping, disseminated copper oxide in andesite of the Lower Cretaceous Prado Formation (Figure 2).

Holes 1 to 4 (YB-001-D to YB-004-D) were drilled beneath and adjacent to the historic Yerba open-pit, where a composite channel sample of andesite collected from the back-wall of the pit returned 48m (apparent width) grading 1.35% Cu. The undercutting drill holes intercepted a coherent sheet of shallow, east-dipping (30° to 40°) copper mineralisation in vesiculated and brecciated andesite (Figure 3).

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Hole 5 (YB-005-D), which is located on a section 180m to the south of Hole 7, intersected a broad interval of low-grade copper mineralization (40.7m true width grading 0.15% Cu) in the andesite footwall to the mineralization intersected in Hole 7. Significantly, Hole 5 did not test the same andesite layer that hosts the copper mineralization intersected in Hole 7.

Hole 6 (YB-006-D) was designed to test a deep Induced Polarisation chargeability anomaly at 350m to 400m below surface down-dip of outcropping and near-surface oxide copper mineralization. However, the hole was abandoned at 289m after several days of unproductive drilling in a problematic fault zone. This deep IP target remains untested.

Hole 7 (YB-007-D) returned some of the best copper mineralization to date (Figure 4). Several shallow, east-dipping zones of copper mineralization have been intercepted in a mixed andesite-shale package (Figure 4), including:

- 8m (true width) at 0.67% Cu from 24m to 32m
- 5m (true width) at 1.25% Cu from 50 m to 55m
- 5.4m (true width) at 1.40% Cu from 65.2m to 70.6m
- 21.3m (true width) at 1.23% Cu from 92.7m to 114m
- 13m (true width) at 0.19% Cu from 147m to 160m

The Hole 7 mineralization is interpreted to correlate with the sheet of copper mineralization intercepted in Holes 1 to 4 (YB-001-D to YB-004-D) located 250 metres to the southeast. There may also be a vertical component of the mineralization in the form of mineralized hydrothermal breccia dykes that crosscut stratigraphy. This dominantly stratabound copper mineralization is hosted by vesiculated and brecciated andesite and interflow shale beds of the Lower Cretaceous Prado Formation.

An area of only 300m by 300m of the large, 4km by 2km Naltagua copper system has been drill-tested to date and small-scale copper mining continues on land adjacent the Equus Option Area. Equus has no ownership interest in these mining operations. Since the program's commencement in April, considerable progress has been made towards better understanding the controls on copper mineralization and as a consequence, the current drilling program has been substantially modified and a greater range of targets may now be tested.

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Chile – Project Generation

Numerous new projects opportunities have been assessed over the last few quarters. These projects have been short listed primarily on prospectivity, pricing and suitability of joint venture partner. It is anticipated that new project will be added to the Company during the June quarter subject to normal due diligence procedures.

Corporate

Non-Core Assets Held For Sale

Equus Mining is continuing the planned sale of sale of non-core assets. These assets include:

- **ZJ20 (XJ650) Drilling Rig Package** - Equus Mining is has received a formal purchase offer for the ZJ20 (XJ650) Drilling Rig Package located in the Kyrgyz Republic. It is anticipated that Sales Purchase agreement will be signed in May.
- **African Interests** - the company is continuing the program of selling its African interest.

Background

Equus acquired an interest in the Naltagua Copper District (Naltagua) in Chile, South America by purchasing unlisted Australian public company Equus Resources Limited.

Equus' three main project areas in Chile, Yerba, Araya and Cerro Oveja, are located within the Naltagua Copper District, 80 kilometres by road southwest of Santiago and 75 kilometres by road southeast of the port city of San Antonio. These projects are well serviced by major infrastructure.

The Yerba, Araya and Cerro Oveja projects show many geological similarities to the large, manto-type, Anglo American owned, El Soldado Cu-Ag deposit (200 million tonne @ 1.35% Cu) located 135 kilometres north of Naltagua.

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Equus holds an option to acquire 100% of a contiguous group of 14 mining licences covering an area of 18.05km² and 75% of the known areal extent of the large Naltagua Copper System. These mining leases encompass the Yerba, Araya and Cerro Oveja project areas. Under the terms of the option agreement, Equus has the right (but not the obligation) to acquire the mining licences on an outright basis by making a payment of US\$100,000 in September 2014, US\$300,000 in September 2015, US\$500,000 in September 2016 and a final payment of US\$3.4 million in September 2017 to the licence holder.

Yours sincerely



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Table 1 – Drill Hole Assay Summary

Hole No.	Project	From (metres)	To (metres)	Interval (metres)	Estimated True Width (metres)	Copper (%)
YB-001-D	Yerba	13	52	39	39	0.63
YB-002-D including including	Yerba	22 23 34	77 40 40	55 17 6	55 17 6	0.34 0.68 1.21
YB-003-D YB-003-D	Yerba	19 51.7	23.4 64	4.4 12.3	3.3 9.2	0.74 0.44
YB-004-D YB-004-D YB-004-D	Yerba	37 84 152	68 107 171	31 23 19	15.5 11.5 9.5	0.26 0.16 0.32
YB-005-D including	Yerba	39 39	83 51.9	44 12.9	40.7 11.9	0.15 0.26
YB-006-D	Yerba	No Significant Results (Hole Abandoned)				
YB-007-D YB-007-D YB-007-D YB-007-D Including YB-007-D	Yerba	24 50 65.2 92.7 92.7 147	32 55 70.6 114 99.4 160	8 5 5.4 21.3 6.7 13	8 5 5.4 21.3 6.7 13	0.67 1.25 1.40 1.23 2.97 0.19

Table 2 – Drill Hole Information

Hole No.	North WGS-84 UTM	East WGS-84 UTM	Zone UTM	Dip	Azimuth Grid - UTM	Depth metres
YB-001-D (Hole 1)	6260781	313270	19S	-60	270	325
YB-002-D (Hole 2)	6260775	313330	19S	-75	270	361
YB-003-D (Hole 3)	6260775	313330	19S	-50	270	121
YB-004-D (Hole 4)	6260775	313332	19S	-50	090	196 (Abandoned)
YB-005-D (Hole 5)	6260888	313270	19S	-60	270	220
YB-006-D (Hole 6)	6260871	313525	19S	-80	270	289 (Abandoned)
YB-007-D (Hole 7)	6261068	313208	19S	-60	270	160

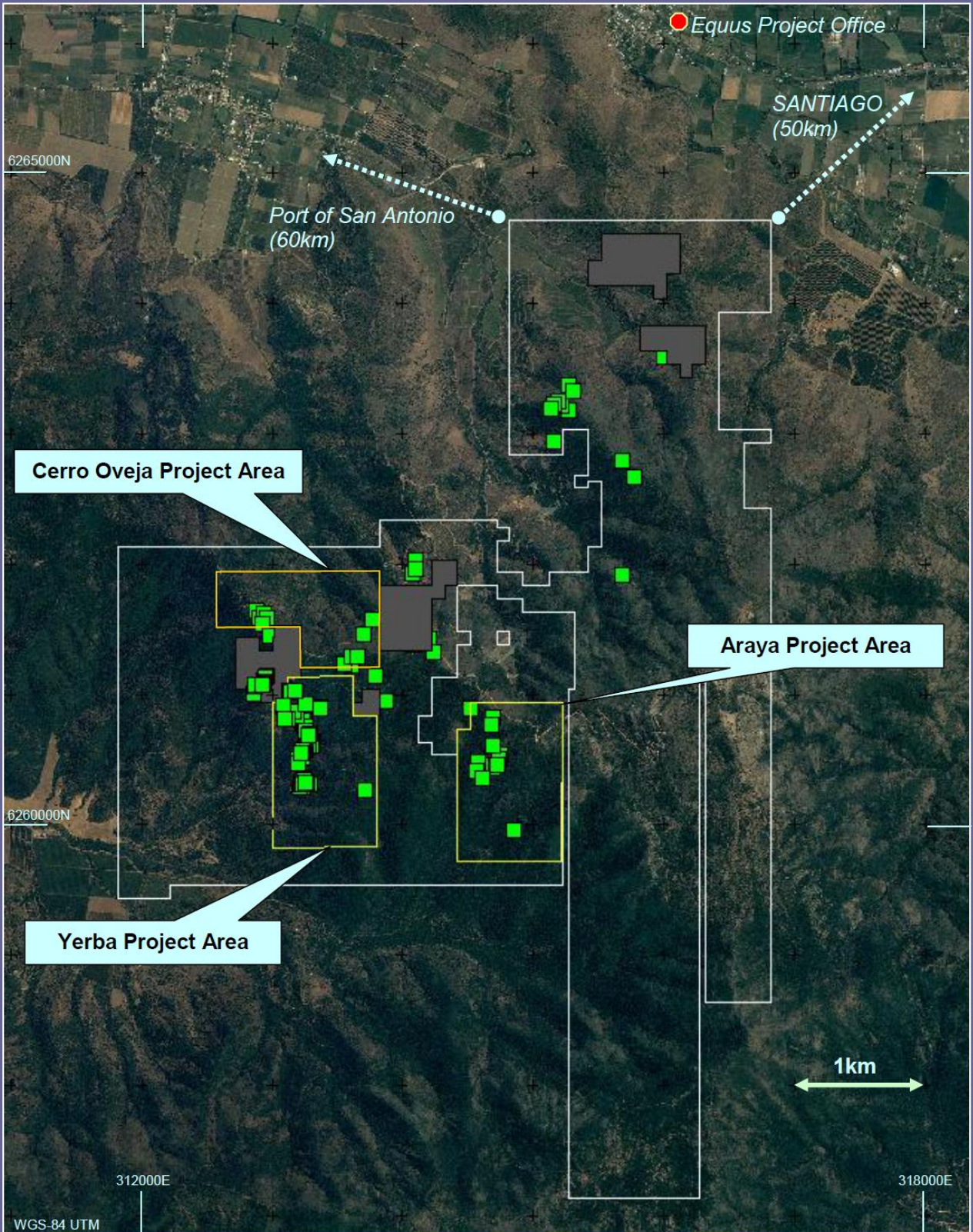
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
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
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Naltagua Copper District, Chile

Figure 1 – Project Tenement Map



 Equus Option Area
 Area held by others

 Copper Occurrence
 Defined Project Area

Yerba Project Area

Figure 2 – IP Map and Hole Locations



33m @ 0.88% Cu

48m @ 1.35% Cu

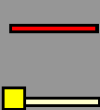
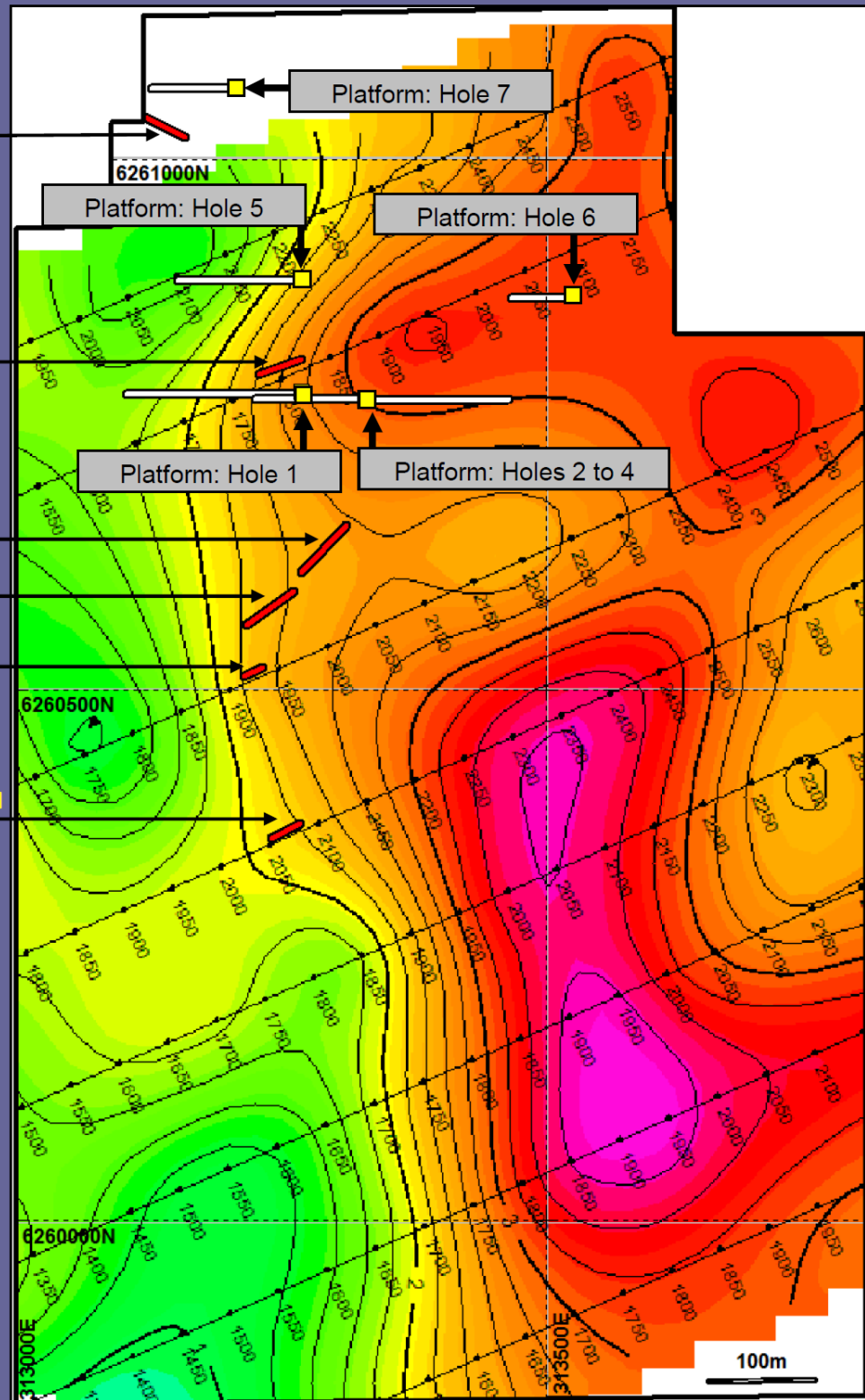
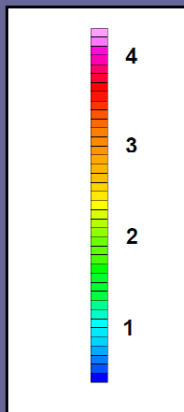
60m @ 0.39% Cu

55m @ 0.27% Cu

10m @ 1.73% Cu

20m @ 0.53% Cu

Induced Polarisation
Chargeability response
at 200m below surface
(mV/V)



Surface Rock Channel Geochemistry (2m & 5m composites)

Diamond Drill Collar and Hole Trace – Completed

Figure 3: Section - Holes 1 to 4

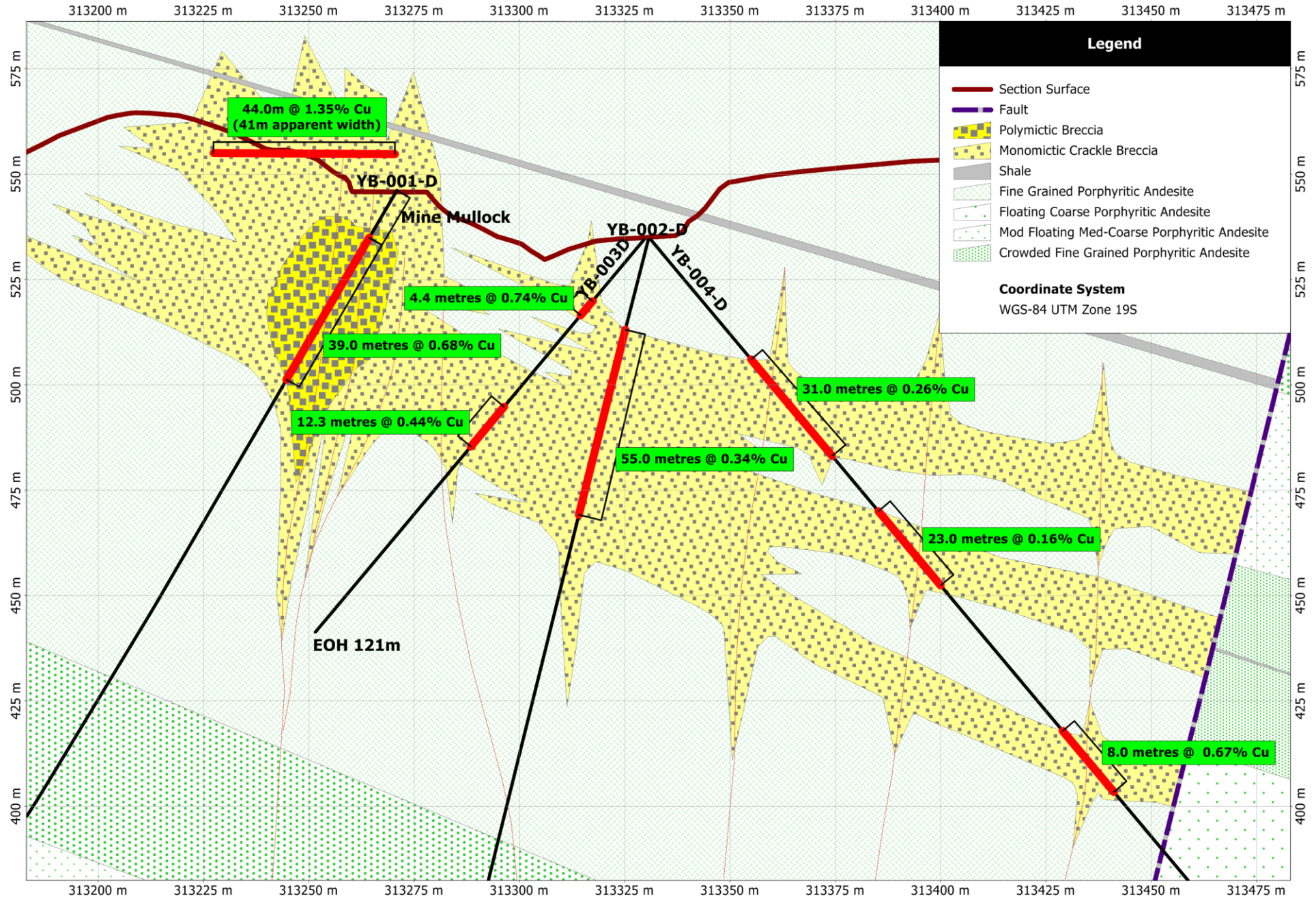
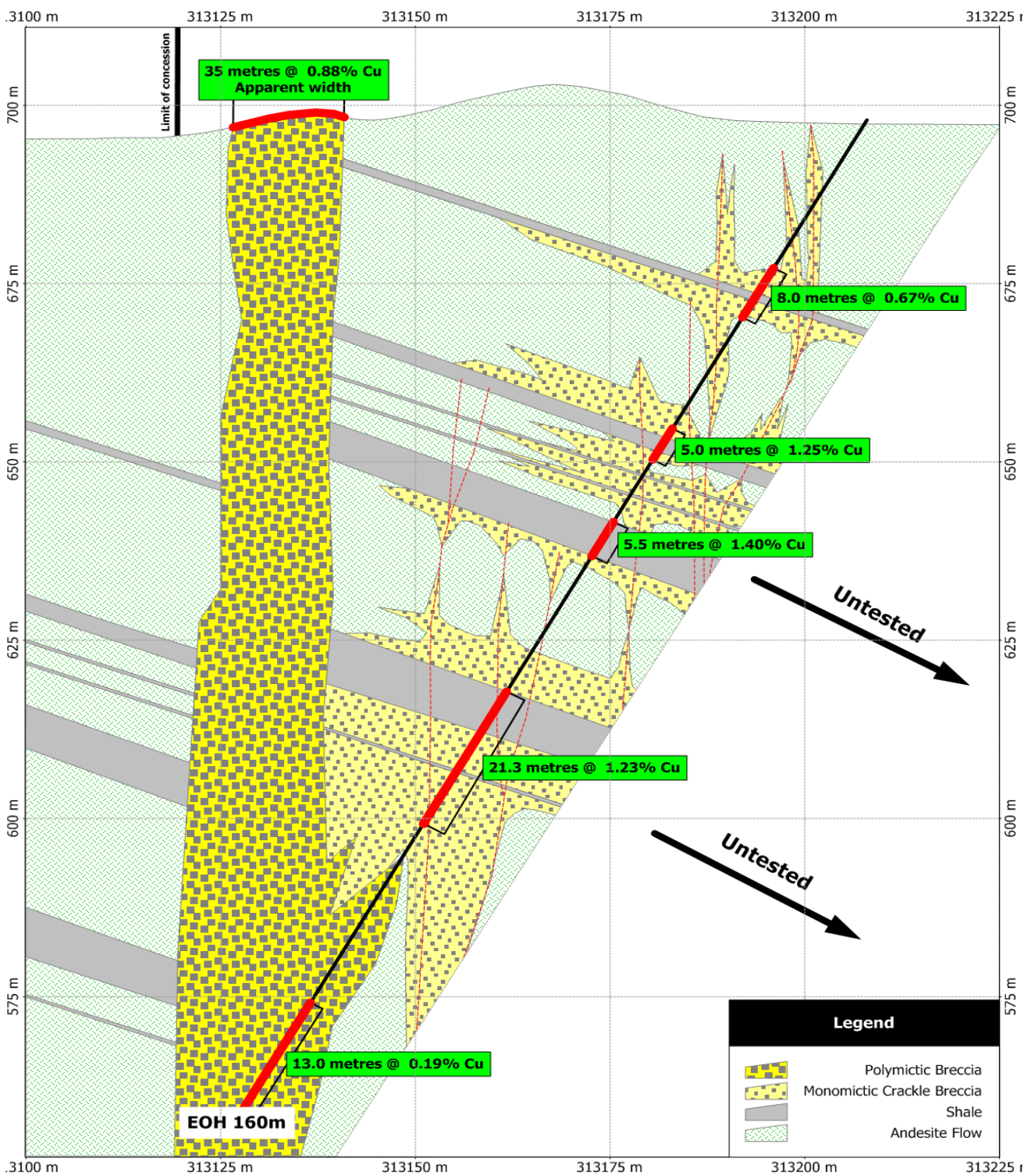


Figure 4: Section - Hole 7



Schedule of Mining Tenements and Beneficial Interests

Project	Location	Tenement	Ownership	JV interests	Type of Tenement
Naltagua	Chile	Carmencita Siete 1	Tsuyoshi Nishimura Matsumoto 100% ¹	Equus Mining has Purchase Option Agreement for 100% ¹	Mining
	Chile	Carmencita Siete 11, 1-30	Tsuyoshi Nishimura Matsumoto 100% ¹	Equus Mining has Purchase Option Agreement for 100% ¹	Mining
	Chile	San Lorenzo 1, 1-34	Tsuyoshi Nishimura Matsumoto 100% ¹	Equus Mining has Purchase Option Agreement for 100% ¹	Mining
	Chile	San Lorenzo 2, 1-51	Tsuyoshi Nishimura Matsumoto 100% ¹	Equus Mining has Purchase Option Agreement for 100% ¹	Mining
	Chile	San Lorenzo 3, 1-52	Tsuyoshi Nishimura Matsumoto 100% ¹	Equus Mining has Purchase Option Agreement for 100% ¹	Mining
	Chile	Carmen Alto 2, 1-23	Tsuyoshi Nishimura Matsumoto 100% ¹	Equus Mining has Purchase Option Agreement for 100% ¹	Mining
	Chile	Carmen Alto 3, 1-26	Tsuyoshi Nishimura Matsumoto 100% ¹	Equus Mining has Purchase Option Agreement for 100% ¹	Mining
	Chile	Carmen Alto 4, 1-14	Tsuyoshi Nishimura Matsumoto 100% ¹	Equus Mining has Purchase Option Agreement for 100% ¹	Mining
	Chile	Carmen Alto 5, 1-30	Tsuyoshi Nishimura Matsumoto 100% ¹	Equus Mining has Purchase Option Agreement for 100% ¹	Mining
	Chile	Mater I, 1-30	Tsuyoshi Nishimura Matsumoto 100% ¹	Equus Mining has Purchase Option Agreement for 100% ¹	Mining
	Chile	Mater II, 1-10	Tsuyoshi Nishimura Matsumoto 100% ¹	Equus Mining has Purchase Option Agreement for 100% ¹	Mining
	Chile	Carmencita 1, 1-100	Tsuyoshi Nishimura Matsumoto 100% ¹	Equus Mining has Purchase Option Agreement for 100% ¹	Mining
	Chile	Carmencita 2, 1-114	Tsuyoshi Nishimura Matsumoto 100% ¹	Equus Mining has Purchase Option Agreement for 100% ¹	Mining
	Chile	Mater II, 1-16	Tsuyoshi Nishimura Matsumoto 100% ¹	Equus Mining has Purchase Option Agreement for 100% ¹	Mining (in process)
Mansounia	Guinea ²	A2013/105/DIGM/CPDM Research Permit	Equus 78% ³	Joint Ventured with Burey Gold Ltd ³	Exploration
Kwatechi	Ghana ²	Kwatechi PL3/64 Prospecting Licence	Equus Mining 0% ⁴	7% ⁴	Exploration
Osenase	Ghana ²	Osenase Prospecting Licence	Equus Mining 90%	N/A	Exploration
Asamankese	Ghana ²	Asamankese Prospecting Licence	Equus Mining 90%	N/A	Exploration
Pramkese	Ghana ²	Pramkese Prospecting Licence	Equus Mining 90%	N/A	Exploration

Note 1. The Company's wholly owned subsidiary, Equus Resources Limited has an option to acquire 100% of a contiguous group of 14 mining licences covering an area of 18.05 square kilometres and 75% of the known areal extent of the large (4km by 2km) Naltagua copper system. Under the terms of the option agreement, Equus has the right but not the obligation to acquire the mining licences on an outright basis by making a payment of US\$100,000 in September 2014, US\$300,000 in September 2015, US\$500,000 in September 2016 and a final payment of US\$3.4 million in September 2017 to the licence holder. On commencement of commercial production at Naltagua, a 1% net smelter royalty is payable to the licence holder subject to a maximum payment of US\$5 million.

Note 2. The governments of African countries in which the Company holds minerals interests are entitled to equity in mining companies owning projects as follows – Ghana 10% and Guinea 15%. Equus's quoted equity is after allowance for that national interest, which occurs when a new project company is established prior to commencement of mining.

Note 3. Mansounia is farmed out to Burey Gold Ltd, which can earn a 70% interest in the project by completing a feasibility study containing at least 200,000oz of gold or the equivalent and paying Equus US\$500,000. Equus then has an 8% interest, which it may elect to convert into a 5% net profit interest.

Note 4. Perseus Mining Limited, the current holder of a 16% interest, has the right to earn a further 60% interest in the Kwatechi property by funding the development of the project to profitable production. In that case, the Company and a local joint venture partner will each retain a 7% interest which is convertible to a 1.25% net smelter royalty at the option of those parties within 30 days of completion of a feasibility study.