

EQUUS MINING LIMITED

ABN 44 065 212 679

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2021

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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 2021.

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 Non Executive Director of public listed companies Nickel Mines Limited and Terracom Limited. He 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 is currently Non-Executive Director of public listed company Nickel Mines Limited, Director of Australian Transport, Energy Corridor Pty Limited and Montem Resources Limited.

John Richard Braham, Managing Director

Director since 13 November 2018

Mr Braham is an experienced Mining Finance and Investment professional with a 24-year career at Macquarie Bank, the last 11 of which were as an Executive Director within the Mining Finance Division.

John built and ran a successful mining finance business in New York for Macquarie Bank from 2001 to 2008, providing capital to the junior mining industry. This involved providing debt and equity to exploration companies and mine developers in both North and South America including companies operating in Argentina, Peru and Chile.

On returning to Australia, John built a successful bulk commodity finance business for Macquarie Bank which he ran from 2008 to 2017 based in Sydney. John is a Director of public listed company Castile Resources Limited.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Damien John Koerber, Executive Director, Chief Operating Officer

Director since 27 November 2019

Mr Koerber commenced with Equus in 2012 as exploration manager at the Naltagua copper project in Chile which brought considerable senior management and technical experience in the resources industry, from both in Australia and throughout South America.

Mr Koerber is a geologist with 30 years of exploration experience, mainly throughout and based in Latin America. He has held senior management and consulting exploration and business development positions in companies including Billiton Gold (Northern Territory and Western Australia), North (Chile), Rio Algom (Chile), Newcrest (Chile, Argentina and Peru), MIM (Argentina and Brazil), Patagonia Gold SA (Chile and Argentina) and Mirasol Resources (Chile and Argentina).

During his career, he has been directly involved in several discoveries including Cleo-Sunrise Dam (Western Australia), Tanami (Northern Territory), Union Reefs (Northern Territory) and Cap Oeste-COSE (Argentina).

Mr Koerber graduated from the UNSW (BSc. Geology Hons Class 1) in 1989 and is a bilingual, Australian geologist.

Robert Ainslie Yeates, Non-Executive Director

Director since 20 July 2015

Dr 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 20 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 ASX-listed Baralaba Coal Company Limited (formerly Cockatoo Coal Limited), and from 2016 to 2019 he was a director of Watagan Mining Ltd and from 2018 to early 2020 was a director of Montem Resources Limited.

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DIRECTORS' REPORT

David (Ted) Harcourt Coupland, Non-Executive Director

Director since 21 June 2021

Ted Coupland has over 30 years of experience in the mining, exploration and resource finance industry and holds qualifications in geology, geostatistics, mineral economics and finance. Ted has had a comprehensive technical career in the resources sector covering exploration, mine geology, resource estimation, risk analysis, resource consulting and business management. Ted spent 6 years between 2013 and 2018 working in Macquarie Bank's Mining Finance team where he specialised in technical due diligence, deal origination, client relationship management, principal equity investing, mezzanine finance, structured project finance and commodity derivative structures. As a professional Geologist and Geostatistician, Ted has been involved with many technically challenging resource projects around the globe covering a range of commodities including gold, silver, copper, base metals, PGM's, bauxite and coal.

Ted holds a Bachelor of Science (Geology) from the University of New England, Post-Graduate Degree in Geostatistics from the Paris School of Mines, Post-Graduate Diploma in Mineral Economics from Macquarie University and a Post-Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia. Ted is a Corporate Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr. Coupland is currently a Director of public listed company Odin Metals Limited.

Ryan Austerberry, Non-Executive Director

Director since 2 December 2021

Ryan Austerberry has over 15 years of experience in the resource industry with a background in Mining Engineering, predominantly undertaking technical roles and operations management. Ryan has had comprehensive technical roles and operations management through a variety of mining engineering roles into project work.

Ryan has been with Mandalay Resources Corporation (TSX:MDN) ('Mandalay') for most of his career, he is the current General Manager of Operations at Costerfield in Victoria and previously was General Manager of Björkdal in Sweden. Ryan has previously assisted with developing Cerro Bayo and has operational knowledge of the Cerro Bayo Mine in Chile.

Ryan holds a Bachelor of Applied Science from the Royal Melbourne Institute of Technology, a Post-Graduate Diploma in Mining from the University of Ballarat, and an MBA from the Australian Institute of Business. Ryan is a Chartered Professional in Mining with the Australasian Institute of Mining and Metallurgy (AusIMM) and a graduate of the Australian Institute of Company Directors.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Review of Operations

Corporate Activities

During the period ended 31 December 2021, the significant changes in the state of affairs of the Group were as follows:

On 7 July 2021, the Company obtained approval at a shareholders' meeting to issue tranche two of the placement announced in May 2021 to institutional investors and a Director of the Company by issuing 204,973,636 ordinary shares at an issue price of \$0.011 raising \$2,254,710 before costs.

On 14 September 2021, the Company issued 1,250,000 new ordinary shares fully paid shares to a consultant as consideration for Geological Technical Services provided in connection with the Cerro Bayo project in southern Chile.

On 1 October 2021, Mr. John Sadek was appointed as Country Manager in Chile and was issued 2,500,000 new ordinary shares fully paid shares as part of his employment agreement.

On 11 October 2021, Equus executed its option with Mandalay Resources Corporation ('Mandalay') over the Cerro Bayo Project in southern Chile to acquire 100% equity in Compañía Minera Cerro Bayo Limitada ('CMCB').

On 25 November 2021, at the Annual General Meeting, shareholders approved the acquisition of CMCB from Mandalay, and on 2 December 2021, Equus issued 587,502,438 ordinary shares to Mandalay to acquire 100% of the equity interest in CMCB. In addition, the Equus will pay Mandalay 2.25% of the Net Smelter Returns (NSR Royalty) upon the production of 50,000 gold equivalent ounces.

On 2 December 2021, Equus appointed Mr. Ryan Austerberry as Non-executive Director.

On 8 December 2021, the Company consolidated its issued securities (ordinary shares and options) on a 1 for 20 basis.

During December 2021, the Company announced a placement to be conducted on two tranches on a post consolidated basis.

- The Placement was conducted under two tranches. Under tranche 1 the Company issued 13,080,000 new ordinary shares at an issue price of \$0.17 per share for a total consideration of \$2,223,600 before costs.
- Tranche 2 of the placement was completed subsequent to 31 December 2021 and the company issued 6,355,294 ordinary shares raising \$1,080,400 before costs.

Financial position and performance

The Group recognised a loss for the half year period ended 31 December 2021 of \$1,056,077 (31 December 2020: Loss \$883,684). The net assets of the Group at 31 December 2021 were \$22,210,439 (30 June 2021: \$15,099,715) including cash of \$5,068,167 (30 June 2021: \$4,724,429).

During the period Equus spent \$3,233,922 of cash in exploration and evaluation activities.

DIRECTORS' REPORT

CERRO BAYO MINE DISTRICT AND INFRASTRUCTURE ACQUISITION OPTION

On the 7th October 2019, Equus executed an agreement with Mandalay Resources Corporation (TSX:MND, OTCQB: MNDJF) for a 3-year option to acquire Mandalay's Cerro Bayo Project in Region XI, Southern Chile. The Cerro Bayo Project infrastructure is optimally situated nearby Equus's Los Domos and Cerro Diablo Projects.

Following shareholder approval obtained on 27 November 2021,¹ Equus completed its acquisition of the Cerro Bayo Project from Mandalay Resources and took control of the entire Cerro Bayo Project area and mine infrastructure. The transaction completed an important transition for the Company in becoming a producer and explorer funded by cash flow, with the operating mine and infrastructure central to its larger exploration package and existing resources.²

The Cerro Bayo mining property comprises 29,495 hectares of mining claims which are optimally located with respect to the mine infrastructure. As identified by drilling and mapping to date, from which a large database of surface and drill hole geochemical and geological data was compiled, the Cerro Bayo Project area hosts at least 100 veins, stockwork and breccia structures hosting gold and silver mineralization for which the company considers highly prospective.

The project includes an operational 1,500tpd flotation processing plant for which Mandalay Resources commenced processing of low-grade stockpiles in late February 2021 via the commissioning of the plant which was previously on care and maintenance.³ The mine infrastructure also includes a permitted tailings storage facility and all power generation, in addition to a large proportion of the fixed and mobile plant required for a potential restart of mining of insitu resources.

Cerro Bayo mine historic gold and silver production between the period 1995 to 2008 under the ownership of Coeur Mining Inc, was approximately 4.9 million tonnes grading 5.67 g/t AuEq⁴ (3.3 g/t Au and 178 g/t Ag⁵) for a total of 892kOz AuEq⁴ (519kOz Au, 27.95Moz Ag⁵).

Production by Mandalay Resources Corporation from 2011 to mid 2017 was approximately 2.3 million tonnes with average grades of 4.96 g/t AuEq⁴ (1.8 g/t Au and 237 g/t Ag⁵) for a total of 366kOz AuEq⁴ (133,119 Oz Au, 17.52 Moz Ag). Mandalay produced an additional 5,304 oz Au and 266,596 oz Ag from the processing of low grade stockpiles since recommissioning of the plant on 20 Feb 2021 till the exercise of the option by Equus on 1 December 2021. Equus has continued this processing since taking control of the mine infrastructure producing 693 oz Au and 27,921 oz Ag during the month of December 2021.

Within the expansive 295km² mining claim package at Cerro Bayo, Equus is evaluating potential for future higher grade feedstock for the plant based on several potential sources which include the JORC 2012 compliant inferred resource at Taitao of 302koz gold equivalent at 2.5 g/t Au equivalent⁶, the remnant 2017 NI 43.101 resource at the Marcela-Raul Mine of 73.0 Koz AuEq.⁴ @ 6.3 g/t AuEq⁴ (29.7Koz Au @ 2.56 g/t Au, 3.25Moz Ag @ 280 g/t Ag)⁵ 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 Taitao, Pegaso, Brahman and Droughtmaster targets, and other large portions of the Cerro Bayo district that the Company considers underexplored.

¹ ASX Announcement 25 Nov 2021 - Results of Meeting

² ASX Announcement 11 Oct 2021 - Equus Executes Option to Acquire Cerro Bayo & ASX Announcement 2nd Dec 2021 - Equus Acquires Cerro Bayo

³ ASX Announcement 15 Apr 2021 Cerro Bayo Plant Back in Production

⁴ Gold Equivalent (AuEq) is based on the formula $AuEq\ g/t = Au\ g/t + (Ag\ g/t / 75)$

⁵ Reported effective December 31, 2016 by Mandalay Resources Corporation - Cerro Bayo Project, Project #2559 according to Canadian Institute of Mining definitions in an independent National Instrument 43-101 Technical Report filed March 31, 2017.

⁶ ASX Announcement - 22 Dec 2020 Maiden Inferred Mineral Resource Estimate, Cerro Bayo Project & Gold equivalent (AuEq) is based on the formula $AuEq\ g/t = Au\ g/t + 0.0128 \times Ag\ g/t$

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

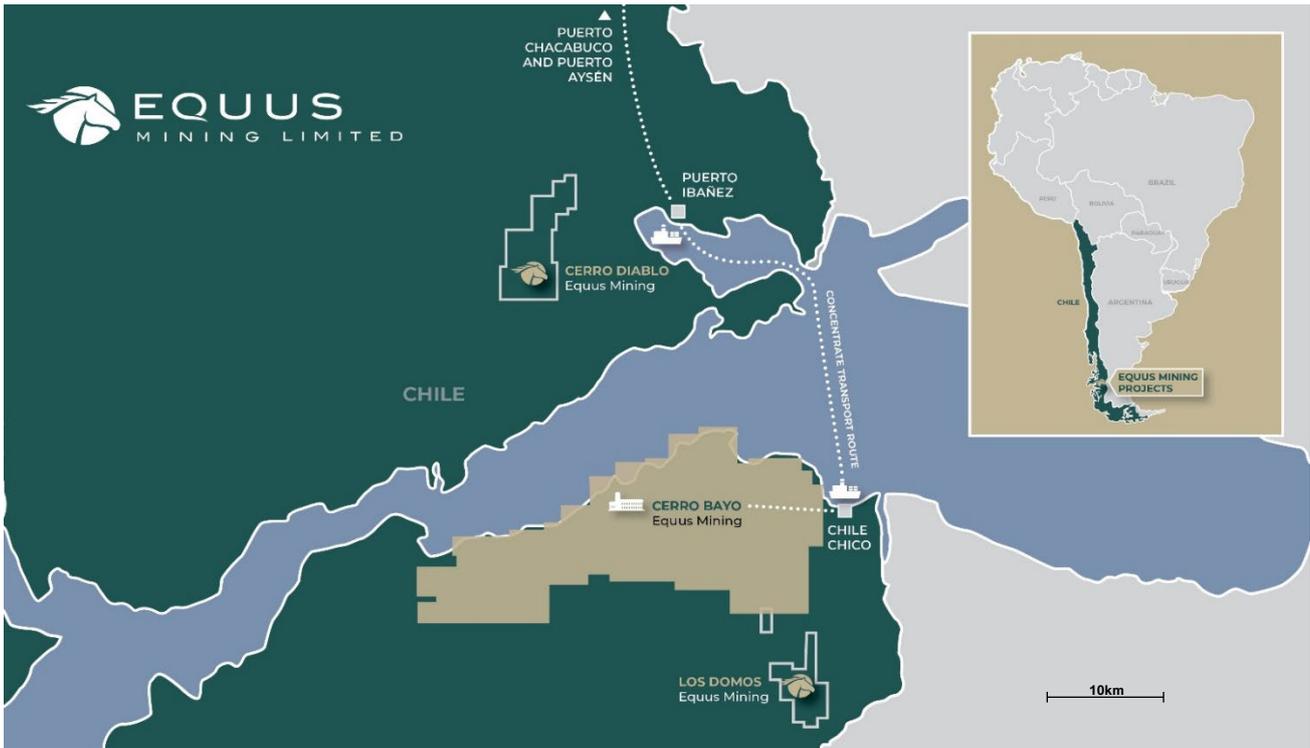


Figure 1 – Location plan of Equus Mining’s Cerro Bayo mining district and logistics routes, and other projects

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

CERRO BAYO PRODUCTION RESULTS

Production and sales results through the end of November 2021 correspond to the ownership of Mandalay and have been reported by Mandalay. The operation's complete 2021 Fourth Quarter and Full Year results are included herein as reference (Table 1).

Production and sales for December 2021 correspond to the first month of operation under the ownership and control of Equus.

Table 1: December, Fourth Quarter and Year 2021 Production and Costs Highlights

Production and Cash Cost		Month ended December 31, 2021	Quarter ended December 31, 2021	Year ended December 31, 2021
Ore Processed	dmt	42,082	123,213	433,812
Feed Grade Au	g/t	0.62	0.52	0.52
Feed Grade Ag	g/t	27.8	26.8	27.9
Gold in Mill Feed	oz	844	2,062	7,214
Silver in Mill Feed	oz	37,568	106,230	389,315
Concentrate produced	dmt	314	875	3,190
Concentrate Grade Au	g/t	68.6	60.5	58.5
Concentrate Grade Ag	g/t	2,712	2,788	2,872
Recovery Au	%	82.1	82.6	83.1
Recovery Ag	%	74.3	73.9	75.7
Gold Production	oz	693	1,703	5,997
Silver Production	oz	27,921	78,477	294,517
Gold Equiv. Production	AuEq.oz *	1,044	2,722	10,120
Cash Cost	\$/AuEq.oz	1,097	1,285	1,128

(*) Gold equivalent ounces ("AuEq.oz") of each period are calculated by multiplying the quantities of gold ("Au") and silver ("Ag") by the respective average market prices of that period, adding those amounts to derive a "total value", and then dividing that total value by the average market price of Au for the period. Au and Ag prices for each period are calculated as the average of the daily LBMA AM and PM Precious Metals Prices, with price on weekend days and holidays taken as the previous business day. The source for Au and Ag prices is www.lbma.org.uk.

TAITAO

Post the end of the reporting period partial high grade results (approximately 25%) were received from the 1st of 3 holes (CBD080- CBD082) completed to date on the central eastern margin of the Taitao Pit (Figure 2).⁷ These include:

- ▶ CBD082:
 - **4.14m @ 11.0 g/t Au, 520.0 g/t Ag (17.9 g/t AuEq⁸)** from 92.01m Including **2.64m @ 16.3 g/t Au, 736.1 g/t Ag (26.1 g/t AuEq⁸)** from 92.01m
 - **0.42m @ 18.65 g/t Au and 19.0 g/t Ag (18.9 g/t AuEq⁸)** from 105.73m
 - **0.59m @ 3.66 g/t Au and 182.0 g/t Ag (6.1 g/t AuEq⁸)** from 134.92m

⁷ ASX Announcement 20 Jan 2022 - Cerro Bayo Exploration update

⁸ Gold Equivalent (AuEq) is based on the formula $AuEq\ g/t = Au\ g/t + (Ag\ g/t / 75)$. The AuEq formula assumes a gold and silver price of US\$1,800/oz and US\$24/oz respectively and similar recoveries for gold and silver. Gold and silver recovery assumptions are based on historical performance of the Cerro Bayo processing plant

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

- ▶ CBD080:
 - **0.89m @ 1.8 g/t Au and 800.4 g/t Ag (12.4 g/t AuEq⁸)** from 45.31m
 - **1.61m @ 6.1 g/t Au and 9.8 g/t Ag (6.23 g/t AuEq⁸)** from 153.3m
- ▶ CBD081:
 - **0.73m @ 3.64 g/t Au and 1500.0 g/t Ag (23.64 g/t AuEq⁸)** from 56.1m
 - **2.44m @ 6.13 g/t Au and 44.5 g/t Ag (6.73 g/t AuEq⁸)** from 135.91m Including **0.76m @ 13.45 g/t Au, 74.0 g/t Ag (14.44 g/t AuEq⁸)** from 136.72m

The intercept in hole CBD082 represents an interpreted new, high grade vein-breccia hosted within a large scale, low angle easterly dipping fault, the surface expression of which broadly corresponds to the Taitao Pit (Figure 3). This fault is interpreted to extend down dip at depth towards the sub vertical dipping Pegaso II and III structures and presents a series of highly prospective additional targets below the current level of drilling.

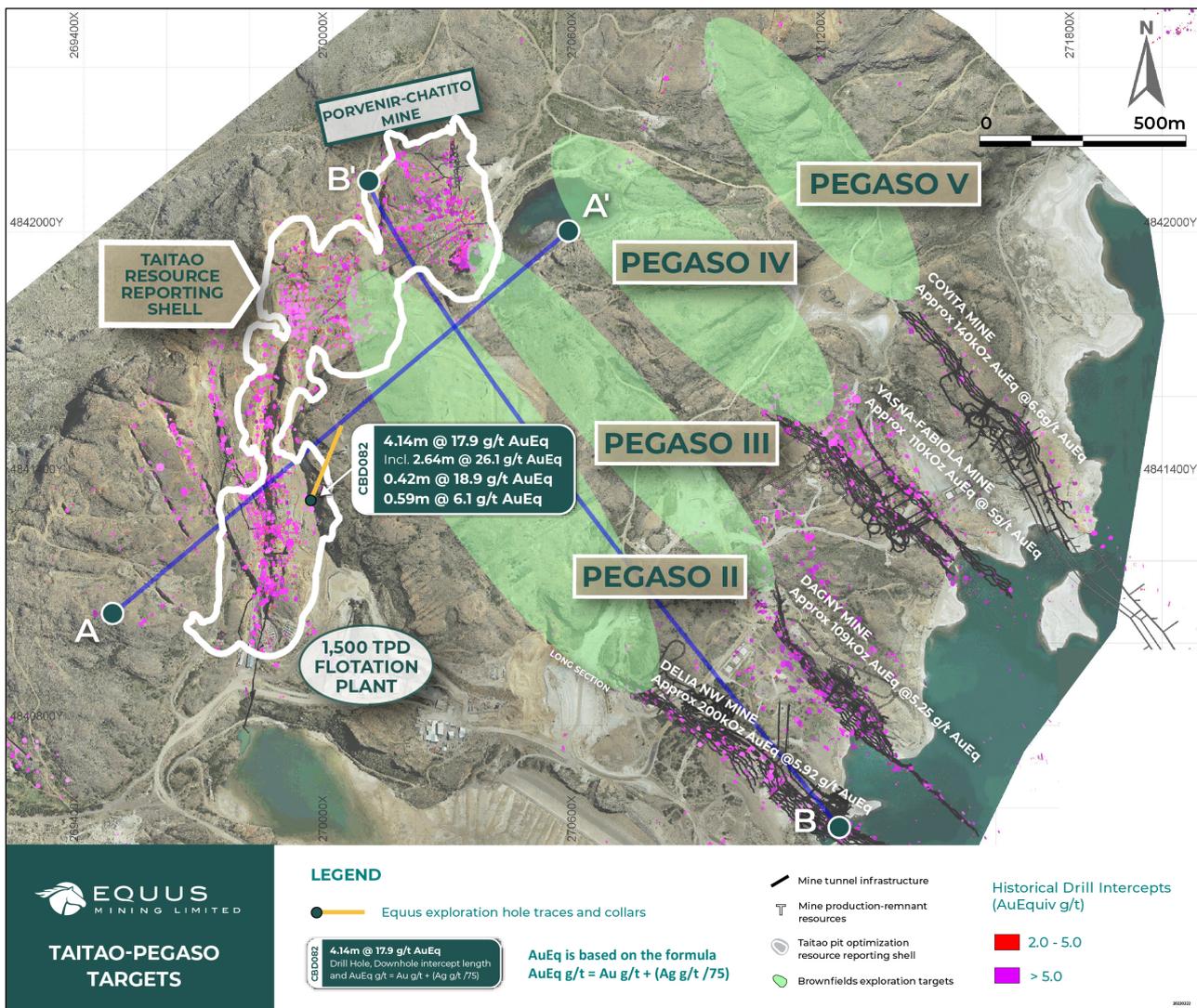


Figure 2 – Plan view showing locations of Taitao-Pegaso II-Pegaso V targets, approximate conceptual Taitao Pit limit, cross section A-A' (Figure 2) and Long Section B-B' (Figure 3) and historic underground mine workings and summary resources of the Delia, Dagny, Fabiola and Coyita Mines

DIRECTORS' REPORT

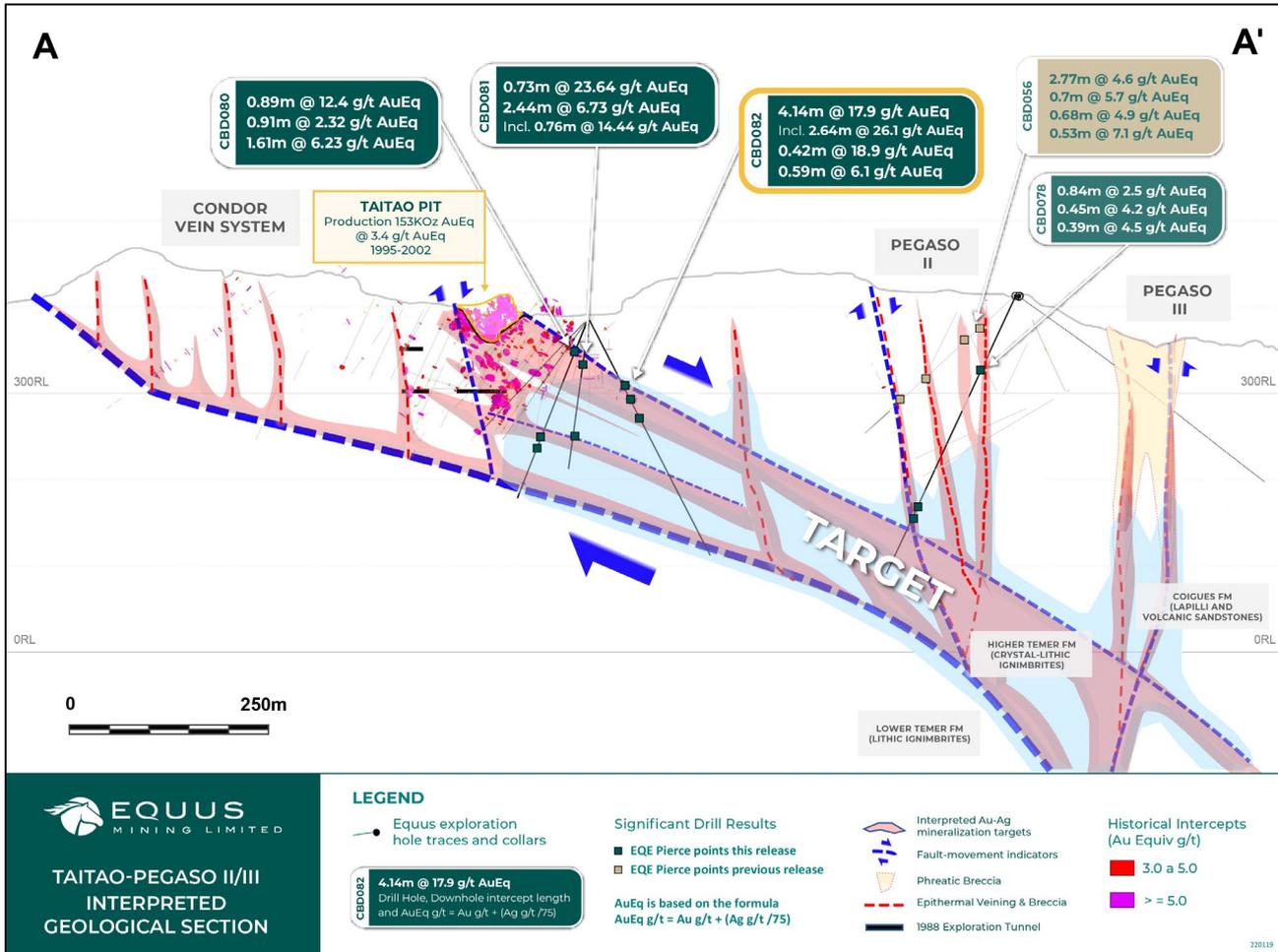


Figure 2 - A-A' Section view showing summary Equus and historic drill results, interpreted mineralization and exploration targets along and at intersections of low and high angle splays for the Condor- Taitao -Pegaso II-Pegaso III zones (west to east).

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

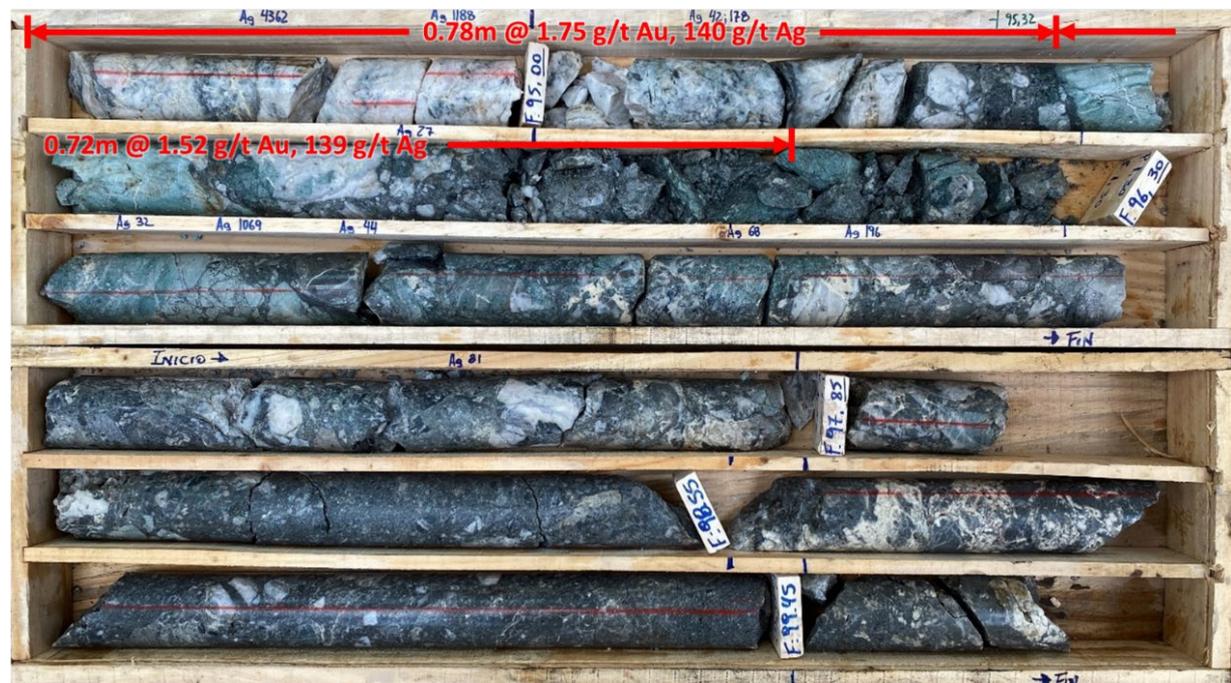
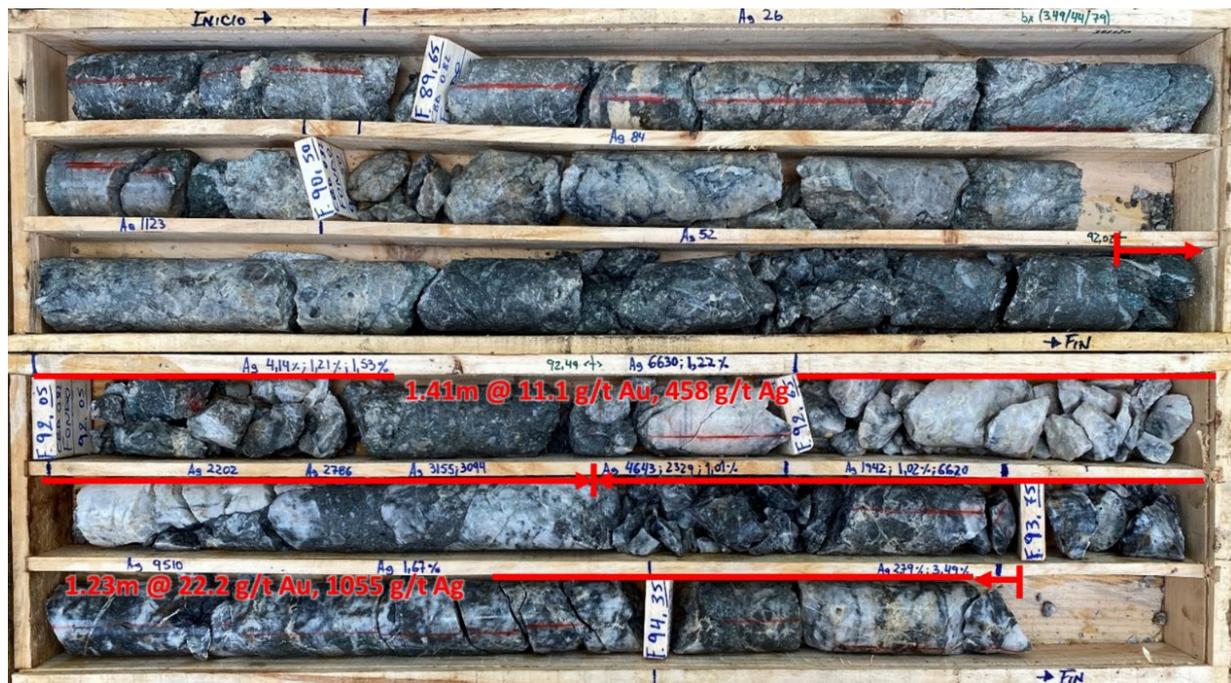


Photo 1. CBD082 drill core displaying the high grade epithermal vein-breccia interval which returned 4.14m @ 11.0 g/t Au, 520.0 g/t Ag (17.9 g/t AuEq⁸) from 92.01m -96.15m including 2.64m @ 16.3 g/t Au, 736.1 g/t Ag (26.1 g/t AuEq⁸) from 92.01-94.65m

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

PEGASO II-V TARGET DRILL RESULTS⁹

During the period, final assay results were received for drill holes (CBD051 – CBD057) totalling 1858.65m completed over an approximate 600m long central portion of the 1km long Pegaso II target.

Significant results reported to date include:

CBD051:

- ▶ **0.2m @ 4.49 g/t Au and 182 g/t Ag (6.92 g/t AuEq⁸)** from 258.95m

CBD053:

- ▶ **0.24m @ 7.07 g/t Au and 63.8 g/t Ag (7.92 g/t AuEq⁸)** from 187.56m

CBD054:

- ▶ **0.38m @ 5.84 g/t Au and 656 g/t Ag (14.59 g/t AuEq⁸)** from 169.27m

CBD056:

- ▶ **14.05m @ 0.48 g/t Au and 139.21 g/t Ag (2.34 g/t AuEq⁸)** from 53.15
 - ▶ Incl. **2.77m @ 1.09 g/t Au, 263.34 g/t Ag (4.6 g/t AuEq⁸)** from 55.95m
- ▶ **0.7m @ 1.35 g/t Au and 324.79 g/t Ag (5.68 g/t AuEq⁸)** from 74.85m
- ▶ **0.68m @ 2.25 g/t Au and 201.0 g/t Ag (4.93 g/t AuEq⁸)** from 87.47m
- ▶ **0.53m @ 3.17 g/t Au and 297.0 g/t Ag (7.13 g/t AuEq⁸)** from 133.27m

Drilling to date has confirmed the extension of high-grade mineralisation in multiple structures along a significant portion of the 1km long trend between the Taitao Pit and within 250m of the Delia NW mine. Results from holes CBD051-CBD057 and visual observations of veining for those holes with pending results correlate well with the mineralised intercepts from the sparse historic drilling¹⁰ along the Pegaso II trend.

Assay results were also received for holes CBD058-CBD078 completed over the Pegaso II-V targets during and post the end of the reporting period for which the principal high-grade results include:

Pegaso II

- ▶ CBD061: 0.81m @ 3.81 g/t Au and 267 g/t Ag (7.37 g/t AuEq⁸) from 89.91m.
- ▶ CBD062: 0.92m @ 3.83 g/t Au and 257 g/t Ag (7.26 g/t AuEq⁸) from 87.62m
- ▶ CBD063: 1.31m @ 3.51 g/t Au, 106.1 g/t Ag (4.92 g/t AuEq⁸) from 187.39m
- ▶ CBD068: 0.75m @ 3.48 g/t Au, 257.0 g/t Ag (6.91 g/t AuEq⁸) from 153.05m
- ▶ CBD070: 0.71m @ 1.1 g/t Au, 568 g/t Ag (8.66 g/t AuEq⁸) from 102.65m
 - 0.89m @ 1.1 g/t Au and 291 g/t Ag (4.98 g/t AuEq⁸) from 145.0m
 - 2.62m @ 1.8 g/t Au and 229 g/t Ag (4.89 g/t AuEq⁸) from 166.81m

Pegaso V

- ▶ CBD064: 0.22m @ 12.55 g/t Au and 1790 g/t Ag (36.4 g/t AuEq⁸) from 27.14m

⁹ ASX Announcement 5 Aug 2021 – Further High Grade Gold Silver Results at Pegaso

¹⁰ Details regarding the reporting of these historical results can be found on page 9 of this report

DIRECTORS' REPORT

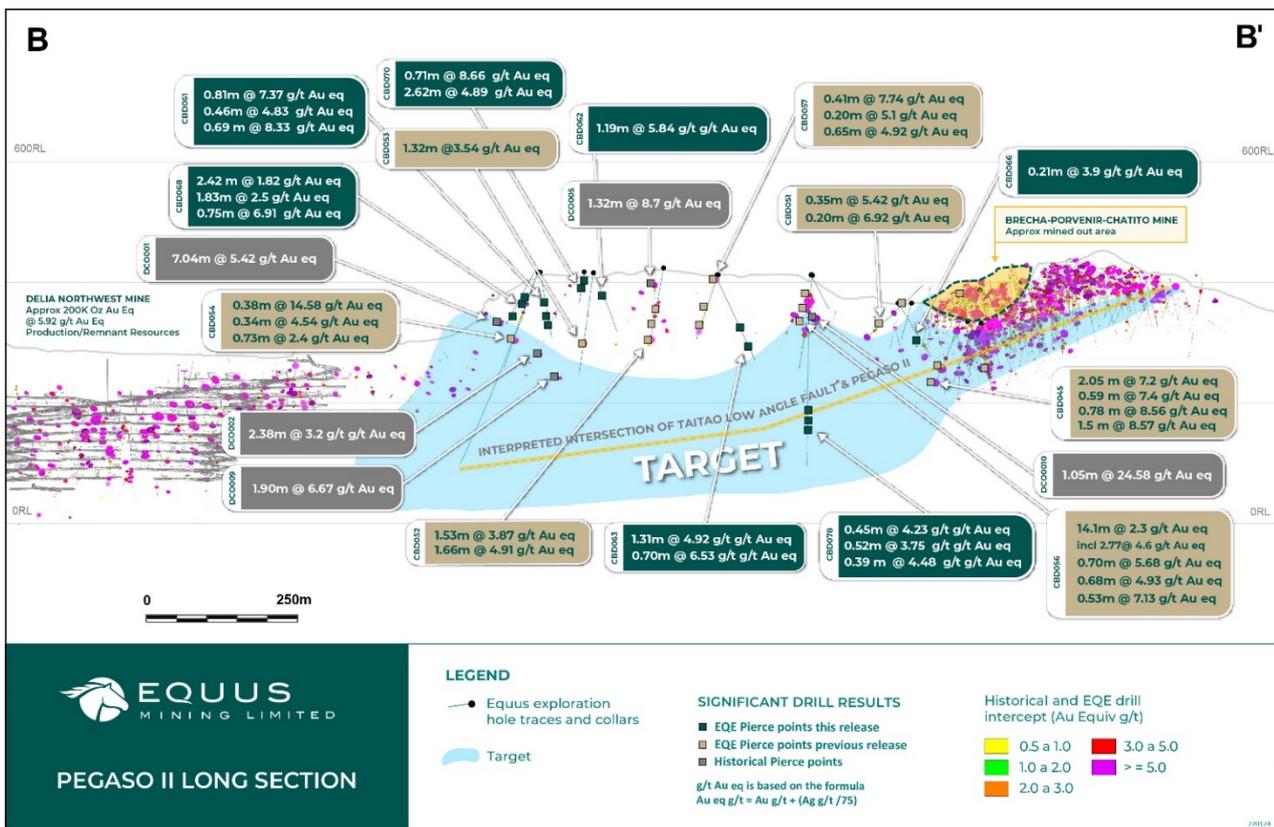


Figure 3 - B-B' Pegaso II long section- showing summary Equus and historic drill result pierce points, interpreted exploration target at the intersection of the low angle Taitao Fault and subvertical Pegaso II structure and underground mine workings of the Delia NW mine

These results build on results from previously reported¹¹ holes drilled including:

- ▶ CBD052: **1.66m @ 2.88 g/t Au and 152.25 g/t Ag (4.91 g/t AuEq⁸)** from 189.02m
- ▶ CBD056: **2.77m @ 1.09 g/t Au, 263.34 g/t Ag (4.6 g/t AuEq⁸)** from 55.95m

Modelling of gold and silver grades of veins, vein geometries and rock types more favorable to host wider veining intersected in drilling indicate increasing potential for wider veining and increasing grades of veining at depth.

Post the reporting period final assays remain pending for holes CBD076-CBD082 drilled on the Pegaso II, V and Taitao Extension and Andaluz Targets.

DROUGHTMASTER

No exploration work was conducted at Droughtmaster during the period.

¹¹ ASX Announcement 5th Aug 2021 - Further High-Grade Gold Silver Results at Pegaso, ASX Announcement 18th May 2021 High Grade Pegaso Drill Results & ASX Announcement 11th Feb 2021 - High Grade Gold-Silver Results at Pegaso

DIRECTORS' REPORT

Reporting of Historic Results

The above historical results include exploration results collected between approximately 2000-2013. The mining and exploration activity was undertaken up until approximately 2009 by Coeur d'Alene Mines Corporation (now Coeur Mining or "Coeur") and Mandalay Resources from 2010 to 2013. As per ASX requirements, Equus notes that a minor portion of the drill results dating prior to 2005 are not reported in accordance with the National Instrument 43.101 or JORC Code 2012; a competent person has not done sufficient work to disclose the corresponding exploration results in accordance with the JORC Code 2012; it is possible that following further evaluation and/or exploration work that the confidence in the prior reported exploration results may be reduced when reported under the JORC Code 2012; that nothing has come to the attention of Equus that questions the accuracy or reliability of the former owner's exploration results, but Equus is in the process of independently validating the former owner's exploration results and therefore is not to be regarded as reporting, adopting or endorsing those results.

The levels of gold and silver reported, from past drilling activity, is a key factor in guiding Equus's exploration strategy. The previous drilling activity, which produced these results, involved multiple reverse circulation and diamond drill holes and check assaying, providing Equus with confidence that the results are reliable, relevant and an accurate representation of the available data and studies undertaken by previous exploration activity. Proposed verification work includes further drilling and resampling of historical drill core which Equus is currently undertaking using existing funds.

LOS DOMOS GOLD-SILVER PROJECT

The Los Domos gold-silver project comprises a 2,260 hectare area which is located approximately 15km south of the township of Chile Chico, and is approximately 20km southeast of the Cerro Bayo gold-silver mine and treatment plant. The project area's altitude range of 800-1200m and the dry, moderate climate in the area permits year-round exploration. During the half-year ended 31 December 2021, the Company performed limited work which predominately related to the maintenance of mining claim tenure and access, and environmental related studies required to permit further drilling.

CERRO DIABLO PROJECT

The Cerro Diablo project comprises a 4,554-hectare area which is located approximately 25km to the north of the Cerro Bayo Mine plant infrastructure.

Mapping and sampling to date have defined multiple zones of extensive alteration and precious-base metal bearing quartz vein and hydrothermal breccia hosted mineralisation throughout an approximate 2.1km x 1.2km area, which remains untested by drilling to date.

During the half year ended 31 December 2021, the Company did not undertake exploration activities.

COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results for the Cerro Bayo project is based on information compiled by Damien Koerber. Mr Koerber is a director and chief operating officer of 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 a shareholder of Equus Mining Limited and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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NO MATERIAL CHANGES

Equus Mining confirms that it is not aware of any new information or data that would materially affect the information included in the quarterly activities report released 28 October 2021 and 28 January 2022 that all material assumptions and technical parameters in the market announcements continue to apply and have not materially changed.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Subsequent Events

On 9 February 2022, the Company obtained approval at a shareholders' meeting to issue tranche two of the placement announced on 8 December 2021 to Directors of the Company by issuing 6,355,294 ordinary shares at an issue price of \$0.17 raising \$1,080,400 before costs.

Other than the matter detail above, no other 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 16 and forms part of the Directors' Report for the half year ended 31 December 2021.

Signed at Sydney this 16th day of March 2022
in accordance with a resolution of the Board of Directors:



Mark H. Lochtenberg
Non-Executive Chairman



John R. Braham
Executive 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 of Equus Mining Limited for the half-year ended 31 December 2021 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.

A stylized, handwritten signature of the KPMG firm, rendered in black ink.

KPMG

A handwritten signature in black ink, appearing to read 'J Adams'.

Jason Adams
Partner

Brisbane
16 March 2022

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 2021

	Notes	Consolidated 31 December 2021 \$	31 December 2020 \$
CONTINUING OPERATIONS			
Sales revenue		1,758,783	-
Cost of sales		<u>(1,634,977)</u>	-
Gross Profit		123,806	-
Other income	3	1,767	52,651
Expenses			
Administration expenses		(1,002,373)	(682,625)
Other expenses		<u>(179,277)</u>	(253,710)
Loss before income tax		(1,056,077)	(883,684)
Income tax benefit/(expense)		-	-
Loss for the period		<u>(1,056,077)</u>	<u>(883,684)</u>
Other comprehensive income for the period			
Items that may be classified subsequently to profit or loss			
Exchange differences on translation of foreign operations		<u>(1,468,430)</u>	279,065
		<u>(1,468,430)</u>	<u>279,065</u>
Items that will not be classified to profit or loss			
Net change in fair value of equity instruments at fair value through other comprehensive income		<u>(13,096)</u>	(6,382)
Total other comprehensive gain/(loss)		<u>(1,481,526)</u>	<u>272,683</u>
Total comprehensive loss for the period		<u>(2,537,603)</u>	<u>(611,001)</u>
Loss for the period attributable to:			
Equity holders of the Company		(1,054,825)	(882,678)
Non-controlling interest		<u>(1,252)</u>	(1,006)
		<u>(1,056,077)</u>	<u>(883,684)</u>
Total Comprehensive loss attributable to:			
Equity holders of the Company		(2,536,351)	(609,995)
Non-controlling interest		<u>(1,252)</u>	(1,006)
		<u>(2,537,603)</u>	<u>(611,001)</u>
Earnings per share			
Basic and diluted loss per share attributable to ordinary equity holders		(0.94)	(1.01)*
		cents	cents

*Restated for share consolidation during the period ended 31 December 2021, refer to Note 11.

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 2021

		Consolidated	
	Notes	31 December 2021 \$	30 June 2021 \$
Current Assets			
Cash and cash equivalents		5,068,167	4,724,429
Receivables	4	1,373,222	51,834
Inventory	5	2,814,801	-
Prepayments		298,544	-
Total Current Assets		9,554,734	4,776,263
Non-Current Assets			
Other receivables	4	7,791,738	-
Other financial assets	6	730	13,803
Property, plant and equipment	7	8,728,595	-
Exploration and evaluation expenditure	8	14,219,586	11,203,674
Total Non-Current Assets		30,740,649	11,217,477
Total Assets		40,295,383	15,993,740
Current Liabilities			
Payables	9	2,533,441	894,025
Total Current Liabilities		2,533,441	894,025
Non-Current Liability			
Provision for rehabilitation	10	15,551,503	-
Total Non-Current Liabilities		15,551,503	-
Total Liabilities		18,084,944	894,025
Net Assets		22,210,439	15,099,715
Equity			
Issued capital	11	139,108,627	129,460,300
Reserves	12	(1,442,542)	137,984
Accumulated losses		(115,458,490)	(114,502,665)
Parent entity interest		22,207,595	15,095,619
Non-controlling interest		2,844	4,096
Total Equity		22,210,439	15,099,715

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 2021

Consolidated	Issued capital	Accumulated losses	Equity Based reserve	Fair Value reserve	Foreign currency translation reserve	Total	Non-controlling Interest	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	121,182,362	(112,819,667)	338,833	402,161	(1,234,022)	7,869,667	6,605	7,876,272
Loss for the period	-	(882,678)	-	-	-	(882,678)	(1,006)	(883,684)
Total other comprehensive income	-	-	-	(6,382)	279,065	272,683	-	272,683
Total comprehensive loss for the period	-	(882,678)	-	(6,382)	279,065	(609,995)	(1,006)	(611,001)
Transactions with owners recorded directly in equity								
Ordinary shares issued	3,536,300	-	-	-	-	3,536,300	-	3,536,300
Transaction costs on issue of shares	(410,904)	-	-	-	-	(410,904)	-	(410,904)
Share base payment	-	33,500	(33,500)	-	-	-	-	-
Acquisition of non-controlling interest	-	-	412,585	-	-	412,585	-	412,585
Balance at 31 December 2020	124,307,758	(113,668,845)	717,918	395,779	(954,957)	10,797,653	5,599	10,803,252
Balance at 1 July 2021	129,460,300	(114,502,665)	717,918	401,162	(981,096)	15,095,619	4,096	15,099,715
Loss for the period	-	(1,054,825)	-	-	-	(1,054,825)	(1,252)	(1,056,077)
Total other comprehensive income	-	-	-	(13,096)	(1,468,430)	(1,481,526)	-	(1,481,526)
Total comprehensive loss for the period	-	(1,054,825)	-	(13,096)	(1,468,430)	(2,536,351)	(1,252)	(2,537,603)
Transactions with owners recorded directly in equity								
Ordinary shares issued/options issued	9,804,832	-	-	-	-	9,804,832	-	9,804,832
Transaction costs on issue of shares	(156,505)	-	-	-	-	(156,505)	-	(156,505)
Transfer expired options	-	99,000	(99,000)	-	-	-	-	-
Balance at 31 December 2021	139,108,627	(115,458,490)	618,918	388,066	(2,449,526)	22,207,595	2,844	22,210,439

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 2021

	Consolidated	
	31	31
	December	December
	2021	2020
	\$	\$
Cash flows from operating activities		
Cash receipts in the course of operations	2,915,078	50,000
Cash payments in the course of operations	(3,539,137)	(709,935)
Net cash used in operations	(624,059)	(659,935)
Interest received	1,744	2,651
Net cash used in operating activities	(622,315)	(657,284)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(3,233,922)	(1,326,174)
Payments for plant and equipment	(121,830)	-
Net cash used in investing activities	(3,355,752)	(1,326,174)
Cash flows from financing activities		
Proceeds from share issues	4,478,310	3,500,000
Transaction costs on share issue	(156,505)	(218,319)
Net cash provided by financing activities	4,321,805	3,281,681
Net increase in cash held	343,738	1,298,223
Cash at the beginning of the reporting period	4,724,429	1,304,130
Effect of exchange rate fluctuation on cash held	-	(4,914)
Cash and cash equivalents at 31 December	5,068,167	2,597,439

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

31 December 2021

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 2021 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 resource opportunities in southern Chile, South America.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2021 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 2021. The condensed consolidated interim financial statements do not include all 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 2021 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 16 March 2022.

(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 \$4,321,805 (net of associated cash costs) through share placements.

For the half-year ended 31 December 2021 the Group has incurred a loss attributable to equity holders of the Company of \$1,054,825 and has accumulated losses of \$115,458,490 as at 31 December 2021. The Group used \$3,978,067 of cash in operations, including payments for exploration and evaluation activities and property plant and equipment totaling \$3,355,752, for the half year ended 31 December 2021 and had cash on hand of \$5,068,167 at 31 December 2021.

The Directors have prepared cash flow projections for the period from 1 January 2022 to 31 March 2023 that support the ability of the Group to continue as a going concern. The cash flow projections assume the Group continues to undertake substantial exploration activities in its Cerro Bayo area of interest which will be funded through net cash inflows received from the sale of gold and silver concentrates produced from the processing of the low-grade waste stockpiles at Cerro Bayo that were acquired in December 2021.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2021

2. BASIS OF PREPARATION (continued)

(b) Going concern (Continued)

The ability of the Group to generate sufficient net cash inflows from the processing of these low-grade stockpiles to continue its operations is uncertain and highly sensitive to fluctuations in commodity prices, stockpile grades, processing plant performance and cash operating costs. In the event sufficient net cash inflows are not generated from these activities, the Group plans to reduce exploration expenditure, which is not committed, to the level of funding available. The Group may also require additional funding from shareholders or other parties to continue its operations that is yet to be secured at the date of this report.

These conditions give rise to a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. In the event the Group is unable to continue as a going concern, the Group may be required to realise assets at an amount different to that recorded in the statement of financial position, settle liabilities other than in the ordinary course of business and make provision for other costs which may arise.

(c) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Subsequent changes in fair value are adjusted against the cost of the acquisition where they qualify as measurement period adjustments. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in the profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(d) Revenue

Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue contracts because it typically controls the goods or services before transferring them to the customer.

Sales of certain commodities are provisionally priced such that the price is not settled until a predetermined future date based on the market price at that time. Revenue on these sales is initially recognised at the current market price. The receivables relating to provisionally priced sales are marked to market at each reporting date using the forward price for the period equivalent to that outlined in the contract. This mark to market adjustment is recognised in revenue but is not considered to be revenue from contracts with customers.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2021

2. BASIS OF PREPARATION (continued)

(e) Inventories

Finished goods, work-in-process and stockpiled ore are valued at the lower of average production cost or net realisable value. Production costs include the cost of raw materials, direct labour, mine-site overhead expenses and depreciation and depletion of mining interests. Net realisable value is calculated as the estimated price at the time of sale based on prevailing and long-term metal prices less estimated future production costs to convert the inventories into saleable form and the costs necessary to make the sale.

In-process inventories represent materials that are currently in the process of being converted into finished goods. The average production cost of finished goods represents the average cost of in-process inventories incurred prior to the refining process, plus applicable refining costs and associated royalties. Consumables are valued at the lower of average cost and net realisable value.

(f) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required, and it is capable of being measured reliably. Liabilities recognised in respect of employee benefits due to be settled within 12 months are measured using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits that are not due to be settled within one year are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date.

(g) Plant and equipment

Plant and equipment are recorded at cost less accumulated depreciation, depletion and impairment charges.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment.

Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalised. Any remaining book value associated with the component being replaced is derecognised upon its replacement. Directly attributable costs incurred for major capital projects and site preparation are capitalised until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

(h) Depreciation

Management reviews the estimated useful lives, residual values and depreciation methods of the Company's property, plant and equipment at the end of each reporting period and when events and circumstances indicate that such a review should be made. Changes to estimated useful lives, residual values or depreciation methods resulting from such review are accounted for prospectively.

Plant and equipment cost is depreciated, using the units of production method over their estimated useful lives. Assets under construction are not depreciated until their construction is substantially complete and they are available for their intended use. In the case of projects involving the development of mineral properties, this is when the property has achieved commercial production.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2021

2. BASIS OF PREPARATION (continued)

(i) Impairment

The Company reviews and evaluates non-financial assets for indicators of impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable or at least at the end of each reporting period. If an indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in income or loss.

An impairment loss is reversed if there is an indication that there has been a change in the original conditions that resulted in the impairment being recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

(j) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2021

2. BASIS OF PREPARATION (continued)

(k) Use of estimates and judgements

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.

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 2021 except for:

- Impairment
- Inventory (Note 5)
- Provision for rehabilitation (Note 10)
- Acquisition of controlled entities (Note 16)

(l) Changes in Accounting Policies

The accounting policies used are consistent with those applied in the 30 June 2021 financial report.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2021

3. OTHER INCOME

	Consolidated	
	31 December	31 December
	2021	2020
	\$	\$

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

Interest income on cash deposits	1,744	2,651
Foreign exchange gain	23	-
Government grant	-	50,000
Total	1,767	52,651

4. RECEIVABLES

	Consolidated	
	31 December	30 June
	2021	2021
	\$	\$

Current

Trade receivables	888,972	-
Goods and service tax and value added tax	309,401	45,244
Income tax paid in advanced	169,183	-
Other	5,666	6,590
	1,373,222	51,834

Non-current

Reimbursement for rehabilitation costs	7,791,738	-
	9,164,960	-

In accordance with the acquisition agreement, Mandalay Resources Corporation has agreed to contribute 50% of the closure cost up to AU \$7,791,738. The Group has recognised a receivable from Mandalay in relation to this reimbursement right.

5. INVENTORIES

	Consolidated	
	31 December	30 June
	2021	2021
	\$	\$

Gold and silver concentrate	2,601,999	-
Consumables	212,802	-
	2,814,801	-

Compañía Minera Cerro Bayo Limitada has an offtake agreement with Glencore Chile SpA. ('Glencore') for the supply of gold and silver concentrate. The contract duration is until February 2022 and continues until 3,850 dry metric tonnes ('dmt') are delivered to Glencore. The price of the material is calculated using the official LBMA price in USD as published on the Fastmarket MB. The extension of the contract is currently being negotiated.

Inventories are measured at the lower of cost and net realisable value.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2021

6. INVESTMENTS

At 31 December 2021, the Group holds 1,327,000 shares (30 June 2021: 1,327,000) in Blox Inc., a US over the counter traded company at which had a closing share price of US\$0.0004 at 31 December 2021 (30 June 2021: US\$0.0078).

The Group recognises its financial assets at fair value and classified its investments as follows:

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
<i>Equity instruments at fair value through other comprehensive income</i>		
Equity securities – Investment in Blox Inc	730	13,803

Equity instruments at fair value through other comprehensive income are equity instruments which the Group intends to hold for the foreseeable future. Any dividends received are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in the fair value reserve in OCI and are never reclassified to profit or loss.

7. PROPERTY PLANT AND EQUIPMENT

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Plant and Machinery		
Opening balance	-	-
Additions via acquisition of Compañía Minera Cerro Bayo	8,411,752	-
Accumulated depreciation	(233,145)	-
Net foreign currency difference on translation	(180,750)	-
Net book value	7,997,857	-
Mine infrastructure assets		
Opening balance	-	-
Additions via acquisition of Compañía Minera Cerro Bayo	622,279	-
Additions	121,830	-
Net foreign currency difference on translation	(13,371)	-
Net book value	730,738	-
	8,728,595	-

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2021

8. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2021	30 June 2021
	\$	\$
Los Domos (gold-silver)	4,435,862	4,979,807
Cerro Diablo (gold-silver)	64,288	72,404
Cerro Bayo (gold-silver)	9,719,436	6,151,463
Net Book Value	<u>14,219,586</u>	<u>11,203,674</u>
Los Domos (gold-silver)		
Balance at beginning of the period	4,979,807	4,743,528
Additions	4,490	70,044
Foreign currency translation movement	(548,435)	166,235
Net book value	<u>4,435,862</u>	<u>4,979,807</u>
Cerro Diablo (gold-silver)		
Balance at beginning of the period	72,404	58,423
Additions	-	11,751
Foreign currency translation movement	(8,116)	2,230
Net book value	<u>64,288</u>	<u>72,404</u>
Cerro Bayo (gold-silver)		
Balance at beginning of the period	6,151,463	2,093,325
Acquisition of Compañía Minera Cerro Bayo Limitada	1,117,196	-
Additions	3,245,633	3,941,212
Foreign currency translation movement	(794,856)	116,926
Net book value	<u>9,719,436</u>	<u>6,151,463</u>

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.

9. PAYABLES

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Current		
Trade payables	2,291,456	842,710
Employee entitlements	241,985	51,315
	<u>2,533,441</u>	<u>894,025</u>

10. PROVISION FOR REHABILITATION

Compañía Minera Cerro Bayo has a closure plan approved by the Chilean National Service of Geology and Mining (Sernageomin) dated 17 May 2019 and amended on 23 June 2020. The closure plan cost is the amount of 332.65 UF (Chilean Unidades de Fomento) AU \$15,551,503 as determined by Sernageomin. In accordance with the acquisition agreement, Mandalay Resources Corporation has agreed to contribute 50% of the closure cost up to AU \$7,791,738. The Group has recognised a receivable from Mandalay in relation to this contribution.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2021

11. ISSUED CAPITAL

	Consolidated			
	31 December 2021		30 June 2021	
	Number	\$	Number	\$
Ordinary shares, fully paid at 1 July	2,296,617,251	129,460,300	1,412,045,355	121,182,362
<i>Movement in Ordinary Shares:</i>				
Issued ordinary shares 20 July 2020 for \$0.009	-	-	348,886,300	3,139,977
Issued ordinary shares 20 September 2020 for \$0.009	-	-	40,002,589	360,023
Issued ordinary shares 9 December 2020 – non cash	-	-	3,300,000	36,300
Issued ordinary shares 14 January 2021 – non cash	-	-	11,538,462	150,000
Issued ordinary shares 3 February 2021 for \$0.015	-	-	2,000,000	30,000
Issued ordinary shares 24 February 2021 – non cash	-	-	1,250,000	16,375
Issued ordinary shares 12 May 2021 – non cash	-	-	750,000	9,375
Issued ordinary shares 28 May 2021 for \$0.011 ¹	-	-	431,390,000	4,745,290
Issued ordinary shares 18 June 2021 for \$0.011	-	-	45,454,545	500,000
Issued ordinary shares 7 July 2021 for \$0.011 ¹	204,973,636	2,254,710	-	-
Issued ordinary shares 14 September 2021 – non cash ²	1,250,000	14,000	-	-
Issued ordinary shares 1 October 2021 – non cash ³	2,500,000	25,000	-	-
Issued ordinary shares 2 December 2021 – non cash ⁴	587,502,438	5,287,522	-	-
Consolidation of 1 share for every 20	(2,938,201,665)	-	-	-
Issued ordinary shares 16 December 2021 for \$0.17 ⁵	13,080,000	2,223,600	-	-
Less cost of issue	-	(156,505)	-	(709,402)
	167,721,660	139,108,627	2,296,617,251	129,460,300

¹On 21 May 2021, the Company announced a share placement of 636,363,636 shares in two tranches:

- Pursuant to tranche 1, the Company issued 431,390,000 ordinary shares under the offer at \$0.011 per share raising \$4,745,290 before costs during the financials ended 30 June 2021.
- Pursuant to tranche 2, the Company issued 204,973,636 ordinary shares under the offer at \$0.011 per share raising \$2,254,710 before costs.

² Shares issued on 14 September 2021 related to the issued of shares as consideration for Geological Technical Services provided in connection with the Cerro Bayo project in southern Chile.

³ Shares issued on 1 October 2021 related to the issued of shares to John Sadek appointed as Country Manager in Chile as part of his employment agreement.

⁴ Shares issued on 2 December 2021 related to the acquisition of the issued capital of Compañía Minera Cerro Bayo Limited.

⁵On 8 December 2021, the Company announced a share placement of 19,435,294 shares in two tranches:

- Pursuant to tranche 1, the Company issued 13,080,000 ordinary shares under the offer at \$0.17 per share raising \$2,223,600 before costs during the half year ended 31 December 2021.
- Pursuant to tranche 2, the Company issued 6,355,294 ordinary shares under the offer at \$0.17 per share raising \$1,080,400 before costs during February 2022.

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

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2021

12. RESERVES

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Fair value reserve (a)	388,066	401,162
Foreign currency translation reserves (b)	(2,449,526)	(981,096)
Equity based compensation reserve (c)	618,918	717,918
	(1,442,542)	137,984
<i>(a) Fair value reserve</i>		
Balance at beginning of period	402,162	402,161
Net change in fair value	(13,096)	(999)
Balance at end of period	388,066	401,162
<i>(b) Foreign currency translation reserves</i>		
Balance at beginning of period	(981,096)	(1,234,022)
Currency translation differences	(1,468,430)	252,926
Balance at end of period	(2,449,526)	(981,096)
<i>(c) Equity based compensation reserve</i>		
Balance at beginning of period	717,918	338,833
Share based payment – vested share options	-	412,585
Expiry of options	(99,000)	(33,500)
Balance at end of period	618,918	717,918

13. 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 mineral exploration and processing activities in the Republic of Chile. Operating segments are determined based on 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 and processing activities in Chile. 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

31 December 2021

14. 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 2021.

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 2021	-	730	-	730
30 June 2021	-	13,803	-	13,803

The financial assets held at 31 December 2021 and 30 June 2021 relate to investments held in quoted equity securities and were designated as equity instruments at fair value through other comprehensive income. There has been no change in the valuation techniques during the half-year ended 31 December 2021.

15. RELATED PARTIES

Transactions with key management personnel

During the period ended 31 December 2021, no transactions were recorded with key management personnel. During the period ended 31 December 2020, the Group issued a total of 20,000,000 unlisted options to Mr John Braham. All options vested on the issued date, expiring between 25 November 2023 and 25 November 2025. Further, a total of 5,000,000 unlisted options to Mr Damien Koerber all options vested on the issued date, expiring between 25 November 2023 and 25 November 2025.

No other director has entered into a material contract with the Group since the previous financial year and there were no material contracts involving directors' interests existing at 31 December 2021

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2021

16. ACQUISITION OF CONTROLLED ENTITIES

During the half-year ended 31 December 2021, the Company acquired 100% of the issued capital of Compañía Minera Cerro Bayo Limitada ('CMCB'). As consideration for CMCB the Company issued 587,502,438 ordinary shares (equivalent to a fair value of \$5,287,522, based on the listed share price of the Company at 1 December 2021 of \$0.009 per share) to the vendor Mandalay Resources Corporation. CMCB is situated nearby Equus's Los Domos and Cerro Diablo Projects. The CMCB mining property comprises 29,495 hectares of mining claims and includes an operational 1,500tpd flotation processing plant.

The acquisition of CMBC had the following effect on the Group's assets and liabilities on acquisition date, determined on a provisional basis:

	Pre-acquisition carrying amounts	Fair value adjustment	Recognised value on acquisition
	\$	\$	\$
Cash	38,366	-	38,366
Trade receivables	1,985,525	-	1,985,525
Inventories	2,456,679	-	2,456,679
Exploration and evaluation assets	66,986	1,117,196	1,184,182
Property, plant and equipment	1,483,860	7,550,171	9,034,031
Non-current receivable	-	7,962,840	7,962,840
Trade and other payables	(1,448,421)	-	(1,448,421)
Rehabilitation provision	(15,925,680)	-	(15,925,680)
	<u>(11,342,685)</u>	<u>16,630,207</u>	<u>5,287,522</u>

The fair value of assets and liabilities recognised at acquisition date are estimated and determined provisionally.

Compañía Minera Cerro Bayo Limitada operations are subject to specific Chilean environmental regulations. In accordance with the sale and purchase agreement, 50% of the rehabilitation cost up to \$7,962,840 is payable by Mandalay Resources Corporation this amount has been recognised as a non-current receivable.

The above fair values recognised on acquisition are determined on a provisional basis. If new information is obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

The Group incurred \$108,211 in costs related to the acquisition of CMBC.

17. EVENTS OCCURRING SUBSEQUENT TO 31 DECEMBER 2021

On 9 February 2022, the Company obtained approval at a shareholders' meeting to issue tranche two of the placement announced on 8 December 2021 to Directors of the Company by issuing 6,355,294 ordinary shares at an issue price of \$0.17 raising \$1,080,400 before costs.

Other than the matter detailed above, no other 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.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION

31 December 2021

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

- (a) the financial statements and notes set out on pages 17 to 32, 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 2021 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 16th day of March 2022
in accordance with a resolution of the Board of Directors:



Mark H. Lichtenberg
Chairman



John R. Braham
Executive Director



Independent Auditor's Review Report

To the shareholders of Equus Mining Limited

Conclusion

We have reviewed the **Interim Financial Report** of Equus Mining Limited (the Company).

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 does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2021 and of its financial 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*.

The **Interim Financial Report** comprises:

- Consolidated Statement of financial position as at 31 December 2021;
- Consolidated Statement of profit or loss and other comprehensive income, Consolidated Statement of changes in equity, and Consolidated Statement of cash flows for the half-year ended on that date;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** comprises Equus Mining Limited and the entities it controlled at period end or from time to time during the half-year.

Basis for conclusion

We conducted our review in accordance with *ASRE 2410 Review of a Financial Report, Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our review of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 2(b), "Going Concern" in the Interim Financial Report. The events or conditions disclosed in Note 2(b), indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Interim Financial Report. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Interim Financial Report

The Directors are responsible for:

- The preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 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.

A review of the 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.

KPMG

Jason Adams
Partner

Brisbane
16 March 2022

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

CORPORATE DIRECTORY

Directors:

Mr Mark H. Lochtenberg (Chairman)
Mr John R. Braham (Managing Director)
Mr Damien J. Koerber (Executive Director - COO)
Mr Robert A. Yeates (Non-Executive Director)
Mr David Coupland (Non-Executive Director)
My Ryan Austerberry (Non-Executive Director)

Company Secretary:

Mr Marcelo Mora

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