

ACQUISITION OF CERRO BAYO PROJECT COMPLETED

Equus Mining Limited ('Equus' or 'Company') (**ASX: EQE**) is pleased to announce that the Company has completed the acquisition of the Cerro Bayo Project from Mandalay Resources ('Mandalay') and now owns 100% of all the mine infrastructure, including the operational 0.5Mtpa Cerro Bayo flotation plant and stockpile processing, mining infrastructure, existing mineral resources and 295 km² mining claim package.

HIGHLIGHTS

- ▶ **Equus completes acquisition of the Cerro Bayo Project** from Mandalay Resources and will now take control of the entire Cerro Bayo Project area and mine infrastructure located in Chile.

Cerro Bayo Infrastructure

- ▶ Fully operational 0.5Mtpa processing plant currently processing low-grade stockpiles at a rate of approximately 40Kt per month.
- ▶ Mandalay has delivered consistent and robust production results at relatively low operational costs via the processing of low-grade stockpiles at Cerro Bayo since recommissioning the plant in Feb 2021.¹

	Unit	Three months ended Sep 30		Nine months ended Sep 30	
		2021	2020	2021	2020
Au Produced	oz	1,763	-	4,294	-
Ag Produced	oz	85,279	-	216,040	-
Au eq. Produced	oz	2,925	-	7,372	-
Au Sold	oz	1,872	-	3,600	-
Ag Sold	oz	87,396	-	177,420	-
Au eq. Sold	oz	3,062	-	6,111	-
AISC per oz Au eq. produced	USD\$/oz	1,303	-	1,165	-

Cerro Bayo Mineral Resources & Exploration Targets

- ▶ Expansive 295km² mining claim package hosting current Inferred Mineral Resources and numerous high potential Brownfields and Greenfields exploration targets including:
 - ▶ Taitao Pit - Maiden Inferred Mineral Resource Estimate (MRE) of 302k Au equiv. oz @ 2.5 g/t Au equiv.² with significant potential resource extensions at depth and along strike
 - ▶ Pegaso Targets - Cumulative 3.5km long targets along strike from high-grade historic mines located within 2km from plant infrastructure with significant drill results received to date including: 1.66m @ 2.88 g/t Au and 152.25 g/t Ag (5.22 g/t Au equivalent³) from 189.02m⁴ and 2.77m @ 1.09 g/t Au, 263.34 g/t Ag (5.14 g/t Au equivalent³) from 55.95m⁵
 - ▶ Droughtmaster Prospect - Newly generated target located 12km SE of the processing plant with significant drill results received to date including 3.81m @ 20.4 g/t Au and 55.5 g/t Ag (21.25 g/t Au equivalent³) from 109m⁶ and 3.0m @ 9.17 g/t Au, 172.9 g/t Ag (11.83 g/t Au equivalent³) from 68.75m⁷

¹ Mandalay Resources Corporation Announces Financial Results for the three and nine months ended September 30, 2021

² ASX Announcement – 22 Dec 2020 Maiden Inferred Mineral Resource Estimate, Cerro Bayo Project <https://wcsecure.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

³ Gold equivalent (AuEq) is based on the formula AuEq = Au + (Ag/65)

⁴ ASX Announcement 18 May 2021 HIGH GRADE PEGASO DRILL RESULTS <https://wcsecure.weblink.com.au/pdf/EQE/02375650.pdf>

⁵ ASX Announcement 5 August 2021 Further High Grade Gold Silver Results at Pegaso <https://wcsecure.weblink.com.au/pdf/EQE/02403948.pdf>

⁶ ASX Announcement -25 May 2020 STANDOUT INTERSECTION BOLSTERS DROUGHTMASTER POTENTIAL <https://wcsecure.weblink.com.au/pdf/EQE/02238028.pdf>

⁷ ASX Announcement - 26 Oct 2020 Shallow High-Grade Gold-Silver Results – Droughtmaster <https://wcsecure.weblink.com.au/pdf/EQE/02298655.pdf>

John Braham, Managing Director, Equus Mining Commented:

"The completion of the acquisition of the Cerro Bayo Project is an exciting milestone which uniquely positions the Company amongst its peers to leverage off a fully operational plant producing gold and silver, a significant existing resource base and a large, highly prospective land package in what is considered one of the premier epithermal gold-silver mining provinces globally.

We have been closely working with Mandalay since commencement of the stockpile processing and are now well positioned to seamlessly take full control of the plant and begin generating revenue for the Company. I would like to also take this opportunity to thank the local, in-country workforce of Mandalay for their continued support and assistance through the option period and welcome them into the team to execute the next exciting growth phase of the Cerro Bayo Project under Equus.

CERRO BAYO MINERAL RESOURCES AND EXPLORATION POTENTIAL

Within the expansive 295km² mining claim package at Cerro Bayo, Equus is evaluating potential for future higher grade feedstock for the plant based on the JORC 2012 compliant inferred resource at Taitao of 302koz gold equivalent at 2.5 g/t Au equivalent⁸, 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)⁹ and potential extensions to mineralisation adjacent to the numerous other historic mines throughout the Cerro Bayo Project. In parallel, the Company is aggressively exploring what it believes to be compelling potential at our Pegaso and Droughtmaster targets, as well as >100 historically identified veins throughout the Cerro Bayo district that the Company considers underexplored.

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.

Since recommissioning the 0.5Mtpa plant at Cerro Bayo on 20 February 2021, Mandalay has processed a total of 311kt of ore (please refer to Table 1 & Table 2 for full financial and production statistics) and generated a Consolidated net income after tax of USD\$4,276,000 to September 30.

Feedstock ore was sourced from low-grade stockpiles located generally within 1km of the plant for which permitted production of a further 1.55Mt of stockpiled ore is 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.

⁸ ASX Announcement – 22 Dec 2020 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

⁹ Based on Mandalay Resources Corporation, Cerro Bayo Mine NI 43-101 Technical Reports dated May 14, 2010 & March 21, 2017 Report #2699

Table 1: Cerro Bayo Financial Results¹⁰

	Three months ended September 30		Nine months ended September 30	
	2021 USD\$ 000	2020 USD\$ 000	2021 USD\$ 000	2020 USD\$ 000
Revenue	5,043	-	10,454	-
Cost of sales	3,531	-	7,226	-
Income from operations (excl. depreciation & depletion) (d)	1,512	-	3,228	-
General and administrative costs (a)	11	43	42	128
Adjusted EBITDA (b,d)	1,512	-	3,271	8
Depreciation & depletion	-	136	-	448
Adjusted EBIT (d)	1,501	(179)	3,186	(576)
Care and maintenance	-	511	383	1,604
Revision of reclamation liability	-	-	-	(5,783)
Finance costs, foreign exchange and others (c)	(1,224)	607	(1,473)	1,130
Income (loss) before tax	2,725	(1,297)	4,276	2,473
Current tax expense	-	-	-	5
Adjusted net income (loss) after tax and before special items (d)	2,725	(786)	4,659	(1,711)
Consolidated net income after tax	2,725	(1,297)	4,276	2,468
Total capital expenditure (Capital purchases)	175	-	214	26

- a) Includes intercompany transfer pricing recharge costs of \$11,000 and \$85,000 for three and nine months ended September 30, 2021 and \$43,000 and \$136,000 for the same periods 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 \$219,000 for the three and nine months ending September 30, 2021, and \$nil for the corresponding periods of 2020
- d) Income from operations (excl. depreciation & depletion) and Adjusted EBITDA, Adjusted EBIT and Adjusted net income are non-IFRS performance measures.

¹⁰ Mandalay Resources Corporation Announces Financial Results for the three and nine months ended September 30, 2021

Table 2: Cerro Bayo Operating Results¹¹

	Unit	Three months ended Sep 30		Nine months ended Sep 30	
		2021	2020	2021	2020
Processed ore	t	127,571	-	310,600	-
Processed ore mill head grade Au	g/t	0.52	-	0.52	-
Processed ore mill head grade Ag	g/t	27.73	-	28.94	-
Recovery Au	%	83.03	-	83.21	-
Recovery Ag	%	74.97	-	76.86	-
Saleable Au produced	oz	1,763	-	4,295	-
Saleable Ag produced	oz	85,279	-	216,040	-
Saleable Au equivalent produced	oz	2,925	-	7,372	-
Processing cost per tonne ore	\$/t	16.48	-	16.65	-
Au sold	oz	1,827	-	3,600	-
Ag sold	oz	87,396	-	177,420	-
Au eq. sold	oz	3,062	-	6,111	-
Cash cost	USD\$/Au eq. oz	1,243	-	1,136	-
All-in sustaining costs	USD\$/Au eq. oz	1,303	-	1,165	-

CERRO BAYO PROJECT

The Company's Flagship Cerro Bayo Project is located in a premier epithermal gold-silver producing province from which historical production of 645Koz Gold and 45Moz Silver¹² was achieved at average grades of 2.81 g/t gold and 196 g/t silver, up until the mine's temporary closure in mid-2017. The Cerro Bayo Project hosts an operational 0.5Mtpa processing plant and 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 and greenfields targets, many of which are located along trend of several key historic producing mines within 2km from the processing plant and infrastructure.

¹¹ Mandalay Resources Corporation Announces Financial Results for the three and nine months ended September 30, 2021

¹² Based on Mandalay Resources Corporation, Cerro Bayo Mine NI 43-101 Technical Reports dated May 14, 2010. & March 21, 2017 Report #2699



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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