

Quarterly Activities Report March 2015

Equus Mining Limited ('Equus' or 'Equus Mining') (ASX: EQE) is pleased to report on its activities for the quarter ended 31 March 2015.

Summary of Activities

Mina Rica Thermal Coal Project

- **Commencement of drilling** - Drilling of initial stratigraphic holes has commenced at Mina Rica in order to better define the lithological sequence and targeting of coal seams, underneath the gravel cover. Mina Rica is strategically located adjacent to idle port and ship loader infrastructure.

Perez Thermal Coal Project

- **Significant increase in project areas** - Exploration licence applications totalling 90km² were made during the March quarter immediately to the south of the original Perez project area. This brings the total Perez project area to 230km². Prospective strike length was increased from 14km to 24km. Equus Mining now controls a dominant land position for potential near surface coal resources at Perez. Equus Mining's total project area in Chile's Magallanes basin totals 435km².

Rubens Thermal Coal Project

- **Project Area Extended** – The Rubens Project area has been extended through new exploration licence applications which doubles the strike length coverage of the coal bearing Loreto Formation to 25km. Part of these new exploration licence applications are subject to the cancelation of underlying third party lease applications which are believed to be invalid under Chilean mining law.

Chilean Thermal Coal Exports & Imports

- **Imports** - Chile imported 9.1 million tonnes of thermal coal for the 12 months up to the end of February 2015 at an average price of US\$65.4 per tonne FOB or US\$82.6 per tonne CIF.
- **Exports** - Chile exported 2.1 million tonnes of thermal coal from its single operating coal mine for the 12 months up to the end of February 2015

Corporate

- **Rig Sale** - A revised sale and purchase agreement was executed with an Australian private energy company for the sale of a drilling rig package located in the Republic of Kyrgyzstan. Equus Mining received a cash consideration of US\$700K.
- **Capital Raised** – Equus Mining has raised \$305k from professional and sophisticated investors. 30.5million shares were placed at 1 cent per share. A further \$50k has been raised from past and present directors on the same terms.

Mina Rica Thermal Coal Project

Equus Mining's Mina Rica thermal coal project is located on the north side of the Brunswick Peninsula in Chile's XII Region and is considered highly strategic given its close proximity to key infrastructure and the potential for rapid development in order to supply into Chile's severe shortage of domestically produced thermal coal (see Map 1). Currently Chile consumes approximately 15mtpa of thermal coal and this is expected to double within 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 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 Seams 5 & 6 were previously mined commercially as one combined unit up to 10 metres in thickness.

The Mina Rica thermal coal project covers 85km² of the coal bearing Loreto Formation however, historically this unit has received no exploration attention due to a thin cover of glacial gravels which has obscured bedrock geology. Recent drainage excavations have revealed minor coal seams, demonstrating a terrestrial depositional environment and indicating that the coal bearing Loreto Formation extends throughout the Mina Rica project area. An 11 km long target corridor has been interpreted with the assistance of a number of seismic sections and recording of coal occurrences intercepted in historical petroleum wells.

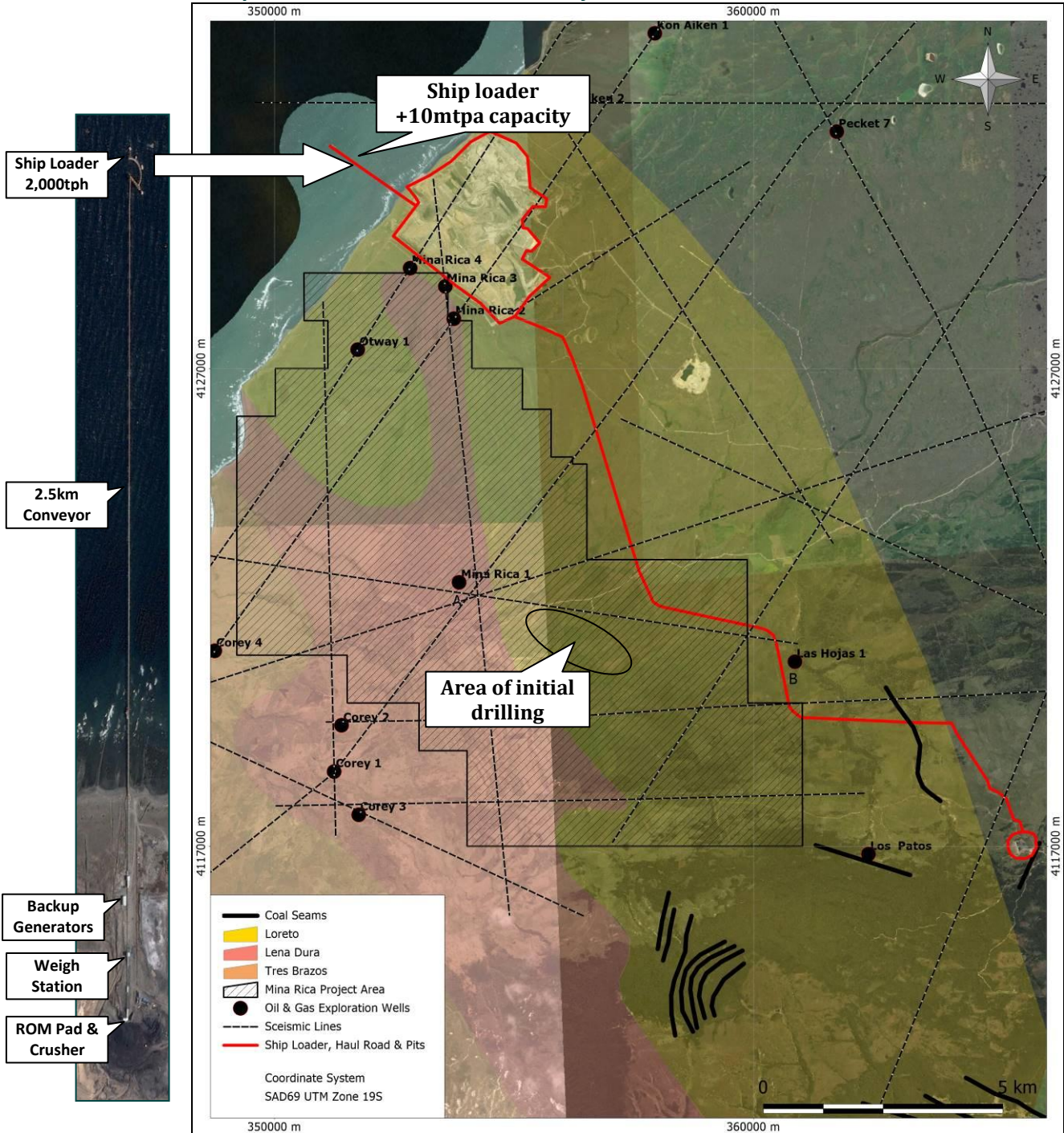
Drilling of initial and relatively deep stratigraphic holes has commenced at Mina Rica in order to better define the lithological sequence, and target potential positions of coal seams, underneath the gravel cover (see Photo 1). The aim is to define the optimum depositional paleo-environment position within the stratigraphy to host coal and to project coal occurrences to surface.

Photo 1. Drilling Commences at Mina Rica





Map 1. Mina Rica Thermal Coal Project



Perez Thermal Coal Project

In line with Equus Mining’s strategy of dominating land positions over the coal-bearing Loreto Formation, additional Exploration Licence applications were made during the March quarter to the immediate south of the original Perez project area.

This has added another 90km² to the project area bringing the total Perez project area to 230km² and has increased the covered prospective strike length from 14km to 24km (see Map 3). Equus Mining now controls a dominant land position for potential near surface coal resources at Perez with the project’s southern boundary located on the Skyring Sound foreshore. Adjacent deep water access is considered as a highly advantageous transportation option.

The Perez area was mapped in detail by the University of Buenos Aires in 2010 giving a reasonable accurate outline of the Loreto Formation however coal occurrences were not recorded. The broad syncline is seen as being favourable for relatively flat lying coal seams within the fold axis and subcropping on both the east and west limbs of the fold (see Map 2).

A number of coal seams have been located in Rio Perez and along the Skyring coastline with the thickest being 2.5 metres (see Photo 2). A significant amount of methane gas was encounter in a recently shallow bore hole which was drilled by the surface landowner. This bore is located near the base of the Loreto Formation and it is highly likely that the gas is related to coal seams. Small scale mining did occur in the Perez claim block area. Mina Marta was in operation some 138 years ago and old equipment remains to this day (see Photo 3), however the actual mine shafts are yet to be located. Further mapping and data acquisition is required before any drilling can be carried out.

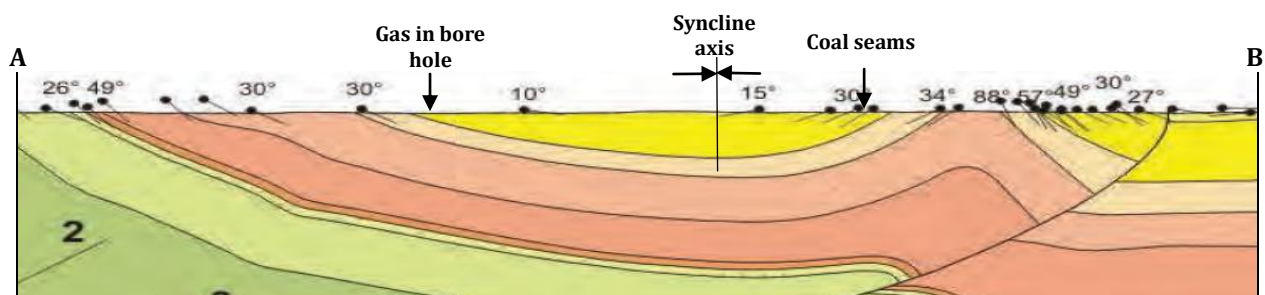
Photo 2. A 2.5m thick coal seam at Perez



Photo 3. Historic mining equipment – Mina Marta



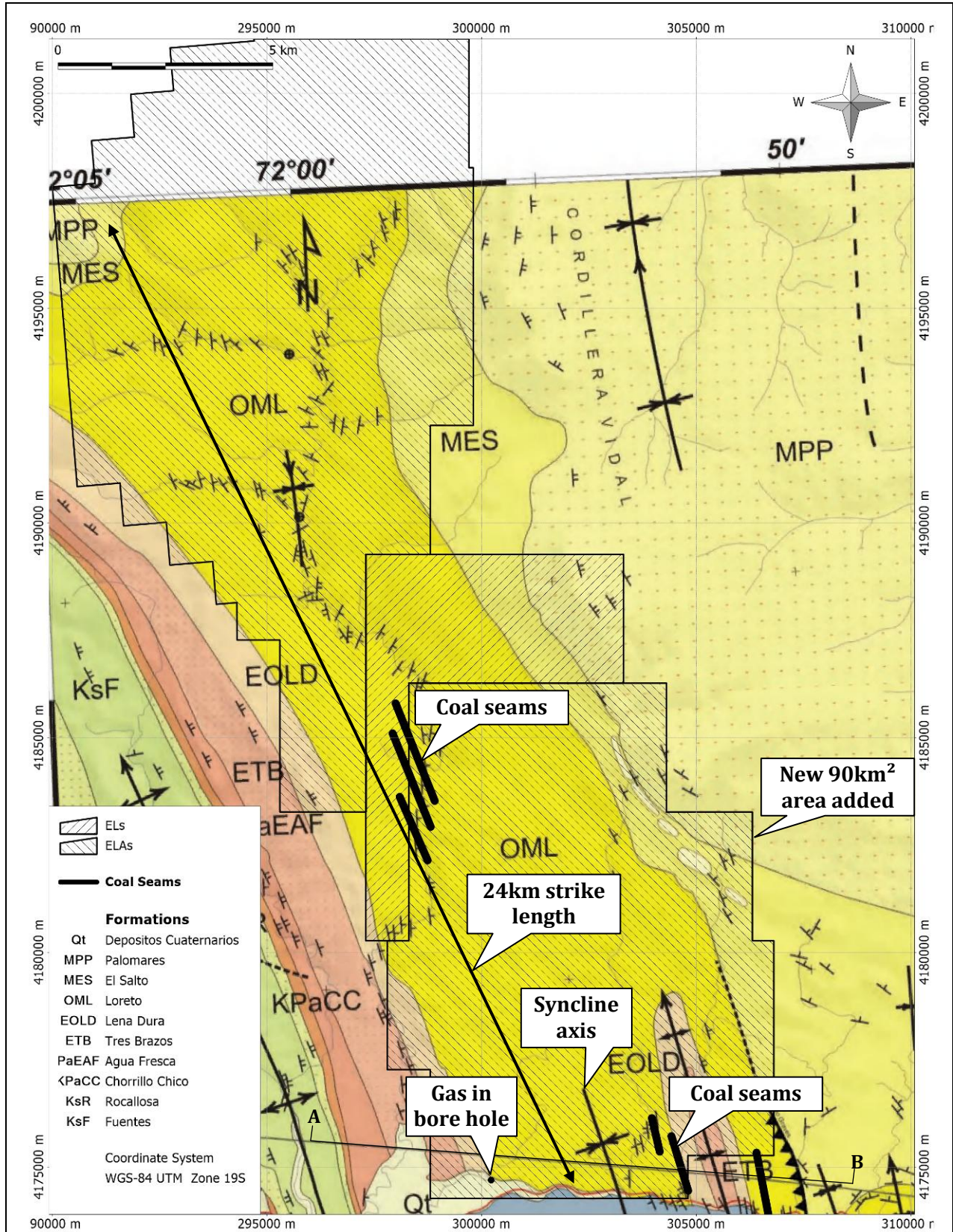
Map 2. Perez Thermal Coal Project vertical section (see A-B in Map 3)



Source: Estratigrafía, Estructura y Evolución Tectónica del Cretácico-Neógeno de la costa noreste del seno Skyring. Universidad de Buenos Aires



Map 3. Perez Thermal Coal Project



Base map source: Estratigrafía, Estructura y Evolución Tectónica del Cretácico-Neógeno de la costa noreste del seno Skyring. Universidad de Buenos Aires

Rubens Thermal Coal Project

The Rubens Thermal Coal Project is considered to have high potential for the delineation of a comparatively large thermal coal resource in global terms. 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 (see Photo 5). Commissioning of this station has been delayed primarily due to coal production from the underground Rio Turbio mine being 80% below the required rate.

Photo 4. Outcropping Coal Seam at Rubens



As mentioned in the December 2014 quarterly activities report, 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 4).

These new areas, in part, overlay lease applications previously made by a third party and are subject to cancellation if the third party fail to meet the

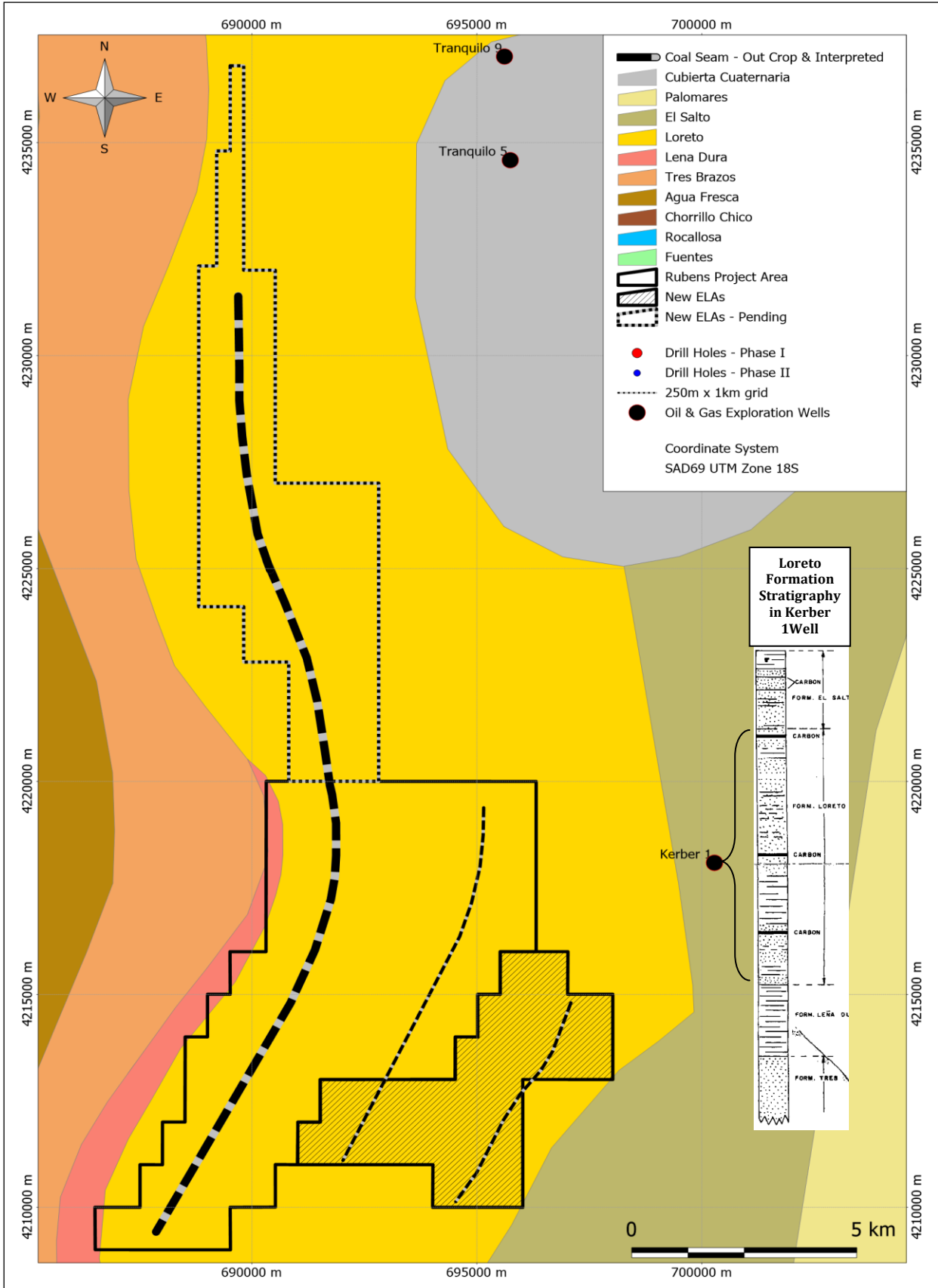
requirements under the terms and conditions of the licence. The granting government body is reviewing the licence applications of both parties with a resolution forthcoming in the next few months.

Photo 5. 240 MW Rio Turbio coal fired power station





Map 4. Rubens Thermal Coal Project



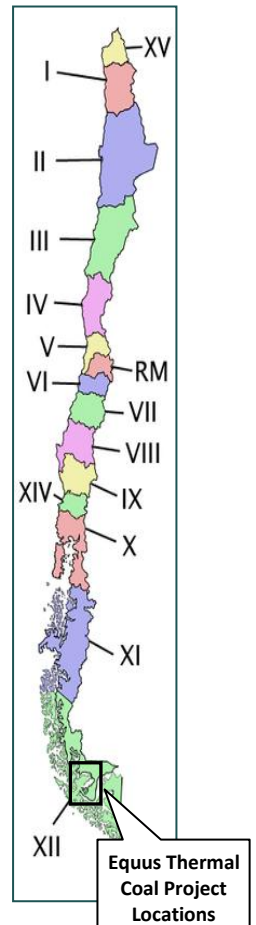
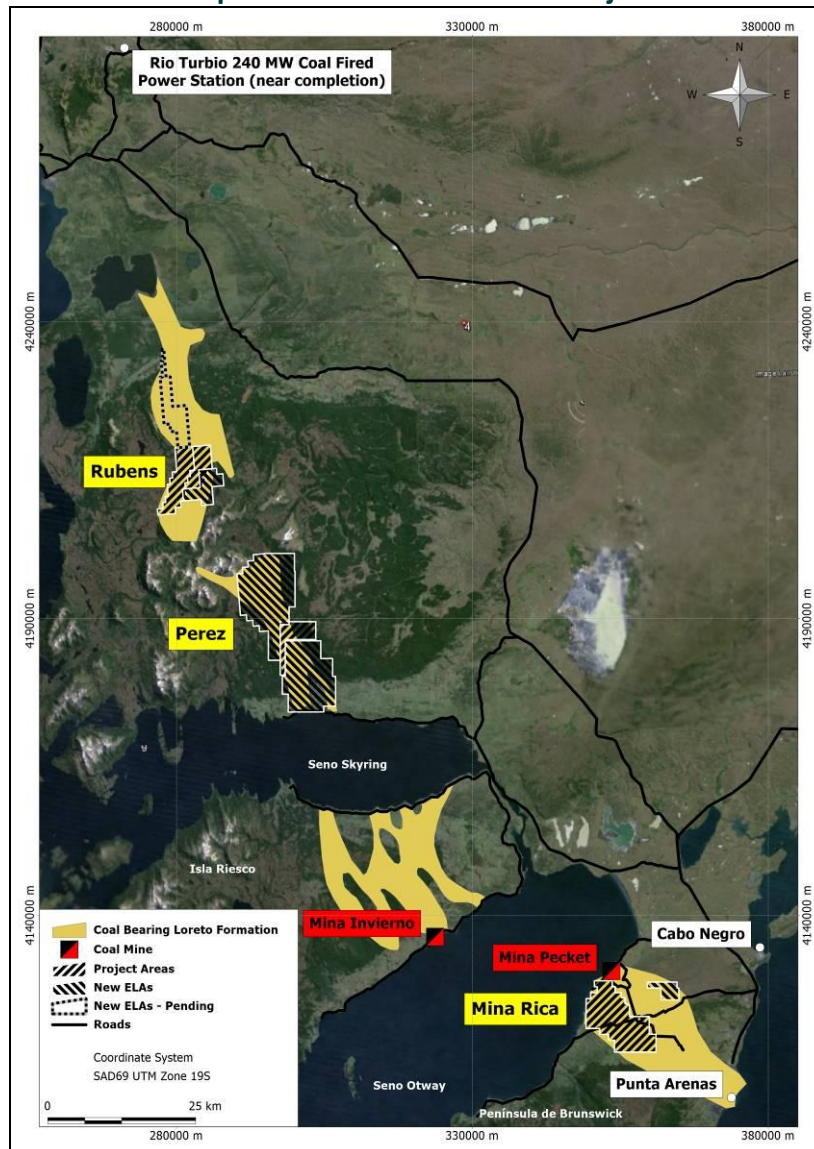
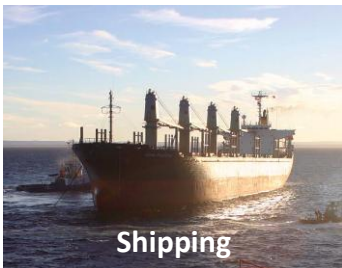
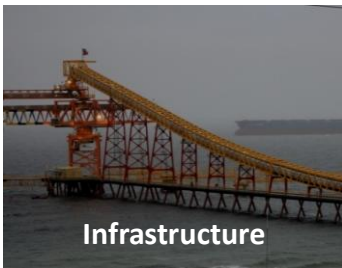
Equus Mining's Thermal Coal Project Background

Equus Mining has strategically positioned itself to take advantage of Chile's fast increase in coal fired electricity generation. Equus Mining has a 51% interest in a coal package centred on the coal bearing Loreto Formation in Chile's largest coalfield, the Magallanes Basin in Chile's Region XII. Equus Mining also has a 2 year option to purchase the remaining 49% for the consideration of A\$0.16 million in shares based on the current share price of 1 cent.

Since the initial acquisition deal the total exploration project area has been more than doubled, from 170km² to 435km² through additional exploration licence applications. These licences are situated in three project areas: Rubens, Perez and Mina Rica (see Map 5) throughout which Equus Mining now holds greater than 50% of the available strike extent of the 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, 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. Despite Chile importing 80% of its current thermal coal needs, the Magallanes Basin is recognised as hosting the largest coal occurrence in Chile and is the centre of a fledgling coal mining industry that hosts its one operating mine.

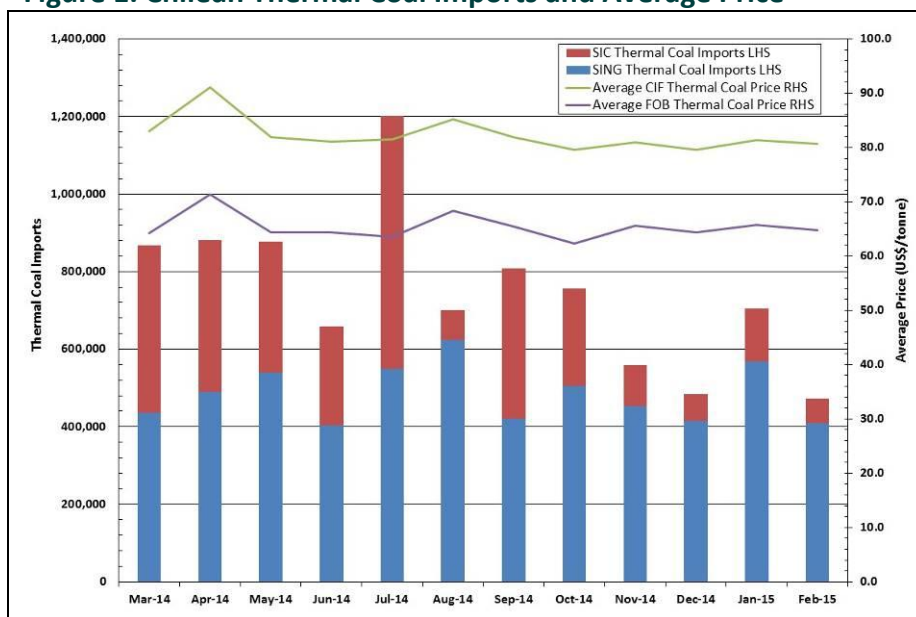
Map 5. Rubens Thermal Coal Project



Chilean Thermal Coal Import & Exports

Chile imported 9.1 million tonnes of thermal coal for the 12 months up to the end of February 2015 at an average price of US\$65.4 per tonne FOB or US\$82.6 per tonne CIF (see Figure 1). Interestingly, average monthly prices have trended fairly flat for almost the entire year despite a fall in benchmark figures. Notable is the low seasonal demand for thermal coal in recent months by the SIC (Sistema Interconectado Central) power grid which also derives power from hydro generation. Thermal coal imports are now expected to increase as dam levels are now approaching seasonal lows post the summer snow melt period. The SING (Sistema Interconectado del Norte Grande) power grid has no seasonal thermal coal demand variance as it derives almost all its power from coal fired power stations.

Figure 1. Chilean Thermal Coal Imports and Average Price



Chile exported 2.1 million tonnes from Chile's single operating coal mine Mina Invierno for the 12 months up to the end of February 2015. This was made via 15 shipments averaging 137 thousand tonnes per shipment. The four destinations for this thermal coal were India (77%), Netherlands (11%), Spain (7%), and Poland (5%). Mina Invierno also supplies thermal coal to local power stations such as Ventanas (Region V) and Guacolda (Region III) however volumes are not known.

Despite a shortage in domestic supply in Chile, export of Thermal coal to foreign markets demonstrates a strong global demand for Thermal Coal. It also reflects the low production costs of coal mining operations located adjacent to deep water shipping infrastructure despite currently low thermal coal prices and the relatively long shipping distance to ports such as Gangavaram in India (+16,000 kilometres).

Corporate

Rig Sale Completed

A revised sale and purchase agreement was executed with an Australian private energy company for the sale of a drilling rig package located in the Republic of Kyrgyzstan. Equus Mining received a cash consideration of US\$700K and the purchaser forfeited in favour of Equus the deposit of A\$100K paid as part of the original agreement.

Exploration Expenditure

During the quarter ended 31 March 2015 Equus invested a total of A\$110K in exploration at its thermal coal projects in Chile.

Capital Raised

During the quarter EQE has raised \$305k from professional and sophisticated investors. The shares were placed at 1cent per share for the issue of 30.5million shares. Shareholder approval was received to raise a further \$50k on the same terms from current and past directors.

Yours sincerely



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Tenement Information

Acquired during the quarter	Disposed during the quarter	Held at the end of the quarter	Location	Ownership
		Mina Rica 1 to 31, 13-31	Magallanes, Chile	Carbones del Sur ¹
		Rio Rubens 1 to 11	Magallanes, Chile	Carbones del Sur ¹
		Rio Rubens East 1 to 7	Magallanes, Chile	Carbones del Sur ¹
		Rio Perez A to H	Magallanes, Chile	Carbones del Sur ¹
		Kol 1, 2, 4, 6, 9	Magallanes, Chile	Carbones del Sur ¹
		Kolen 1-3, 5-8	Magallanes, Chile	Carbones del Sur ¹
		Charbon 1 to 7, 13, 15, 17, 21-23, 25, 27, 31-32, 35, 36, 38, 40 & from I-XXV	Magallanes, Chile	Carbones del Sur ¹
		Kull 3A, 4A, 5A, 6A, 7A, 12A, 13A	Magallanes, Chile	Carbones del Sur ¹
Skyring 1-31		Skyring 1-31	Magallanes, Chile	Carbones del Sur ¹
		Osenace	Ghana	Equus 90%
		Asamankese	Ghana	Equus 90%
		Pramkese	Ghana	Equus 90%
		Kwatechi	Ghana	Equus 7% equity interest

- 1) The Company has secured the rights to acquire 100% of Andean Coal Pty Ltd ('Andean'). The Company has earned a 51% interest in Andean through the expenditure of AUD\$0.2 million and has been granted a 2 year option to acquire the remaining 49% for the consideration of 16 million shares in Equus. Equus has management responsibility for Andean. Andean, through its 99.99% subsidiary Carbones del Sur Limitada, holds exploration licences in three strategic locations within the Magallanes Basin in Chile.