

Quarterly Activities Report June 2014

Equus Mining Limited ('Equus' or 'the Company') (ASX: EQE) is pleased to report on its activities for the quarter ended 30 June 2014. A total of \$102,385 was invested in exploration during the quarter, including pre exploration and evaluation costs.

Summary of Activities

Chile - Acquisition of Andean Coal Pty Ltd

- Equus Mining Limited (ASX: EQE) is strategically positioning itself to take advantage of Chile's growing demand for electricity. EQE recently secured the rights to acquire 100% of Andean Coal Pty Ltd, a company that holds a package of exploration licences centred on the coal bearing Loreto Formation, located in Chile's largest coal field, the Magallanes Basin.
- EQE has further increased its strategic ground position with exploration licence applications. This has seen the Equus total area of interest over the coal bearing Loreto formation has increased from approximately 166 km² to 281 km², which is an increase of 69% in area. EQE intends to continue increasing ground dominance via exploration licence applications and potential joint ventures.
- Chile's heavy dependency on fuel imports for power generation provides an excellent opportunity for new domestic thermal coal developments. This opportunity is further enhanced by government forecasts of strong growth in power demand which would see domestic coal consumption reach 30 million tonnes per annum in the next decade.

Non-Core Assets Held For Sale

- **ZJ20 (XJ650) Drilling Rig Package** – Equus has executed a conditional sale and purchase agreement with an Australian private company for the sale of a drilling rig package located in the Republic of Kyrgyzstan for a consideration of US\$1,500,000 payable to Equus net of taxes.
- **African Interests** - Equus has sold its interest in the Mansounia Gold Project in the Republic of Guinea, West Africa for a consideration of up to US\$700,000 comprising US\$42,857 in cash and the balance in shares.

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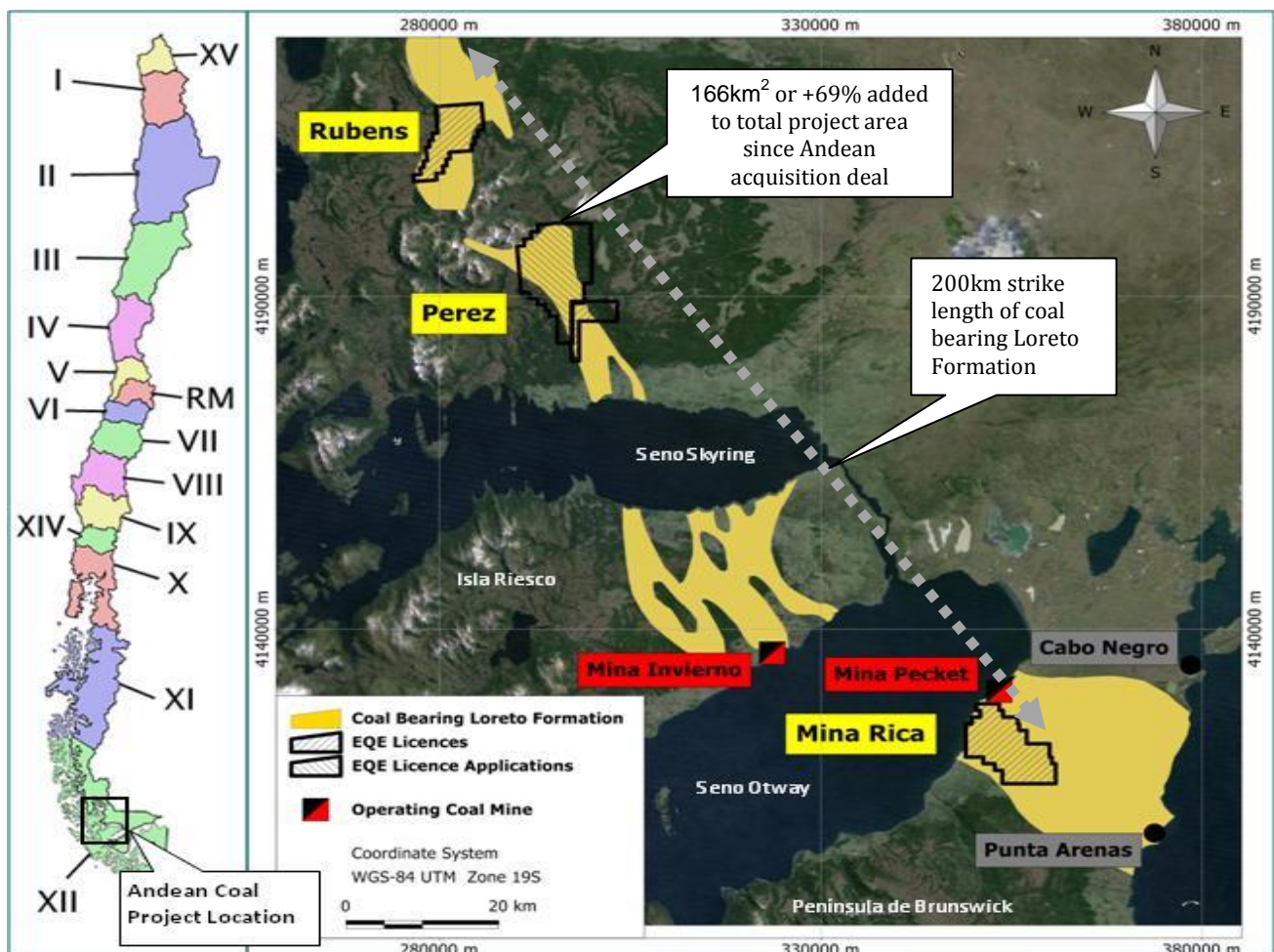
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Chile - Acquisition of Andean Coal Pty Ltd

On the 25 May 2014, Equus Mining Ltd announced that it had secured the rights to acquire 100% Andean Coal Pty Ltd ('Andean'). Equus is initially earning a 51% in Andean through the expenditure of A\$0.2 million on exploration and administration at Andean's coal projects. Equus had also been granted a 2 year option to purchase the remaining 49% of Andean for the consideration of A\$0.2 million in shares. Equus has now assumed management responsibility for Andean with both Norman Seckold and Edward Leschke appointed to the Andean Board.

Andean Coal Pty Ltd, through its 99.99% subsidiary Carbones del Sur Limitada, holds exploration licences in three strategic locations within the Magallanes Basin, located in the Chile's XII region (See Map 1). The Magallanes basin is recognised as hosting the largest coal occurrence in Chile and is the centre of a fledgling coal mining industry. Andean's licences are centred over the main coal bearing unit, the Loreto Formation, which extends over a distance of 200km. Despite Chile importing 75% of its current thermal coal needs, the Magallanes basin has just two operating mines.

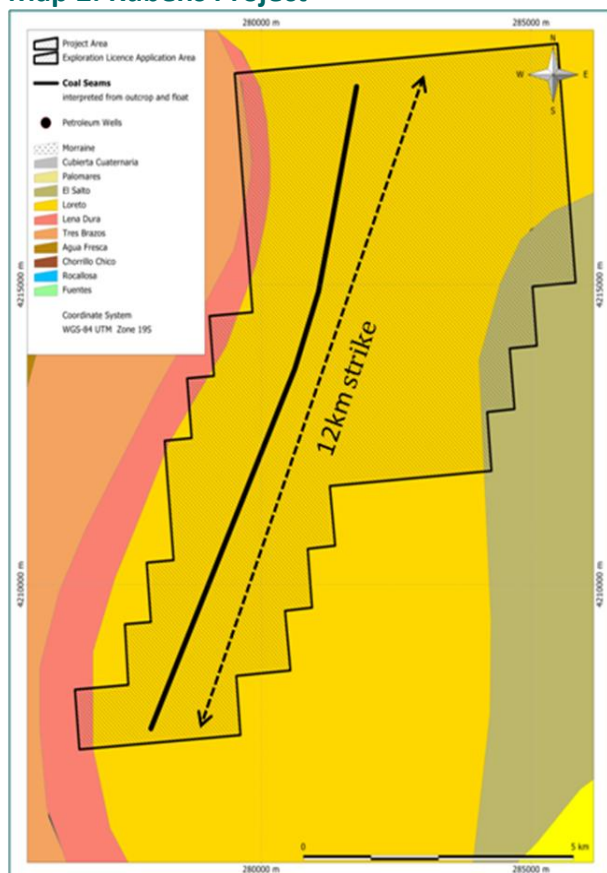
Map 1. Andean Coal Project Locations



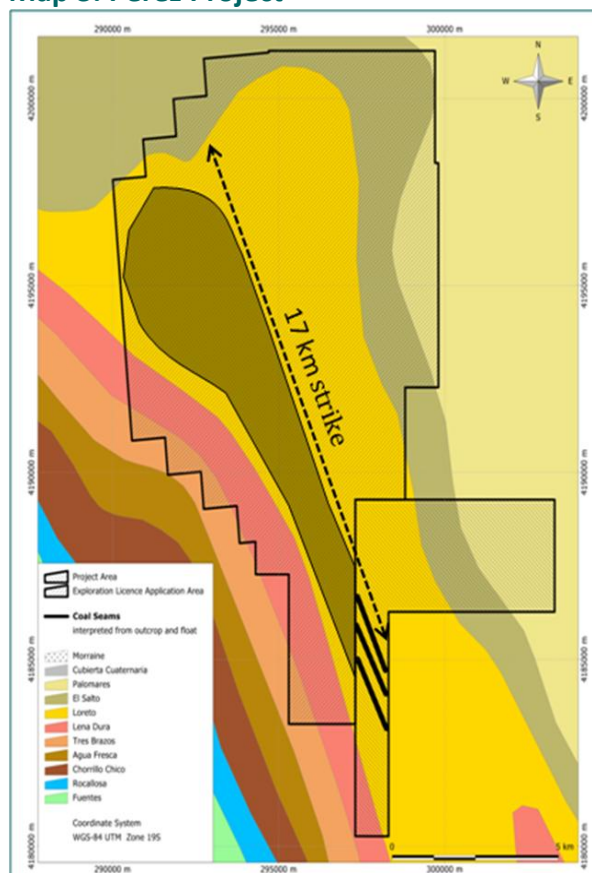
The Rubens, Perez and Mina Rica project areas (See Maps 2 to 4) are now under direct management of Equus. Each has strong potential to host shallow dipping coal deposits suitable for bulk open cut extraction as indicated by a combination of coal outcrop, float and intercepts in oil and gas wells in the general licence areas as well as regional work done by BHP and Chile's state owned petroleum company ENAP. Field activities have commenced and Equus expects to report on progress in due course. Each of the three projects are located within very short distances from deep water sounds, ranging from 0 to 15 kilometres in distance.

In line with Equus' strategy and immediately post the announcement of the Andean acquisition deal, further exploration licences overlying the coal-bearing Loreto Formation were applied for in the Perez project area. This has increased Equus' total area of interest from approximately 166km² to 281 km², an area increase of 69%.

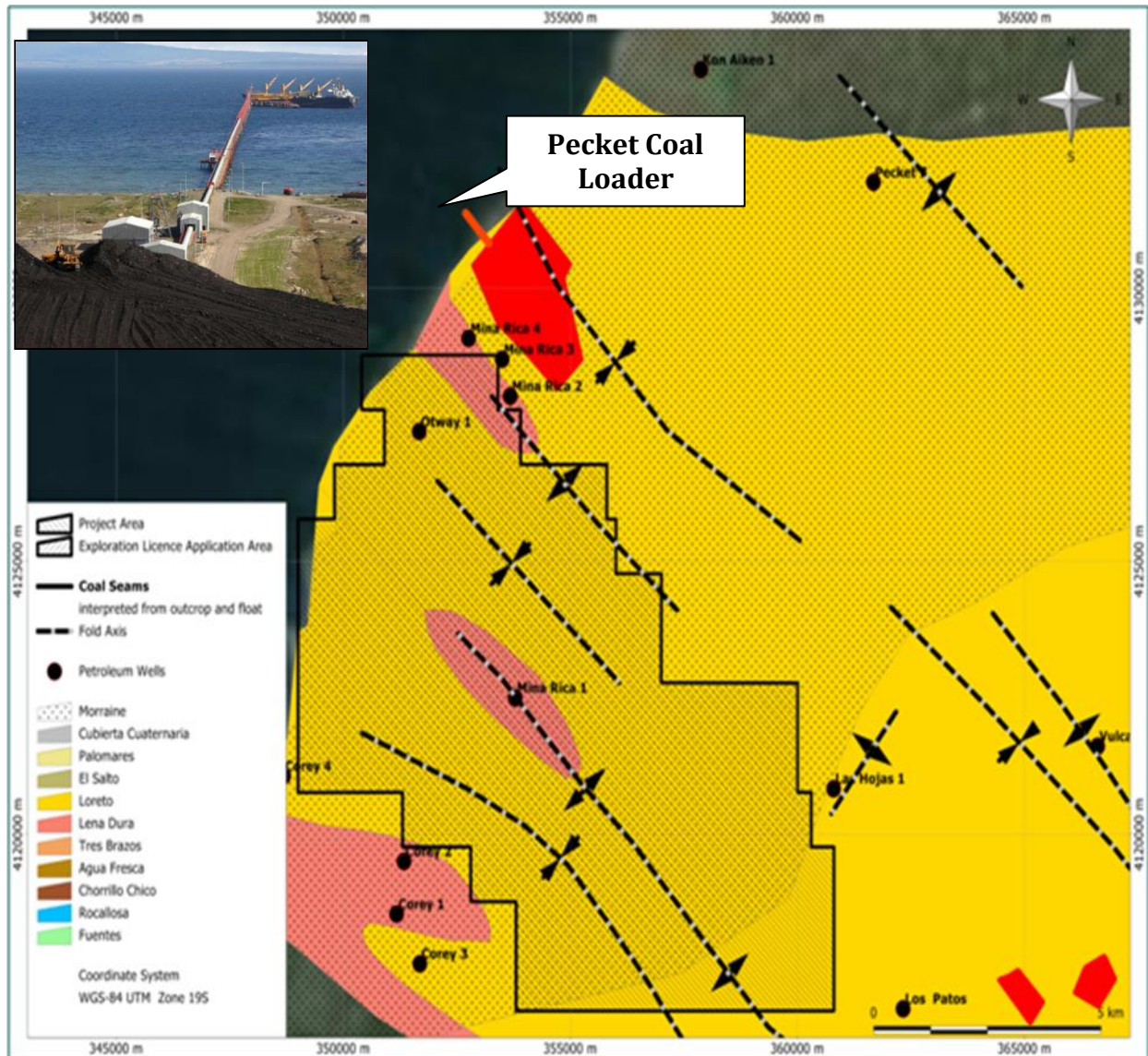
Map 2. Rubens Project



Map 3. Perez Project



Map 4. Mina Rica Project



Coal Mining in the Magallanes Basin

Coal seams hosted within the Loreto Formation are classified as sub-bituminous with low sulphur and moderate ash content. The sub-bituminous rank generally improves from the south to north (AR: 4,000 - 6,000 Kcal/kg, DAF: 5,000 - 7,000 Kcal/kg).

Currently there are just two operating open-cut coal mines, both utilise direct ship loading facilities on the Otway Sound. Transportation of coal from the Magallanes coal basin to markets is via bulk carrier ships (See Photo 1).

Photo 1. Ship Loader at Mina Invierno



Whilst the main target market of any new operation would be the domestic power producers located on the Pacific coast of Chile, direct access to the Pacific also allows exportation of coal to Asian markets and the Straits of Magellan allows exportation of coal to Atlantic markets, including the east coast of the Americas and Europe. Approximately 3,000 ships per annum pass through the Straits of Magellan.

Of the two existing coal mining operations, the largest is Mina Invierno located on Isla Riesco and is a joint venture between Chilean companies Copec (energy, forestry, fuel stations) and Ultramar (shipping). This mine was commissioned in 2012 and is targeting 3 million tonnes in 2014. It is anticipated that production will ramp up to 5 million tonnes per annum with a mine life of around 12 years. Mina Invierno mines sub-bituminous coal with a specific energy of 4,250kcal/kg and 0.37% sulphur.

Unbeneficiated thermal coal is loaded directly onto ships up to 140,000 DWT in size. Currently 50% of its coal production is sold internally to domestic power companies and 50% is exported to countries as far as India and The Netherlands.

Equus' Mina Rica project is located adjacent to the almost depleted Pecket coal mine (See Photo 2) and ship loader on the Brunswick Peninsula. Mina Pecket is owned by Chilean civil and mine contractor Ingeneria Civil Vicente.

Photo 2. Coal mining at Mina Pecket



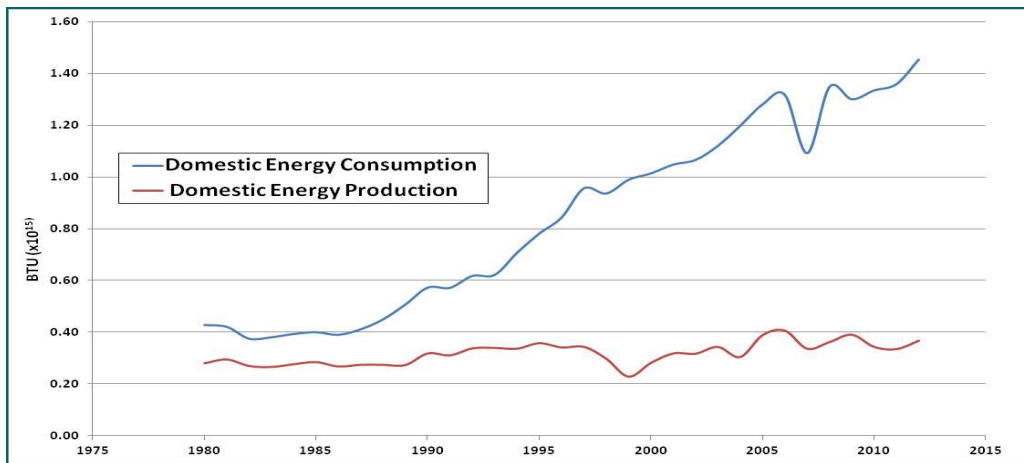
Chile's Energy Deficiency

Chile is an energy deficient country. Chile's economic development is driving strong growth in energy demand resulting in considerable energy consumption growth. Since 1987 GDP growth and energy consumption growth has averaged 5.4% pa & 5.3% pa respectively. However, over the same period domestic energy production has stagnated resulting in Chile currently importing approximately three-quarters of its energy needs. (See Graph 1).

Similarly thermal coal imports are also three-quarters of domestic consumption and this gap is an obvious market for new domestic produced thermal coal to displace imports. Demand for thermal coal has grown significantly since the curtailment of gas exports from Argentina in 2007.

Initially this resulted in an immediate substitution of gas for expensive oil in domestic power generation, however cheaper coal fired power generation capacity has steadily increased through the conversion of existing capacity as well the construction of new power generation facilities. From 2007 to 2012 an additional 2,155 MW of coal fired power capacity was introduced to the Chile power grid, almost as much as the 2,549 MW added over the previous 70 years.

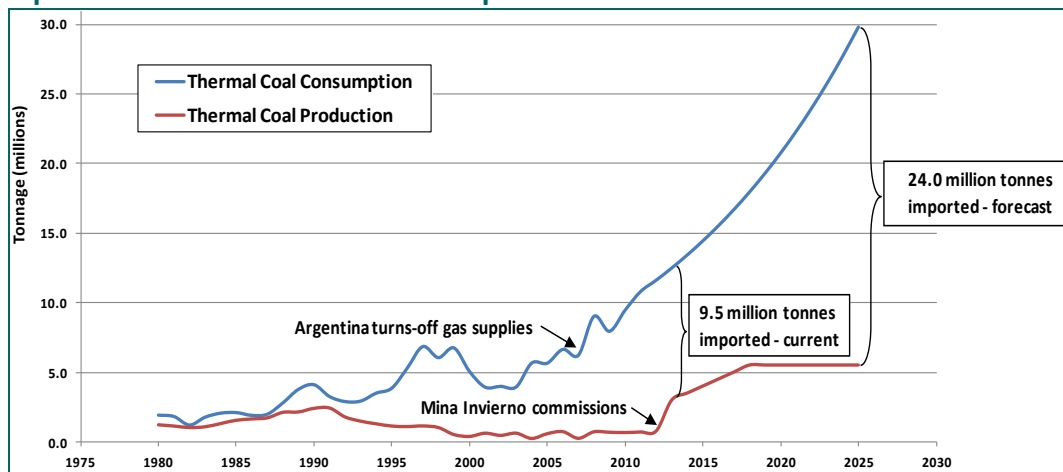
Graph 1. Chile's Domestic Energy Consumption & Production



Source: United States Energy Information Administration

Coal fired power generation (coal consumption) doubled from 2005 to 2012 (See Graph 2). Historical thermal coal imports were from Indonesia, Australia and Columbia. Since 2008 Columbia (69%) has dominated supply with smaller amounts from the US (15%) and Indonesia (8%).

Graph 2. Chiles Thermal Coal Consumption & Production



Sources: United States Energy Information Administration, Chile Government, Site Visits

The Chilean government forecasts that 8,000MW of new power generation capacity (from all fuels sources) is needed by 2020 to meet demand growth. Thermal coal consumption can be expected to grow from 12mt in 2013 to around 30mt over the next 10 years based on government power consumption growth figures (6%-7%) and coal remaining at just 27% of the current power generation fuel mix compared to a world average of 43%.

The potential for import replacement together with forecasted strong growth in thermal coal demand by domestic power producers provides an excellent opportunity for new coal project developments in Chile. Equus Mining is in a prime position to take advantage of Chile's sky rocketing energy needs.

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Chile - Yerba Project, Naltagua Copper District

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

Corporate

Share Purchase Plan

Subsequent to the June quarter, Equus announced that it is offering eligible shareholders the opportunity to subscribe for up to \$15,000 worth of new shares at an issue price of \$0.01 without brokerage or other transaction costs. This represents a discount of approximately 17% to the average price of the Company's shares for the five business days preceding 21 July 2014. Equus Mining Directors will participate in the SPP. The maximum number of shares that can be issued under the SPP is 76,998,503 or \$769,985 in funds.

The funds raised by the SPP will be used to:

- Accelerate the Company's strategy of dominating prospective coal acreage in the Magallanes Coal Basin by applying for further exploration licences as well as advancing current applications.
- Further advance Company's strategy of dominating infrastructure positioning via increased ground position within the Magallanes Coal Basin.
- Carry out early stage exploration, preparations for drilling of obvious coal measures likely to deliver "easy" tonnage and carry out high resolution seismic where there is empirical evidence of sub-cropping coal measures.
- Invite joint venture offers from potential strategic partners.

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 has executed a sale and purchase agreement with an Australian private company for the sale of a drilling rig package located in the Republic of Kyrgyzstan for a consideration of US\$1,500,000 payable to Equus net of taxes. A deposit of US\$100,000 is payable within 5 business days and has been received. A further non-refundable deposit of US\$100,000 is payable within 10 business days after the purchaser finalises a joint venture arrangement with KazMunayGas (national petroleum company of Kazakhstan). The balance of US\$1,300,000 is payable prior to mobilisation of the drilling package.
- **African Interests** - Equus has sold its interest in the Mansounia Gold Project in the Republic of Guinea, West Africa for a consideration of up to US\$700,000 comprising US\$42,857 in cash and the issue of shares in a US over the counter traded company, Blox Inc where the number of Blox-Inc shares shall be calculated by dividing US\$328,555 by the lower of \$0.20 or the volume weighted average share price of Blox-Inc shares traded on a securities exchange platform over a 20-day period preceding the issue date. Additionally, Equus will receive further shares in Blox Inc upon commencement of commercial gold production from the Mansounia property. The number of additional Blox-Inc shares shall be calculated by dividing US\$328,555 by the volume weighted average share price of Blox-Inc shares traded on a securities exchange platform over a 20 day period preceding the issue date.

Yours sincerely



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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	Purchase Option Agreement for 100% ¹	Mining
	Chile	Carmencita Siete 11, 1-30	Tsuyoshi Nishimura Matsumoto 100% ¹	Purchase Option Agreement for 100% ¹	Mining
	Chile	San Lorenzo 1, 1-34	Tsuyoshi Nishimura Matsumoto 100% ¹	Purchase Option Agreement for 100% ¹	Mining
	Chile	San Lorenzo 2, 1-51	Tsuyoshi Nishimura Matsumoto 100% ¹	Purchase Option Agreement for 100% ¹	Mining
	Chile	San Lorenzo 3, 1-52	Tsuyoshi Nishimura Matsumoto 100% ¹	Purchase Option Agreement for 100% ¹	Mining
	Chile	Carmen Alto 2, 1-23	Tsuyoshi Nishimura Matsumoto 100% ¹	Purchase Option Agreement for 100% ¹	Mining
	Chile	Carmen Alto 3, 1-26	Tsuyoshi Nishimura Matsumoto 100% ¹	Purchase Option Agreement for 100% ¹	Mining
	Chile	Carmen Alto 4, 1-14	Tsuyoshi Nishimura Matsumoto 100% ¹	Purchase Option Agreement for 100% ¹	Mining
	Chile	Carmen Alto 5, 1-30	Tsuyoshi Nishimura Matsumoto 100% ¹	Purchase Option Agreement for 100% ¹	Mining
	Chile	Mater I, 1-30	Tsuyoshi Nishimura Matsumoto 100% ¹	Purchase Option Agreement for 100% ¹	Mining
	Chile	Mater II, 1-10	Tsuyoshi Nishimura Matsumoto 100% ¹	Purchase Option Agreement for 100% ¹	Mining
	Chile	Carmencita 1, 1-100	Tsuyoshi Nishimura Matsumoto 100% ¹	Purchase Option Agreement for 100% ¹	Mining
	Chile	Carmencita 2, 1-114	Tsuyoshi Nishimura Matsumoto 100% ¹	Purchase Option Agreement for 100% ¹	Mining
	Chile	MaterI II, 1-16	Tsuyoshi Nishimura Matsumoto 100% ¹	Purchase Option Agreement for 100% ¹	Mining (in process)
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
Kwatechi	Ghana ²	Kwatechi PL3/64 Prospecting Licence	Equus Mining 0% ⁴	7% ⁴	Exploration
Rubens	Chile	Rio Rubens Este 1	Carbones de Sur ⁵	Rights to acquire 99.99% ⁵	Exploration
	Chile	Rio Rubens Este 2	Carbones de Sur ⁵	Rights to acquire 99.99% ⁵	Exploration
	Chile	Rio Rubens Este 3	Carbones de Sur ⁵	Rights to acquire 99.99% ⁵	Exploration
	Chile	Rio Rubens Este 4	Carbones de Sur ⁵	Rights to acquire 99.99% ⁵	Exploration
	Chile	Rio Rubens Este 5	Carbones de Sur ⁵	Rights to acquire 99.99% ⁵	Exploration
	Chile	Rio Rubens Este 6	Carbones de Sur ⁵	Rights to acquire 99.99% ⁵	Exploration
	Chile	Rio Rubens Este 7	Carbones de Sur ⁵	Rights to acquire 99.99% ⁵	Exploration
	Chile	Rio Rubens 1	Carbones de Sur ⁵	Rights to acquire 99.99% ⁵	Exploration
	Chile	Rio Rubens 2	Carbones de Sur ⁵	Rights to acquire 99.99% ⁵	Exploration
	Chile	Rio Rubens 3	Carbones de Sur ⁵	Rights to acquire 99.99% ⁵	Exploration
	Chile	Rio Rubens 4	Carbones de Sur ⁵	Rights to acquire 99.99% ⁵	Exploration
	Chile	Rio Rubens 5	Carbones de Sur ⁵	Rights to acquire 99.99% ⁵	Exploration
	Chile	Rio Rubens 6	Carbones de Sur ⁵	Rights to acquire 99.99% ⁵	Exploration
	Chile	Rio Rubens 7	Carbones de Sur ⁵	Rights to acquire 99.99% ⁵	Exploration
	Chile	Rio Rubens 8	Carbones de Sur ⁵	Rights to acquire 99.99% ⁵	Exploration
	Chile	Rio Rubens 9	Carbones de Sur ⁵	Rights to acquire 99.99% ⁵	Exploration
	Chile	Rio Rubens 10	Carbones de Sur ⁵	Rights to acquire 99.99% ⁵	Exploration
	Chile	Rio Rubens 11	Carbones de Sur ⁵	Rights to acquire 99.99% ⁵	Exploration

Schedule of Mining Tenements and Beneficial Interests Disposed

Project	Location	Tenement	Ownership	JV interests	Type of Tenement
Mansounia	Guinea	A2013/105/DIGM/CPD M Research Permit	Equus 78% ³	Joint Ventured with Burey Gold Ltd	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 The Company has sold its interest in the Mansounia Gold Project in the Republic of Guinea, West Africa for a consideration of up to US\$700,000 comprising US\$42,857 in cash and the balance in shares.

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

Note 5 The Company has secured the rights to acquire 100% Andean Coal Pty Ltd. Equus is earning a 51% in Andean through the expenditure of A\$0.2 million and has been granted a 2 year option to purchase the remaining 49% for the consideration of A\$0.2 million in shares. Equus has now assumed management responsibility for Andean. Andean Coal Pty, through its 99.99% subsidiary Carbones del Sur Limitada, holds exploration licences in three strategic locations within the Magallanes Basin in Chile.