EQUUS MINING LIMITED
ABN 44 065 212 679

18 January 2016

Equus 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 (15 January 2016):	**$0.01**
Shares on Issue:	**432M**
Market Capitalisation:	**A$4.3M**

Directors and Officers

Mark Lochtenberg
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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Outcropping Coal Seams Identified in Mina Rica Southeast Extension Area

Highlights

- Field mapping activities at the newly acquired Mina Rica southeast extension area commenced in late December 2015.
- Outcropping coal seams were observed and recorded in several locations (See Map 1).
- Mapping supports the extrapolation of the Pecket Mine coal seam sequence from the area of Equus' initial drilling to the northwest to where multiple coal seams outcrop in foothills to the south.
- These outcropping seams have expanded the target zone further to the east.
- A drilling program of approximately 15 to 20 holes on a 1km x 1km spaced grid is planned to commence during the March quarter.
- The Mina Rica thermal coal project is strategically well positioned being only 7km via an existing haul road from a Panamax ship loader with greater than 10 million tonne per annum loading capacity.
- Excellent positioning in relation to infrastructure means there is potential for rapid development at minimal development costs.

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The Mina Rica Thermal Coal Project

Equus Mining Limited's (ASX: EQE) ('Equus' or 'the Company') Mina Rica thermal coal project is located on the north side of the Brunswick Peninsula in Chile's XII Region. The Mina Rica project is strategically positioned given its close proximity to key idle infrastructure (See Map 1) and the potential for rapid development to supply Chile's shortage of domestically produced thermal coal. Currently, Chile consumes approximately 15 million tonnes per annum ('mpta') of mostly imported thermal coal and this is expected to double over 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 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 and 6 were mined commercially.

Initial drilling by Equus was carried out during the second half of 2015, focused on defining the strike extension to the Pecket Mine coal sequence to within the Company's Mina Rica East tenements. The Mina Rica East tenements were acquired by Equus in July 2015 and are located immediately adjacent to the Company's original Mina Rica exploration tenements.

Three of the four holes drilled by Equus at Mina Rica East, namely holes MRE-02, MRE-03 and MRE-04, intercepted coal bearing sequences with intercepted cumulative total coal seam thicknesses of 4.68m, 3.54m and 7.73m respectively (See ASX release dated 27 October 2015[(i)]). The intercepted coal bearing stratigraphy is interpreted to represent the strike extension of the Pecket Mine coal sequence into the Company's tenements (See Map 1).

This initial drilling also indicated that the strike extension of the Pecket Mine sequence extends further to the east than previously interpreted. Based on this new interpretation and combined with the knowledge that an adjacent tenement area to the southeast was to become available, Equus further expanded its Mina Rica thermal coal project area through the submission of 8 Exploration Licence applications totalling 2,100 hectares (See Map 1 and ASX release dated 14 December 2015).

Outcropping Coal Seams Identified in Mina Rica Southeast Extension Area

Field mapping throughout the Mina Rica southeast extension area commenced in mid December 2015. Whilst this work is still in progress some key observations have been made which include:

- Outcropping coal seams were recorded in several locations (See Map 1 and Photos 1 and 2) and are interpreted to be hosted within a closely analogous stratigraphic setting to that of the Pecket Mine sequence. These observations support the interpretation that the Pecket Mine coal seam sequence extends from the area to the northwest (as described above) where Equus conducted its initial drilling and approximately 7.5km to the south where multiple outcropping coal seams with an approximate cumulative thickness greater than 15m have been previously mapped.
- The observed outcropping coal seams are partially exposed where bedrock is incised by creeks and hence drill testing is required to define the complete seam thickness potential.
- The observed outcropping coal seams are potentially stratigraphically higher in the gently easterly dipping Pecket Mine coal bearing sequence and hence have expanded the target zone to the east.
- The top of most of the mapped outcropping coal seams have been eroded meaning that seam thicknesses remain undefined.
- Coal float has been observed throughout a large portion of neighbouring areas of the Mina Rica southeast extension area.
- Throughout the Mina Rica southeast extension area, unconsolidated fluvio-glacial cover is relatively thin which means minimal pre-strip and ground water flow rates.

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Map 1. Mina Rica Thermal Coal Project

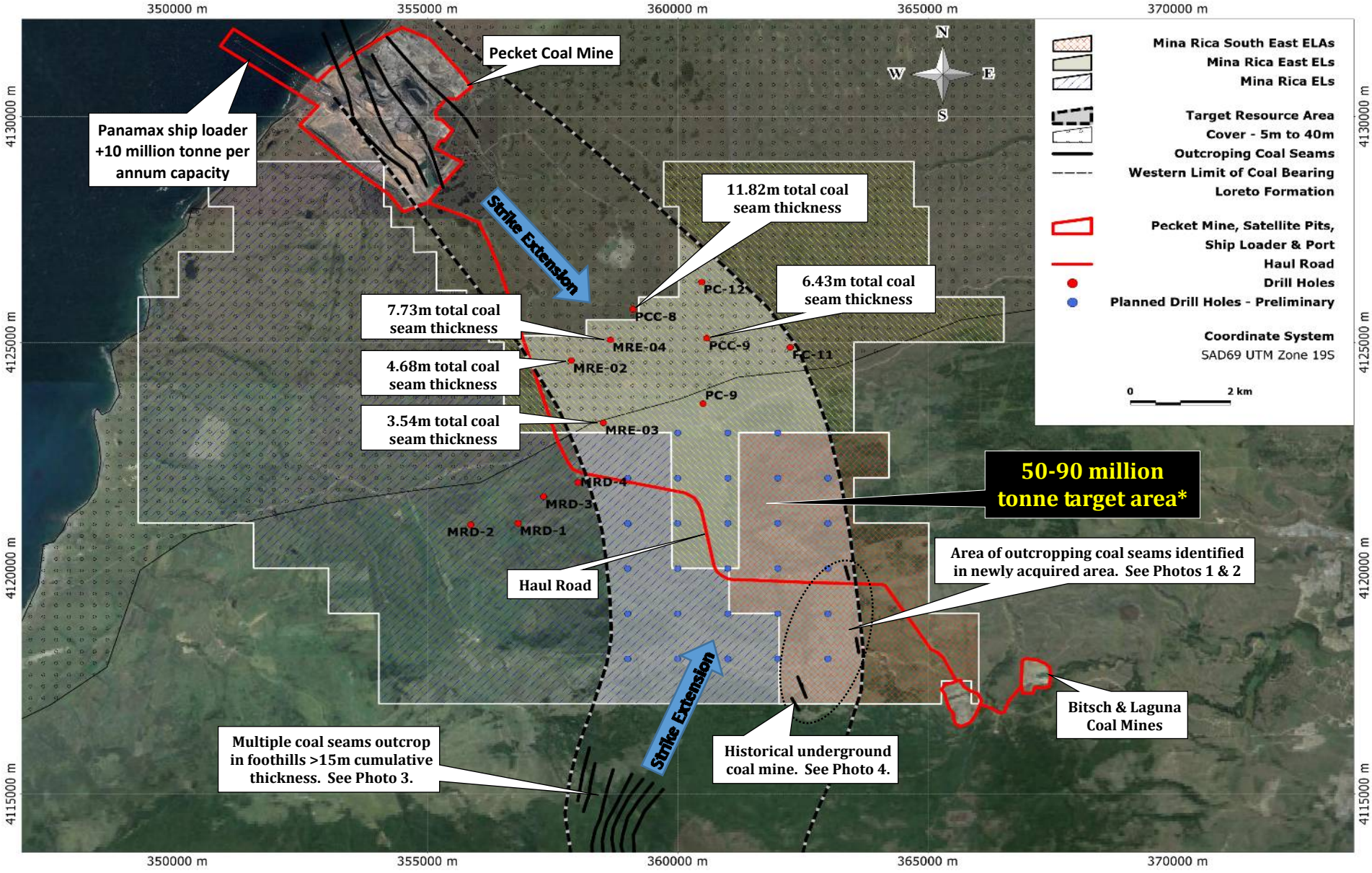

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Photo 1. Outcropping coal seam

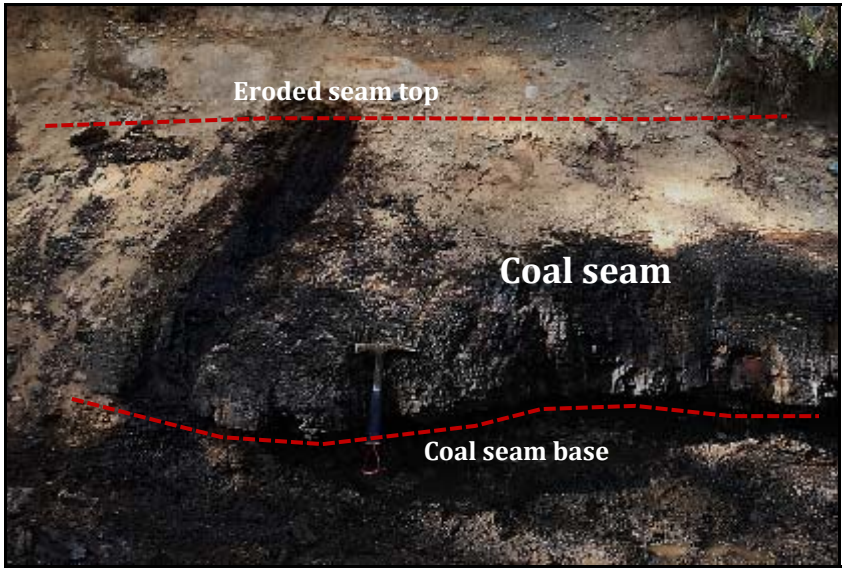

Photo 2. Outcropping coal seam – eroded and oxidised

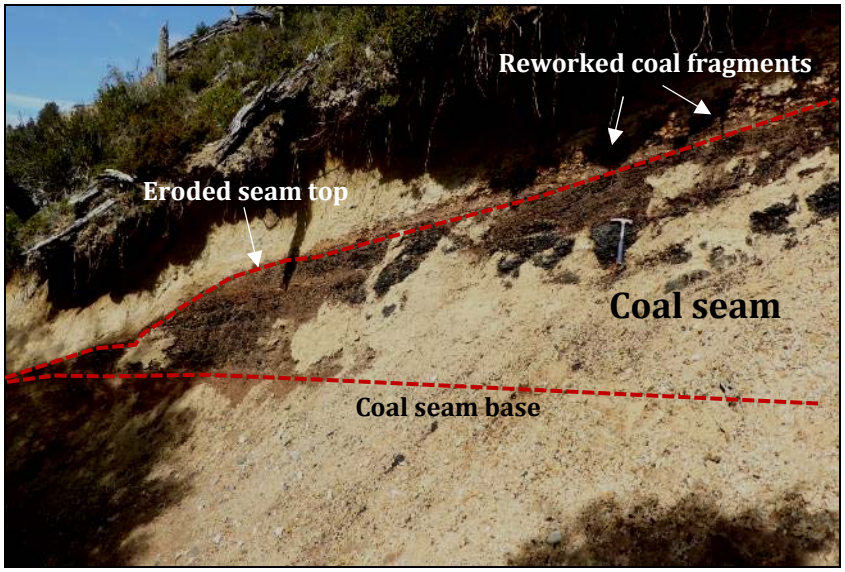

Photo 3. Multiple coal seams

Photo 4. Historical underground coal mine

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Drilling Program to Test Coal Exploration Target of 50 to 90 Million Tonnes

Equus has maintained a strategy of acquiring new adjacent areas with high exploration potential at Mina Rica as they have become available. The expanded area now under control in combination with extensive geological information obtained to date has resulted in an interpreted Exploration Target[(ii)] of 50 to 90 million tonnes of coal. The interpretation is based on the extension of known coal seams from immediately to the northwest as defined by recent drilling and mapped coal seams to the south of the Mina Rica project area.

This Exploration Target is conceptual in nature and should not be construed as a JORC compliant resource. The Exploration Target is based on projections of established coal seams over appropriate widths and strike lengths having regard for geological considerations including seam orientations, specific gravity and expected seam continuity as determined by qualified geological assessment. The Exploration Target assumes a potential coal seam strike length of 8km, 1km width, a cumulative thickness of 4.5m to 8.0m and a specific gravity of 1.4. There is insufficient information to establish whether further exploration will result in the determination of a JORC compliant Resource.

A drilling program of approximately 15 to 20 holes on a 1km x 1km spaced grid is planned to commence during the March quarter. A preliminary plan of the drill holes is shown in Map 1 however exact positioning will be determined during upcoming field planning and as progressive results come to hand.

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. Equus' 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 a 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 and which require building of major infrastructure.
- Operating costs are expected to be relatively low as no long distance land haulage would be required hence removing 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.

Photo 5. Panamax ship loader at Port Pecket

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Equus' Thermal Coal Project Background

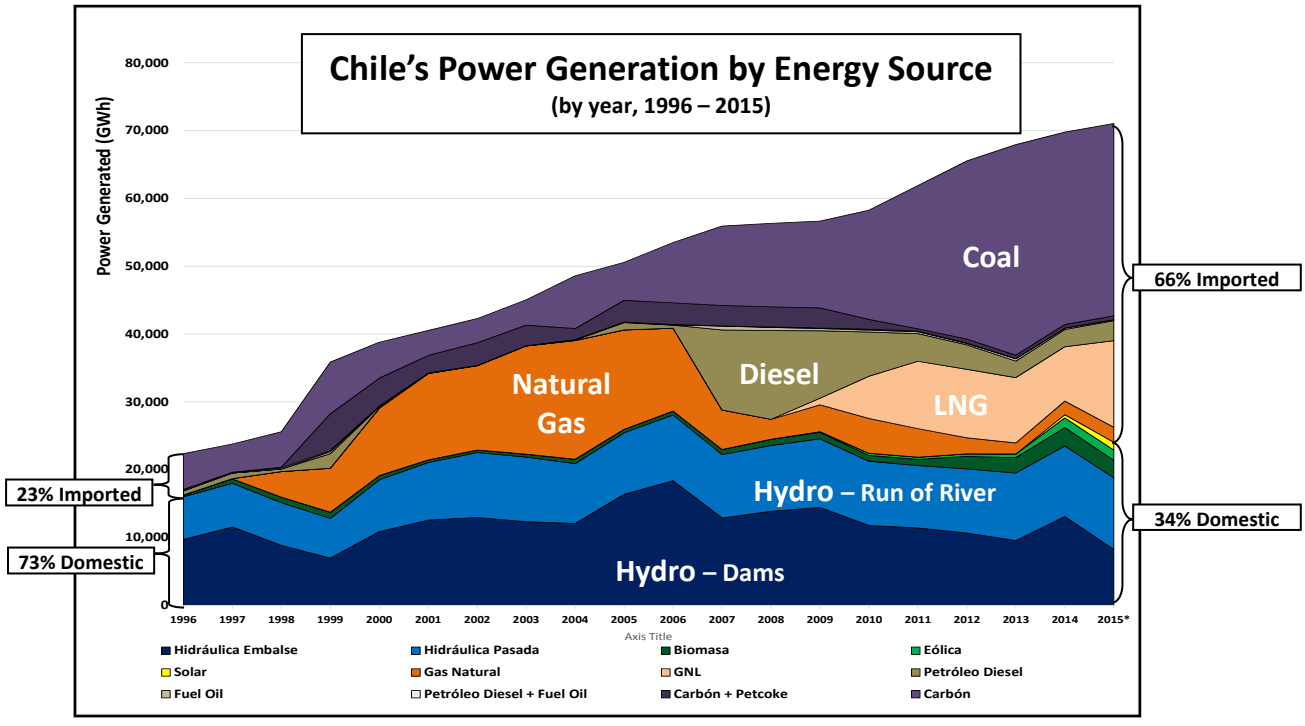
Equus is strategically positioned to take advantage of Chile's fast increase in coal fired electricity generation with a 100% interest in a coal package centred on the coal bearing Loreto Formation in Chile's largest coalfield, the Magallanes Basin in Region XII.

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 2) 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 production cost 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

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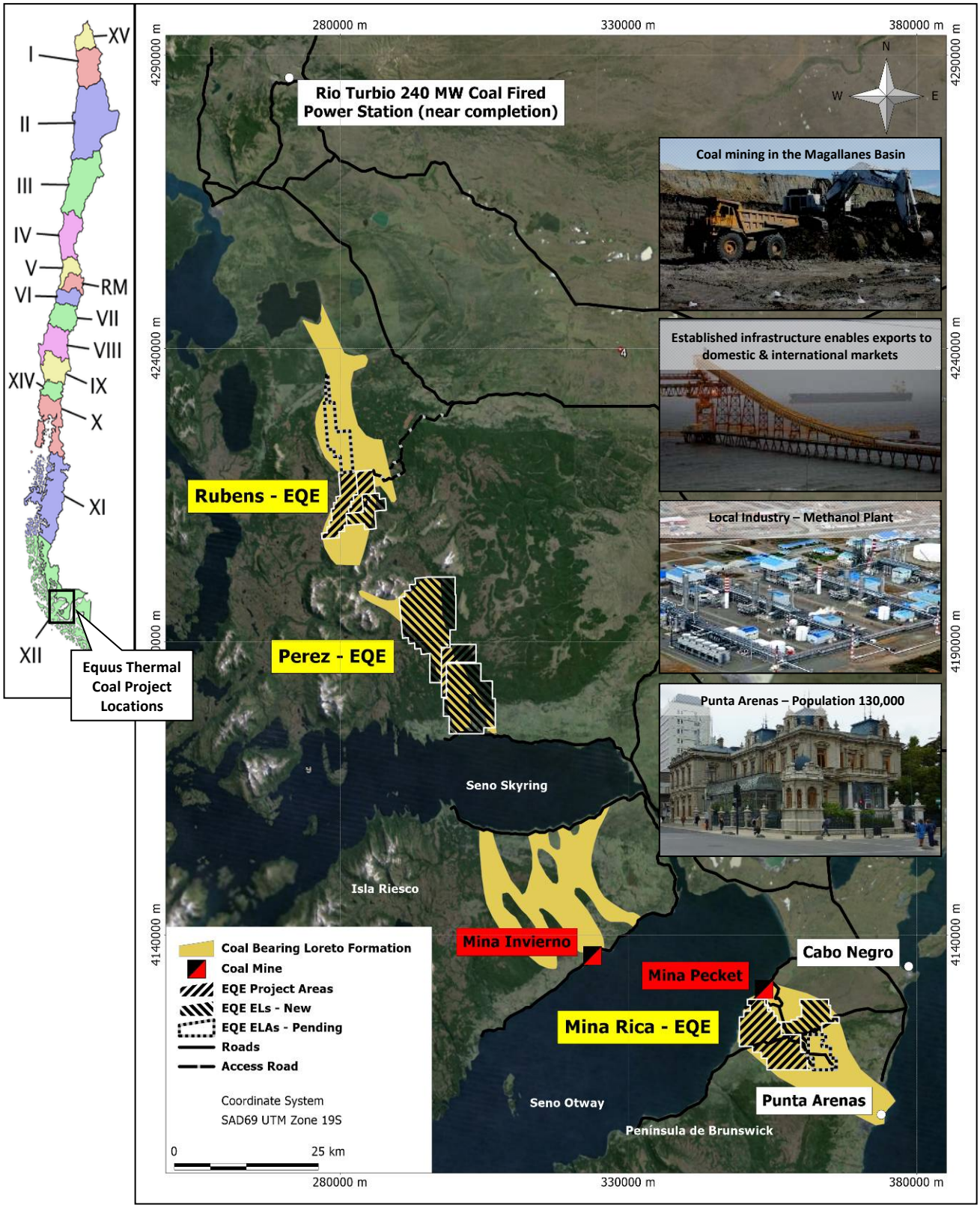
Map 2. Equus' Thermal Coal Projects in the Magallanes Basin - Chile's Largest Known Coal Occurrence



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Yours sincerely

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Managing Director

pjn8363

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(i)All the material assumptions underpinning the exploration results information in the initial public report (see ASX release dated 27 October 2015) continue to apply and have not materially changed. No new exploration results are reported for Mina Rica.

(ii)The Exploration Target described in this presentation is conceptual in nature and should not be construed as a JORC compliant Resource. The Exploration Target is based on projections of established coal seams over appropriate widths and strike lengths having regard for geological considerations including seam orientations, specific gravity and expected seam continuity as determined by qualified geological assessment. The Exploration Target assumes coal seam strike length of 8km, 1km width, 4.5m to 8m cumulative thickness and specific gravity of 1.4. There is insufficient information to establish whether further exploration will result in the determination of a JORC compliant Resource.

COMPETENT PERSON'S STATEMENT:

The information in this report that relates to Exploration Results and Target Exploration is based on information compiled by Damien Koerber and the information in relation to historical and foreign estimates is an accurate representation of the available data and studies of the mining project which is endorsed by Mr Koerber.

Mr Koerber is a geological consultant 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 consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.