

21 July 2014

The Manager Companies  
ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000

(9 pages by email)

Dear Madam,

### **Equus Mining Limited Share Purchase Plan and Cleansing Notice (CO 09/425)**

The Directors of Equus Mining Limited ('Equus' or 'the Company') advise that the Company offers eligible shareholders the opportunity to subscribe for up to \$15,000 worth of new shares in the Company without brokerage or other transaction costs and at a discount to the prevailing market share price under a Share Purchase Plan ('SPP'). All eligible Equus Mining Directors will participate in the SPP.

The Company's shares are being offered under the SPP at \$0.01 per share, a discount of approximately 15% to the average closing price of share traded on ASX in the five days on which sales of shares were traded immediately prior to the date of this announcement.

The SPP is available to shareholders with a registered address in either Australia or New Zealand on the record date of 18 July 2014. The offer is non-renounceable and is scheduled to close on 22 August 2014.

The maximum number of shares that can be issued under the SPP is 76,998,503.

The funds raised by the SPP will be used to accelerate the Company's strategy of further increasing its ground dominance in the Magallanes thermal coal basin, the largest coal occurrence in Chile, early stage exploration and working capital.

The Share Purchase Plan offer is made in accordance with the Australian Securities and Investment Commission (ASIC) Class Order 09/425. Equus Mining Limited advises the following pursuant to section 708A(5) of the Corporations Act 2001:

- a) the shares will be issued without disclosure to investors under Part 6D.2;
- b) this notice is given pursuant to section 708A(5)(e);
- c) the Company complies with:
  - a. the provisions of Chapter 2M of the Act as they apply to the Company; and
  - b. section 674 of the Act
- d) there is no 'excluded information' within the meaning of sections 708A(7) and 708A(8) of the Corporations Act 2001, as if the notice were a notice under section 708A(5)(e) of the Corporations Act 2001.

Full SPP details are set out in the attached offer documentation, which will be sent to Eligible Shareholders.

For further information, please contact Marcelo Mora, Company Secretary, on +61 2 9300 3366.

Yours sincerely,  
Marcelo Mora  
Company Secretary

pjn7777

**Equus Mining Limited ABN 44 065 212 679**

**Level 2, 66 Hunter Street  
Sydney NSW 2000  
Australia**

**T +61 2 9300 3366  
F +61 2 9221 6333  
E [info@equusmining.com](mailto:info@equusmining.com)  
W [www.equusmining.com](http://www.equusmining.com)**

21 July 2014

Dear Shareholder

## Share Purchase Plan

Equus Mining Limited ('Equus' or 'the Company') is offering Eligible Shareholders the opportunity to participate in a Share Purchase Plan ('SPP'). The issue price is \$0.01, representing a discount of approximately 15% to the average price of the Company's shares for the five business days preceding 21 July 2014.

The support of your Company at this time is important to ensure that the Company is properly funded to:

- Further advance 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.

**All eligible Directors intend to participate in the SPP to their maximum entitlements.**

The Directors encourage all Eligible Shareholders to support the Company and take advantage of this opportunity to acquire Equus shares without brokerage or other transaction costs and at a discount to the Company's share price.

## Acquisition of Andean Coal Pty Ltd

On the 25 May 2014, Equus Mining Ltd announced that it had secured the rights to acquire 100% of 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.

The Rubens, Perez and Mina Rica project areas 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.

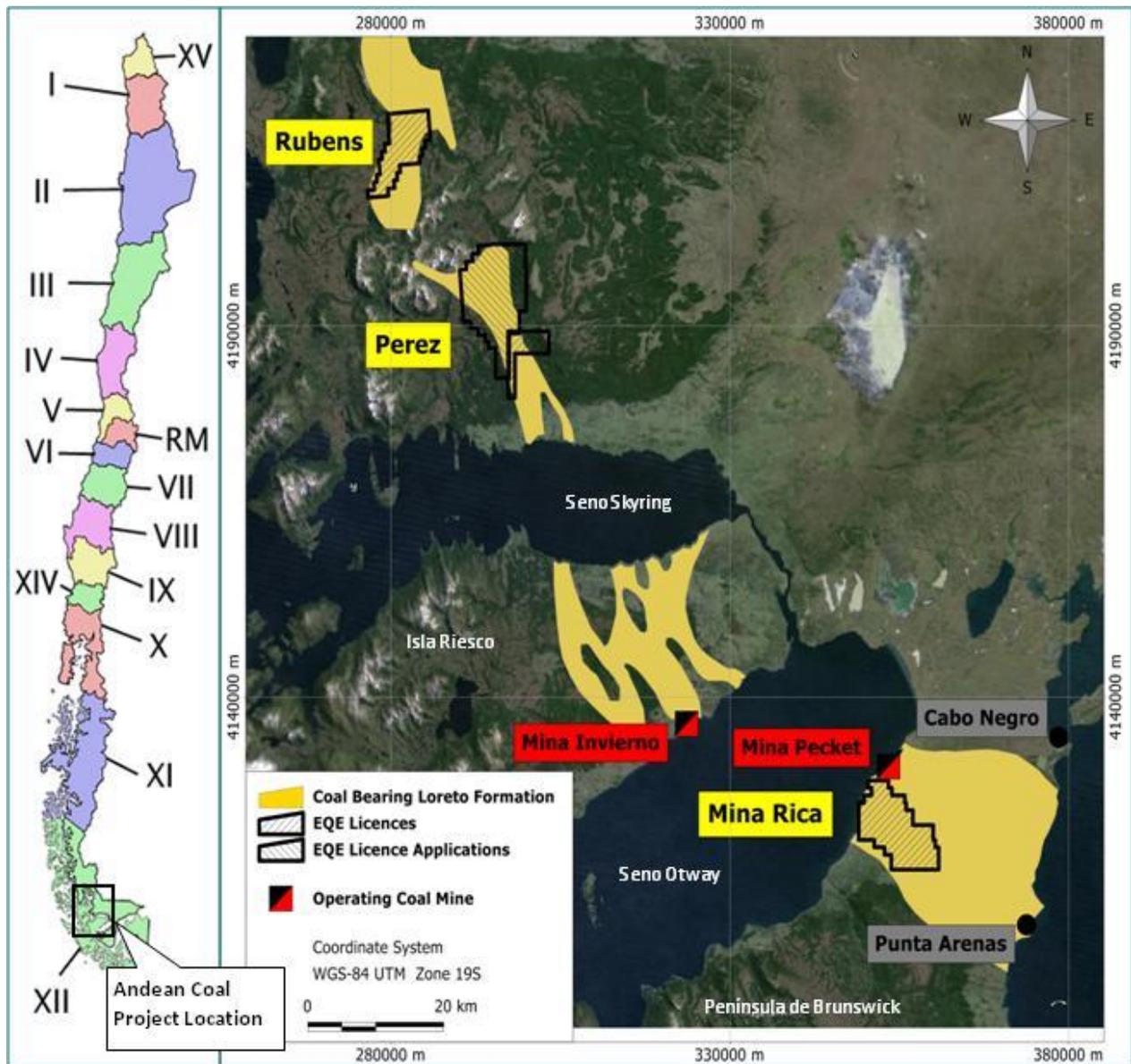
In line with Equus' strategy and immediately post the announcement of the Andean acquisition deal, further exploration licences overlying the coal-bearing Loreto Formation were applied for in the Perez project area. This has increased Equus' total area of interest from approximately 166km<sup>2</sup> to 281 km<sup>2</sup>, an area increase of 69%.

**Equus Mining Limited ABN 44 065 212 679**

**Level 2, 66 Hunter Street  
Sydney NSW 2000  
Australia**

**T +61 2 9300 3366  
F +61 2 9221 6333  
E [info@equusmining.com](mailto:info@equusmining.com)  
W [www.equusmining.com](http://www.equusmining.com)**

**Map 1. Andean Coal Project Locations**



### 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).

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.

**Photo 1. Ship Loader at Mina Invierno**



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.

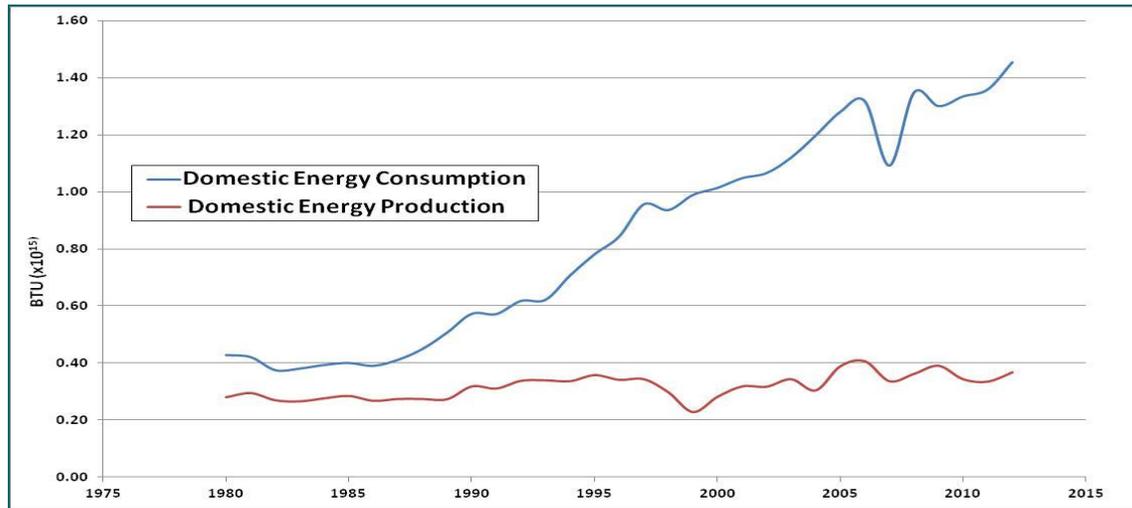
**Photo 2. Coal mining at Mina Pecket**



## 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)

**Graph 1. Chile's Domestic Energy Consumption & Production**



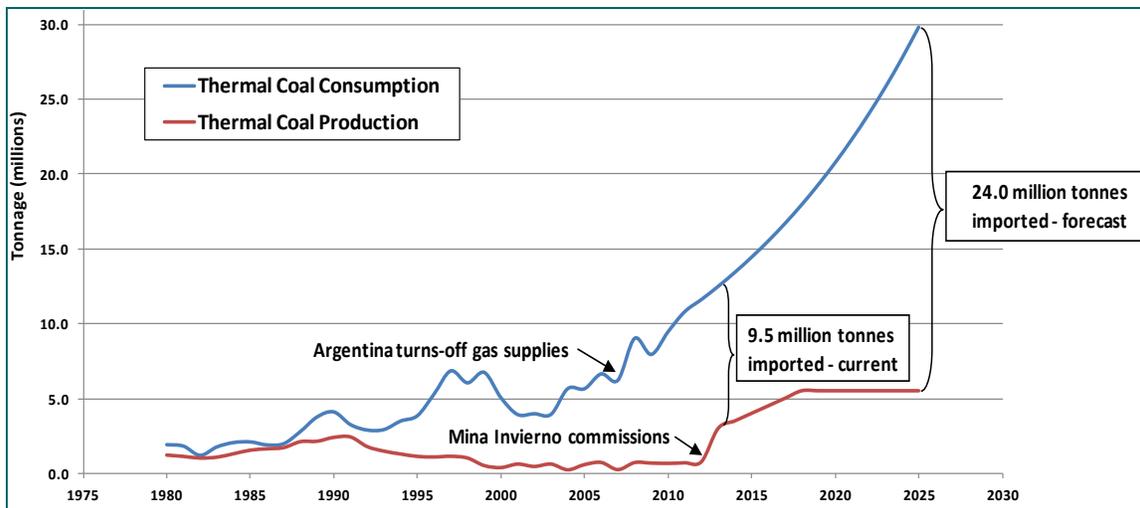
Source: United States Energy Information Administration

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.

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.

## **Purpose of the Capital Raising**

The funds raised by the SPP will be used to support the Company's ongoing operational costs including further advancing the Company's strategy of dominating prospective coal acreage and infrastructure positioning in the Magallanes Coal Basin by applying for further exploration licences as well as advancing current applications.

Funds will be directed to early exploration, preparations for drilling of obvious coal measures likely to deliver "easy" tonnage, to carry out high resolution seismic where there is empirical evidence of sub-cropping coal measures and working capital. The company also plans to invite joint venture offers from potential strategic partners.

## **Eligible Shareholders**

The right to participate in the SPP is available to holders of fully paid ordinary shares on the record date of 18 July 2014 and whose registered address is in Australia or New Zealand ('Eligible Shareholders'). Unfortunately, it is not practical for the SPP to be offered to our shareholders with a registered address in other countries.

Under the SPP, Eligible Shareholders are entitled to purchase up to \$15,000 in additional shares at \$0.01 representing a discount of approximately 15% of the average share price for the five business days preceding 21 July 2014 and without having to pay any brokerage or other transaction costs.

## **How to Participate in the SPP**

Participation in the SPP by Eligible Shareholders is entirely optional. If you are in any doubt about your participation in the SPP, then you should contact a professional adviser. The offer is non-renounceable, which means that you cannot transfer your right to purchase securities under the SPP to another person or entity. The maximum amount of \$15,000 will apply even if you receive more than one offer from the Company.

## **Issue Price of Securities**

The issue price of securities under the SPP is \$0.01. This price has been set at a discount of approximately 15% to the average market price of the Company's securities calculated over the five business days preceding 21 July 2014 on which sales of shares were traded.

The market price of the Company's securities will fluctuate during this offer, but this will not affect the issue price of the securities under the SPP. This means that the market price of the Company's securities at the time the securities are allotted under the SPP may be either higher or lower than the subscription price.

## **Maximum Raising and Oversubscription**

The maximum number of securities that the Company will issue under the SPP is 76,998,503 and the maximum amount that would be raised under the SPP is approximately \$769,980. If the Company receives acceptances for more than the maximum, it will reduce the number of securities allotted to each holder of securities on a pro-rata basis.

## **Application Instructions**

This offer will close at 5:00 pm (Sydney time) on 22 August 2014. Further details of the SPP are set out in the terms and conditions below. If you wish to participate in the SPP, please read the terms and conditions and return the application form that will be sent to you with payment prior to 22 August 2014.

If you make your payment using BPAY, you do not need to return your Application Form, but you will be taken to have made the certifications and representations described in this SPP Offer Document and on the Application Form. If applying by BPAY, you need to ensure the Share Registry receives your payment by no later than 5:00 pm (Sydney time) on 22 August 2014.

The Directors encourage you to read these terms and conditions carefully and in their entirety. You should seek your own financial advice in relation to this offer and your participation in the SPP.

For further information, please contact Marcelo Mora, Company Secretary, on +61 2 9300 3366.

Yours sincerely  
Norman Seckold  
Chairman

**THIS SAMPLE FORM IS FOR INFORMATION ONLY  
VALID APPLICATION FORMS WILL BE MAILED TO ELIGIBLE SHAREHOLDERS**

Record Date: 18 July 2014

**SHARE PURCHASE PLAN APPLICATION FORM  
OFFER CLOSES 22 AUGUST 2014**

This is an offer to eligible registered holders in Equus Mining Limited ('Equus') to subscribe for additional fully paid ordinary shares under the terms and conditions of the Share Purchase Plan ('SPP') as set out on the other side of this application form.

Shares issued under this offer are priced at \$0.01 per share and shareholders may subscribe to one of the following three offers by ticking the appropriate box below:

Offer A	Offer B	Offer C	Offer D
1,500,000	1,000,000	500,000	200,000
\$15,000	\$10,000	\$5,000	\$2,000

If paying by cheque, record the details of your cheque or money order below with the relevant payment amount.

Drawer	Bank	Branch	\$ Amount

**Please note:**

- Payments may only be made by BPAY, cheque or bank draft in Australian dollars and drawn on an Australian branch of an Australian financial institution. BPAY details will be provided on the Application Form to be sent to Eligible Shareholders.
- Your cheque should be made payable to 'Equus Mining Limited' and crossed 'Not Negotiable'.
- Cash payments will not be accepted.
- Should the exact amount not be tendered, Equus Mining reserves the right to return your Application Form and money.

Please provide the following details in case we need to contact you in regards to your application.

Contact Name	Telephone Number 1	Telephone Number 2
	( )	( )

By returning this Application Form and your cheque to our office, you:

- agree to be bound by the terms and conditions of the SPP and the Company's Constitution; and
- certify and confirm that the subscription price for the shares subject of this offer, together with the subscription price of all other shares issued to me as a registered holder (or, where a beneficiary is noted on the register, to that beneficiary) under the SPP does not exceed \$15,000.

Your Application Form and cheque should be returned, no later than **5.00pm (Sydney time) on 22 August 2014**, addressed to:

Equus Mining Limited  
Level 2, 66 Hunter Street  
Sydney NSW 2000

You should allow sufficient time for this to occur.

# Equus Mining Limited Share Purchase Plan Offer Terms and Conditions

Equus Mining Limited ('Equus') is giving Eligible Shareholders the opportunity to subscribe for fully paid ordinary shares ('Shares') in Equus through a Security Purchase Plan ('SPP'). Participation in the SPP is optional and subject to the following terms and conditions.

## Who is eligible to apply under this offer?

You are eligible to subscribe for Shares under this SPP if you were a registered holder of fully paid ordinary shares or Shares of Equus at the close of business on the Record Date of 18 July 2014, with a registered address in either Australia or New Zealand ('Eligible Shareholders').

The offer under the SPP is non-renounceable, which means that you cannot transfer your right to purchase securities under the offer to anyone else.

## How much can you invest?

Eligible Shareholders may choose to apply for one of the following offers:

	Number of Securities	Payment Amount
<b>Offer A:</b>	1,500,000 Shares	\$15,000.00
<b>Offer B:</b>	1,000,000 Shares	\$10,000.00
<b>Offer C:</b>	500,000 Shares	\$5,000.00
<b>Offer D:</b>	200,000 Shares	\$2,000.00

No brokerage or other transaction costs are payable by participants in the SPP.

## How to pay for the securities

You may pay for securities under the SPP by BPAY, cheque or bank draft in accordance with the instructions on the application form.

If your payment is not for the exact amount for one of the three offers, Equus reserves the right to return your Application Form, funds, and not issue any additional Equus securities to you.

Eligible Shareholders, who wish to pay by BPAY, must follow the instructions on the Application Form so that it is received by the Company before 5.00pm (Sydney time) on Friday, 22 August 2014. Your personalised Application Form carries the Biller Code and your unique personalised Customer Reference Number, which you must use to take up the offer. If you make your payment with BPAY, you do not need to return your Application Form. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

## When does the offer close?

The Closing Date is 22 August 2014. Applications received after 5.00pm (Sydney time) on 22 August 2014 will not be accepted.

## How was the issue price determined?

The issue price for each security under the SPP is \$0.01, which represents a discount of approximately 15% to the weighted average market price of Equus securities for the five business days on which sales of Shares occurred preceding 21 July 2014, the date the SPP was announced.

The market price of Equus securities may rise or fall. This means that the issue price of \$0.01 under the SPP may exceed the market price at the time of allotment of securities under the SPP. Accordingly, you should consult your stockbroker or professional adviser in relation to this offer and your participation under the SPP. Any change in the market price of Equus securities will not affect the issue price of \$0.01.

## Why is your investment limited to \$15,000?

The SPP must comply with the Australian Securities & Investments Commission Class Order [CO 09/425] ('the Class Order'), which limits the participation of each Eligible Shareholder to \$15,000 worth of securities. This limit applies to all Eligible Shareholders even if you receive more than one offer from Equus (for example, because you are a joint holder of securities or because you have more than one holding of securities under separate accounts). Equus reserves the right to reject any application for securities where it believes that an Eligible Shareholder has not complied with this requirement.

Where a trustee or nominee is noted on the Equus securities register as holding securities on behalf of another person (beneficiary), the trustee or nominee may, in respect of each such beneficiary, apply under the SPP for securities with a subscription price of up to \$15,000. For the purposes of this acceptance, the beneficiary is deemed to be the registered holder of the relevant securities.

## Allotment of Securities

The securities will be allotted as soon as practicable after the offer closes. Statements will be issued in respect of securities allotted to you under the SPP. You should await confirmation before trading in any securities you have applied for under this offer.

Securities allotted under the SPP will rank equally in all respects with all other fully paid ordinary shares in Equus on the date of issue.

Equus will promptly after allotment of Shares under the SPP, make application for the Shares to be listed for quotation on the official list of the ASX.

## Refunds if the SPP is oversubscribed

If the total number of securities applied for by Eligible Shareholders under the SPP exceeds 76,998,503 then the number of securities allotted to each accepting Eligible Shareholder will be reduced on a pro-rata basis, subject to rounding the adjusted number of securities at the Directors' discretion.

Application moneys to be refunded will be posted to accepting Eligible Shareholders as soon as practical after the Closing Date. Interest will not be paid on money refunded.

## Change of offer

The SPP may be modified or terminated by Equus at any time. Equus will advise the ASX of any modification or termination.

Without limiting the above, Equus may resolve to allot to any person fewer securities than that person applied for under the SPP if the allotment of those securities would contravene any law or Listing Rule of the ASX.

## Dispute resolution

If any dispute arises in connection with the SPP, Equus may settle it in any manner it thinks fit. It can do that generally, or in relation to any particular participant, application or security Equus decision will be final and binding.

Equus reserves the right to waive strict compliance with any provision of the SPP's terms and conditions. The power of Equus in these circumstances may be exercised by the Directors or any delegate of the Directors in accordance with the Corporations Act 2001 and Equus Constitution.

## How can you make further inquiries?

If you have any questions in respect of the SPP, please contact Marcelo Mora on +61 2 9300 3366.