EQUUS MINING LIMITED
ABN 44 065 212 679

2 December 2014

Announcement Main Points — ASX Code: EQE

- **Chile's copper industry to nearly double its electricity consumption**
- **Driven by expected production growth and structural issues**
- **Chile imports most of its thermal coal requirements for power generation**
- **Strong opportunity for second supplier of domestic thermal coal**
- **Equus Mining Limited (ASX: EQE) has established an extensive and dominant land position over near surface, potentially open pittable coal measures adjacent to existing infrastructure**

Chile's Copper Industry Power Demand to Grow 80%

Cochilco (Chilean Copper Commission) has reported that it expects Chile's copper industry, which produces a third of global copper output, to nearly double its electricity consumption by 2025 as multibillion-dollar investments come online and existing operations become structurally less efficient. Cochilco stated that the annual energy consumption of Chile's copper mining industry is expected to rise 18TWh to 49TWh (see Chart 1), or 80% above 2014 levels, due to the growing energy needs of the Chilean copper industry.

Chart 1. Chile's Copper Industry Expected Electricity Consumption

Source: Chochilco 2014

The 80% rise in power demand by the Chilean copper industry is not only to be driven by an expected 47% increase in copper production to 8.5 million tonnes by 2025 but also by an increase in energy demand due to structural factors that cannot be easily controlled by mining companies such as falling ore grades, harder rock and longer haulages distance. These structural impositions to energy consumption has been evident for over a decade with unit energy input up 68% for concentrate copper and up 23% for SXEW copper since 2001 (see Chart 2).

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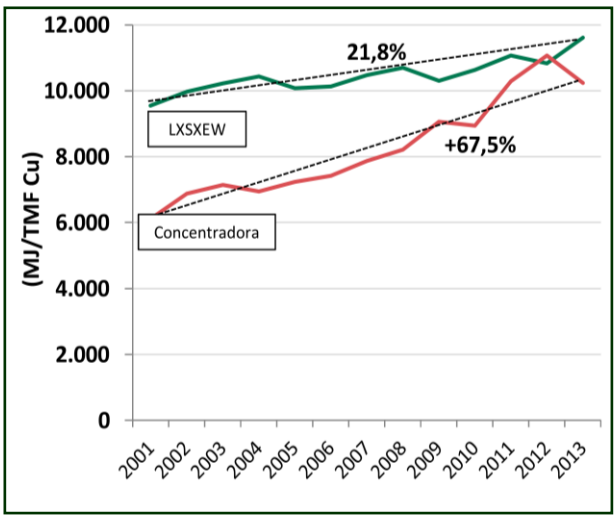
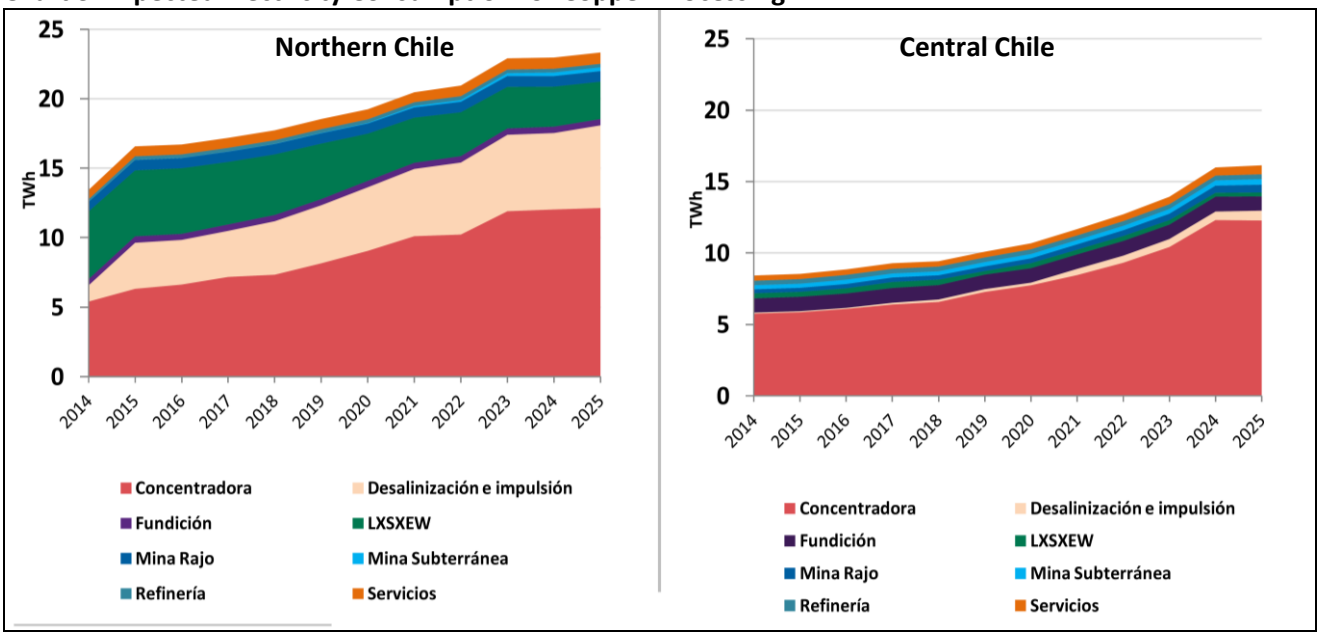
Chart 2. Chile's Copper Industry Unit Energy Input



Source: Chochilco 2014

With water resources having reached their limits in dry regions, where most of Chile's copper is produced, the energy requirements for new desalination will increase from 1.23 TWh in 2014 to 6.65 TWh alone over the next ten years (see Chart 3). This expected increase in power consumption equates to a power generation capacity increase of 2,700MW by 2025. This capacity increase is split between Chile's two main power grids: an increase of 1,500MW for SING (Sistema Interconectado del Norte Grande) which serves northern Chile and where desalination is a growing requirement, and an increase of 1,200MW for SIC (Sistema Interconectado Central) which serves central Chile (see Chart 3).

Chart 3. Expected Electricity Consumption for Copper Processing



Source: Chochilco 2014

Chile produces approximately a third of global copper output and between 2006 and 2012 mining having accounted for 16% of the country's gross domestic product and 64% of exports. As copper production levels have not risen appreciably since 2004 power generation capacity will need to keep up with growing demand to prevent increasing copper production costs impacting on government tax revenues.

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Equus Mining - Background

Equus Mining Limited (ASX: EQE) has strategically positioned itself to take advantage of Chile's fast growing energy needs. Chile has the highest cost of power generation in South American due to strong economic growth rates and limited domestic energy sources. Chile has just one domestic coal mine and imports 80% of its thermal coal requirements (See Chart 4). Thermal coal represents just a quarter of the power generation fuel mix which is about half the world average in comparison. Under this scenario there is a strong opportunity to develop a second domestic thermal coal supply.

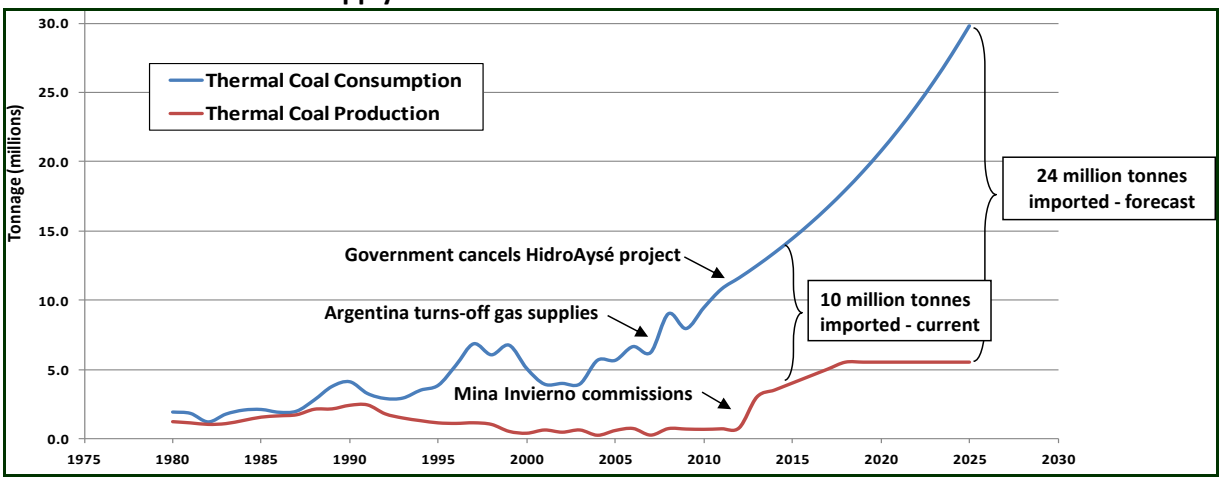
Equus Mining recently acquired a 51% stake in Andean and has an option to purchase the remaining 49% of Andean for the consideration of 16 million in shares (A$160k). Through Andean Equus Mining acquire control of a large package of exploration licences centred on the coal bearing Loreto Formation, located in Chile's largest coalfield, the Magallanes Basin. These licences are situated in three project areas: Rubens, Perez and Mina Rica (See Map 1).

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, float and intercepts in oil and gas wells in the general licence areas as well as historic regional work by BHP and Chile's state owned petroleum company ENAP.

Equus Mining has further increased its strategic ground position with exploration licence applications. This has seen the total area of interest over the coal bearing Loreto Formation increase from 166 km^2 to over 300km^2. Equus Mining now controls the largest ground position overlying near surface, potentially open pittable coal measures in the Magallanes basin. EQE intends to continue increasing ground holdings via exploration licence applications and potential joint ventures.

Equus Mining's' Mina Rica project has the most immediate possibility of production being located adjacent to the exhausted Pecket mine with existing infrastructure. This includes an idle deep-water port with a 2,000tph coal loader, a complete mining fleet and haul roads.

Chart 4. Chile's Domestic Supply & Demand of Thermal Coal



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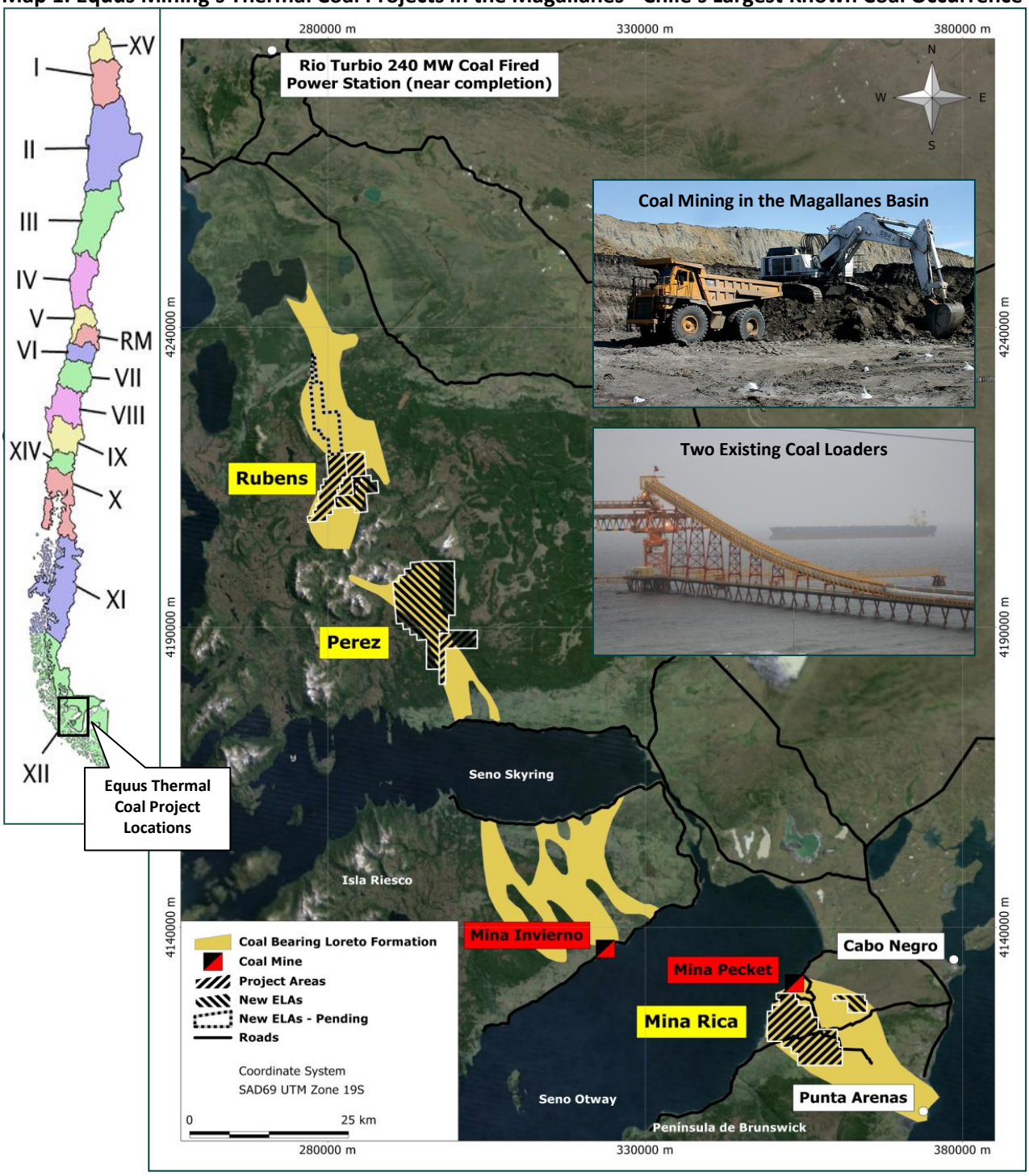
Map 1. Equus Mining's Thermal Coal Projects in the Magallanes - Chile's Largest Known Coal Occurrence



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