

30 October 2015

Equus Mining at a Glance

ASX listed resource company focused on developing thermal coal resources for the Chilean power generation market and replacing the current high level of thermal coal imports.

Facts

ASX Code:	EQE
Share Price (30 July 2015):	\$0.011
Shares on Issue:	432M
Market Capitalisation:	A\$4.8M

Directors and Officers

Mark Lichtenberg

Non-Executive Chairman

Ted Leschke

Managing Director

Juerg Walker

Non-Executive Director

Robert Yeates

Non-Executive Director

Marcelo Mora

Company Secretary

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Quarterly Activities Report

September 2015

Equus Mining Limited ('Equus' or 'Equus Mining') (ASX: EQE) is pleased to report on its activities for the quarter ended 30 September 2015.

Summary of Activities

Mina Rica Thermal Coal Project

- Drilling commenced during September quarter at the recently acquired and strategic Mina Rica East coal exploration tenements in Chile.
- To date three drill holes of the four drilled by Equus Mining at Mina Rica East have intercepted coal seams.
- Drill holes MRE-02, MRE-03 and MRE-04 have intercepted cumulative total coal seam thicknesses of 4.68m, 3.54m and 7.73m respectively.
- Electrical logs of two historic tri-cone drill holes drilled by the Chilean government in the Mina Rica East area have shown that chip logging has significantly under estimated coal seam thicknesses.
- Equus Mining is attempting to locate the unaccounted for electrical logs as this should help with coal seam interpretations.
- The Mina Rica East thermal coal project is strategically well positioned being only 7km from a Panamax ship loader with a 10mtpa+ loading capacity.
- Excellent positioning in relation to infrastructure means there is potential for rapid development at minimal development costs.

Corporate

- Completed the acquisition of the remaining 49% of Andean Coal Pty Ltd via an option exercise for a consideration of 16 million Equus shares voluntary escrowed to 23 May 2016.

Mina Rica Thermal Coal Project

Equus Mining’s Mina Rica thermal coal project is located on the north side of the Brunswick Peninsula in Chile’s XII Region and is considered highly strategic given its close proximity to key idle infrastructure and the potential for rapid development in order to supply into Chile’s shortage of domestically produced thermal coal (see Map 1). Currently Chile consumes approximately 15mtpa of mostly imported thermal coal and this is expected to double within the next decade.

Mina Rica is situated adjacent to the third party owned Pecket mine and port/coal loading facility which has a capacity in excess of 10mtpa. Unwashed coal product was historically loaded onto bulk carriers and transported to domestic coastal based thermal power stations however this operation is currently on care and maintenance following a high wall failure in the Pecket Mine’s main pit. There are 13 recognised coal seams at the Pecket mine of which predominantly Seams 5 & 6 were previously mined commercially.

Drilling commenced during the September quarter at the recently acquired and strategic Mina Rica East coal exploration tenements which are located adjacent to the Company’s Mina Rica exploration tenements and just 7 kilometres from an idle Panamax ship loader. Three drill holes of the four drilled by Equus Mining at Mina Rica East have intercepted coal seams namely holes MRE-02, MRE-03 and MRE-04 with cumulative total thicknesses of coal seams intercepted being 4.68m, 3.54m and 7.73m respectively (See Map 1).

Seams intercepted in Holes MRE-02 and MRE-04 correlate reasonable well with those seams intercepted in historical hole PCC-8 which was drilled by the Chilean government agency Corporación de Fomento de la Producción (‘CORFO’) and located 0.8 kilometres to the north-east of MRE-04, just outside the Company’s Mina Rica East exploration licence boundary (See Section A-B).

Map 1. Mina Rica East drill positions and Pecket Coal Loader

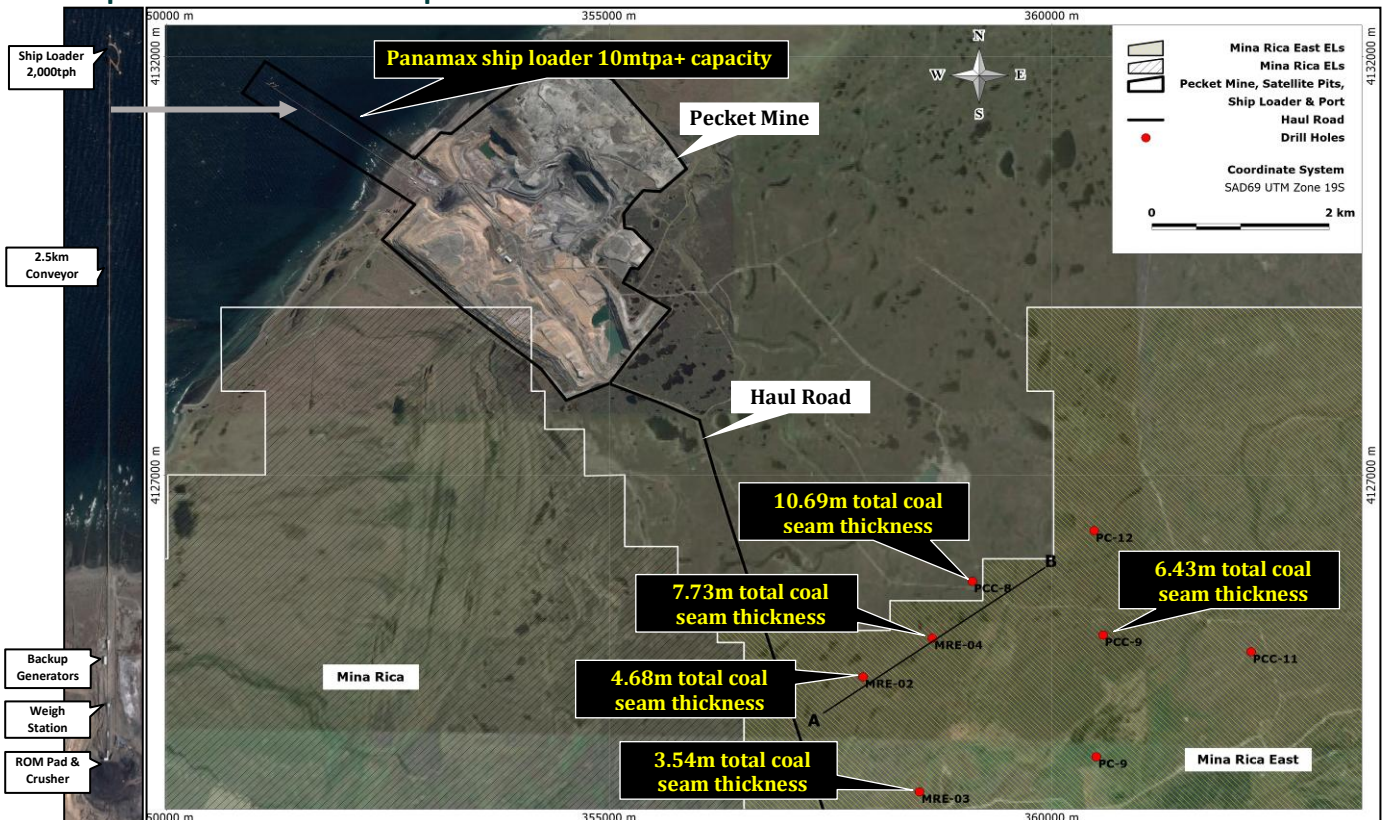


Photo 1. Brown drill water indicative of coal being drilled



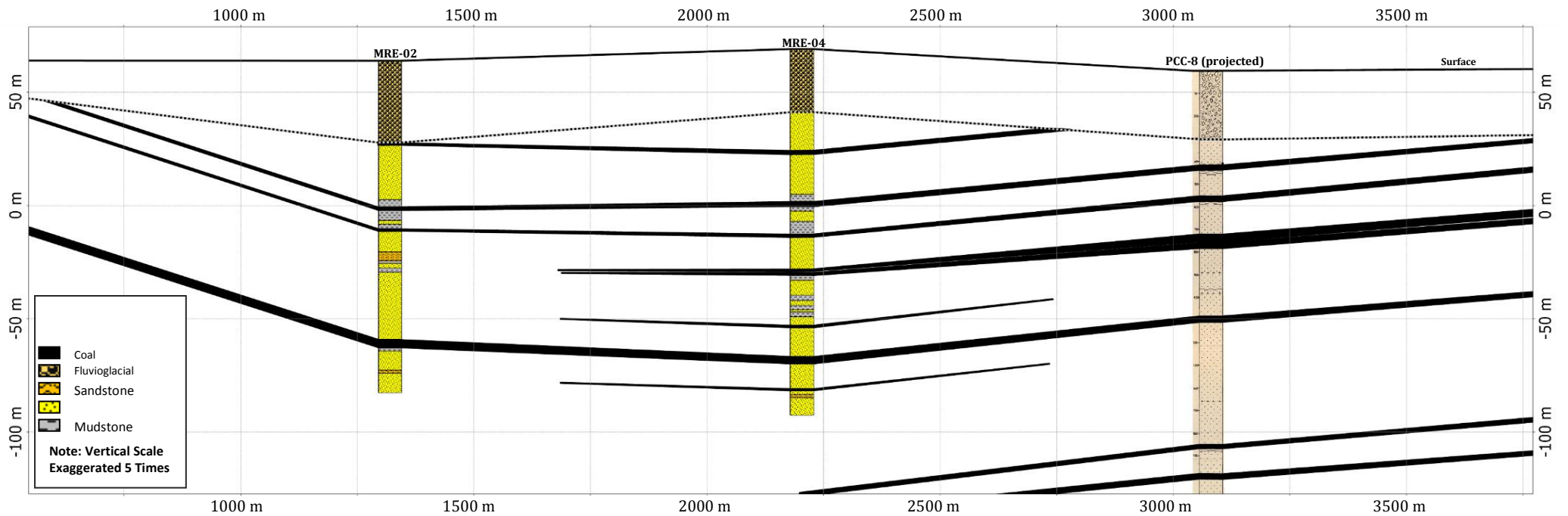
Photo 2. Coal in core barrel



Photo 3. Extracting core



Section A-B. Cross section showing coal seam preliminary correlation between drill holes MRE-02, MRE-04 and PCC-8



Four holes (PC-9, PC-11, PC-12 and PCC-9) were drilled by CORFO within the Mina Rica East project area as well as one located immediately to the north (PCC-8). These holes were drilled using the tri-cone method of drilling with visual logging of drill cuttings on 0.5m intervals. PCC-8 and PCC-9 were also logged using electrical logs and the total thickness of coal seams logged by this method were recorded as being 11.82m and 6.43m, or 79% and 162% thicker than from the chip logging for the two holes respectively.

Electrical logging, which measures distinctive coal and rock characteristics *in situ*, is considered to be vastly more reliable than chip logging where the sample return from tri-cone drilling is a mixture of rock cuttings. Equus Mining is attempting to locate the unaccounted for electrical logs for holes PC-9, PC-11 and PC-12 as this should help with coal seam interpolation in the Mina Rica project area.

History of the Neighbouring Pecket Mine

In June 1980, the Corporación de Fomento de la Producción ('CORFO') (Production Development Corporation of Chile) produced a report which summarised the results of a 46 diamond drill hole programme throughout the Pecket mine area which was broadly centred on a historic underground thermal coal mine. The drilling outlined a global non-JORC compliant *in situ* resource in four stacked seams of which 29% was in Seam 5 and 61% was in Seam 6. EQE's newly expanded tenement package surrounds this resource on three sides.

From 1987 until the mine closure due to a high wall failure in April 2014, the Pecket mine resource has been exploited by both state and private companies via open pit mining with the thermal coal being trucked a short distance to an adjacent port and ship loader.

Since the closure of the Pecket mine the entire mine infrastructure, including the deep water port with a 2,000 tonne per hour coal loader, mining fleet and haul roads has been maintained on care and maintenance.

Advantages of Established Infrastructure

Direct trucking of coal from potential mining operations to an existing Panamax ship loader over a distance of just several kilometres is major cost advantage:

- Capital development costs would be expected to be relatively negligible in comparison to most other undeveloped coal basins which are typically hundreds of kilometres from deep water loading ports requiring major infrastructure to be built.
- Operating costs are expected to be relatively low as no long distance land haulage removes a major operating cost component.

The close proximity to services and a highly skilled work force at the nearby city of Punta Arenas (population 130,000) is another major advantage. Currently Chile consumes approximately 15mtpa of mostly imported thermal coal and this is expected to double within the next decade.

Photo 4. Panamax ship loader at Port Pecket



Equus Mining’s Thermal Coal Project Background

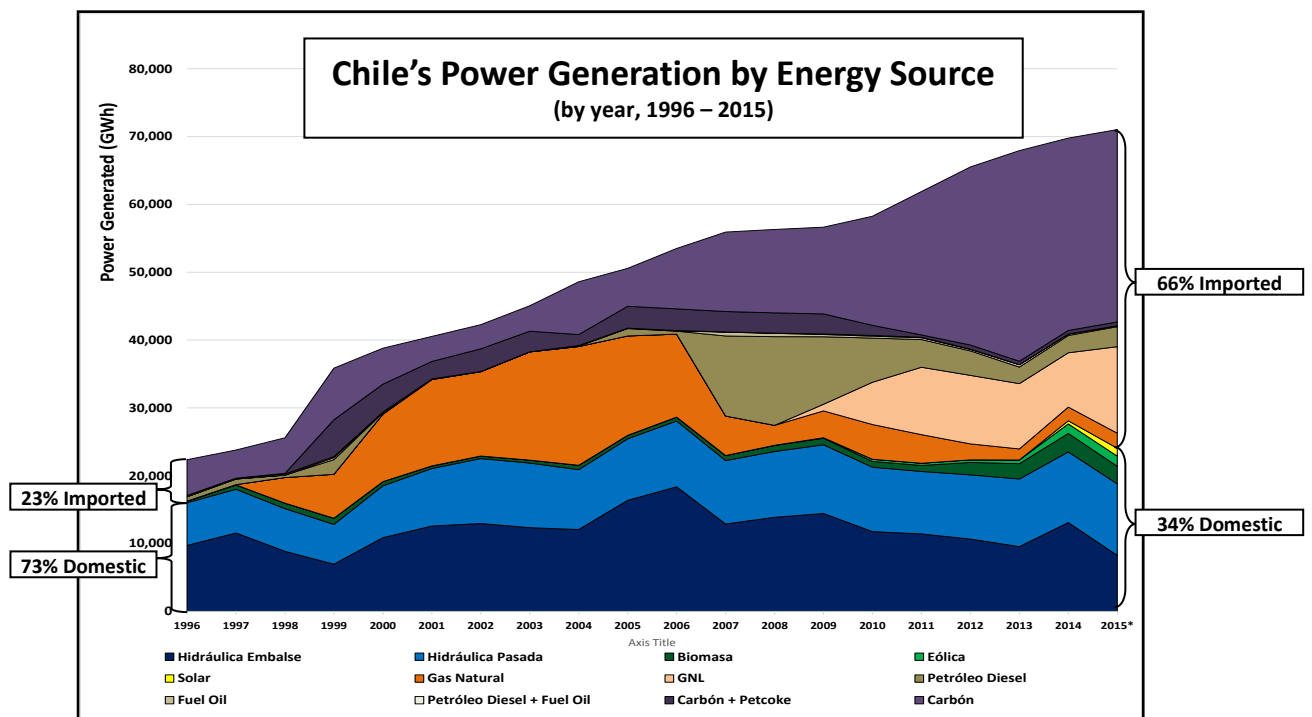
Equus is strategically positioned to take advantage of Chile’s fast increase in coal fired electricity generation with a 100% interest in a coal package centred on the coal bearing Loreto Formation in Chile’s largest coalfield, the Magallanes Basin in Region XII.

Since the initial acquisition, the total exploration project area has been more than doubled, from 170 km² to 435 km² through additional exploration licence applications. These licences are situated in three project areas: Rubens, Perez and Mina Rica (see Map 3) and Equus now holds considerably greater than 50% of the available near surface strike extent of the coal bearing Loreto Formation. This is a dominate position over the largest known near surface coal occurrence in energy starved Chile.

All three projects have strong potential to host shallow dipping coal deposits suitable for bulk open cut extraction as indicated by a combination of coal outcrop, coal float and intercepts in oil and gas wells in the general licence areas as well as historic regional work by Chile’s state owned petroleum company ENAP and development agency CORFO. Despite Chile importing 80% to 90% of its current thermal coal needs and the Magallanes Basin being recognised as hosting the largest coal occurrence in Chile, the centre of a fledgling coal mining industry currently hosts just one operating mine.

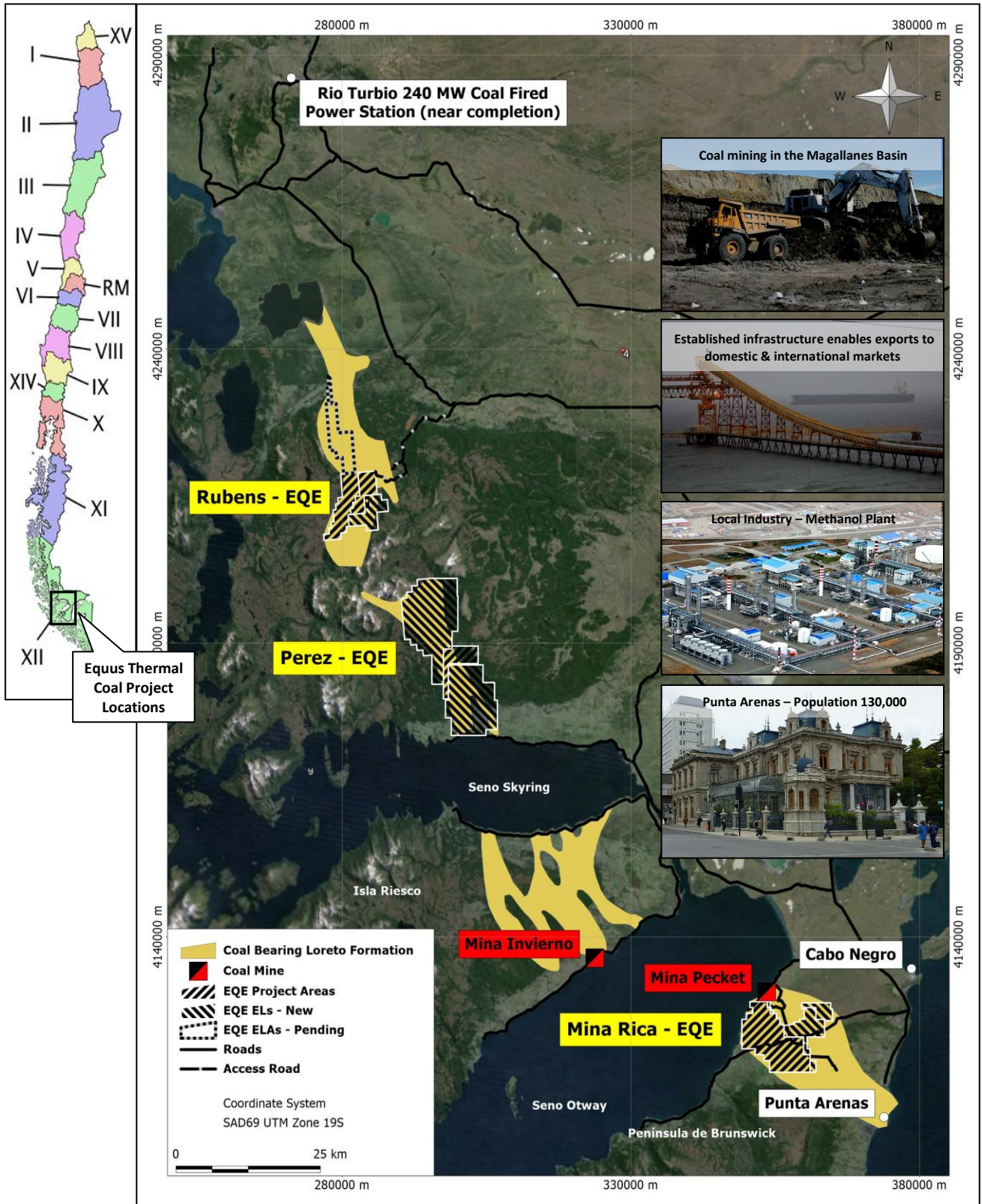
Over the last 20 years Chilean power generation has transformed from predominately domestic sourced energy to predominately imported sourced energy (see Chart 1) which has obvious security of supply implications. Imported energy is mostly in the form of thermal coal, LNG and diesel. Industry data by the largest power producers indicates costs of power generation to be \$45/MWh for coal, \$90/MWh for LNG and \$140/MWh for Diesel. Producing power from coal is an important solution to reducing Chile’s high cost of power production and maintain a reliable supply.

Chart 1. Chile’s Power Generation by Energy Source



Source: Comisión Nacional de Energía , Gobierno del Chile

Map 3. Equus Mining's Thermal Coal Projects in the Magallanes Basin - Chile's Largest Known Coal Occurrence



Corporate

Exercised Option to Acquire Remaining 49% OF Andean Coal Pty Ltd

Equus Mining Limited has made the decision to exercise the option to acquire the remaining 49% of Andean Coal Pty Ltd for a consideration of 16 million escrowed Equus shares. By way of a Voluntary Restriction Deed the vendor has agreed to a voluntary escrow period to 23 May 2016, being the original expiry date of the option. Upon completion of the transaction on 31 July 2015 Equus now owns 100% of Andean Coal Pty Ltd and a dominant package of tenements over the coal bearing Loreto Formation with close proximity to vital infrastructure and deep water shipping.

Successful Capital Raising

Subsequent to the end of September quarter \$398,352 was raised through the placement of 36,213,783 new fully paid ordinary shares at 1.1 cent per share. The share placement was made to professional and sophisticated investors in accordance with the Company's 15% capacity pursuant to ASX Listing Rule 7.1. The Company will also seek shareholder approval at the Company's next Annual General Meeting for the Directors to participate in a placement of 3,363,636 fully paid ordinary shares at 1.1 cent per share to raise an additional \$37,000. The funds raised are to be used to fund exploration activities at the Company's three thermal coal project in Chile and to provide working capital.

Exploration Expenditure

During the quarter ended 30 June 2015 Equus invested a total of A\$125K in exploration at its thermal coal projects in Chile.

Yours sincerely



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Managing Director

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Tenement Information

Acquired during the quarter	Disposed during the quarter	Held at the end of the quarter	Location	Ownership
		Mina Rica 1 to 31	Magallanes, Chile	Carbones del Sur ¹
		Rio Rubens 1 to 11	Magallanes, Chile	Carbones del Sur ¹
		Rio Rubens East 1 to 7	Magallanes, Chile	Carbones del Sur ¹
		Rio Perez A to H	Magallanes, Chile	Carbones del Sur ¹
		Kol 1 to 16	Magallanes, Chile	Carbones del Sur ¹
Brunswick 3A, 4A		Brunswick 3A,4A	Magallanes, Chile	Carbones del Sur ¹
		Kolen 1-3, 5-8	Magallanes, Chile	Carbones del Sur ¹
		Carbon 1 to 7, 13, 15, 17, 21-23, 25, 27, 31-32, 35, 36, 38, 40 & from I-XXV	Magallanes, Chile	Carbones del Sur ¹
		Kull 20-22	Magallanes, Chile	Carbones del Sur ¹
		Skyring 1-31	Magallanes, Chile	Carbones del Sur ¹
		Balmaceda 1 & 2	Magallanes, Chile	Carbones del Sur ¹
		Osenace	Ghana	Equus 90%
		Asamankese	Ghana	Equus 90%
		Pramkese	Ghana	Equus 90%
		Kwatechi	Ghana	Equus 7% equity interest

- 1) The Company has secured the rights to acquire 100% of Andean Coal Pty Ltd ('Andean'). The Company has earned a 51% interest in Andean through the expenditure of AUD\$0.2 million and has decided to exercise an option to acquire the remaining 49% for the consideration of 16 million shares in Equus. Equus has management responsibility for Andean. Andean, through its 99.99% subsidiary Carbones del Sur Limitada, holds exploration licences in three strategic locations within the Magallanes Basin in Chile.