

EQUUS MINING LIMITED

ABN 44 065 212 679

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2016

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 2016.

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 Hamish Lochtenberg, Non-Executive Chairman

Director since 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 30 years.

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

Mr Lochtenberg has recently been appointed Managing Director of Pacific American Coal Limited 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 since 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 the two wholly owned subsidiaries in the Republic of Chile.

Juerg Marcel Walker, Non-Executive Director

Director since 20 May 2002

Juerg Walker is a European portfolio manager and investor. He has over 30 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.

DIRECTORS' REPORT

Robert Ainslie Yeates, Non-Executive Director

Director since 20 July 2015

Rob Yeates is a graduate of the University of NSW, completing a Bachelor of Engineering (Honours 1) in 1971 and a PhD in 1977 and then an MBA in 1986 from Newcastle University. He began his career with Peko Wallsend working in a variety of roles including mining engineering, project management, mine management and marketing.

He became General Manager Marketing for Oakbridge Pty Limited in 1989 following a merger with the Peko Wallsend coal businesses and went on to become Managing Director of Oakbridge, which was the largest coal mining company in NSW at that time, operating one open cut and five underground coal mines.

Dr Yeates also has gained operating, business development and infrastructure experience as a director of Port Waratah Coal Services (Newcastle Port), Port Kembla Coal Terminal, Great Northern Mining Corporation NL and Cyprus Australia Coal and for the past 18 years has been principal of his own mine management consultancy, providing a wide range of technical, management and strategic planning services to the mining industry. Until 2014 he was also Project Director then CEO of Newcastle Coal Infrastructure Group, which has developed and is operating coal export facilities in Newcastle.

Dr Yeates was until 2015 and for the prior ten years a director in Cockatoo Coal Limited, and since 2016 he has been a director of Watagan Mining Ltd.

Review of Operations

Corporate Activities

On 25 October 2016, the Group announced that it has acquired the rights to 100% of the Los Domos gold-silver project via an earn-in and purchase agreement with Terrane Minerals SpA. The project is located in Chile's XI region, adjacent to the Cerro Bayo gold-silver mine.

Under the agreement Equus is to fund a programme of systematic surface sampling and 2,000m of drilling. On completion of the drilling program, Terrane Minerals Spa ('Terrane') is to transfer its Los Domos project assets into a the newly formed Joint Venture Company, Southern Gold SpA incorporated in the Republic of Chile ('JV'). Equus will hold a 51% equity interest and Terrane a 49% equity interest in the JV Company.

Equus has a two-year option to buy the remaining 49% interest in the JV by issuing Terrane A\$450,000 worth of Ordinary shares in the capital of Equus Mining Limited at an issue price of 1.2 cents equivalent to 37.5m shares. Upon exercising this option Equus will own 100% of the project. The shares issued to Terrane will be voluntarily escrowed for a period of 12 months. In addition, Equus reimbursed historical costs of US\$141k incurred by Terrane during the period ended 31 December 2016.

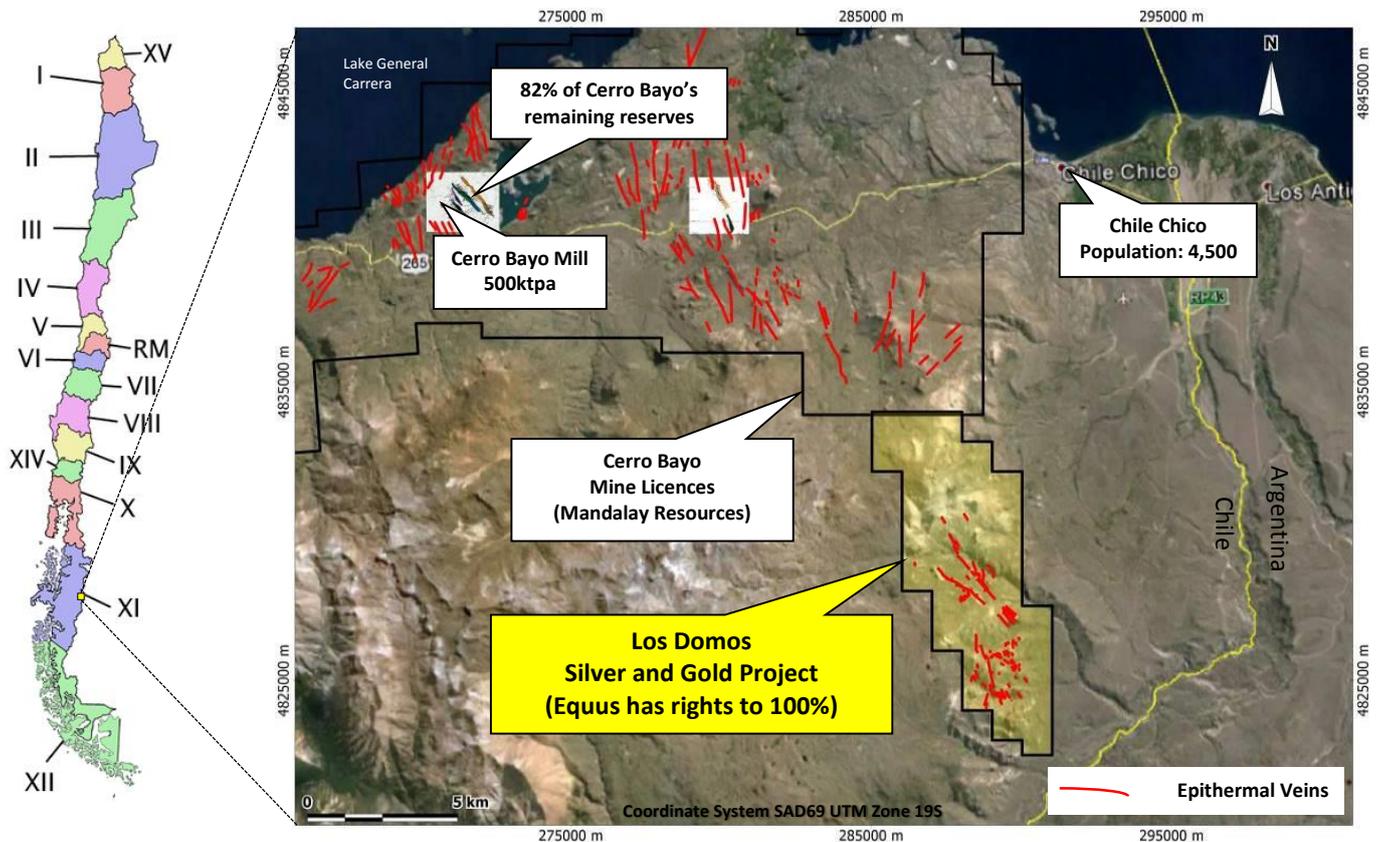
On 4 November 2016, the Company issued 100,000,000 new ordinary shares under a placement for a total consideration of \$1,000,000.

On 4 November 2016, the Company issued 8,718,273 unlisted options as part consideration for the capital raising completed during the period. Each option entitles the holder to subscribe for and be allotted one ordinary share in Equus Mining Limited at an exercise price of \$0.02 per option. The options are exercisable at any time on or before 4 May 2018 and are fully vested.

Los Domos Gold-Silver Project

The Los Domos gold-silver project is located 10km south of the township of Chile Chico, Region XI, Chile. The project area's altitude range of 800-1200m and a dry, moderate climate permits year-round exploration. The project area is located 15km southeast of the operating Cerro Bayo gold-silver mine and treatment plant which is owned by Mandalay Resources and is currently producing around 30 Kozpa gold and 3 Mozpa of silver. (Source: Mandalay Resources Corporation – Cerro Bayo Project Technical Report NI 43-101-March 13,2015).

Map 1. Los Domos Gold-Silver Project Location



Previous mapping and rock chip sampling to date throughout the Los Domos Project area (See Map 2) has delineated multiple structural corridors hosting chalcedonic - saccaroidal quartz veins and hydrothermal breccias. Apart from reconnaissance style mapping and sampling, these newly discovered structural corridors have never received any modern systematic exploration and hence have never been drill tested. Previous vein mapping and sample results have shown typical vertical precious metal, pathfinder element and quartz texture zonation:

- High grade gold and silver grades are reported predominantly in saccaroidal veins which outcrop at lower altitudes throughout the Los Domos Project area – typically below 1100m. See areas T1 & T7SE in Map 3.
- Areas where both relatively higher antimony and arsenic and intermittent grade gold and silver grades have been recorded typically occur between 1100m and 1200m. See areas T2 and the newly discovered T8 area.
- Areas where relatively higher antimony and arsenic and other pathfinder element values are reported with only anomalous precious metal values are typically in veins at higher altitude above 1200m. See areas T3, T4, T5, T6 and T7NW.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

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Understanding the vertical metal zonation within the epithermal vein system at Los Domos is key to guiding future exploration including drill testing (see announcement dated on 25 October 2016 for further discussion). Increased recognition of geochemical, vein quartz texture and alteration zonation of epithermal Au-Ag systems is delivering the next generation of discoveries of concealed deposits, such as those of Cerro Bayo (Mandalay) and Cerro Negro (Goldcorp).

Field work to better define and extend known multiphase high grade gold-silver and base metal mineralisation commenced during the December 2016 quarter for which initial assay results have been received. Rock channel sampling is predominantly being carried out using a diamond saw to give continuous, representative results. The aim of this systematic sampling and mapping of surface mineralised vein and breccia structures and peripheral stockwork zones is to better define potential extensions to mineralised structures at surface and provide vectors to mineralization at depth for subsequent drill testing.

At the T1 Structureal Prospect channel sampling has commenced along a cumulative 400m strike extent within an overall recently mapped extension of 700m. The initial assay results from the T7 Structure Prospect were reported in the 2016 December Quaterly Activities Report dated 31 January 2017 and are summarised in Table 1 below.

Table 1. Initial assay results from T7 Structure Prospect

Channel	Intercept m	Au g/t	Ag g/t	Pb %	Zn %	Open
LDT004	4.00	2.71	215.7	0.34	0.11	To SW
LDT014	1.40	7.55	431.0	1.16	0.03	To SW & NE
LDT001	6.85	0.83	18.6	1.43	1.28	
LDT006	5.00	0.78	34.6	3.53	0.14	To SW & NE
LDT007	4.70	1.72	48.2	0.70	0.07	To SW & NE
LDT008	4.30	0.53	22.4	1.63	0.25	To SW & NE
LDT002-3	3.00	1.61	48.4	0.07	0.02	To SW
LDT005	4.00	0.79	10.8	0.18	0.03	
LDT010-13	2.30	1.16	27.3	0.40	0.02	To SW & NE
LDT015	0.60	0.79	7.1	0.17	0.12	To SW

Mineralization comprises of a series of steeply northeast to north-northeast dipping multiphase Au-Ag quartz veins and brecciation which crosscut earlier adjacent Au-Ag-Pb-Zn base metal sulphide veins, breccia and sulphide-silica replacement zones. The host fault structure comprises a zone of intense silicification and interpreted high level crackle to jigsaw textured brecciation which varies in width from 25-75m and extends over a cumulative minimum strike length of 1200m as indicated by both recent and historical sampling and mapping. Importantly, most intercepts remain open and the associated structures remain only partially sampled due to a considerable portion of mineralized outcrop hosted in portions of steep cliffs semi-parallel to the mineralized structures.

Field work including channel sampling has commenced at the T1, T2 and T8 Structure Prospects. Previous sampling has shown these prospects to host high grade gold and silver mineralisation at surface including:

LD00013 - 0.40m @ **81.10 g/t Au & 1996 g/t Ag**

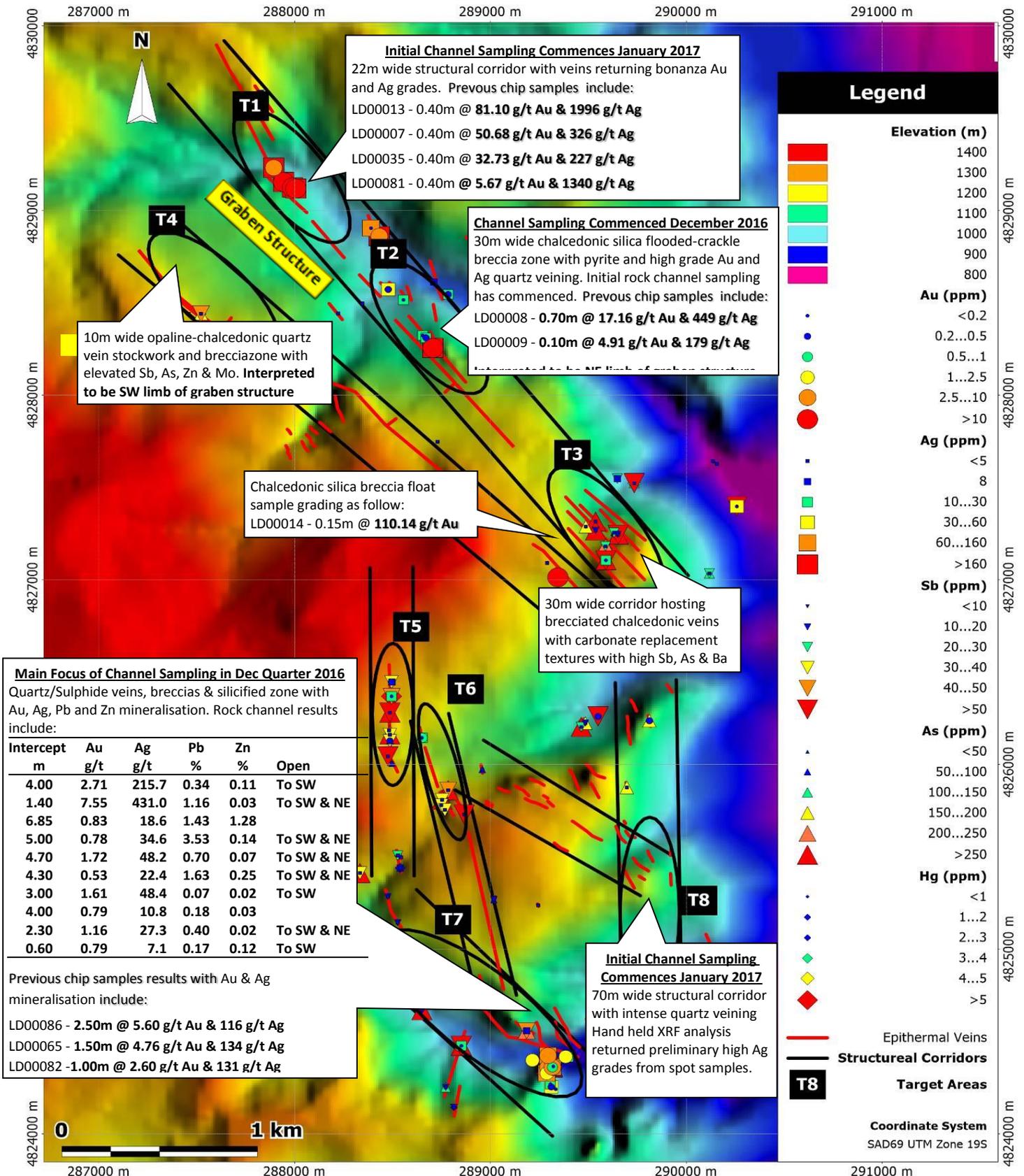
LD00007 - 0.40m @ **50.68 g/t Au & 326 g/t Ag**

LD00035 - 0.40m @ **32.73 g/t Au & 227 g/t Ag**

LD00081 - 0.40m @ **5.67 g/t Au & 1340 g/t Ag**

LD00008 - 0.70m @ **17.16 g/t Au & 449 g/t Ag**

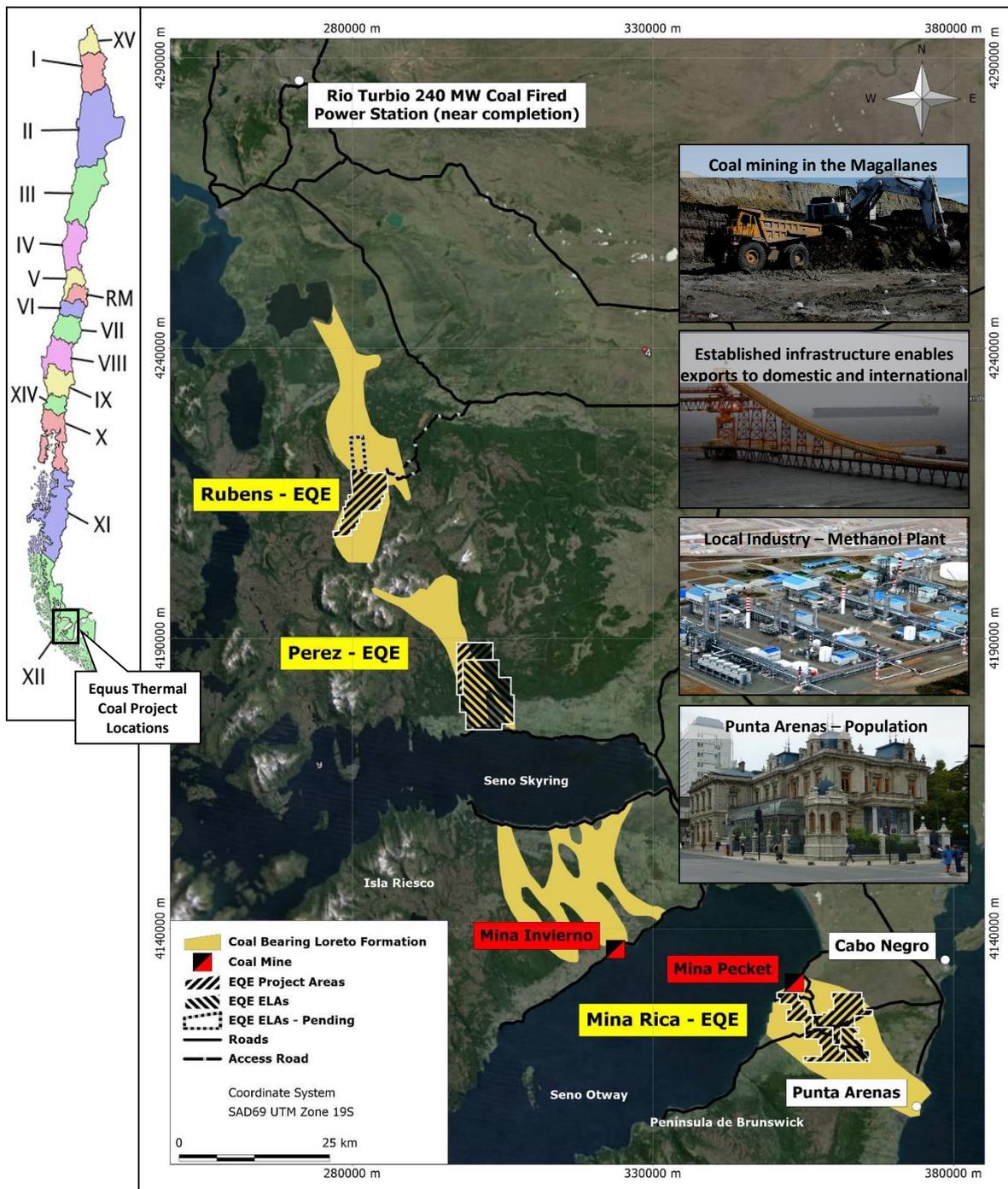
Map 2. Los Domos Gold-Silver Geochemical Sampling Results Summary



Equus Thermal Coal Project

Equus Mining has continued to maintain a presence in the Magallanes coal basin, both through existing exploration licences and making new exploration licence applications. Equity markets were not supportive of coal developers during 2016, however both the coal market in general and the strategic situation of Equus Mining's licences has improved. Improvements in coal sector sentiment is mainly as a result of higher coal prices, with spot thermal coal prices now up 117% since the beginning of 2016, and producers returning to profitability, in some cases quite significantly. Improvement in coal prices has been primarily driven by Chinese curtailment of domestic coal production. Recent energy crisis events in Australia highlighting the risk of reducing coal fired base load power generation capacity is also impacting sentiment in a positive way. With this in mind Equus Mining is assessing its options in progressing its thermal coal assets.

Map 3. Equus' Thermal Coal Projects in the Magallanes Basin - Chile's Largest Known Coal Occurrence



EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

⁽ⁱ⁾ All the material assumptions underpinning exploration results for samples numbers LD00001 to LD00102 for the Los Domos gold-silver project are outlined in Table 1 and Appendix 1 in the ASX release dated 25 October 2016 and continue to apply and have not materially changed.

⁽ⁱⁱ⁾ All the material assumptions underpinning exploration results for samples numbers LD00103 to LD00205 for the Los Domos gold-silver project are outlined in Table 1 and Appendix 1 in the ASX release dated 31 January 2017 and continue to apply and have not materially changed.

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results for the Los Domos gold-silver project is based on information compiled by Damien 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 has a beneficial interest as shareholder and Director of Terrane Minerals SpA ('vendor') in Los Domos gold-silver project 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

No 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 10 and forms part of the Directors' Report for the half year ended 31 December 2016.

Signed at Sydney this 10th day of March 2017
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 2016, 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

10 March 2017

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 2016

	Notes	Consolidated 31 December 2016 \$	31 December 2015 \$
CONTINUING OPERATIONS			
Other income	3	11,317	23,295
Expenses			
Employee, directors and consultants costs		(218,550)	(237,583)
Depreciation expense		-	(937)
Travel expenses		(8,139)	(8,355)
Impairment of available-for-sale financial assets	4	-	(157,770)
Other expenses		(162,572)	(117,234)
Total expenses		(389,261)	(521,879)
Loss before income tax		(377,944)	(498,584)
Income tax benefit/(expense)		-	-
Loss from continuing operations		(377,944)	(498,584)
DISCONTINUED OPERATIONS			
Loss from discontinued operations (net of tax)		-	(27,204)
Loss for the period		(377,944)	(525,788)
Other comprehensive income for the period			
Items that may be classified subsequently to profit or loss			
Exchange differences on translation of foreign operations		38,386	7,739
Net change in fair value of available-for-sale financial assets		220,046	(157,770)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		-	157,770
Total other comprehensive gain/(loss)		258,432	7,739
Total comprehensive loss for the period		(119,512)	(518,049)
Loss attributable to:			
Owners of the Company		(377,944)	(527,380)
Non-controlling interests		-	1,592
		(377,944)	(525,788)
Total comprehensive loss attributable to:			
Owners of the Company		(119,512)	(520,756)
Non-controlling interests		-	2,707
		(119,512)	(518,049)
Earnings per share			
Basic and diluted loss per share		(0.08) cents	(0.13) cents
Earnings per share - continuing operations			
Basic and diluted loss per share		(0.08) cents	(0.13) 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 2016

		Consolidated	
	Notes	31 December 2016 \$	30 June 2016 \$
Current Assets			
Cash and cash equivalents		222,302	119,261
Receivables		22,026	13,378
Assets held for sale		-	70,819
Other		25,903	2,023
Total Current Assets		270,231	205,481
Non-Current Assets			
Available-for-sale financial assets	4	258,601	27,976
Exploration and evaluation expenditure	5	1,832,129	1,534,227
Total Non-Current Assets		2,090,730	1,562,203
Total Assets		2,360,961	1,767,684
Current Liabilities			
Payables		210,499	435,504
Total Current Liabilities		210,499	435,504
Total Liabilities		210,499	435,504
Net Assets		2,150,462	1,332,180
Equity			
Issued capital	6	109,424,601	108,545,219
Reserves	7	278,458	-
Foreign currency translation reserves	7	(427,193)	(465,579)
Accumulated losses		(107,125,404)	(106,747,460)
Parent entity interest		2,150,462	1,332,180
Non-controlling interest		-	-
Total Equity		2,150,462	1,332,180

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 2016

Consolidated	Issued Capital	Accumulated Losses	Other Reserves	Foreign Currency Translation Reserves	Total	Non-Controlling Interest	Total Equity
	\$	\$	\$		\$	\$	\$
Balance at 1 July 2015	107,814,973	(103,205,351)	144,000	(3,262,982)	1,490,640	205,034	1,695,674
Loss for the period	-	(527,380)	-	-	(527,380)	1,592	(525,788)
Total other comprehensive income	-	-	-	6,624	6,624	1,115	7,739
Total comprehensive loss for the period	-	(527,380)	-	6,624	(520,756)	2,707	(518,049)
Transactions with owners recorded directly in equity							
Ordinary shares issued	435,352	-	-	-	435,352	-	435,352
Transaction costs on issue of shares	(25,106)	-	-	-	(25,106)	-	(25,106)
Transfer of expired options	-	144,000	(144,000)	-	-	-	-
Changes in ownership interest in subsidiaries							
Acquisition of non-controlling interest	320,000	(112,259)	-	-	207,741	(207,741)	-
Balance at 31 December 2015	108,545,219	(103,700,990)	-	(3,256,358)	1,587,871	-	1,587,871
Balance at 1 July 2016	108,545,219	(106,747,460)	-	(465,579)	1,332,180	-	1,332,180
Loss for the period	-	(377,944)	-	-	(377,944)	-	(377,944)
Total other comprehensive income	-	-	220,046	38,386	258,432	-	258,432
Total comprehensive loss for the period	-	(377,944)	220,046	38,386	(119,512)	-	(119,512)
Transactions with owners recorded directly in equity							
Ordinary shares issued	1,000,000	-	-	-	1,000,000	-	1,000,000
Transaction costs on issue of shares	(120,618)	-	-	-	(120,618)	-	(120,618)
Share options	-	-	58,412	-	-	-	58,412
Balance at 31 December 2016	109,424,601	(107,125,404)	278,458	(427,193)	2,150,462	-	2,150,462

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 2016

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
Cash flows from operating activities		
Cash receipts in the course of operations	-	4,585
Cash payments in the course of operations	(706,168)	(428,467)
Net cash used in operations	(706,168)	(423,882)
Interest received	738	2,674
Net cash used in operating activities	(705,430)	(421,208)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(252,853)	(367,794)
Proceeds from the sale of property	75,530	-
Net cash used in investing activities	(177,323)	(367,794)
Cash flows from financing activities		
Proceeds from share issues	1,000,000	435,352
Transaction costs on share issue	(14,206)	(25,106)
Net cash provided by financing activities	985,794	410,246
Net (decrease)/increase in cash held	103,041	(378,756)
Cash at the beginning of the reporting period	119,261	644,765
Cash and cash equivalents at 31 December	222,302	266,009

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 2016

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 2016 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for-profit entity and is primarily engaged in identifying and evaluating gold-silver and coal resource opportunities in southern Chile, South America.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2016 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 Australian 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 2016. 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 2016 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

This condensed consolidated interim financial report was approved by the Board of Directors on 10 March 2017.

(b) 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.

During the period the Company raised \$985,794 (net of associated cash costs) through a share placement and received \$75,530 from the sale of the Naltagua property in Chile.

The Group has incurred a loss of \$377,944 for the half-year ended 31 December 2016 and has accumulated losses of \$107,125,404 as at 31 December 2016. The Group has cash on hand of \$222,302 at 31 December 2016 and used \$958,283 of cash in operations, including payments for exploration and evaluation for the half year ended 31 December 2016. Additional funding will be required to meet the Group's projected cash outflows for a period of 12 months from the date of the directors' declaration.

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 the Group reducing expenditure in-line with available funding.

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 and which is inherently uncertain at the date of approval of this interim financial report, the Group plans to reduce expenditures to the level of funding available.

In the event that the Group does not obtain additional funding and reduce expenditure in-line with available cash reserves, 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.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS
For the half year ended 31 December 2016

2. BASIS OF PREPARATION (continued)

(c) 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.

Except as described below, 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 2016.

During the half year ended 31 December 2016 management reassessed its estimates in respect of:

- Note 4 - Investments

(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 2016.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS
For the half year ended 31 December 2016

3. LOSS BEFORE INCOME TAX

Consolidated	31	31
December	December	December
2016	2015	2015
\$	\$	\$

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

Interest income on cash deposits	738	2,674
Foreign exchange (loss)/gain	10,579	17,104
Other	-	3,517
Total	11,317	23,295

4. INVESTMENTS

31	30
December	June
2016	2016
\$	\$

Equity securities - fair value through profit or loss	258,601	27,976
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At 31 December 2016 the Directors compared the carrying value of the 1,861,150 shares held in Blox.Inc, a US over the counter traded company and recorded a increase in fair value in equity of \$220,046 (2015 - \$157,770 reduction) based on a closing share price of US\$0.10 at 31 December 2016. The increase in fair value of \$220,046 has been classified in other reserves in equity.

5. EXPLORATION AND EVALUATION EXPENDITURE

31	30
December	June
2016	2016
\$	\$

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	1,534,227	1,073,712
Additions Carbones del Sur	35,035	467,568
Additions Los Domos	217,818	-
Foreign currency translation difference movement	45,049	(7,053)
Balance at close of the period	1,832,129	1,534,227

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.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS
For the half year ended 31 December 2016

6. ISSUED CAPITAL

(a) Issued and paid-up share capital

	Consolidated			
	31 December 2016		31 December 2015	
	Number	\$	Number	\$
Ordinary shares, fully paid at 1 July	434,873,094	108,545,219	379,295,675	107,814,973
<i>Movement in Ordinary Shares:</i>				
Issued ordinary shares 4 November 2016 for \$0.01	100,000,000	1,000,000	-	-
Less cost of issue	-	(120,618)	-	-
Issued ordinary shares 31 July 2015 – non-cash ¹	-	-	16,000,000	320,000
Issued ordinary shares 19 October 2015 for \$0.011	-	-	36,213,783	398,352
Issued ordinary shares 16 December 2015 for \$0.011	-	-	3,363,636	37,000
Less cost of issue	-	-	-	(25,106)
	534,873,094	109,424,601	434,873,094	108,545,219

¹ Shares issued on 31 July 2015 relate to the acquisition of the remaining 49% shareholding in Andean Coal Pty Ltd.

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

(b) Share Options

During the half-year ended 31 December 2016 the Company issued 8,718,273 options (half-year ended 31 December 2015 Nil) as part consideration for the capital raising completed on 4 November 2016. The options vested immediately and expire on 4 May 2018. Each option entitles the holder to subscribe for and be allotted one ordinary share in Equus Mining Limited at an exercise price of \$0.02 per option.

The fair value of the options granted on 4 November 2016 was \$58,412 and the Black-Scholes formula model inputs applied were the Company's share price of \$0.014 at the grant date, a volatility factor of 124.16% based on historic share price performance, a risk free rate of 1.65% based on government bonds, and a dividend yield of 0%.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2016

7. RESERVES

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
Equity based compensation reserve	58,412	-
Fair value reserve	220,046	(465,579)
Foreign currency translation reserves	(427,193)	(465,579)
	(148,735)	(465,579)
 Movements during the period:		
(a) Equity based compensation reserve		
Balance at beginning of period	-	-
Share base payment - vested share options	58,412	-
Balance at end of period	58,412	-
 (b) Fair value reserve		
Balance at beginning of period	-	-
Net change in fair value of available-for-sale financial assets	220,046	-
Balance at end of period	220,046	-
 (c) Foreign currency translation reserves		
Balance at beginning of period	(465,579)	(3,292,982)
Transfer of foreign currency translation reserve to loss on disposal of subsidiary in profit or loss – discontinued operations	-	2,976,499
Transfer of foreign currency translation reserve to gain on disposal of subsidiary in profit and loss	-	(177,981)
Currency translation differences	38,386	(1,115)
Balance at end of period	(427,193)	(465,579)

8. OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (the chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on a geographical basis which involves the exploration of minerals in the Republic of Chile. Operating segments are determined on the basis of financial information reported to the board which is at the consolidated entity level.

Accordingly, management currently identifies the Group as having only one reportable segment, being mineral exploration. The financial results from this segment are equivalent to the financial statements of the consolidated Group as a whole.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2016

9. EVENTS OCCURRING SUBSEQUENT TO 31 DECEMBER 2016

No 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. RELATED PARTIES

Transactions with key management personnel

No director has entered into a material contract with the Group in the previous financial year and there were no material contracts involving directors' interests existing at 31 December 2016.

11. 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 2016.

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 2016	-	258,601	-	258,601
30 June 2016	-	27,976	-	27,976

The financial assets held at 31 December 2016 and 30 June 2016 relate to investments held in quoted equity securities and were designated as available-for-sale financial assets.

EQUUS MINING LIMITED LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION

31 December 2016

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

- (a) the financial statements and notes set out on pages 11 to 20, 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 2016 and of its performance for the half year ended on that date; and
 - (ii) complying with Australian 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 10th day of March 2017
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 2016, 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 11 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 2016 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 2016 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(b), 'Going Concern' in the interim financial report. The conditions disclosed in Note 2(b), indicate 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
10 March 2017

EQUUS MINING LIMITED LIMITED AND ITS CONTROLLED ENTITIES

CORPORATE DIRECTORY

Directors:

Mr Mark H. Lochtenberg (Chairman)
Mr Edward J. Leschke (Managing Director)
Mr Juerg M. Walker
Mr Robert A. Yeates

Company Secretary:

Mr Marcelo Mora

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Nedlands Western Australia 6009

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