

EQUUS MINING LIMITED

ABN 44 065 212 679

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2014

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

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EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

The Directors of Equus Mining Limited ('Equus' or the 'Company') and its subsidiaries (the 'Group') present their report together with the condensed consolidated interim financial report and the auditor's review report thereon for the half year ended 31 December 2014.

Directors

The names and particulars of the Directors of the Company at any time during or since the end of the half year are:

Mark H. Lochtenberg, Non-Executive Chairman

Director appointed 10 October 2014.

Mr Lochtenberg graduated with a Bachelor of Law (Hons) degree from Liverpool University, U.K. and has been actively involved in the coal industry for more than 25 years.

Mark Lochtenberg is the former Executive Chairman and founding Managing Director of ASX-listed Cockatoo Coal Limited. He was a principal architect of Cockatoo's inception and growth from an early-stage grassroots explorer through to its current position as an emerging mainstream coal producer.

Mark was also formerly the co-head of Glencore International AG's worldwide coal division, where he spent 13 years overseeing a range of trading activities including the identification, due diligence, negotiation, acquisition and aggregation of the coal project portfolio that would become Xstrata Coal.

Prior to this Mark established a coal "swaps" market for Bain Refco, (Deutsche bank) after having served as a senior coal trader for Hansen Neuerburg AG and as coal marketing manager for Peko Wallsend Limited.

Mark has previously been a Director of ASX-listed Cumnock Coal Limited and of privately held United Collieries Pty Limited and is currently a Director of Australian Transport and Energy Corridor Pty Limited, (ATEC).

Edward Jan Leschke - BAppScAppGeo, Managing Director and Chief Executive Officer

Director appointed 5 September 2012.

Mr Leschke graduated with a Bachelor of Applied Science - Applied Geology degree from the Queensland University of Technology. During a 22 year professional career Mr Leschke initially worked as a mine geologist at the Elura zinc-lead-silver mine in central New South Wales as well as holding geological positions in a number of locations such as the Central Queensland coal fields, South Australia and Papua New Guinea.

Mr Leschke made the transition to the financial sector specialising in mining investment, analysis and corporate finance and has worked for a number of financial institutions including BZW Stockbroking, Aberdeen Asset Management and Shaw Stockbroking. Mr Leschke has been responsible for the inception of Equus Resources Ltd and its two wholly owned subsidiaries in the Republic of Chile.

Jürg Walker, Non-Executive Director

Director since 20 May 2002.

Jürg Walker is a European portfolio manager and investor. He has over 35 years experience in the Swiss banking industry, operating his own portfolio management company after leaving his position as senior vice president of a private bank in Zurich.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Norman A. Seckold, Executive Chairman

Director appointed 5 September 2012, resigned 10 October 2014.

Norman Seckold graduated with a Bachelor of Economics degree from the University of Sydney in 1970. He has spent more than 30 years in the full time management of natural resource companies, both in Australia and overseas, including the role of Chairman for a number of publicly listed companies including:

- * Moruya Gold Mines (1983) N.L., which acquired the Golden Reward heap leach gold deposit in South Dakota, USA.
- * Pangea Resources Limited, which acquired and developed the Pauper's Dream gold mine in Montana, USA.
- * Timberline Minerals, Inc. which acquired and completed a feasibility study for the development of the MacArthur copper deposit in Nevada, USA.
- * Perseverance Corporation Limited, which discovered and developed the Nagambie gold mine in Victoria.
- * Valdora Minerals N.L., which developed the Rustler's Roost gold mine in the Northern Territory and the Ballarat East Gold Mine in Victoria.
- * Viking Gold Corporation, which discovered a high grade gold deposit in northern Sweden.
- * Mogul Mining N.L., which drilled out the Magistral and Ocampo gold deposits in Mexico.
- * Bolnisi Gold N.L. which discovered and is currently operating the Palmarejo and Guadalupe gold and silver deposits in Mexico.
- * Cockatoo Coal Limited, an Australian coal mining, exploration and project development company.
- * Cerro Resources NL, a precious metals exploration company with a development project in Mexico.

Mr Seckold is currently Chairman of the following listed companies:

- * Augur Resources Ltd, a minerals exploration and development company operating in Australia and Indonesia.
- * Santana Minerals Limited, a precious metals exploration company operating in Mexico.
- * Planet Gas Limited, an energy explorer in conventional and unconventional oil and gas resources operating in Australia.

Review of Operations

Corporate Activities

On 7 July 2014, the Company completed the sale of its equity interest in the Mansounia Gold Project in the Republic of Guinea for a consideration of US\$42,857 in cash plus the issue of two tranches of shares in a US over the counter traded company, Blox-Inc. At 30 June 2014, the Company had received an initial deposit of AUD\$2,857 and on 7 July 2014 the Company received the remaining cash balance of US\$40,000. On 31 July 2014, the Company received the first tranche of 1,861,150 shares in Blox-Inc. In addition, upon commencement of commercial gold production Equus will receive a second tranche of shares in Blox-Inc. calculated by dividing US\$328,555 by the lower of \$0.20 or the volume weighted average share price of Blox-Inc shares traded on a security exchange platform over a 20-day period preceding the issue date.

On 21 July 2014, the Group offered all eligible shareholders of Equus Mining Limited to participate in a Share Purchase Plan ('SPP'). The offer closed on 22 August 2014 and shareholders subscribed for 52,100,000 ordinary shares under the SPP, raising \$521,000. In conjunction with the SPP, on 1 September 2014 the Company issued 22,500,000 new shares for a total consideration of \$225,000 to sophisticated investors.

On 29 August 2014, the Group notified in writing the owner of the Naltagua Copper Project in Chile that it will not acquire the project.

On 3 October 2014, the Company issued 12,534,000 new shares under a placement for a total consideration of \$125,340.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

On 10 October 2014, Mark H. Lochtenberg was appointed as Non Executive Chairman of the Company and Norman Seckold resigned from the Board of Equus.

On 31 October 2014, under the terms of the Sale and Purchase agreement entered into between Equus Mining Limited and Andean Coal Pty Ltd ('Andean'), Equus earned a 51% interest in Andean Coal Pty Limited after expending \$200,000 on exploration related activities. In accordance with the agreement Andean issued 312 shares to Hotrock Enterprises Pty Ltd (a wholly owned subsidiary of Equus Mining). In addition, Equus has the option to acquire the remaining 49% of Andean Coal for the consideration of 16 million ordinary shares of Equus.

Chile Thermal Coal Projects

Equus Mining Limited has strategically positioned itself to take advantage of Chile's fast increase in coal fired electricity generation. Thermal coal demand has doubled over the last several years to 15 million tonnes per annum and is expected to double again within the next decade. Currently there is just one thermal coal mine supplying 3 million tonnes per annum of thermal coal.

Equus has 100% rights to a package of concessions centred on the coal bearing Loreto Formation in Chile's largest coalfield, the Magallanes Basin in Chile's Region XII. Since the initial acquisition deal the total exploration project area has been more than doubled, from 170km² to 360km² through additional exploration licence applications. Equus now holds 50% of the available strike extent of the Loreto Formation. This is a dominant position over the largest known near surface coal occurrence in energy starved Chile. 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 other coal explorers and Chile's state owned petroleum company ENAP. The Magallanes Basin is recognised as the largest coal occurrence in Chile and is the centre of a fledgling coal mining industry and despite Chile importing 90% of its current thermal coal needs, the Magallanes basin has just one operating mine.

Mina Rica Thermal Coal Project

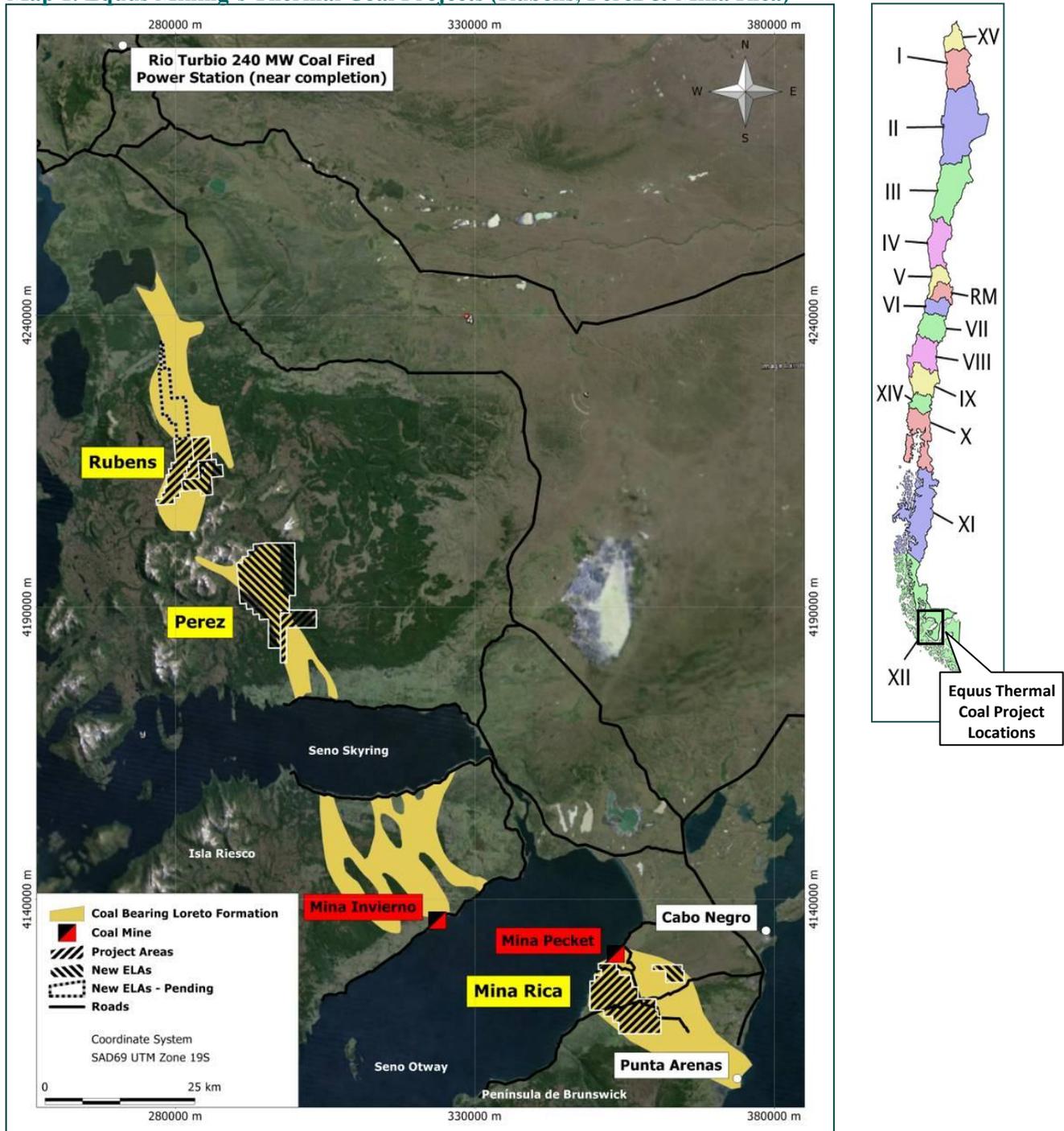
The Mina Rica thermal coal project is considered a highly strategic asset given its close proximity to key idle infrastructure (see Map 2) and the potential for rapid development in order to supply into Chile's severe shortage of domestically produced thermal coal. The project covers the coal bearing Loreto Formation on the north side of the Brunswick Peninsula and is situated adjacent to the Pecket mine, port and coal loader. This infrastructure is owned by a third party and is currently on care and maintenance. Existing infrastructure has capacity in excess of 10mtpa. Existing infrastructure means capital expenditure requirements will be very low. Developments during the half include:

Re-interpretation of regional geology – The previous regional interpretation included the presence of a major thrust fault along the SW border of the Mina Pecket. The revised interpretation, supported by regional oil and gas data, is that there is no thrust fault. Instead, the coal measures seen at Mina Pecket are in a synclinal axis, and the seams rise from depths below sea level in the mine, to subcrop, within the Mina Rica project area. With this revised interpretation, an 11-km drill target zone has been identified, which is located adjacent to established infrastructure. The target to be tested by drilling is the seams mined at the adjacent Mina Pecket, subcropping below thin cover within the Mina Rica project area.

Discovery of the target Loreto Formation – Previously unrecognised Loreto Formation, which is the target coal-bearing formation, was located exposed in recent drainage excavations. The exposures include thin coal bands, and reworked coal pebbles, which proves a terrestrial depositional environment, and confirms the coal bearing Loreto Formation extends to within the Mina Rica project area.

Preparations for drilling - There are a limited number of drilling contractors in Chile's XII region. Nevertheless a small number have been shortlisted and it is planned that drilling will commence during the March 2015 quarter.

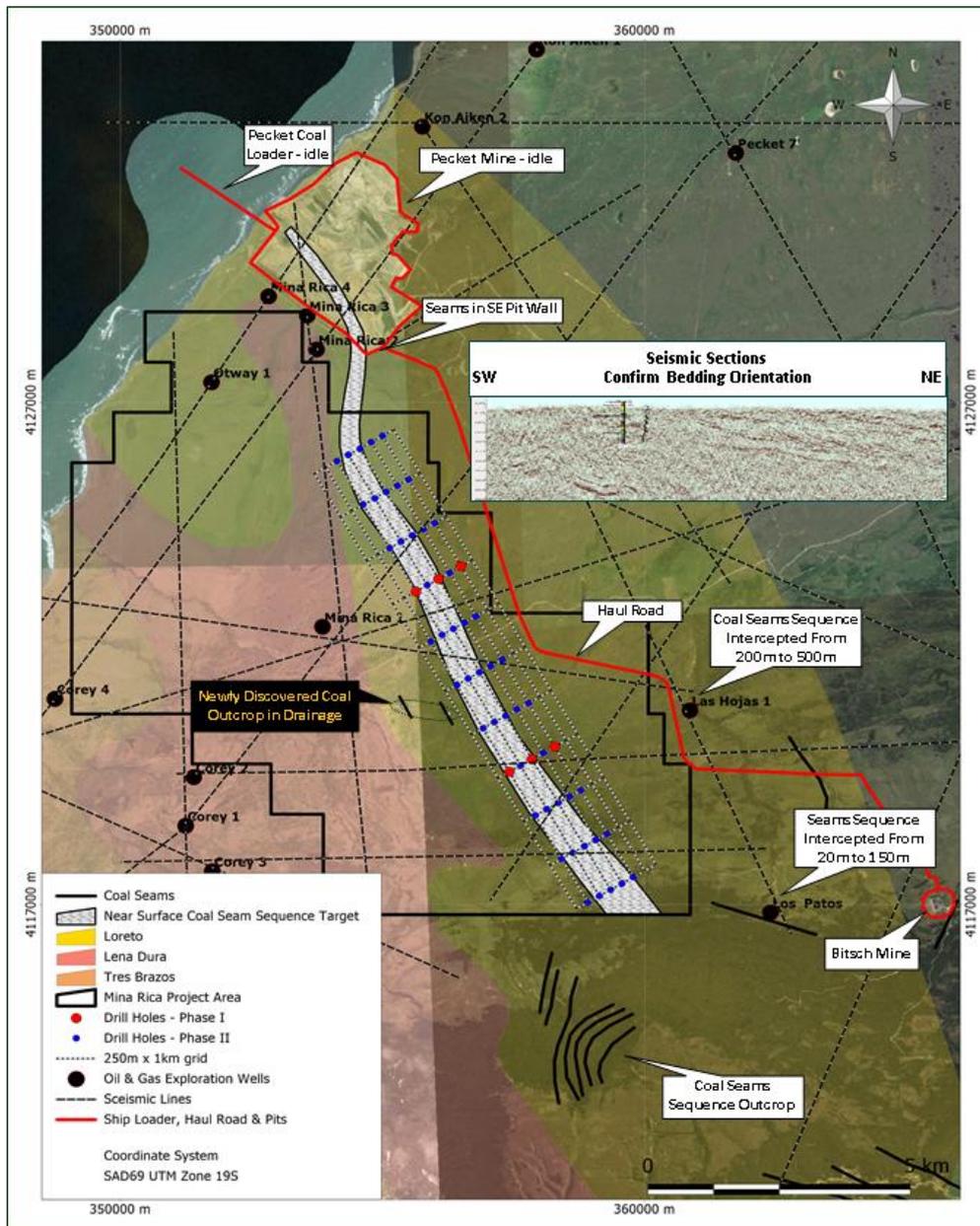
Map 1. Equus Mining's Thermal Coal Projects (Rubens, Perez & Mina Rica)



Rubens Thermal Coal Project

The Rubens Thermal Coal Project is considered to have high potential for the delineation of a significant thermal coal resource. This project is located 15km east of the Ultima Esperanza Sound, 16km from concrete Highway 9, and 50km from the 240 MW Rio Turbio coal fired power station where commissioning has been delayed due primarily to coal production from the underground Rio Turbio mine being 80% below the required rate.

Map 2. Mina Rica Thermal Coal Project



Developments during the half year include:

Mapping coal seam occurrences - Further mapping of the main Rubens coal seam has revealed one coal outcrop, exposed in a stream bed, located from 1 to 1.8 km north of and outside the Rubens project area, with almost continuous surface exposure over an 800m strike length. In one location within this zone, the full thickness of the seam is exposed and measures 8.45m in thickness. The seam at this point comprises coal plies of 10 to 30cm thickness, separated by white clay bands up to 10cm thick. The seam is dipping at 10 degrees or less to the east, with north-south strike direction. The subcrop zone of the Rubens seam is interpreted to extend south from this outcrop, into the Rubens Project area, and this interpretation is supported by the recent discovery of coal float in the south of the Rubens Project area, along the interpreted extension of the subcrop. The main Rubens coal seams appears to be the lower of 3 seams intercepted down dip in the Kerber 1 oil & gas exploration well, 8 kilometres to the east. This indicates good coal seam continuity laterally and down dip, and has implications for the spacing of resource delineation drill holes.

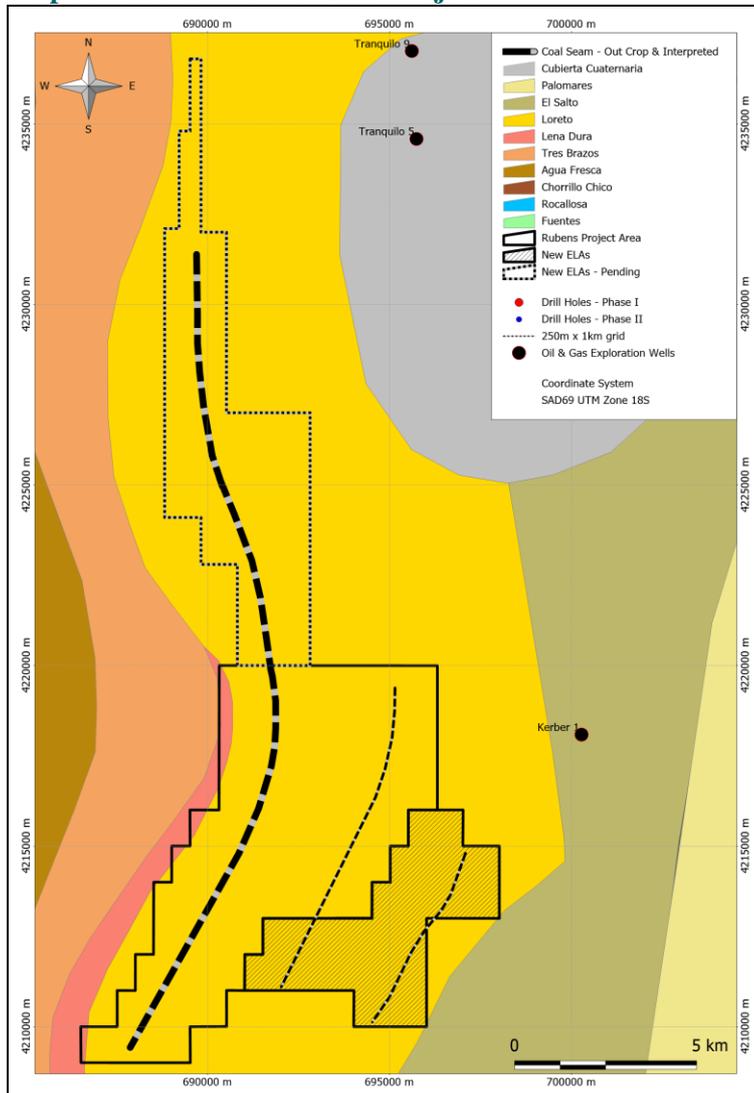
Mapping 2 newly discovered seams - Two new thinner outcropping seams have been discovered higher in the Loreto Formation sequence, with outcrops of 0.6 to 1.3m thickness. These appear to be the two upper seams intercepted in the Kerber 1 oil & gas exploration well to the east, indicating good seam continuity.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Project Area Extended - The Rubens Project area has been extended through new exploration licence applications which double the strike length coverage of the coal bearing Loreto Formation to 25km (see Map 3). These new areas, in part, overlay lease applications previously made by a third party however the critical legal pre-requisites have not been met including the failure to install the necessarily survey posts within the required time period. Equus has had this verified by an accredited independent surveyor and notary, and has sought legal representation to have the relevant laws upheld in the local courts and the underlying licence applications nullified. Equus has received legal advice that this shortcoming should render these third party lease applications invalid under Chilean law.

Map 3. Rubens Thermal Coal Project



COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Michael Friederich, a consultant of Equus, who is a Member of the Australasian Institute of Mining and Metallurgy 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 Michael Friederich was a founding shareholder of Andean Coal Pty Ltd and managed the initial activities of Andean Coal. He is entitled to receive four milestone payments dependent on successful exploration results and progress to mining, up to a maximum amount of \$255,000 and 28.33% of a 0.6% royalty on the gross coal sales revenue received from some tenements held by Equus Mining Limited and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Subsequent Events

On 8 January 2015 the Group completed a share placement for 33,000,000 ordinary shares at 1 cent raising \$330,000. In addition, on 3 March 2015 shareholders approved the issue of 5,000,000 ordinary shares to present and past directors raising a further \$50,000.

On 6 February 2015, Equus executed an amended agreement for the sale of the drilling rig, plant and equipment and consumables held in the Kyrgyz Republic. The amended agreement supercedes the previous version executed on 23 September 2014. The amended consideration for the sale is US\$700,000 in cash which was paid on 6 February 2015.

Apart from the matters outlined above, no other matters or circumstances have arisen since the end of the reporting period, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 9 and forms part of the Directors' Report for the half year ended 31 December 2014.

Signed at Sydney this 13th day of March 2015
in accordance with a resolution of the Board of Directors:



Mark H. Lochtenberg
Non Executive Chairman



Edward J. Leschke
Managing Director



**LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER
SECTION 307C OF THE CORPORATIONS ACT 2001**

To the Directors of Equus Mining Limited:

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2014, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Adam Twemlow
Partner

13 March 2015

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2014

		Consolidated	
	Notes	31 December 2014 \$	31 December 2013 \$
CONTINUING OPERATIONS			
Other income	3	322,846	14,018
Expenses			
Employee, directors and consultants costs		(229,202)	(252,289)
Depreciation expense		(832)	(2,264)
Travel expenses		(466)	(9,638)
Impairment of investments		-	(12,690)
Net change in fair value of investments	5	(45,638)	-
Other expenses		(188,351)	(236,379)
Total expenses		(464,489)	(513,260)
Loss before income tax		(141,643)	(499,242)
Income tax benefit/(expense)		-	378,804
Loss from continuing operations		(141,643)	(120,438)
DISCONTINUED OPERATIONS			
Loss from discontinued operations (net of tax)	11	(541,955)	(189,907)
Loss for the period		(683,598)	(310,345)
Other comprehensive income for the period			
Items that may be classified subsequently to profit or loss			
Exchange differences on translation of foreign operations		42,125	14,936
Net change in fair value of available-for-sale financial assets		-	(12,690)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		-	12,690
Total other comprehensive gain		42,125	14,936
Total comprehensive loss for the period		(641,473)	(295,409)
Loss attributable to:			
Owners of the Company		(682,673)	(310,345)
Non-controlling interests		(925)	-
		(683,598)	(310,345)
Total comprehensive loss attributable to:			
Owners of the Company		(640,548)	(295,409)
Non-controlling interests		(925)	-
		(641,473)	(295,409)
Earnings per share			
Basic and diluted loss per share		(0.22) cents	(0.12) cents
Earnings per share - continuing operations			
Basic and diluted profit /(loss) per share		(0.05) cents	(0.05) cents

The above Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

Condensed Consolidated Interim Statement Of Financial Position

As at 31 December 2014

		Consolidated	
		31 December	30 June
		2014	2014
		\$	\$
Notes			
Current Assets			
	Cash and cash equivalents	236,334	167,597
	Receivables	11,943	25,307
10	Assets held for sale	892,945	1,442,125
	Other	22,073	2,863
Total Current Assets		1,163,295	1,637,892
Non-Current Assets			
4	Exploration and evaluation expenditure	549,056	43,092
5	Investments	228,194	-
	Property, plant and equipment	936	1,775
Total Non-Current Assets		778,186	44,867
Total Assets		1,941,481	1,682,759
Current Liabilities			
	Payables	216,693	366,027
Total Current Liabilities		216,693	366,027
Total Liabilities		216,693	366,027
Net Assets		1,724,788	1,316,732
Equity			
6	Issued capital	107,476,389	106,622,162
7	Other reserves	144,000	144,000
7	Foreign currency translation reserves	(3,250,602)	(3,292,727)
	Accumulated losses	(102,839,376)	(102,156,703)
Parent entity interest		1,530,411	1,316,732
	Non-controlling interest	194,377	-
Total Equity		1,724,788	1,316,732

The above Condensed Consolidated Interim Statement of Financial Position should be read in conjunction with the accompanying notes.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

Condensed Consolidated Interim Statement Of Changes In Equity

For the half-year ended 31 December 2014

Consolidated	Issued	Accumulated	Other	Foreign	Total	Non-	Total Equity
	Capital	Losses	Reserves	Currency Translation Reserves		Controlling Interest	
	\$	\$	\$		\$	\$	\$
Balance at 1 July 2013	106,622,162	(92,320,959)	164,700	(2,707,700)	11,758,203	-	11,758,203
Loss for the period	-	(310,345)	-	-	(310,345)	-	(310,345)
Total other comprehensive income	-	-	-	14,936	14,936	-	14,936
Total comprehensive loss for the period	-	(310,345)	-	14,936	(295,409)	-	(295,409)
Transactions with owners recorded directly in equity							
Transfer of expired options	-	20,700	(20,700)	-	-	-	-
Balance at 31 December 2013	106,622,162	(92,610,604)	144,000	(2,692,764)	11,462,794	-	11,462,794
Balance at 1 July 2014	106,622,162	(102,156,703)	144,000	(3,292,727)	1,316,732	-	1,316,732
Loss for the period	-	(682,673)	-	-	(682,673)	(925)	(683,598)
Total other comprehensive income	-	-	-	42,125	42,125	-	42,125
Total comprehensive loss for the period	-	(682,673)	-	42,125	(640,548)	(925)	(641,473)
Transactions with owners recorded directly in equity							
Ordinary shares issued	871,340	-	-	-	871,340	-	871,340
Transaction costs on issue of shares	(17,113)	-	-	-	(17,113)	-	(17,113)
Changes in ownership interest in subsidiaries							
Non-controlling interest on acquisition of subsidiaries	-	-	-	-	-	195,302	195,302
Balance at 31 December 2014	107,476,389	(102,839,376)	144,000	(3,250,602)	1,530,411	194,377	1,724,788

The above Condensed Consolidated Interim Statement of Changes in Equity should be read in conjunction with the accompanying notes.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

Condensed Consolidated Interim Statement Of Cash Flows

For the half-year ended 31 December 2014

	Consolidated	
	31 December 2014	31 December 2013
	\$	\$
Cash flows from operating activities		
Cash receipts in the course of operations	15,606	6,777
Cash payments in the course of operations	(536,307)	(703,696)
Net cash used in operations	(520,701)	(696,919)
Interest received	3,707	14,018
Net cash used in operating activities	(516,994)	(682,901)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(309,745)	(859,940)
Proceeds from sale of plant and equipment	-	1,082
Proceeds from sale of tenement interests	41,249	-
Net cash used in investing activities	(268,496)	(858,858)
Cash flows from financing activities		
Proceeds from share issues	871,340	-
Transaction costs on share issue	(17,113)	-
Net cash provided by financing activities	854,227	-
Net (decrease)/increase in cash held	68,737	(1,541,759)
Cash at the beginning of the reporting period	167,597	2,059,438
Cash and cash equivalents	236,334	517,679
Less cash reclassified to assets held for sale	-	(24,597)
Cash and cash equivalents held by continuing operations	236,334	493,082

The above Condensed Consolidated Interim Statement of Cash Flows should be read in conjunction with the accompanying notes.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2014

1. REPORTING ENTITY

Equus Mining Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements, of the Company as at and for the half year ended 31 December 2014 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily engaged in identifying and evaluating coal resource opportunities as a precursor to developing new mines in southern Chile, South America.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2014 are available upon request from the Company's registered office at Level 2, 66 Hunter Street, Sydney, NSW, 2000 or at www.equusmining.com.

2. BASIS OF PREPARATION

(a) Statement of compliance

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard AASB 134 *Interim Financial Reporting*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2014. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2014.

This condensed consolidated interim financial report was approved by the Board of Directors on 13 March 2015.

(b) Estimates

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements for the year ended 30 June 2014.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2014

2. BASIS OF PREPARATION (continued)

(c) Going concern

The condensed consolidated interim financial statements have been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group has incurred a loss of \$683,598 for the half-year ended 31 December 2014 and has accumulated losses of \$102,839,376 as at 31 December 2014. The Group has cash on hand of \$236,334 at 31 December 2014 and used \$826,739 of cash in operations including expenditure on exploration and evaluation for the half year ended 31 December 2014.

These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. The ongoing operation of the Group is dependent upon the Group raising additional funding from shareholders or other parties and/or the Group reducing expenditure in-line with available funding.

Subsequent to the end of the half year, \$330,000 was raised in a placement on 8 January 2015 and shareholder approval was obtained on 3 March 2015 for the issue of further securities to raise an additional \$50,000.

In addition, the Company completed the sale of the drilling rig, plant and equipment and associated consumables held in the Kyrgyz Republic on 6 February 2015 for US\$700,000.

The Directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. These cash flow projections assume the Group obtains sufficient additional funding from shareholders or other parties. If such funding is not achieved, the Group plans to reduce expenditures in-line with available funding.

In the event that the Group does not obtain additional funding and/or reduce expenditure in-line with available funding, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the condensed consolidated interim financial statements.

(d) Changes in Accounting Policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial report as at and for the year ended 30 June 2014.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2014

3. LOSS BEFORE INCOME TAX

	Consolidated	
	31 December 2014	31 December 2013
	\$	\$

The following items are relevant in explaining the financial performance for the half year:

Interest income on cash deposits	3,707	14,018
Proceeds from sale of tenement interests	279,883	-
Foreign exchange gain	35,198	-
Other	4,058	-
Total	<u>322,846</u>	<u>14,018</u>

	31 December 2014	30 June 2014
	\$	\$

4. EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of areas of interest in the following phases:

Exploration and evaluation phase - at cost

Balance at beginning of the period	43,092	8,268,874
Additions	109,327	861,741
Acquisitions (including non-controlling interest)	396,637	-
Impairments	-	(8,832,568)
Foreign currency translation difference movement	-	(254,955)
Balance at close of the period	<u>549,056</u>	<u>43,092</u>

The ultimate recoupment of exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively sale of the respective areas of interest.

5. INVESTMENTS

Equity securities - fair value through profit or loss	<u>228,194</u>	-
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On 31 July 2014, the Company received 1,861,150 shares in Blox.Inc, a US over the counter traded company as part consideration for the sale of tenement interests in the Mansounia Gold Project in the Republic of Guinea. The shares had a fair value of US\$0.12 each based on the closing share price on the date of acquisition. Based on a closing share price of US\$0.10 at 31 December 2014 a net decrease in fair value of \$45,638 has been recorded in profit or loss.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2014

6. ISSUED CAPITAL

(a) Issued and paid-up share capital

	Consolidated			
	31 December 2014		31 December 2013	
	Number	\$	Number	\$
Ordinary shares, fully paid at 1 July	256,661,675	106,622,162	256,661,675	106,622,162
<i>Movement in Ordinary Shares:</i>				
Issued ordinary shares 28 August 2014 for \$0.01	52,100,000	521,000	-	-
Issued ordinary shares 22 September 2014 for \$0.01	22,500,000	225,000	-	-
Issued ordinary shares 3 October 2014 for \$0.01	12,534,000	125,340	-	-
Less cost of issue	-	(17,113)	-	-
	343,795,675	107,476,389	256,661,675	106,622,162

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Share Options

The Company has a share option program that entitles key management personnel to be granted options in the Company. The terms and conditions of the share option program are disclosed in the financial statements as at and for the year ended 30 June 2014.

There were no options issued during the half-year ended 31 December 2014 (half-year ended 31 December 2013 Nil).

Share based payment expense arising from options issued in prior periods for the half year ended 31 December 2014 was nil (half year ended 31 December 2013 nil).

During the half-year ended 31 December 2014, no options expired unexercised (half year ended 31 December 2013, 460,00 options expired unexercised).

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2014

7. RESERVES

	Consolidated	
	31 December 2014	30 June 2014
	\$	\$
Equity based compensation reserve	144,000	144,000
Fair value reserve	-	-
Foreign currency translation reserves	(3,250,602)	(3,292,727)
	(3,106,602)	(3,148,727)

Movements during the period:

(a) Equity based compensation reserve

Balance at beginning of period	144,000	164,700
Expired options	-	(20,700)
Balance at end of period	144,000	144,000

(b) Fair value reserve

Balance at beginning of period	-	-
Net change in fair value of available-for-sale financial assets	-	7,790
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	(7,790)
Balance at end of period	-	-

(c) Foreign currency translation reserves

Balance at beginning of period	(3,292,727)	(2,707,700)
Currency translation differences	42,125	(585,027)
Balance at end of period	(3,250,602)	(3,292,727)

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2014

8. OPERATING SEGMENTS

	Oil Exploration*	Other Mineral Exploration	Investing	Unallocated	Total
	\$	\$	\$	\$	\$
31 December 2014					
Revenue and other income					
Revenue from external customers	5,804	-	-	-	5,804
Other income	-	4,133	277,464	41,249	322,846
	<u>5,804</u>	<u>4,133</u>	<u>277,464</u>	<u>41,249</u>	<u>328,650</u>
Results					
Operating profit/(loss) before income tax	(541,955)	(20,318)	231,826	(353,151)	(683,598)
Income tax benefit	-	-	-	-	-
Elimination of discontinued operations					541,955
Loss from continuing operations					<u>(141,643)</u>
Assets					
Segment assets	<u>917,211</u>	<u>583,964</u>	<u>228,335</u>	<u>211,971</u>	<u>1,941,481</u>
Liabilities					
Segment liabilities	<u>33,876</u>	<u>15,378</u>	<u>-</u>	<u>167,439</u>	<u>216,693</u>
31 December 2013					
Revenue and other income					
Revenue from external customers	6,777	-	-	-	6,777
Other income	-	219	13,799	-	14,018
	<u>6,777</u>	<u>219</u>	<u>13,799</u>	<u>-</u>	<u>20,795</u>
Results					
Operating profit/(loss) before income tax	(189,907)	(63,162)	13,799	(449,879)	(689,149)
Income tax expense	-	-	-	378,804	378,804
Elimination of discontinued operations					189,907
Loss from continuing operations					<u>(120,438)</u>
Assets					
Segment assets	<u>1,743,658</u>	<u>9,400,296</u>	<u>15,100</u>	<u>486,264</u>	<u>11,645,318</u>
Liabilities					
Segment liabilities	<u>-</u>	<u>49,144</u>	<u>-</u>	<u>133,380</u>	<u>182,524</u>

* *Discontinued – see note 12.*

9. EVENTS OCCURRING SUBSEQUENT TO 31 DECEMBER 2014

On 8 January 2015 the Group completed a share placement for 33,000,000 ordinary shares at 1 cent raising \$330,000. In addition the Group held a shareholders meeting on 3 March 2015 whereby shareholders approved the issue of a further 5,000,000 ordinary shares to present and past directors raising a further \$50,000.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2014

9. EVENTS OCCURRING SUBSEQUENT TO 31 DECEMBER 2014 (continued)

On 6 February 2015, Equus executed an amended agreement for the sale of the drilling rig, plant and equipment and consumables held in the Kyrgyz Republic. The amended agreement supercedes the previous version executed on 23 September 2014. The amended consideration for the sale is US\$700,000 which was paid on 6 February 2015.

Apart from the matters outlined above, no other matters or circumstances have arisen since the end of the reporting period, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

10. ASSETS HELD FOR SALE

Certain assets within the oil exploration segment of the Group in the Kyrgyz Republic are presented as assets held for sale following the commitment of the Group's management to a plan to sell certain assets within its one remaining oil exploration entity in the Kyrgyz Republic, JSC Sherick. A Sale and Purchase Agreement was executed with an Australian Private Company during June 2014 and subsequently amended in September 2014.

Completion under the original sale agreement did not occur, and the original agreement and previous amendment were terminated and replaced with a revised agreement. The new consideration under the revised agreement was executed and paid by the purchaser, net of taxes on 6 February 2015. Total consideration received was US\$700,000 (approximately A\$893,883).

The agreement was only for the fixed assets of the subsidiary in the Kyrgyz Republic and not the ownership interest. The subsidiary JSC Sherik is expected to be wound up by the Group now that the sale of the drill rig including the plant and equipment has been completed. These assets have therefore been classified as assets held for sale at 31 December 2014.

As at 31 December 2014 the assets held for sale comprised the following:

	\$
Property, plant and equipment	72,576
Consumables and operating supplies	820,369
	<u>892,945</u>

The Group determined that an adjustment was necessary to the carrying value of the assets held for sale at 31 December 2014 because the fair value less costs to sell was considered lower than the carrying value of the fixed assets and inventory with reference to the amended Sale and Purchase Agreement executed and completed subsequent to period end. An impairment of \$504,027 was recorded against the disposal group at 31 December 2014 (refer Note 11).

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2014

11. DISCONTINUED OPERATION

In September 2012 the Group committed to discontinue its oil exploration segment. This occurred via management's commitment to a plan during the period to sell this segment following a strategic decision to focus on exploration activities in Chile. At 31 December 2014 certain fixed assets and consumables within JSC Sherik were classified as held for sale and on 6 February 2015 the Group sold these fixed assets and consumables for US\$700,000.

For the six months ended 31 December

	2014	2013
	\$	\$
Results of discontinued operation		
Revenue	5,804	6,777
Expenses	(43,732)	(196,684)
Results from operating activities	(37,928)	(189,907)
Income tax expense	-	-
Results from operating activities, net of income tax	(37,928)	(189,907)
Impairment of assets held for sale	(504,027)	-
Loss for the period	(541,955)	(189,907)
Basic and diluted loss per share (cents)	(0.17)	(0.07)

12. ACQUISITION OF CONTROLLED ENTITIES

During the half year ended 31 December 2014 the Company completed the acquisition of a 51% interest in Andean Coal Pty Ltd ('Andean'). The Company paid \$200,000 for exploration and administration expenditure relating to Andean's subsidiary entity Carbones del Sur Ltda, a company incorporated in Chile. Carbones del Sur Ltda holds explorations licences covering three projects, Mina Rica, Rubens and Perez in the Magallanes Basin in southern Chile.

Under the terms of the Sales and Purchase agreement Equus has the option to acquire the remaining 49% of Andean for the consideration of 16 million ordinary shares in Equus.

The agreement does not bind the Group to complete the acquisition of the remaining 49% and it can abandon the project at any point in time with no penalties.

The above transaction has been accounted for as an acquisition of assets and the consideration paid of \$200,000 has primarily been attributed to exploration and evaluation assets. The value attributed to the 49% non-controlling interest was \$196,637 which has been accounted for as a step-up in exploration and evaluation assets upon acquisition (refer Note 4).

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2014

13. RELATED PARTIES

Transactions with key management personnel

During the half year ended 31 December 2014, Norman A. Seckold held a controlling interest in an entity, MIS Corporate Pty Limited, which provided full administrative services, include rental accommodation, administrative staff, services and supplies, to the entity. Fees paid to MIS Corporate Pty Limited during the period amounted to \$120,000 (2013: \$120,000). \$22,000 was outstanding at 31 December 2014 (2013: nil).

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

14. FINANCIAL INSTRUMENTS

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2014.

Carrying amounts versus fair values

The carrying amounts of financial assets and financial liabilities included in the balance sheet approximate fair values.

Financial instruments carried at fair value

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<i>Financial assets</i>				
31 December 2014	228,194	-	-	228,194
31 December 2013	15,040	-	-	15,040

The financial assets held at 31 December 2014 relate to investments held in quoted equity securities and were designated as financial assets at fair value through profit or loss.

The financial assets held at 31 December 2013 relate to investments held in quoted equity securities and were designated as available-for-sale financial assets. These financial assets were disposed of in the year ended 30 June 2014.

EQUUS MINING LIMITED LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION

31 December 2014

In the opinion of the directors of Equus Mining Limited (the 'Company'):

- (a) the financial statements and notes set out on pages 10 to 22, are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed at Sydney this 13th day of March 2015
in accordance with a resolution of the Board of Directors:



Mark H. Lochtenberg
Chairman



Edward J. Leschke
Managing Director



Independent auditor's review report to the members of Equus Mining Limited

We have reviewed the accompanying interim financial report of Equus Mining Limited (the 'Company'), which comprises the condensed consolidated interim statement of financial position as at 31 December 2014, condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the half year ended on that date, notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Group comprising the Company and the entities it controlled at the half year's end or from time to time during the half year.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation and fair presentation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the Directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Equus Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Equus Mining Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty regarding continuation as a going concern

Without modifying our conclusion, we draw attention to Note 2(c) in the interim financial report. The conditions disclosed in Note 2(c), including the need to raise additional funding from shareholders or other parties and/or the Group reducing expenditure, indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the interim financial report.

KPMG

KPMG

Adam Twemlow
Partner
13 March 2015

EQUUS MINING LIMITED LIMITED AND ITS CONTROLLED ENTITIES

CORPORATE DIRECTORY

Directors:

Mr Mark H. Lochtenberg (Chairman)
Mr Edward J. Leschke (Managing Director)
Mr Jürg Walker

Company Secretary:

Mr Marcelo Mora

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