

15 September 2015

Coal Discovered in Energy Starved Chile

Equus at a Glance

ASX listed resource company focused on developing thermal coal resources for the Chilean power generation market and replacing the current high level of thermal coal imports.

Facts

ASX Code:	EQE
Share Price (30 July 2015):	\$0.016
Shares on Issue:	395M
Market Capitalisation:	A\$6.3M

Directors and Officers

Mark Lichtenberg

Non-Executive Chairman

Ted Leschke

Managing Director

Juerg Walker

Non-Executive Director

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Highlights

- Drilling has commenced at the recently acquired strategic Mina Rica East thermal coal exploration tenements in Chile.
- Drill hole MRE-02 has intercepted 2 coal seams interpreted to be Seam 7 and Seam 8 of a recognised coal seam sequence witnessed in the neighbouring Pecket Mine.
- This discovery is strategically well positioned being only 7.5km from an idle port and 2,000 tonne per hour ship loader capable of loading Panamax sized ships.
- The accumulated thickness of seams intercepted is 4.7 metres including 1.3 metres from 64.3 metres depth and 2.8 metres from 123.0 metres depth.
- On-going drilling is targeting additional seams including Seam 6 which was the main production seam in the neighbouring Pecket Mine.
- Excellent positioning in relation to infrastructure means there is potential for rapid development at minimal costs.
- Chile's severe shortage of domestically sourced energy means 80-90% of coal required for its 11 coal fired power stations is imported from distant sources such as Colombia, the US and Australia.
- Chile's marginal cost of power production is double to quadruple that of Australia's and the highest in South America.

Coal Intercepted at Mina Rica East

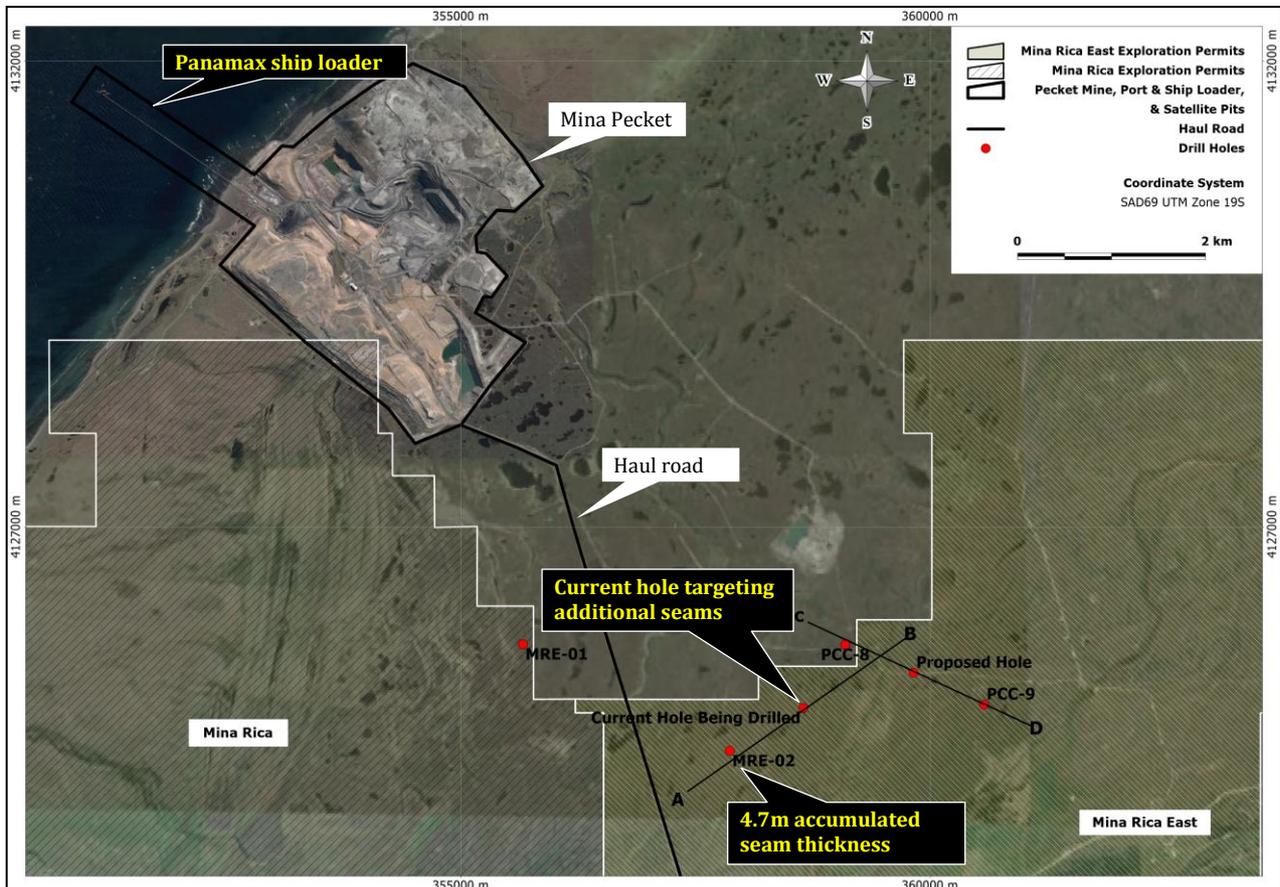
Drilling has commenced at the recently acquired and strategic Mina Rica East coal exploration tenements which are located adjacent to the Company’s Mina Rica exploration tenements (See Map 1). This follows an earlier wide spaced drill program in the Mina Rica exploration tenements which was designed to better understand the Loreto Formation stratigraphy and help with target definition.

Drill hole MRE-02 has intercepted 2 coal seams believed to be Seam 7 and Seam 8 of a recognised coal seam sequence witnessed in the neighbouring Pecket Mine (See Map 1). The thicknesses of the two main seams intercepted are 1.3 metres from 64.3 metres depth and 2.8 metres from 123.0 metres depth. The total accumulated thickness for seams intercepted was 4.7 metres. MRE-01 did not intercept any significant coal seams.

The two seams intercepted in hole MRE-02 are interpreted to correlate with an historical hole PCC-8 which was drilled by Corporación de Fomento de la Producción (‘CORFO’) and located 1.6 kilometres to the north-east, just outside the Company’s Mina Rica East exploration licence boundary. This correlation indicates that the two seams intercepted in hole MRE-02 are stratigraphically below Seam 6, the main production seam in the adjacent Pecket Mine (See Section A-B). There are 13 coal seams recognised in the adjacent Pecket Mine area and the stratigraphic sequence is relatively well understood. Determination of the seam number intercepted is invaluable in positioning for on-going drilling.

Drilling is continuing at a location approximately halfway between holes MRE-02 and hole PCC-8 with the aim to intercept additional seams located stratigraphically above Seams 7 and 8. It is worth noting that Hole PCC-8 intercepted 6 seams with a cumulative seam thickness of 12.02 metres. A further hole is proposed for the approximate midway position between historical holes PCC-8 and PCC9 (See Section C-D)

Map 1. Mina Rica East drill positions



Section A-B. Cross section showing coal seam preliminary correlation between MRE-02 and PCC-8

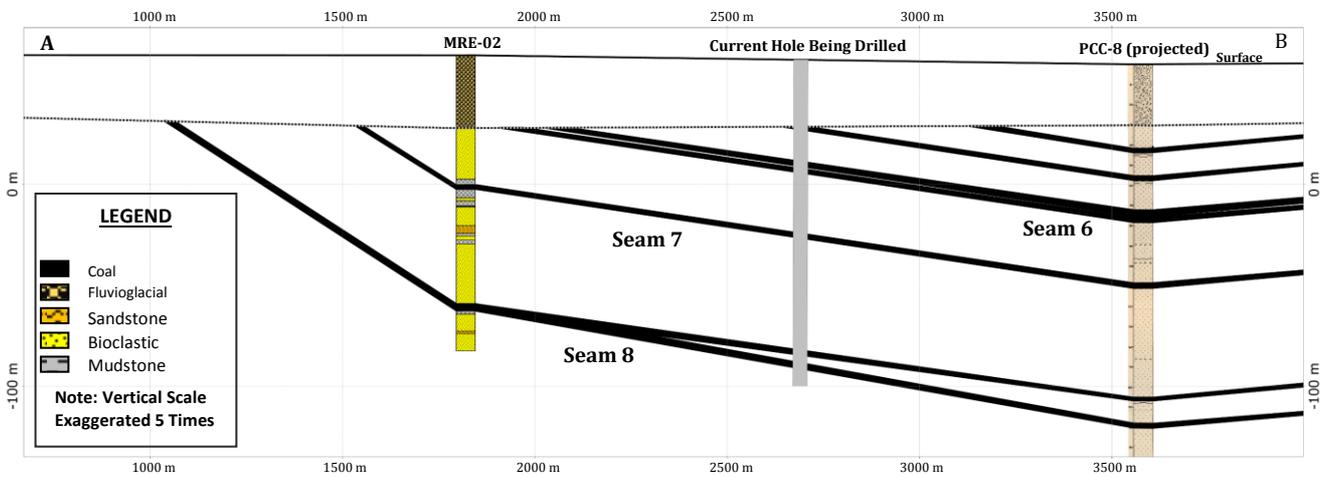


Photo 1. Brown drill water indicative of coal Being Drilled



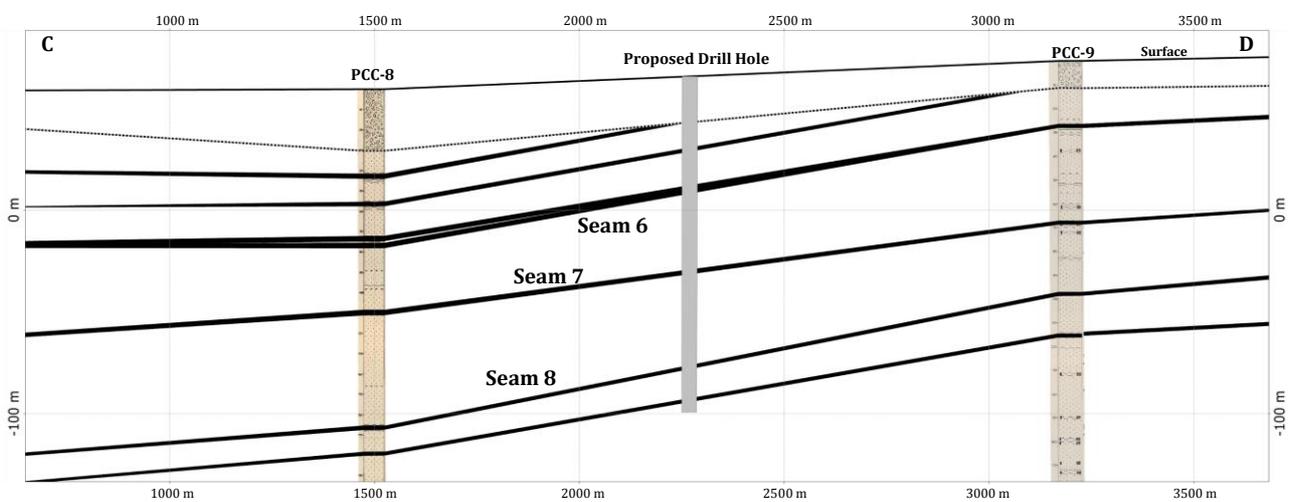
Photo 2. Coal in core barrel



Photo 3. Extracting core



Section C-D. Cross section showing coal seam correlation between PCC-8 and PCC-9



Strategic Position of Mina Rica and Mina Rica East

The Mina Rica and Mina Rica East thermal coal projects cover an area of 127km², and are located on the north side of the Brunswick Peninsula in Chile's XII Region. The area is considered highly strategic given its close proximity to key infrastructure with the potential for rapid development in order to supply into Chile's shortage of domestically produced thermal coal and the close proximity to services from the nearby city of Punta Arenas (population 130,000). Currently Chile consumes approximately 15mtpa of mostly imported thermal coal and this is expected to double within the next decade.

Mina Rica and Mina Rica East are 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 historically loaded onto bulk carriers and transported to domestic coastal based thermal power stations.

From 1987 until the suspension of mining in April 2014 the Pecket Mine resource has been exploited by both state and private companies via open pit mining with the thermal coal being trucked a short distance to an adjacent port and ship loader. Operations at the Pecket Mine were suspended in April 2014 due to a high wall failure in the main pit which had reached a depth of approximately 100m and all the Pecket Mine infrastructure, including the deep water port with a 2,000 tonne per hour coal loader, mining fleet and haul roads has been maintained on care and maintenance.

Photo 4. Bulk vessel manoeuvring at Puerto Pecket



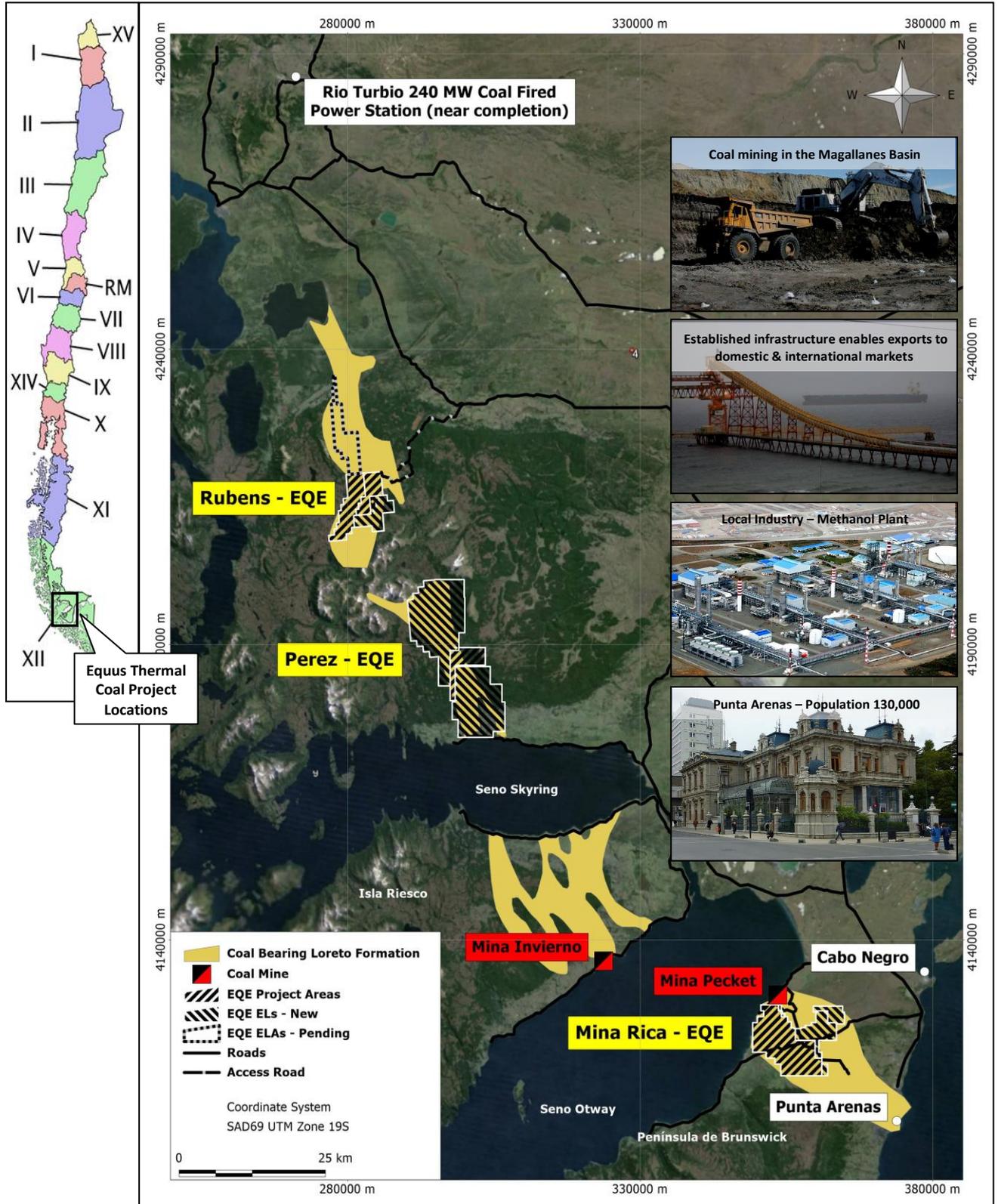
Equus Mining's Thermal Coal Project Background

Equus is strategically positioned to take advantage of Chile's fast increase in coal fired electricity generation with 100% 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.

Since the initial acquisition, the total exploration project area has been more than doubled, from 170 km² to 435 km² through additional exploration licence applications. These licences are situated in three project areas: Rubens, Perez and Mina Rica (see Map 2) and Equus now holds considerably greater than 50% of the available near surface strike extent of the coal bearing Loreto Formation. This is a dominant 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, coal float and intercepts in oil and gas wells in the general licence areas as well as historic regional work by Chile's state owned petroleum company ENAP and development agency CORFO. Despite Chile importing 80% to 90% of its current thermal coal needs and the Magallanes Basin being recognised as hosting the largest coal occurrence in Chile, the centre of a fledgling coal mining industry currently hosts just one operating mine.

Map 2. Equus Mining’s thermal coal projects in the Magallanes Basin - Chile’s largest known coal occurrence



Yours sincerely



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Managing Director

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COMPETENT PERSON'S STATEMENT:

The information in this report that relates to Exploration Results is based on information compiled by Damien Koerber and the information in relation to historical and foreign estimates is an accurate representation of the available data and studies of the mining project which is endorsed by Mr Koerber.

Mr Koerber is a geological consultant to the Company. Mr Koerber is a Member of the Australian Institute of Geoscientists 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 Koerber holds options in the Company and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Appendix 1 – JORC Code, 2012 Edition – Table 1

This appendix details sections 1 & 2 of the JORC Code 2012 Edition Table 1. Section 3 ‘Estimate and Reporting of Mineral Resources’, ‘4 ‘Estimation & Reporting of Ore Reserves’ & Section 5 ‘Estimation & Reporting of Diamonds & other Gemstones’ have been excluded as they are not applicable to this deposit and estimation.

Section 1 Sampling Techniques and Data (Criteria in this section apply to all succeeding sections)

Criteria	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> All seams intersected in core holes greater than 10cm in thickness will be sampled at the conclusion of the current drill program. Interbedded non coal bands greater than 10 cm thickness will be sampled separately to the coal. All core sample depths were recorded according to depths maintained by the rig geologists assistant technician and geologist. These depths were determined by a combination of driller depths and the geologists own recorded depths according to core loss and gain. All coal core samples were double plastic film wrapped and labelled on site. Coal quality core samples will be prepared and analyzed using Australian Standard testing procedures (AS4264.1) at the conclusion of the current drill program. As laboratory testing of the coal core intervals has not yet been conducted at this stage, reference to laboratory testing and results is not applicable. Coal testing will be undertaken on sawn half HQ (63.5 mm diameter) and NQ (47.6 mm diameter) core correspondingly by Equus Mining.
<i>Drilling techniques</i>	<ul style="list-style-type: none"> All holes were cored in their entirety from the base of the fluvio-glacial gravel cover and HQ (63.5 mm diameter) coring was conducted down to approximately 19m on average after which the core diameter was reduced to NQ (47.6 mm diameter) . All holes were drilled vertically.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> Each core hole interval was reviewed for linear core recovery based on measured recovered thicknesses. Core holes with linear seam recoveries of >90% were used as points of observation. Cored seams with recoveries of less than 90% were not used as coal quality points of observation.
<i>Logging</i>	<ul style="list-style-type: none"> All cored holes were geologically logged, marked up and photographed. All geological and geotechnical observations were documented. No holes were logged by geophysical tools nor downhole orientation survey instruments.
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> All coal core samples have been double plastic wrapped and being stored at the company’s secure logging facility. Laboratory testing of the coal core intervals will be conducted at the conclusion of the current drill program. Coal quality analysis will comply with Australian Standards for sample preparation and sub-sampling (AS4264.1) at a registered laboratory which complies with the Australian Standards for all coal quality tests and certified by the National Associated of Testing Authorities, Australia (NATA).
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> As laboratory testing of the coal core intervals has not yet been conducted at this stage, this is not applicable. As no geophysical logging was conducted down the holes this is not applicable.



<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none">As laboratory testing of the coal core intervals has not yet been conducted at this stage, this is not applicable.
<i>Location of data points</i>	<ul style="list-style-type: none">Hole collar locations have been surveyed using a Garmin Model GPSMap 60Cx which provides for an approximate accuracy of +/- 10m in x, y and 20m in z.The grid datum used for hole collar locations is South American Datum (SAD) Zone 19 S (Refer to Appendix 2).
<i>Data spacing and distribution</i>	<ul style="list-style-type: none">As no resource has been reported from this work this is not applicable.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none">Given the sub-horizontal to gently dipping attitude of the coal bearing sequence the orientation and spacing of the exploration drill holes is deemed to be suitable to detect coal beds in a perpendicular manner and define geological structures and coal seam continuity within the exploration area.
<i>Sample security</i>	<ul style="list-style-type: none">The sample security was ensured by Equus Mining personnel under a chain of custody and secure transport between the drill site and the secure core logging and storage facility
<i>Audits or reviews</i>	<ul style="list-style-type: none">Equus Mining personnel were responsible for implementing and maintaining the secure transport, logging and storage of drill samples.

Section 2 Reporting of Exploration Results (Criteria listed in the preceding section also apply to this section)

Criteria	Commentary																														
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> In the area that exploration has been conducted Equus Mining holds five Exploration Licences for Coal (EL), <table border="1"> <thead> <tr> <th>Tenure Type</th> <th>Tenure Name</th> <th>Date Granted</th> <th>Area (Hectares)</th> <th>Holder Name</th> </tr> </thead> <tbody> <tr> <td>EL</td> <td>Mina Rica 11</td> <td>30/12/2014</td> <td>300</td> <td>Minera Carbones de Sur Ltda</td> </tr> <tr> <td>EL</td> <td>Mina Rica 19</td> <td>20/10/2014</td> <td>300</td> <td>Minera Carbones de Sur Ltda</td> </tr> <tr> <td>EL</td> <td>Mina Rica 22</td> <td>20/10/2014</td> <td>300</td> <td>Minera Carbones de Sur Ltda</td> </tr> <tr> <td>EL</td> <td>Kol 10</td> <td>21/01/2015</td> <td>300</td> <td>Minera Carbones de Sur Ltda</td> </tr> <tr> <td>EL</td> <td>Kol 14</td> <td>21/01/2015</td> <td>300</td> <td>Minera Carbones de Sur Ltda</td> </tr> </tbody> </table>	Tenure Type	Tenure Name	Date Granted	Area (Hectares)	Holder Name	EL	Mina Rica 11	30/12/2014	300	Minera Carbones de Sur Ltda	EL	Mina Rica 19	20/10/2014	300	Minera Carbones de Sur Ltda	EL	Mina Rica 22	20/10/2014	300	Minera Carbones de Sur Ltda	EL	Kol 10	21/01/2015	300	Minera Carbones de Sur Ltda	EL	Kol 14	21/01/2015	300	Minera Carbones de Sur Ltda
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	EL	Kol 14	21/01/2015	300	Minera Carbones de Sur Ltda																										
	<ul style="list-style-type: none"> There are no other known impediments to mining in the area. 																														
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> Exploration peripheral and within to the Mina Rica Project and Mina Rica East Project areas has consisted predominantly of conventional exploration drilling, with 46 DDH and tricone drill holes totaling in 8,013 metres drilled from 1978 to September 1979 by 'Corporación de Fomento de la Producción' (CORFO). See Appendices 2A and 2C. Historical drilling was focused throughout the Mina Pecket syncline to determine areas of economic open pit potential in which the primary focus was to define seams in the middle section of the Loreto Formation. Drilling has conducted at an approximate drill density of 1 hole/ 2 km². Historic exploration drilling has greatly aided the exploration activities of Equus Mining, providing solid background data to plan the current exploration. CORFO holes PCC-8 and PCC-9 were drilled adjacent to the northern border of and within Equus Mining's Exploration Licences, respectively, and have provided closely correlatable data for the existence of coal seams to extend to the south (See Appendix 2A). Exploration drilling by Equus Mining began in March 2015, and has consisted of 7 drill holes totaling 992 metres, up to 7th September 2015. 																														
<i>Geology</i>	<ul style="list-style-type: none"> The Mina Rica and Mina Rica East Project areas are centered in a broadly NW-SE trending syncline on the western limb and central axis of the broadly NW-SE trending Pecket Mine syncline in the southern Magallanes Basin. The economic coal seams are hosted in the Oligocene-Eocene aged Loreto Formation. The coal bearing section of the Loreto Formation is up to 300 metres thick and contains up to 13 consistent seams. From historic exploration and mining the formation hosts a subbituminous thermal coal product (as received) averaging 18% ash, Sulphur averaging 0.3% and a calorific value between 3,800-4,500 Kcal/kg. The coal measures generally strike in a north-westerly direction and gently dip to the east ranging between 2 and 20°. The dominant structural feature in the project is the existence of a NW-SE trending syncline which occupies the western steeper dipping limb portion of a regional scale NW-SE monocline, the eastern limb of which dips gently to the east. The stratigraphy within the project area is characterized by a Quaternary fluvio-glacial cover sequence typically in the order of between 5-25m thickness. The base of weathering averages 5-10 metres below the base of the fluvio-glacial cover level. The underlying Loreto Formation strata are dominantly composed of fine sandstones and siltstones with banded coal and subordinate carbonaceous shale and bioclastic calcarenite. 																														
<i>Drill hole Information</i>	<ul style="list-style-type: none"> Drill hole names, collar coordinates and depths are listed in appendix 2A. All drill holes are vertical. The depth and thickness (greater than 0.1m) of intersected coal seams from this drilling are listed in appendix 2A. 																														

Data aggregation methods	<ul style="list-style-type: none"> As no coal samples have been submitted for analysis and no resource calculations models have been conducted no data aggregation has been performed on coal quality information or coal thickness.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> The Mina Rica and Mina Rica East drill hole data demonstrates reasonable lateral continuity of coal seams extending from the adjacent third party lease, particularly CORFO holes PCC-8 and PCC-9, within the Kol 10 EL based on relatively wide drill hole spacing at plus 900-1800m. Given the relatively flat orientation of the coal seams, the apparent intercept widths in the vertical hole orientations confidently represent true intercept widths
Diagrams	<ul style="list-style-type: none"> All relevant diagrams are contained within the body of the current ASX Release dated 15 September 2015
Balanced reporting	<ul style="list-style-type: none"> All exploration results within the Mina Rica and Mina Rica East area have been fully collated and reported.
Other substantive exploration data	<ul style="list-style-type: none"> Not Applicable to the reporting of exploration drill results.
Further work	<ul style="list-style-type: none"> Continued wide spaced drilling is planned to increase the geological knowledge and confidence in the continuity of the coal seams and quality.

Appendix 2a

Drill hole coordinates, intercept depths and thickness's of coal in the Mina Rica 11, 19 and 22 EL's and the Kol 10 and Kol 14 EL's for holes drilled during the period 4/3/2015 to 07/09/2015 are listed below. Coal intercepts (greater than 0.1m), as determined from geological logging are tabulated.

Hole ID	Tenement	Area	Easting (SAD 69 Zone 19S)	Northing (SAD 69 Zone 19S)	RL (m)	Total Depth (m)	Coal Thickness (m)	Coal Depth (m)
MRD01	Mina Rica	Mina Rica	356717	4121063	87	200.40		
MRD02	Mina Rica	Mina Rica	355814	4120990	81	194.00		
MRD03	Mina Rica	Mina Rica	357298	4121580	80	100.00		
MRD04	Mina Rica	Mina Rica	357914	4121973	79	74.50	0.10	10
MRD05	Mina Rica	Mina Rica	355650	4125727	51	110.6		
MRE-01	Mina Rica	Mina Rica	355650	4125727	51	110.6		
MRE-02	Kol 10	Mina Rica	357494	4124930	64	146.60	1.29	64.32
MRE-02	Kol 10	Mina Rica	357494	4124930	64	146.60	0.10	67.22
MRE-02	Kol 10	Mina Rica	357494	4124930	64	146.60	0.49	74.26
MRE-02	Kol 10	Mina Rica	357494	4124930	64	146.60	2.80	123.0

Appendix 2b

Historical CORFO drill hole coordinates and coal intercept depths for Holes PCC-8 and PCC-9 are tabulated below. Coal intercept thickness as determined from electrical logging are tabulated.

Hole ID	Tenement	Area	Easting (SAD 69 Zone 19S)	Northing (SAD 69 Zone 19S)	RL (m)	Total Depth (m)	Coal Thickness (m)	Coal Depth (m)
PCC-8	n/a	Mina Rica Pecket	359080	4125850	87	299.00	1.48	41.80
PCC-8	n/a	Mina Rica Pecket	359080	4125850	87	299.00	1.44	55.40
PCC-8	n/a	Mina Rica Pecket	359080	4125850	87	299.00	1.67	73.30
PCC-8	n/a	Mina Rica Pecket	359080	4125850	87	299.00	1.64	76.10
PCC-8	n/a	Mina Rica Pecket	359080	4125850	87	299.00	1.57	108.20
PCC-8	n/a	Mina Rica Pecket	359080	4125850	87	299.00	1.10	165.2
PCC-8	n/a	Mina Rica Pecket	359080	4125850	87	299.00	1.79	178.0
PCC-9	Kol 8	Mina Rica East	360525	4125188	73	300.66	1.74	28.65
PCC-9	Kol 8	Mina Rica East	360525	4125188	73	300.66	1.38	67.30
PCC-9	Kol 8	Mina Rica East	360525	4125188	73	300.66	1.65	97.90
PCC-9	Kol 8	Mina Rica East	360525	4125188	73	300.66	1.46	114.8

Appendix 2c

Requirements applicable to reports of historical estimates and foreign estimates of mineralisation for material mining projects in relation to holes PCC-8 and PCC-9 mentioned in this release.

Required Information	Notes
Source and date	'Corporación de Fomento de la Producción' (CORFO) report titled "Evaluación de los recursos carboníferos del sector Pecket-Península Brunswick XII Región" dated June 1980.
Categories of mineralisation	Mineralisation categories are in accordance with Appendix 5A (JORC Code).
Relevance and materiality	The historical estimates and foreign estimates as per the results as listed in Appendix 2b are considered relevant and material as it shows the existence of coal beds within and immediate adjacent to the Mina Rica East exploration tenements.
Reliability	The historical estimates and foreign estimates are considered to be reliable as the same information was used to develop the neighboring Pecket mine.
Summary of work plan	The work plan was 46 DDH and tricone drill holes totaling 8,013 metres drilled from 1978 to September 1979.
More recent estimates or data	n/a
Evaluation and/or exploration work verification	n/a
Propose timing of evaluation and/or exploration work and funding	n/a
Cautionary statement	It is uncertain that following evaluation and/or further exploration work that the historical estimates or foreign estimates will be able to be reported as mineral resources or ore reserves in accordance with the JORC code
Accurate representation	In the Competent person statement