

## **STRONG PRODUCTION & FINANCIAL RESULTS CONTINUE AT CERRO BAYO**

**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 at the 0.5Mtpa Cerro Bayo flotation plant at the Cerro Bayo Project, Chile.

### **HIGHLIGHTS**

- ▶ Mandalay continues to deliver consistent and strong production results at low costs via the processing of low-grade stockpiles at Cerro Bayo.
- ▶ During Q1 2021, Mandalay restarted the processing facility at Cerro Bayo and commenced the trial processing of mineralised waste dump materials with first sale of concentrate occurring at the start of April 2021.<sup>1</sup>
- ▶ Key Financial & Production Statistics for **three months ended 30 June 2021** (Mandalay's first full quarter of production):<sup>1</sup>
  - ▶ **Gold Produced:** 1,087ozs
  - ▶ **Silver Produced:** 87,062ozs
  - ▶ **Gold Equivalent Production:** 3,084ozs
  - ▶ **Cash Cost:** US\$1,097/oz
  - ▶ **All in sustaining cost:** US\$1,110/oz
  - ▶ **Adjusted EBITDA:** US\$1.8M
- ▶ Mandalay has permitted production of a further 1.55Mt 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 2022<sup>2</sup>.
  - ▶ Exercise of the Cerro Bayo option by Equus requires no upfront cash consideration<sup>3</sup>.
- ▶ 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:**

*"We continue to be impressed by the production and cost profiles achieved by Mandalay at Cerro Bayo. With the first full quarter of production now complete we have a better picture of the consistency of the processing capabilities of the plant and production and positive cashflows achievable from the low-grade stockpiles within Cerro Bayo. This information is extremely valuable as we approach a potential exercise of our option over the Cerro Bayo mine district and is increasing our confidence of the economic viability of our existing, as well as any future higher grade Mineral Resources."*

### **CERRO BAYO PROCESSING PLANT PRODUCTION OVERVIEW**

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 production and financial results.

<sup>1</sup> Mandalay Resources Corporation Announces Financial Results for the three and six months ended June 30, 2021

<sup>2</sup> 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>

Since recommissioning the 0.5Mtpa plant at Cerro Bayo on 20 February 2021, Mandalay has processed a total 183kt of ore (please refer to Table 1 & Table 2 for full financial and production statistics).

**Table 1: Cerro Bayo Financial Results<sup>3</sup>**

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Revenue	5,411	-	5,411	-
Cost of sales	3,576	-	3,695	-
Income from operations (excl. depreciation & depletion)	1,835	-	1,716	-
General and administrative costs (a)	36	41	31	85
Adjusted EBITDA (b,d)	1,835	-	1,759	8
Depreciation & depletion	-	142	-	311
Adjusted EBIT (c)	1,799	-183	1,685	-396
Care and maintenance	-	488	383	1,093
Revision of reclamation liability	-	-5,783	-	-5,783
Finance costs, foreign exchange and others (c)	208	335	-248	523
Income before tax	1,591	4,777	1,550	3,771
Current tax expense	-	5	-	5
Adjusted net income (loss) after tax and before special items (d)	1,591	-1,499	1,167	-3,110
Consolidated net income after tax	1,591	4,772	1,550	3,766
Total capital expenditure (Capital purchases)	40	26	40	26

- a) Includes intercompany transfer pricing recharge costs of \$36,000 and \$74,000 for three and six months ended June 30, 2021 and \$41,000 and \$93,000 for the same period of 2020.
- b) Does not include intercompany transfer pricing recharge costs.
- c) Others includes such items as intercompany transfer pricing recharge for marketing fees and stock-based compensation of \$109,000 and \$110,000 for the three and six months ending June 30, 2021, and \$nil for the corresponding period of 2020.
- d) Income from operations (excl. depreciation & depletion) and Adjusted EBITDA, Adjusted EBIT and Adjusted net income are non-IFRS

Feedstock ore was provided from low-grade stockpiles located generally within 1km to the plant and Mandalay has permitted production of a further 1.55Mt 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.

<sup>3</sup> Mandalay Resources Corporation Announces Financial Results for the three and six months ended June 30, 2021

**Table 2: Cerro Bayo Operating Results<sup>4</sup>**

	Unit	Jun-30		Jun-30	
		2021	2020	2021	2020
Processed ore	t	128,905	-	183,029	-
Processed ore mill head grade Au	g/t	0.53	-	0.52	-
Processed ore mill head grade Ag	g/t	27.67	-	29.11	-
Recovery Au	%	83.25	-	83.32	-
Recovery Ag	%	77.25	-	77.99	-
Saleable Au produced	oz	1,807	-	2,531	-
Saleable Ag produced	oz	87,062	-	130,761	-
Saleable Au equivalent produced	oz	3,084	-	4,447	-
Processing cost per tonne ore	\$/t	15.51	-	16.77	-
Au sold	oz	1,728	-	1,728	-
Ag sold	oz	90,024	-	90,024	-
Au equivalent sold	oz	3,049	-	3,049	-

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 Corporation<sup>5</sup>.

Within the expansive 295km<sup>2</sup> mining claim package at Cerro Bayo there is significant potential to define additional feedstock for the plant by converting higher-grade Inferred Mineral Resources to Ore Reserves at Taitao<sup>6</sup> and evaluating numerous high-grade remnants and extensions around previously mined areas, not to mention the Company's compelling exploration potential at our Pegaso and Droughtmaster targets.

<sup>4</sup> Mandalay Resources Corporation Announces Financial Results for the three and six months ended June 30, 2021

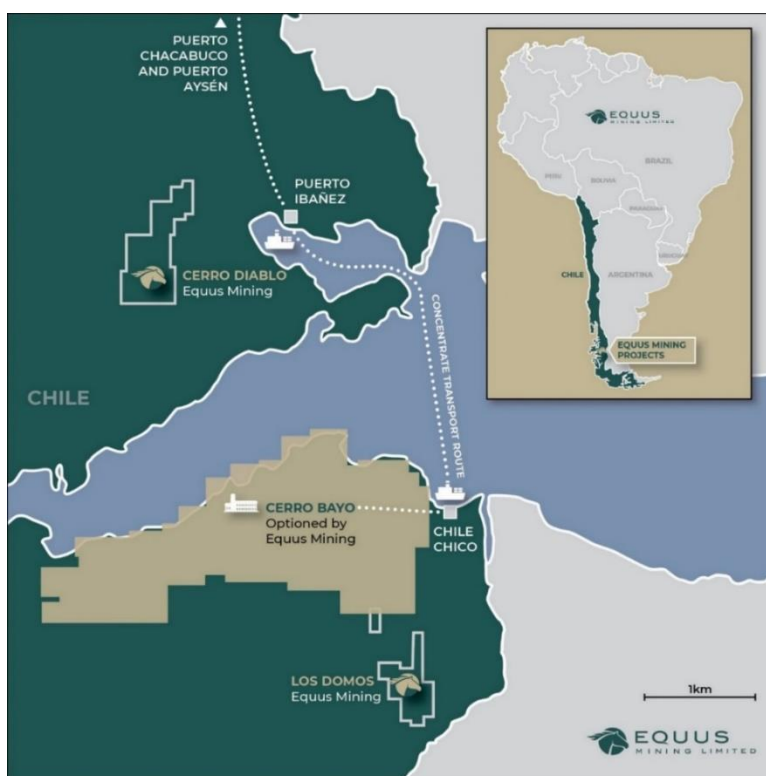
<sup>5</sup> ASX Announcement - 8 October 2019 Equus Executes Option to Acquire Mandalay Resources Corporation's Cerro Bayo Mining Project <https://wsecure.weblink.com.au/pdf/EQE/02156517.pdf>

<sup>6</sup> 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 x Ag g/t

## 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 Corporation<sup>7</sup>. The project contains an operational 0.5Mtpa processing plant through which historical production of 645Koz Gold and 45Moz Silver<sup>8</sup> was achieved up until the mine's temporary closure in mid-2017. The Cerro Bayo Project is located central to the approximate 350km<sup>2</sup> 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.*

**- END -**

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

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<sup>7</sup> 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>

<sup>8</sup> Based on Mandalay Resources Corporation, Cerro Bayo Mine NI 43-101 Technical Reports dated May 14, 2010. & March 21, 2017 Report #2699