

ASX Announcement

3 November 2014

Equus Mining Earns 51% of Andean Coal Pty Ltd

On the 23 May 2014 Equus Mining Ltd (ASX: EQE) announced that it had secured the rights to acquire 100% of Andean Coal Pty Ltd (Andean), a company holding a strategic package of exploration licenses located in Chile's largest coal field, the Magallanes Basin. Under the terms of the Sales Purchase agreement EQE was to earn 51% in Andean through the expenditure of A\$0.2 million. This term has been met and Andean has agreed to issue shares giving EQE a 51% interest in Andean. EQE also has the option to purchase the remaining 49% of Andean for the consideration of A\$0.2 million in shares at a fixed price of \$0.0125 per share.

At the time of the agreement's execution Andean held exploration licenses covering an area of 170km² in three strategic project locations within the Magallanes Basin, recognized as the largest known coal occurrence in Chile. These licenses are centered over the main coal bearing unit, the Loreto Formation, which extends over a distance of 200km. Subsequently, additional exploration licenses applications have been made bringing the total area under control to over 300km² making EQE the largest holder of potentially open pit-table coal resources in Chile. The three project areas have 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 & gas wells in the general project vicinity as well as regional work done by BHP and Chile's state owned petroleum company ENAP. Please see recent announcements dated 16 September and 10 October.

Of EQE's three coal projects, the Mina Rica project is considered highly strategic given its location adjacent to the exhausted Pecket mine. Existing idle infrastructure including a ship loader and mining equipment means low capital costs and direct ship loading from mine and an anticipated low strip ratio means low operating costs. Please see September Quarterly Activities Report released 30 October for more detail. Currently there is just one operating open-cut coal mine in Chile. The potential to replace thermal coal imports and forecasted strong demand growth of thermal coal by domestic power producers provides an excellent opportunity for new coal project developments in Chile.

Yours sincerely



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