

ROBUST FINANCIAL RESULTS DELIVERED FROM PRODUCTION AT CERRO BAYO

Low-Grade Stockpile Processing at Full Capacity by Mandalay Resources

Equus Mining Limited ('Equus' or 'Company') (**ASX: EQE**) is pleased to announce reported production cost results from Mandalay Resources ('Mandalay') for the processing of low-grade stockpiles via the recommissioning of the 0.5Mtpa Cerro Bayo flotation plant at the Cerro Bayo Project, Chile.

HIGHLIGHTS

- ▶ Successful recommissioning and commencement of **processing of low-grade stockpiles has achieved attractive production costs and cash generation** for Mandalay Resources **over 44 days** of full production since commissioning the plant on 20 February 2021 till March 31¹.
 - ▶ **Cash cost** per oz gold eq. produced – USD\$995/oz¹
 - ▶ **Cash margin** – based on an average Q1 2021 gold price of USD\$1795 /oz indicates a cash margin of USD\$800/oz gold to an approximate margin of USD\$1.09 million over the 44 day production period equivalent to approximately USD\$743,000 /month¹
- ▶ Over the same period Mandalay have **processed a total of 54.124kt of ore and produced 43,699 ounces of silver and 724 ounces of gold¹ (1,363 gold equivalent ounces²)**
- ▶ Average recoveries achieved of 81.27% silver and 83.43% gold in line with forecasts at these grades¹.
- ▶ Mandalay has permitted production of a further 1.68Mt of stockpile ore sufficient for over 3 years of production with significant additional volumes of low-grade stockpiles present throughout the Cerro Bayo mine district.
- ▶ Equus is optimally positioned to seamlessly take control of all the Cerro Bayo mine infrastructure and to continue production through exercise of the option with Mandalay Resources prior to January 2022³.
 - ▶ Exercise of the Cerro Bayo option by Equus requires no upfront cash consideration³.
- ▶ Expected cashflows from the processing of the stockpiles has the potential to assist in funding future exploration and resource development activities at Cerro Bayo following exercise of the option.

Damien Koerber, Chief Operating Officer, Equus Mining Commented:

"The operating margins and recoveries currently being achieved by Mandalay through the processing of low-grade stockpiles are extremely encouraging. Equus is in an extremely unique position to seamlessly take control of the Cerro Bayo infrastructure via the exercise of the option with no upfront cash requirement and immediately transition to becoming a producer with cash generation to fund our exploration activities.

These results increase our confidence of the economic viability of our existing higher grade Mineral Resources at Cerro Bayo. With a large highly prospective land package at Cerro Bayo we are well positioned to continue and ramp up production from existing and newly discovered resources.

¹ Mandalay Resources Corporation Announces Financial Results for the First Quarter of 2021

² Au equiv= Au Oz + (Ag Oz/68.3)

³ ASX Announcement - Equus Executes Agreement to Explore and Option to Acquire Mandalay Resources Corporation's Cerro Bayo Mining Project
<https://wcsecure.weblink.com.au/pdf/EQE/02117478.pdf>

CERRO BAYO PROCESSING PLANT COMMISSIONING

Following the successful recommissioning of the Cerro Bayo 0.5Mtpa flotation plant and commencement of processing of low-grade stockpiles in late February 2021, Mandalay have delivered positive financial results.

Since commissioning the 0.5Mtpa plant at Cerro Bayo Mandalay has processed a total 54.1kt of ore over 44 days of full production (Table 1).

Feedstock ore was provided from low-grade stockpiles located generally within 1km to the plant and Mandalay has permitted production of a further 1.68Mt of stockpiled ore sufficient for over 3 years of production. Significant additional volumes of low-grade stockpiles occur throughout the wider Cerro Bayo mine district adjacent to the historic centres of historic production.

Table 1: Cerro Bayo Plant – Low grade Stockpile Production Statistics⁴

	Unit	31 March 2021
Processed material	t	54,124
Head grade (Ag)	g/t	32.54
Head grade (Au)	g/t	0.5
Concentrate production	t	514
Av. Concentrate grade (Ag)	g/t	3,137.9
Av. Concentrate grade (Au)	g/t	52.6
Recoveries (Ag)	%	81.27
Recoveries (Au)	%	83.43
Contained silver	oz	43,699
Contained gold	oz	724
Gold equivalent produced	oz	1,363
Cash cost (gold eq. produced)	USD\$/oz	995
Cash margin Au eq.	USD\$/oz	800

Equus is encouraged by the recoveries achieved via processing of the low-grade stockpiles particularly in light of higher achieved average recoveries from historical production based on higher grade ore of approximately 93% and 91% for silver and gold respectively.⁵

Mine restart and resource inventory studies are advancing by in-country third party consultants for which the company is working to a schedule for re-start studies to be completed during 2021. These studies will include optimization of stockpile mining and potential application of ore sorting technologies to raise head grades.

Equus's option provides a near zero cash outlay to acquire 100% of the Cerro Bayo Project including the Project's mining properties, resources and mine infrastructure, including the now fully operational plant from Mandalay Resources Corporation⁶.

Within the expansive 295km² mining claim package at Cerro Bayo there is potential for additional feedstock for the plant with existing JORC 2012 compliant inferred resource at Taitao of 302koz gold equivalent oz at 2.5 g/t Au

⁴ Mandalay Resources Corporation Announces Financial Results for the First Quarter of 2021

⁵ Mandalay Resources Management's Discussion and Analysis For the year ended December 31, 2016

⁶ ASX Announcement - 8 October 2019 Equus Executes Option to Acquire Mandalay Resources Corporation's Cerro Bayo Mining Project

<https://wcsecure.weblink.com.au/pdf/EQE/02156517.pdf>

equivalent⁷, review underway of the remnant NI 43.101 resource at the Marcela Mine (21.8KOz gold, 2.74 Moz Oz silver with an average grade of 2.53 g/t gold, 318 g/t silver)⁸ and compelling exploration potential including at our Pegaso and Droughtmaster targets.

CERRO BAYO PROJECT

The Company's Flagship Cerro Bayo Project is held under a 3-year option to acquire 100% of all the Project's mining properties, resources and mine infrastructure from Mandalay Resources Corporation⁹. The project contains an operational 0.5Mtpa processing plant through which historical production of 645Koz Gold and 45Moz Silver¹⁰ was achieved up until the mine's temporary closure in mid-2017. The Cerro Bayo Project is located central to the approximate 350km² of prospective gold-silver claim holdings held by the company (Figure 1).

Equus is aggressively advancing drill testing of high priority brownfields drill targets, many of which are located along trend of several key historic producing mines within 2km from the processing plant and infrastructure. Results from this work will be released by the Company upon the scheduled receipt of results in the coming weeks.



Figure 1 – Location plan of Equus Mining's Cerro Bayo mining district and other projects.

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This announcement has been approved by the Managing Director, John Braham.

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⁷ ASX Announcement – Maiden Inferred Mineral Resource Estimate, Cerro Bayo Project <https://wsecure.weblink.com.au/pdf/EQE/02325391.pdf> & Gold equivalent (AuEq) is based on the formula $AuEq\ g/t = Au\ g/t + 0.0128 \times Ag\ g/t$

⁸ ASX Announcement – 26th Oct 2020 FURTHER SHALLOW HIGH-GRADE GOLD-SILVER RESULTS FROM DROUGHTMASTER AND PROJECT UPDATE <https://wsecure.weblink.com.au/pdf/EQE/02298655.pdf>

⁹ ASX Announcement - 8 October 2019 Equus Executes Option to Acquire Mandalay Resources Corporation's Cerro Bayo Mining Project <https://wsecure.weblink.com.au/pdf/EQE/02156517.pdf>

¹⁰ Based on Mandalay Resources Corporation, Cerro Bayo Mine NI 43-101 Technical Reports dated May 14, 2010. & March 21, 2017 Report #2699